2018

ANNUAL
REPORT

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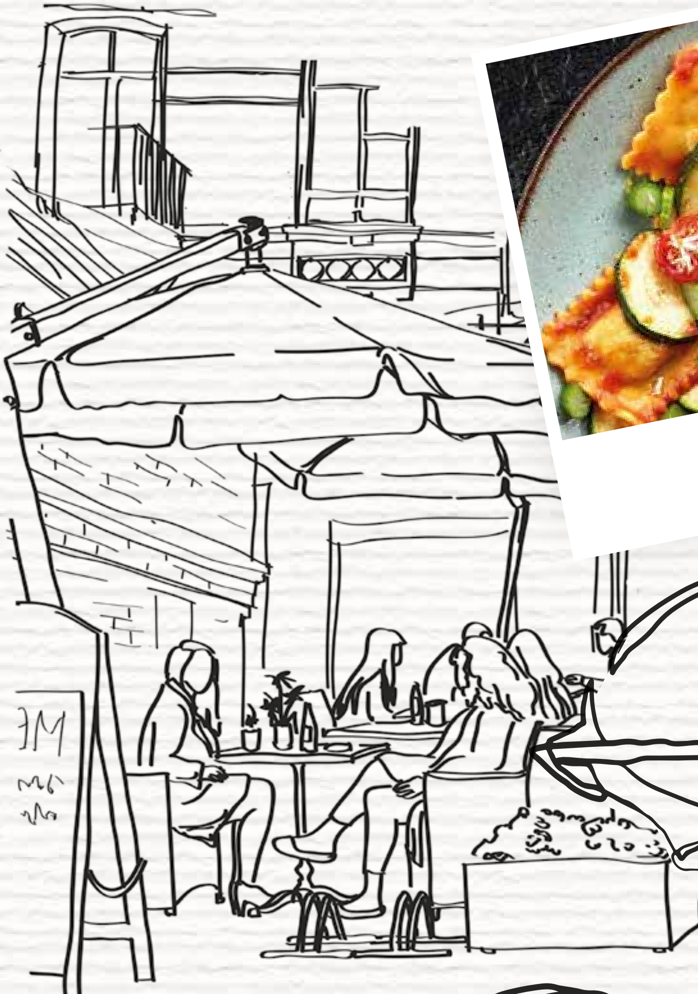

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INTRODUCTION

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WE BET ON THE TRANSFORMATION AND EVOLUTION OF THE GROUP BRANDS

INTRODUCTION

Following record GDP growth in 2017 (2.3%), we reached the end of 2018 with 2.1% growth, according to the National Statistics Bureau (INE). This can be largely put down to a decrease in exports of Goods and Services (from 7.8% in 2017 to 3.7%). Internal demand – investment – also contributed to the slowdown, despite expenditure having risen from 2.3% to 2.5%. Part of this expenditure, which was in large part due to the record high numbers in tourism, was spent in our restaurants.

Foreign tourists spent 1.9 million euros per hour in Portugal last year, or 45.5 million euros a day, the highest value on record. Altogether, the Portuguese economy exported 16.6 billion euros in travel and tourism.

Being optimists, we continue to believe that Portugal has the necessary conditions to continue to grow and converge with Europe, despite uncertainties at the external level. This is the background against which we manage the Group's activities in the three markets in which we operate: Portugal, Spain and Angola. Last year's activity was marked by the agreement reached between Pizza Hut and Telepizza in May, which was approved at the end of the year by the directorate-general for competition of the

European Commission, although the impact will only really be visible in coming years. We believe Pizza Hut will continue to be a valuable asset to the Group, due to the importance and the quality of the brand.

This was also an important year for our agreement with Burger King, with the opening of new restaurants.

Equally important to the management of our group was the signing of two investment tax contracts with the State, representing a total of 42.5 million euros, which guarantees the creation of 926 jobs, as well as the concession of financial benefits to group companies.

The economic situation in Spain also showed signs of slowing down, despite growth of 2.5% in 2018. This fell below Government estimates, although it is in line with both Bank of Spain and IMF forecasts.

As for Angola, a country which is feeling the effects of the new and transformative leadership of João Lourenço, 2018 was marked by a 2.4% recession, according to FocusEconomics consultants, although this is expected to give way to growth over the next few years.

The important oil sector continued to fall short of desired results in the last quarter of 2018, with falling oil prices offsetting any gains from the slightly higher turnout of the previous quarter. But there is a silver lining. The economy will recover in 2019. Inflation should drop and the Kwanza is expected to stabilise, sustaining private expenditure, while ongoing IMF sponsored reforms should boost growth in investment and in economic activity.

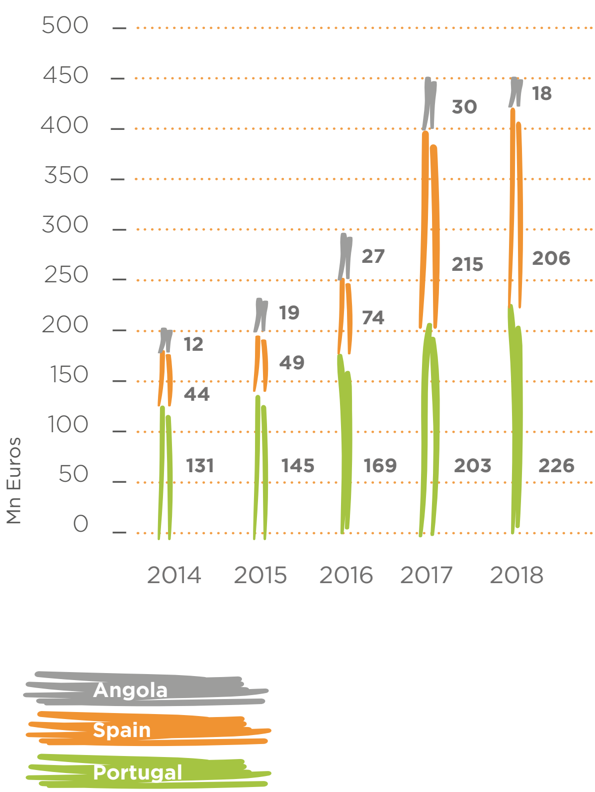
Bloomberg analysts expect economic growth of 2.2% for Angola, which should climb to 2.5% in 2020, whereas inflation should remain above 16%. It is worth noting good signs in terms of foreign currency transfers, with the National Bank of Angola taking on a stabilising role.

We want to remain focused on customer satisfaction in all the markets the group operates in, in the knowledge that in the end what matters is good value for money and the good experiences we provide with every visit to our restaurants.

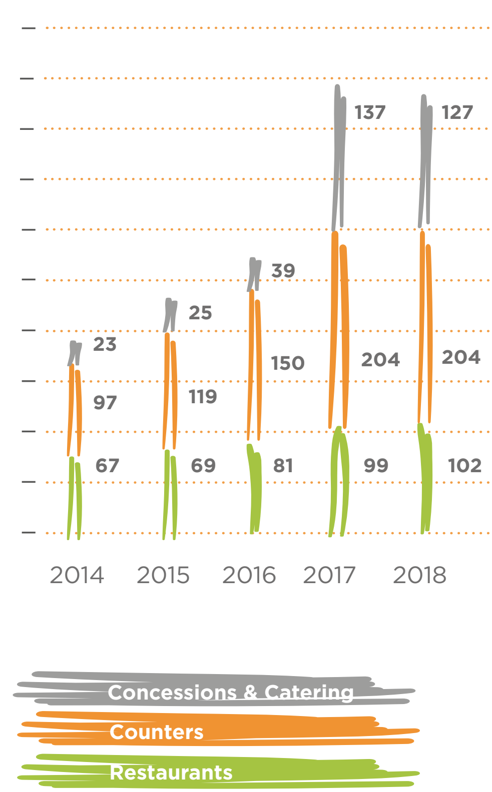
KEY INDICATORS

Financial and Operational Indicators

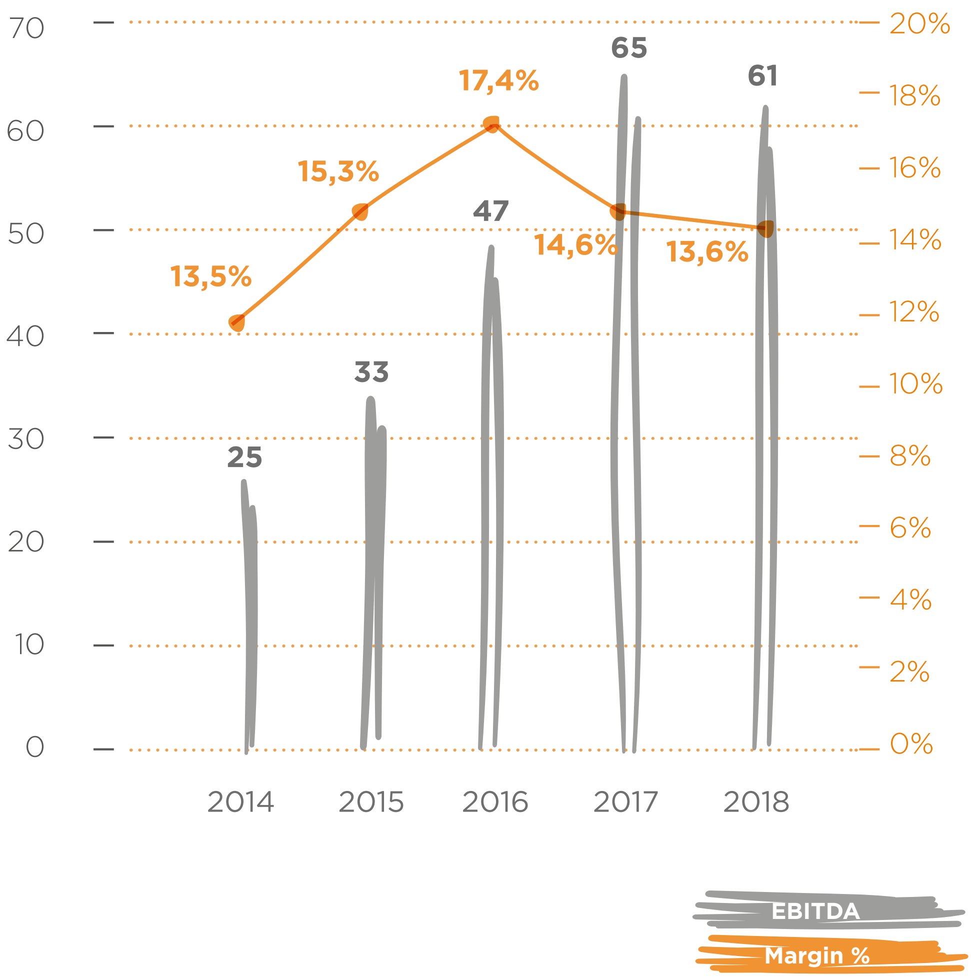
Turnover Evolution



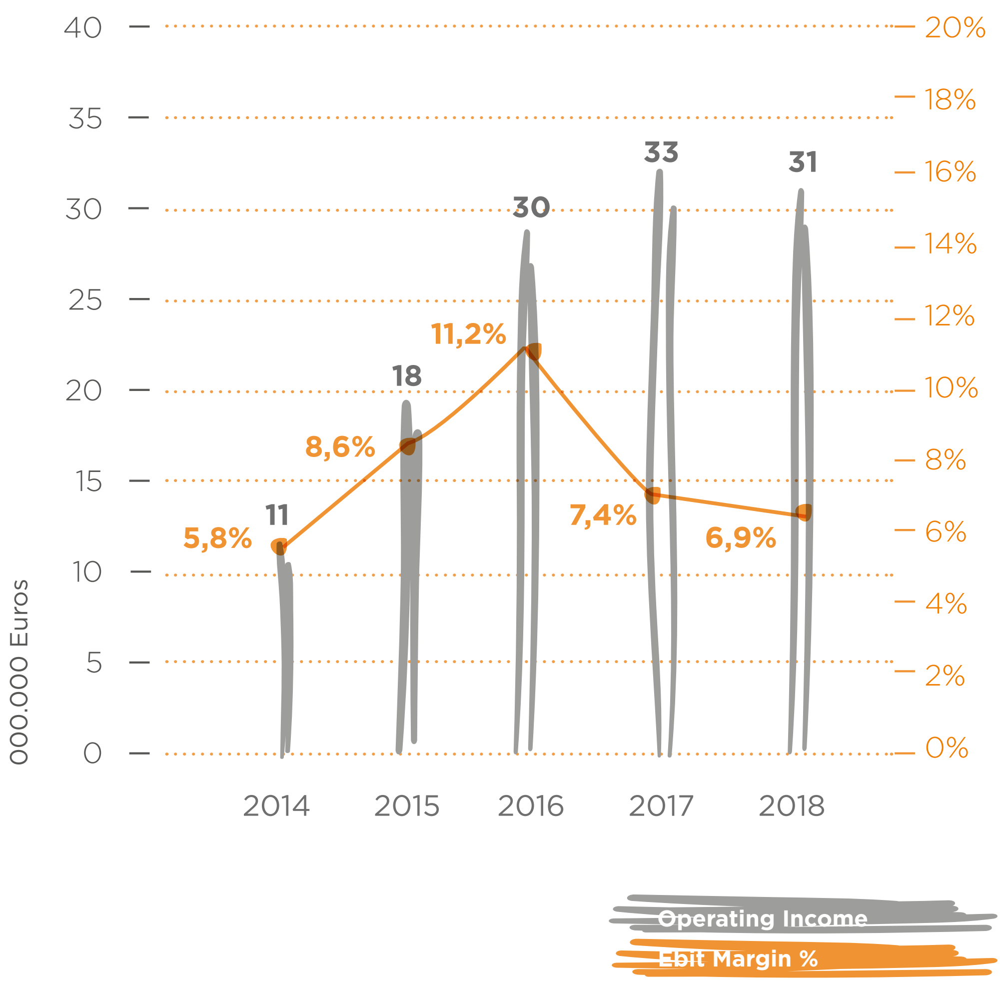
Sales in Restaurants

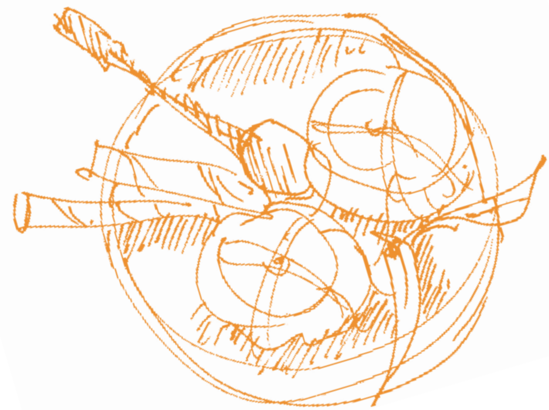


EBITDA and Ebitda Margin

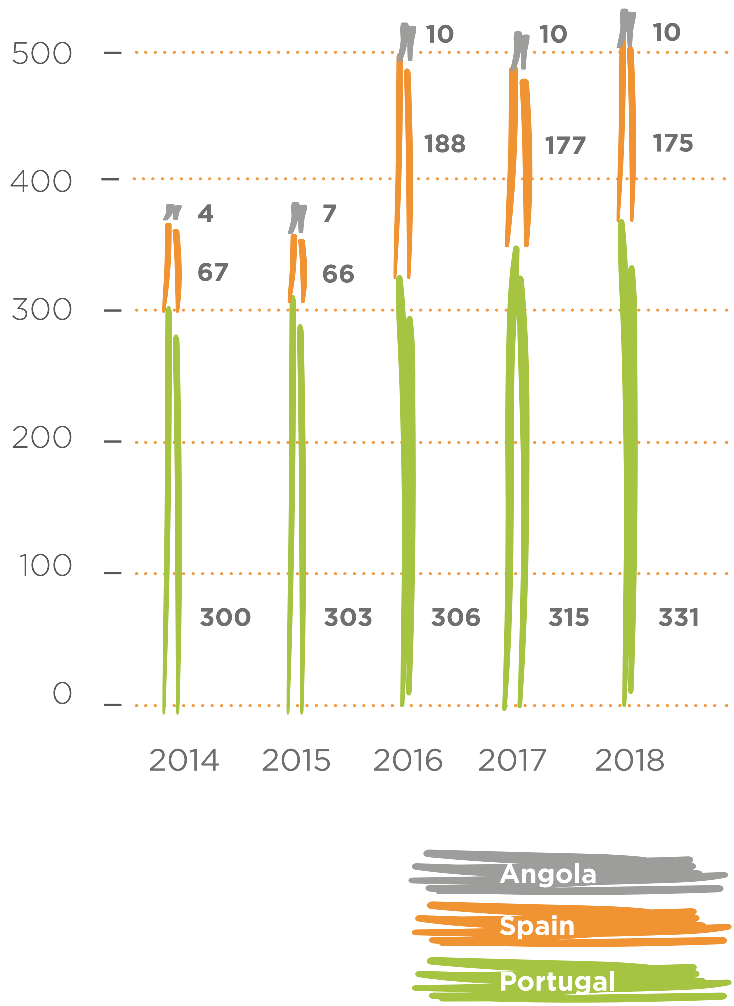


Operational Income and Ebit Margin

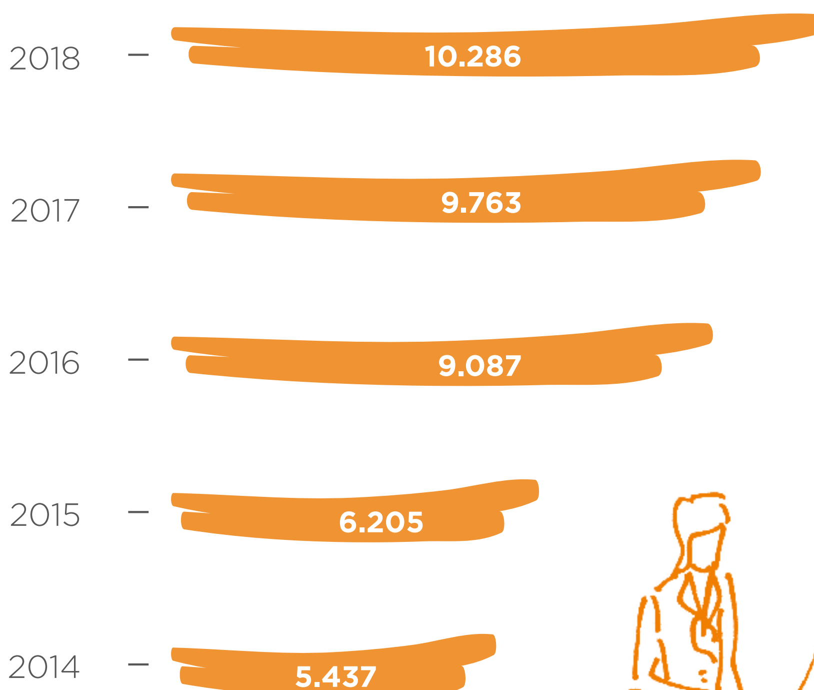




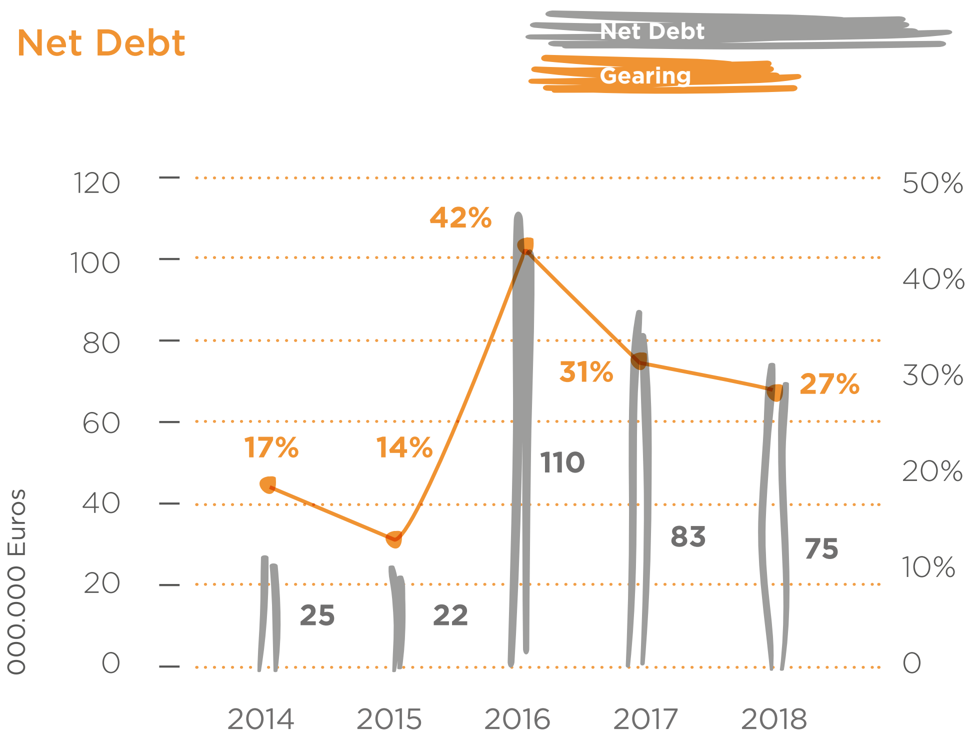
Number of Restaurants per Country



Number of Employees

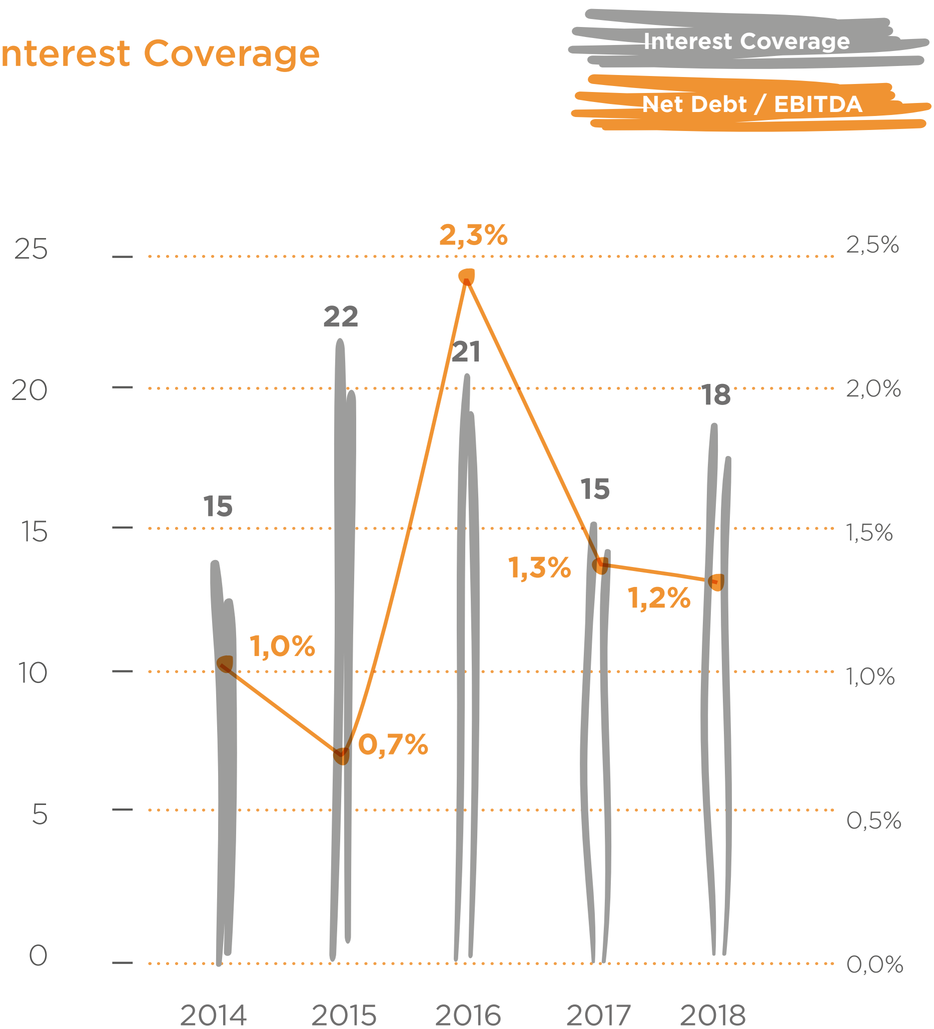


Net Debt



Capex	Investments in tangible and intangible assets and investments in acquisitions
Net Financing Costs	Interest + commissions - income from debtd related investments
EBIT	Operacional Results
EBITDA	Operating results less depreciation, depreciation and impairment losses of fixed assets, Goodwill and AI
Net Debt	Bonds + bank loans + other loans + financial leases + shareholder loans - cash, bank deposits, current investments, and other long-term financial applications
Gearing	Net Debt / (Net debt + Equity Capital)
EBIT Margin	EBIT / Turnover
EBITDA Margin	EBITDA / Turnover
Interest Coverage	EBITDA / Net Financing Costs
Turnover	Sales + Services Rendered

Interest Coverage



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Message from the Chairman of the Board of Directors

If I had to choose one word to describe 2018 it would be "growth". But that word alone cannot convey the full meaning of our business style, so I'd also like to add others: vision, belief, risk, agility, work, passion and, of course, customers and shareholders. These are the words which motivate us every day to honour our values.

Some will say that the most important part of a job is the beginning. And it is with that in mind that we, at Grupo Ibersol, open the doors of our restaurants to our customers every day, from the north to the south of Portugal and in Spain and Angola.

Times have changed since we started out in the restaurant business 30 years ago, and we have changed along with them.

However, our main drivers: identifying markets, making deals with partners and investing in innovation, are well alive, which is why we remain committed to the same goals as always: continue to grow, offering our clients the best services and products, and our shareholders the best results.

Despite periods of more or less exuberance, we remain committed to our goal, grounded in the values which influence our behaviour: a passion for entrepreneurialism; existing for our clients; the joy of sharing; believing in and valuing our staff. our strategy will continue to be centred on doing more and better for the benefit or our customers, staff, partners and national shareholders.

The year of 2018 was also marked by major transformations which resulted from the choices which guided our path.

After looking at the different internal and external variables, we decided to move forward along a path which is only possible because we have continued to improve in terms of Operations, Human Capital and Marketing, but, above all, because we have strengthened our focus on sustainable management, which led us to achieve positive results for all the brands which make up the Group. Steve Jobs once said: "Let's go invent tomorrow instead of worrying about what happened yesterday" and likewise we, at Grupo Ibersol, have our eyes set on the future, eager to create value, improve our products and services with confidence and in the knowledge that if we keep to this track success is within reach.

THE YEAR OF 2018

MANAGEMENT
REPORT

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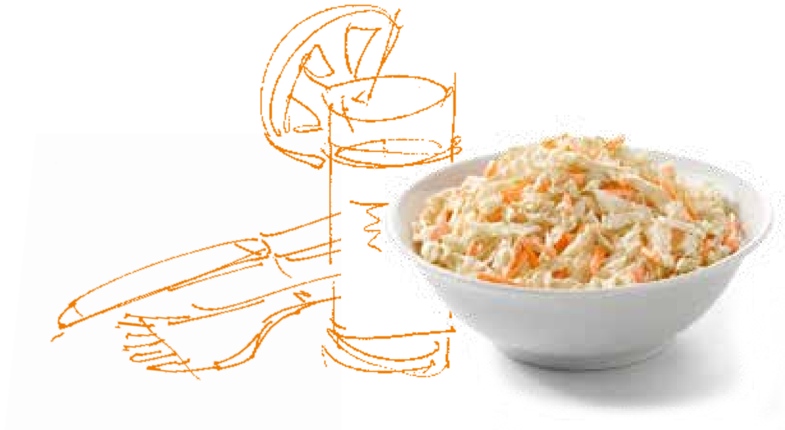
WE GUARANTEE TO OUR CUSTOMERS HIGH STANDARDS OF FOOD QUALITY AND SAFETY

KEY EVENTS

Last year's activity was marked by the international arrangement reached between Pizza Hut and Telepizza in May and approved at the end of the year by the directorate-general of the Euroepan Commission, although the effects will only really be felt over the coming years. This was followed by the opening of the Ibergourmet meal production plant in Vila do Conde, and the signing of two tax-benefit contracts with the State, representing an investment of 42.5 million euros and the creation of 926 jobs.

In July Burger King and Ibersol signed an agreement for the opening of new restaurants. The Group already owns 80 of the 100 Burger Kings in Portugal, making it the most important and relevant of the brand's franchisees. This agreement is to open 40 new restaurants and remodel over 30 and is renewable for a further three years.

According to the expansion and portfolio evaluation strategy, the Group opened several restaurants from Pizza Hut, Burger King, KFC, Pans and Ribs, in Portugal and in Spain.



In 2018, we continued the implementation of the Group's loyalty program in partnership with Continente Card, which will allow us to adapt our offer to the needs of each of our Customers.

And because we are a business made of "People for People", seeking to do more and better for our People, we revamped the Human Resources Department by creating two substructures focused and capable to respond to the challenges of attracting, recruiting and selecting the best and most appropriate skills, developing, training and managing the performance of all our staff; streamlining our career models and adjusting salary policies with the inherent focus on modernization and introduction of continuous improvement processes.

In summary, this year showed once again the strength and dynamics of our Group in implementing an ambitious expansion plan, the recognition of its importance by the international brands that it operates, without losing sight of the human factor which is crucial to our success each day, in each of our restaurants.

ECONOMIC CONTEXT

ECONOMIC CONTEXT

Global Situation

Recent IMF forecasts point to a weakening of the world's economic expansion, which is thought to have grown 3.7% in 2018, a rate which should decrease in 2019 (3.5%) and in 2020 (3.6%), as was already noticeable in the second semester of 2018, due to a combination of factors: a breach in the trust of economic operators due to an increase in trade tensions; political uncertainty in Europe (specifically regarding Brexit); a tightening of conditions in financial markets and expectations regarding the slowdown of the Chinese economy.

This growth pattern reflects a general adjustment of the economic growth rate, which persists in the advanced economies but is temporary in emerging and developing economies.

The GDP (Gross Domestic Product) of the USA grew 2.9% in 2018, with more moderate growth of 2.5% and 2% expected for 2019 and 2020, as the effects of tax cuts wear off. The economy is expected to remain robust, supported by internal demand.

The economy of the Euro Zone grew by 1.8% in 2018, far from the 2.4% registered in 2017, reflecting a less favourable external context. A positive trend in private expenditure is expected to lead to growth of 1.6% in 2019 and 1.7% in 2020.

In 2018 the Chinese economy grew 6.6%, reflecting a gradual slowdown, due to the decrease in the overall weight of the exporting industry, compensated, partly, by an increase in public investment in infrastructure, with GDP growth rates of 6.2% expected for 2019 and 2020.
The UK saw the growth rate of its GDP fall from 1.8% in 2017 to 1.4% in 2018, in a context heavily affected by uncertainty regarding Brexit. It is expected to grow 1.5% in 2019, taking into account the effect of the tax incentives which have been announced.
The growth of the Japanese economy slowed to 0.9% in 2018, with tax incentives expected to give it a boost to 1.1% in 2019.

Situation in Portugal

Recent data from the Bank of Portugal indicates that the Portuguese economy grew 2.1% in 2018, with a forecast of 1.8% growth in 2019 and 1.7% in 2020, in a continued trajectory of slowing growth, influenced by the reduction of the expansion of the Euro Zone's economy, which will affect the growth of exports.
Economic conditions improved significantly over recent years, with the GDP bouncing back to pre-crisis levels. The unemployment rate dropped by about 10 percentage points since 2013, and was around 7% at the end of 2018. It is expected to continue to drop over the coming years.
The major increase in tourism and exports from the manufacturing industry has contributed to, and sustained, the economic recovery.
The growth of the tourism sector, which represents 10% of employment and which has also affected the real estate sector, began to slow in 2018, with the stabilisation of the number of non-resident tourists.
Investment in equipment has risen and residential real-estate is riding high, stimulated by the rise in housing prices, following an increase in internal demand due to the normalisation and expansion of family expenditure following rises in salaries. Corporate gross fixed capital formation has risen significantly, and should be a full 8% higher in 2021 than what was registered in 2008.

Economic growth could, however, be thwarted by the eventual increase in interest rates, which will have a negative impact on spending by families and companies.
The ratio of public debt in terms of percentage of GDP decreased from 130% in 2014, to around 121% in 2018, but remains very high, influencing budget policy.
Estimates place the average inflation rate for 2018, measured by the Harmonised Index of Consumer Prices, at 1.4%, which is lower than the general Euro Zone, and is expected to remain stable in 2019 and 2020.

Situation in Spain

Recent OECD figures indicate that Spain's GDP grew 2.6% in 2018, with more moderate growth of 2.2% and 1.9% expected for 2019 and 2020, respectively, in a context where the main driving force for growth is internal demand, resting on low interest rates and a rise in employment.
The structural reforms which were undertaken and the improvement in productivity provide solid foundations for recovery and a balanced expansion of the economy, but at a lower rate than over the past three years, in which it was equal to, or over 3%. In the short run, this backdrop of growth is strongly linked to the rate of growth in Europe, the main market for Spanish exports.

The unemployment rate is expected to continue to decrease (from 15.3% in 2018 to 12.5% in 2020), but remains quite high, especially amongst the young and the long-term unemployed, and is a sign that there are some effects of the crisis which remain with us.
The public finances deficit is expected to be around 2.7% of GDP, above initial forecasts, and the inflation rate should be 1.9%.
After reaching a maximum of 100.4% of GDP in 2014, the public debt ratio has slowly been decreasing (98% in 2018), and is expected to drop to 96% in 2020. A more long-term reduction of public debt would require additional budget consolidation measures and continued high levels of economic growth.
A high rise in minimum wage – around 20% - could bring about some significant changes, both in terms of business competitiveness and increased expenditure.

IN 2018 WE HAVE CONTINUED TO INVEST IN THE TRAINING AND GROWTH OF OUR EMPLOYEES

Situation in Angola

Recent IMF figures indicate that in 2018 the Angolan economy withdrew by 1.7% (highlighting the negative trend of the previous year of 0,2% in 2017) a far cry from the 4.9% growth forecast at the beginning of the year, which is mostly due to a strong fall in oil and gas production, which led to a steep devaluation of the Kwanza, and the ensuing rise in prices. Growth is expected to return in 2020 and consolidate on the 3,2% in 2021, with an increase in oil prices and a gradual improvement of other economic sectors, albeit there may still be a decrease in oil production, due to the fall in investment over recent years.

The Government of Angola which came out of the 2017 elections decided to implement a Macroeconomic Stabilisation Programme for 2017-2018, aimed at strengthening fiscal sustainability, reducing inflation, moving towards a more flexible exchange rate and bolstering the solidity of the financial sector, and began to implement a National Development Plan for 2018-2022, centred on solving structural bottlenecks, reforming the public sector and diversifying the economy.

These efforts are supported by the Extended Arrangement signed with the IMF in December 2018, within the scope of the Extended Development Plan, to the tune of USD 3.7 billion, which will be made available over stages of the programme, dependent on half-yearly evaluations.

The Extended Arrangement is an instrument aimed at lessening Angola's macroeconomic imbalances and opening a path to sustained development. As is laid out in the Letter of Intent and the Economic and Financial Policies Memorandum, the main goals of the programme are to: i) consolidate fiscal adjustment in 2018, followed by gradual fiscal consolidation; ii) liberalise the exchange regimen; iii) modernise the monetary policy framework; iv) strengthen the resilience of the financial sector and, v) encourage economic growth and diversification.

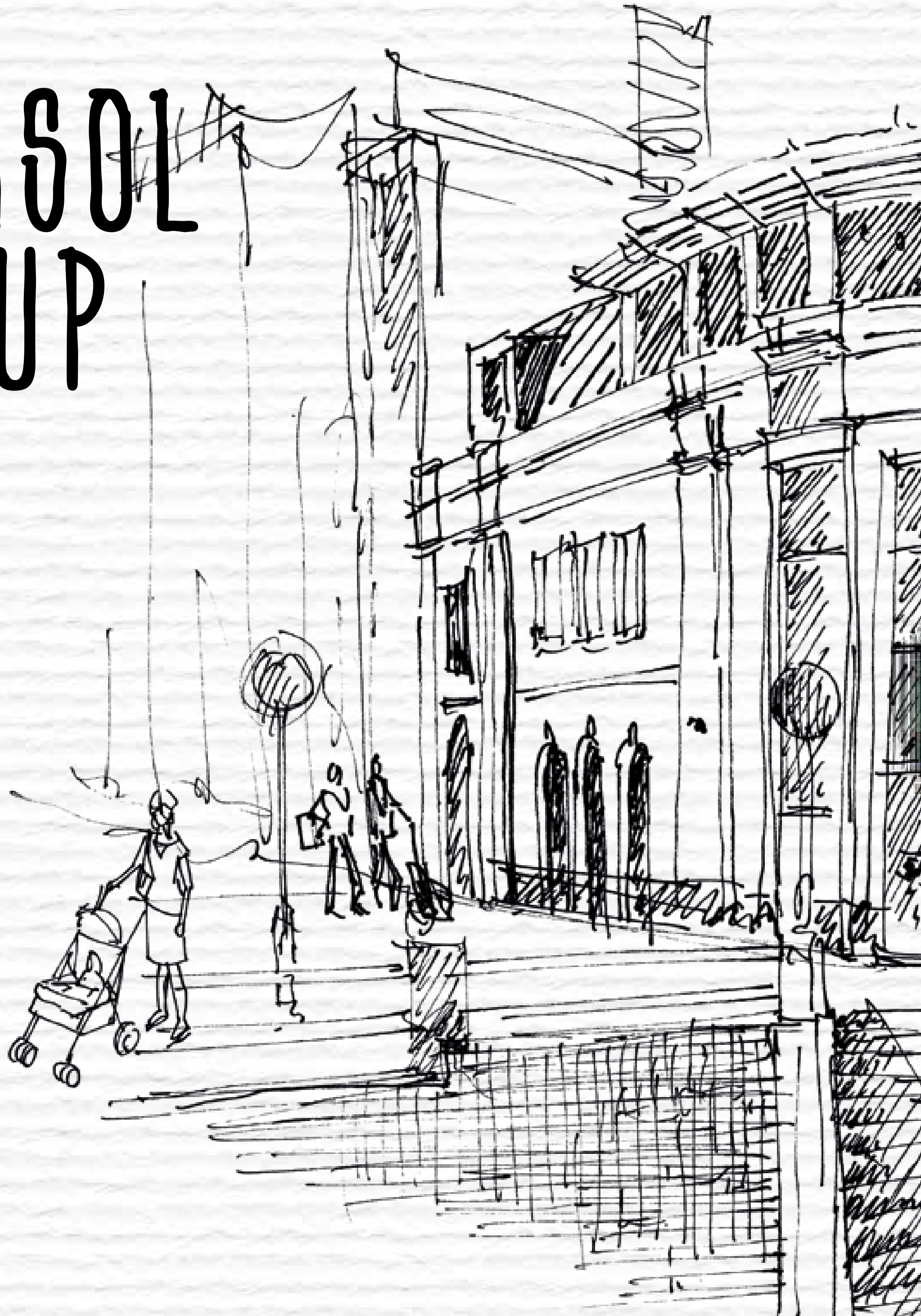
It is hoped that reforms planned by the Authorities and the cooperation of the IMF will allow Angola to solve its macroeconomic and structural imbalances so as to guarantee sustained medium-term growth.

However, in the short term, the devaluation of the Kwanza led to an increase in the cost of imported products, which did not translate entirely into sales prices, leading to a strong compression of the margins of commercial agents.
Price hikes, along with stabilization of wages, led to a strong contraction of expenditure, an ensuing steep reduction in business activities and drop in imports. Consequently, means were made available to allow Angola to liquidate many past obligations.
Therefore, if a financial situation of importing companies did improve, their business activity dropped because of the fall in consumption, a situation which is expected to continue over coming years.

FINAL NOTE

Global perspectives for 2019 include the weakening of economic expansion, due to several factors, namely the resurgence of protectionist policies in international trade, lower performance of some of the developed and emerging economies and an increase in geopolitical uncertainty and tensions.

THE IBERSOL GROUP



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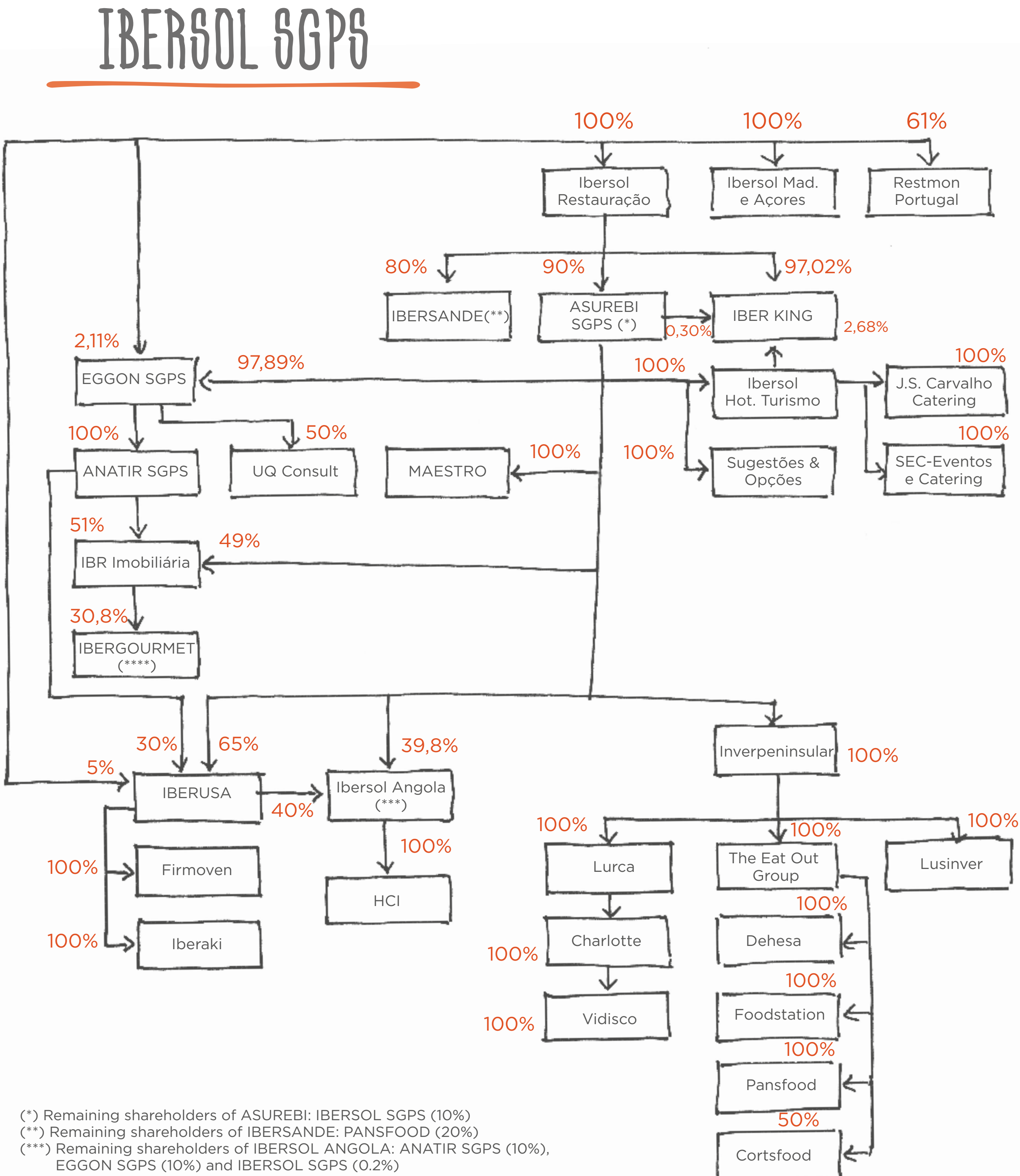
WE AFFIRM VALUES IN THE MANAGEMENT, INNOVATION AND SUSTAINABILITY OF THE GROUP

BUSINESS STRUCTURE

Holdings at 31 December 2018



(*) Remaining shareholders of ASUREBI: IBERSOL SGPS (10%)
(**) Remaining shareholders of IBERSANDE: PANSFOOD (20%)
(***) Remaining shareholders of IBERSOL ANGOLA: ANATIR SGPS (10%), EGGON SGPS (10%) and IBERSOL SGPS (0.2%)
(****) Remaining shareholders of IBERGOURMET: IBERSOL SGPS SA (69.2%)

STRATEGIC PROFILE OF THE GROUP

Strategic Profile of the Group

Providing great experiences and quality of life

Consumers are increasingly demanding in relation to the experiences that brands offer. Which is why we make sure that all our brands have a varied offer, providing consumers with different experiences in terms of quality and flavour. From breakfast to lunch, day in, day out, whatever the meal, whatever the occasion, we provide our customers with well-being and a balanced diet.

We developed the *Viva Bem* programme (website and blog), where we try to interact responsibly with the customer, providing information on the nutritional composition of Ibersol's products, on allergens and on how to enjoy a balanced diet and healthy lifestyle.

Focusing efforts on customer relations

Customers are the Ibersol Group's *raison d'être*, and so they are given full attention.

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

Developing and valuing our people

At the Ibersol Group our human resources strategy is based on meritocracy and results. The Group's culture for valuing staff is based on a system which is guided by Ibersol values and the results. This allows us to grade performance and potential and monitor the sustained development and know-how of our Teams.

The Group monitors this development while at the same time trying to address the expectation of its staff and the expansion needs which arise.

An added-value social network for the consumer

At the Ibersol Group we foster a network of emotional relations and trust, which is established between staff and customers at every working moment. This network is an integral part of the Group's DNA.
To that end, the Group continuously invests in its teams' skills, especially those of the Unit Managers and Shift Managers and in their accountability for interactions with the customers. These are the Managers who make it possible to more quickly identify any changes in the consumption profile, "reading" the changing expectations and realities and relaying them, so that they are incorporated into new value propositions.
This is how we manage to continually create the right conditions for the Ibersol team to bring about that added-value relationship with the customer – connecting and communicating in an adequate, attentive and dedicated manner.

Overall management processes and logistics planning

The Ibersol Group has an organised supply chain which ensures the quality of the products it sells, from supply to sale, including logistics.
This is a single, homogeneous body, which works efficiently every day through an active quality and certification policy, including the NP EN ISO 22000: Food Safety Management Systems standard certificate, covering the management of the food chain of the Group's restaurant operations, based on the activities carried out in Portugal and Angola.
The centralisation of the supply chain supporting the operation in Portugal and Spain was extended to Angola, enabling efficiency and productivity gains, both in the process itself and in the relationship with the business partners.
One of the group's principles is not to sacrifice quality for the sake of price, with no exceptions. As such, through continuous improvements to the processes for managing resources and assets, Ibersol aims to maintain lasting and consistent relations with its suppliers.

Excellence in quality and safety

An active quality, safety and certification policy, allows the Ibersol Group to strengthen its position as a major player in the restaurant sector. Its discipline and thoroughness enable it to continue carving a path of excellence, having reached a record number of certifications for the quality of its operations, customer service and food safety, both in Portugal and Angola.

As far as the Ibersol Group is concerned, the certifications confirm and highlight the engagement and dedication of its teams in everything they do.

The Ibersol Group has renewed certifications according to the following standards:

- NP EN ISO 22000: Food Safety Management Systems in Portugal, within the scope of Management of the Food Chain of the Ibersol Group's Restaurant Operations; Restaurant/catering Services in the restaurants: Catering Estádio do Dragão, Pizza Hut-KFC-Cockpit Drinks & Tapas-Especially Terminal 1 Lisbon Airport, Burger King Alameda Shopping, Kiosks Café Alameda Shopping, KFC Alameda Shopping, Pizza Hut Alameda Shopping, Pans&Company Alameda Shopping, Pasta-Caffé Alameda Shopping, Burger King Colombo, Pizza Hut Colombo, Pans&Company Colombo, KFC Colombo, Burger King Norteshopping, KFC Norteshopping, Pasta-Caffé Norteshopping, Pizza Hut Norteshopping, Miit Norteshopping, Roulotte Norteshopping, Pans&Company Norteshopping,Pizza Hut Foz, Pizza Hut Matosinhos, Vog Tecmaia, Blu CoffeeShop, KFC CascaisShopping, Burger King Cascais, KFC Vasco da Gama, and KFC Fórum Almada.

- NP EN ISO 22000: Food Safety Management Systems of all the KFC units in Angola and logistics chain regarding the Logistics Chain and Restaurant Operations;
- NP EN ISO 9001: Quality Management Systems; NP EN ISO 14001: Quality Management Systems and NP EN ISO 18001: Health and Safety in the Workplace Management Systems regarding the Management of the Ibersol Group's Restaurant Operations (Central Services, common processes and Vog).

An active human resources management policy and respect for the environment

The Ibersol Group continues to consolidate policies for best practices in resource and waste management, as well as separation and valuation of generated waste, which are embodied in an active sustainability policy. This policy, which has proved to have positive collateral effects, has allowed for good results, with significant improvements from one year to the next.

The Group took a fresh look at the teams, energy consumption, consumables, products and waste, and above all, took on board a strong concern for changing processes and ways of doing things.

The "Recycling Used Cooking Oil Programme" is perhaps the greatest example of this sustainable mentality

GOVERNING BODIES

GOVERNING BODIES

Board of Directors:
Chairman: Dr. António Carlos Vaz Pinto de Sousa;
Vice-Chairman: Dr. António Alberto Guerra Leal Teixeira;
Member: Professor Doutor Juan Carlos Vázquez-Dodero de Bonifaz;

Audit Committee:
Chairman: Dr. Carlos Alberto Alves Lourenço;
Vice-Chairman: Dr.ª Maria José Martins Lourenço da Fonseca;
Member: Dr. Eduardo Moutinho Ferreira dos Santos;
Alternate: Dr. Arlindo Dias Duarte Silva;

Board of the General Meeting:
Chairwoman: Dr.ª Luzia Leonor Borges e Gomes Ferreira;
Vice-Chairwoman : Dr.ª Raquel de Sousa Rocha;
Secretary: Dr.ª Maria Leonor Moreira Pires Cabral Campello;

Remuneration Committee:
Dr. Vítor Pratas Sevilhano;
Dr. Joaquim Alexandre de Oliveira e Silva;
Dr. António Maria de Borda Cardoso;

Statutory Auditor:
KPMG & ASSOCIADOS, Sociedade de Revisores Oficiais de Contas, represented by Dr.ª Adelaide Maria Viegas Clare Neves or by Dr. Vítor Manuel da Cunha Ribeiro;

Corporate Secretary:
Secretary in Office: Dr.ª Berenice Príncipe;
Alternate Secretary: Dr. Luís Neiva Nunes de Oliveira

FI NAN CIAL
PERFORMANCE

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WE ARE A TRUST MATRIX FOR STAKEHOLDERS

THE RESTAURANT SEGMENT IS COMPOSED OF 214 RESTAURANTS WHICH GENERATED A TURNOVER OF AROUND 101.8 MILLION EUROS.

PORTUGAL

The brand's coverage includes the mainland and islands with 95 units in operation and over 2.300 employees.

Created in 1958, Pizza Hut has been present in Portugal for 28 years. It is the most comprehensive restaurant brand in the market in Portugal, seeking customer satisfaction at all times in its various services and units and offering unique combinations that provide such moments with extra flavour.

During this year we opened new units in the Azores, Arrifes, Évora (Évora Plaza Shopping Centre), Carnaxide (Continente Bom Dia) and Restelo. We also relocated restaurants in Alameda Shop&Spot, AlmaShopping, Oeiras Parque and Praça do Bocage, in Setúbal, and closed our Algés unit. The delivery service was strengthened and now covers an area of 1.6 million houses, guaranteeing complete coverage of the highest density markets.

Committed to satisfying the needs of the modern consumer, Pizza Hut maintains a constant effort to modernise and renew the image of its restaurants with a new, more modern and welcoming unit design, offering great comfort without neglecting the digital experience required by Customers. Examples include the Maia restaurant, Parque Central, Foz (Porto); AquaPortimão, Forum Sintra and Sintra Retail Park.

In 2018 Pizza Hut continued to apply the brand's new international communication strategy,

aimed at promoting a new and more appealing, modern and current style.
This was also a year for consolidating a global growth strategy, through an investment in operational excellence, both in terms of service – with fully qualified and consistent teams – and in terms of the product, providing new and differentiating experiences.
Investment in innovative and quality products is a top priority in a business which, besides producing three different types of pizza dough every day, using fresh ingredients and 100% Mozzarella cheese, introduced new ingredients, compositions and pizza shapes in 2018, such as the Big Hut, the Cheesy Bites Cheesy Hot Dog, the Rolling Stuffed Crust Pepperoni the Crispy Pizzas and the Super Rolling Stuffed Crust.
The launching of the "MY HUT – You choose" programme, draws Pizza Hut closer to the trends, centred on variety and the need to match supply to the clients' and fans' desire for customisation. Regarding home delivery, we invested in shared menus, with plenty of promotions. Take-away services included ideas for sharing between two or more people.
The brand has kept up its multi-platform communications strategy, with a constant and strengthened presence in "above the line" media and a stronger digital presence. Digitalisation was one of the more important aspects of the brand, both in terms of in-house service and home delivery.
With regard to our teams' training and certification, we maintained our commitment to our staff in a constant and continuous effort to create a Culture of Excellence. This commitment involves the ongoing qualification of the Teams (investing in thousands of training hours), as well as promoting career development (through the Grow + Programme), consolidation of the @Leading A Shift (LAS) programmes directed at the Management teams, Clean2Safe (an innovative programme that consolidates restaurant cleaning processes) training or the implementation of the ACE pro-

gramme (Assured Customer Experience – which promotes a fuller, more comprehensive operating approach).

Also noteworthy is the fact that the restaurants located in Colombo Shopping Centre, Alameda Shop&Spot, NorteShopping, Foz (Porto) and Continente de Matosinhos were once again certified according to the NP EN ISO 22000 standard. These are examples of the care and strict requirements that the Brand places on its consumers' food safety.

In the field of social responsibility, Pizza Hut participated in several community outreach projects, including the "Graças a Muitos" initiative, in partnership with the "Federação Portuguesa dos Bancos Alimentares contra a fome".

ANGOLA

For Pizza Hut Angola, 2018 was a very challenging year, as macroeconomic conditions, characterized by high inflation (22%) and growing unemployment, caused a loss in purchasing power.

The brand reinforced its marketing plan, based on a modern communication with its target audience via Facebook and with its customers through digital tools and above the line communication.

As a result Pizza Hut saw its number of Facebook fans climb to 185 thousand and the general degree of customer satisfaction gradually increased and reached a level of 80% in the last quarter, one of the brand's best indicators in the African Continent.

In an ever increasing effort to match the supply of balanced products with competitive prices, the new ROLLING PIZZA and new sides products (appetizers, salads and desserts) was launched.

In terms of Social Responsibility initiatives, besides participating in the AD HOPE campaign, 2018 saw the first edition of Slice of Africa, during which the restaurant team spent time with underprivileged children and distributed educational kits, composed of books and school items.

Pastas Caffé, Vasco da Gama, 2018

pasta caffé

RISTORANTE ITALIANO

PORTUGAL

Pasta Caffé – a chain of restaurants specialising in Italian food – ended 2018 with 7 restaurants and a team of 130 employees.
During the year, special attention was dedicated to renewing the offer, with a major focus on the launch of new typical Italian dishes. The menu was renovated at the end of the year, with the aim of introducing the dishes which had done best during the last "Temporadas" of the year.
Given the need to address the fast pace of daily life and with time-constrained consumers in mind, a "Lunch Buffet" was created in some of the restaurants.

The "Temporadas" initiative was kept up during the year, allowing us to innovate and test new recipes and compositions, based on the different food families associated to Italy: pastas, pizzas and risottos. These "Temporadas" have always been well received by the consumers, and the genuine Italian tastes strengthen the Italian Character.
In 2018, all of the teams' training processes were maintained and the NorteShopping Pasta Caffé unit was re-certified according to the NP EN ISO 22000 standard.
With regard to obtaining customer's opinions, we continued

to consolidate the "Pasta Experience" programme, an on-line platform where the customer evaluates all the relevant aspects of their experience regarding service and offer, enabling them to make suggestions for improvement.
In the field of social responsibility, Pasta Caffé participated in several community outreach projects, including the "Graças a Muitos" initiative, in partnership with the "Federação Portuguesa dos Bancos Alimentares contra a fome".

SPAIN

Pizza Móvil closed the year with 28 units. This year was marked by the continued transformation of two Pizza Móvil restaurants into Pizza Hut restaurants. There are currently five Pizza Hut restaurants.

During 2018 the brand continued to base its communication strategy on the neuromarketing study carried out in previous years, as well as investing in innovation for differentiation, launching new compositions onto the market, such as the Pizza Curry.

Pizza Móvil also reinforced its presence in the digital channel through campaigns that strengthened brand awareness, with a particular focus on the 2018 Russia World Football Cup.

The brand also continued to invest in increasing awareness amongst the young, sponsoring youth sports teams and the Football Federations of Galicia and Asturias, reaching over 65 thousand children.

Ribs, Madrid, 2018

SPAIN

The brand reached the end of 2018 with a total of 243 employees and 37 restaurants: 10 of which are owned and 27 franchised. The brand also has 2 units in the Travel segment in Spain.

"True American Barbecue" is the RIBS brand concept. The brand's first restaurant was inaugurated in 1968 and since then all the units have endeavoured to be more than just restaurants, becoming a real American experience based on the quality of the products, a 100% original American décor, a typical music selection and a menu made up exclusively of traditional American food. That is why, since it was created, the brand established itself in Spain as a pioneer in the most authentic American style restaurant service.

The brand's restaurants are a living image of the American experience. With 100% of the décor and furniture being imported from the United States, RIBS restaurants have an authentic American style, allowing customers to immerse themselves in the atmosphere, surrounded by a truly American spirit, both regarding the furniture and in relation to the dishes, prepared on 100% holm oak charcoal grills, which are always kept alight to give the dishes a more genuine flavour.

As far as innovation is concerned, the brand continues to look for higher quality products and a genuine offer, constantly reviewing and reformulating the à la carte menu and set menus, in order to guarantee the best customer experience.

In addition, the brand has been promoting the Big Parties concept (Halloween and Thanksgiving Day, among others), turning these special days into big celebrations in its restaurants.
From an operational excellence point of view, one of the main goals for 2018 was to improve the internal audit processes in order to guarantee quality and cleanliness standards in the restaurants.
In 2018 the Ribs CC Maquinista restaurant obtained certification according to the NP EN ISO 22000 and the NP EN ISO 9001 norms.

PORTUGAL

The RIBS brand concept is the "True American Barbecue".
The first restaurant in Portugal was opened in January 2018 and it is located in the Vasco da Gama Shopping Centre, in Lisbon.
This restaurant is geared towards the counter service, with its famous barbecued ribs and unique BBQ sauce or the delicious high quality hamburgers, especially developed for the brand.
All the dishes are prepared on the spot and grilled over 100% holm oak coal, giving them a unique and genuine taste.

Dehesa Santa Maria, Aeroporto Barcelona, 2018

DEHESA
SANTAMARÍA
SABER IBÉRICO

SPAIN

The brand reached the end of 2018 with a total of 16 restaurants in all of Spain, all franchises. Additionally, it also operates six self-owned restaurants in the Spanish Travel sector, including in the Barcelona, Menorca, Málaga, Fuerteventura and Las Palmas airports.
The SANTAMARÍA brand was created in 1998 in Mérida, having begun its expansion through the franchise system in 2001. In 2006 it became part of the Eat Out Group, which gave it a significant boost.
Since its creation, SANTAMARÍA has evolved and now includes a multi-offer format, which covers all types of meals (breakfast, lunch, tea and dinner), allowing our customers to enjoy good food and good drinks, any hour of the day.

Without sacrificing the brand's personality and cuisine, a process was initiated to give the restaurants new character and essence: the "Iberian know-how". With this proposal, the brand once again positioned itself as an Iberian specialist, focusing on experience, "savoire faire" and shining the spotlight on the main factor of the Iberian product: flavour! In the new brand identity, both concepts – knowledge and flavour – are mixed, merging the renewed traditional character of the brand with the lifestyle of Spain.
The new menu stands out for its Iberian products, starters, salads, main dishes and desserts, all in very original formats of reinvented classical recipes, adapted to modern times. And let us not forget our drinks, which are famous both for their taste and the containers we serve them in.

Fresco, Barcelona, 2018

SPAIN

The brand reached the end of 2018 with a total of 72 employees and 10 restaurants in Spain, of which 3 are self-owned (all in Barcelona) and 7 are franchised, distributed all over Spain.

FrescCo was created in 1994 when its first restaurant opened in Barcelona. There are currently 10 restaurants in Spain. With over 20 years' experience, the brand is 100% engaged in offering its customers a choice of healthy, tasty food, using fresh, seasonal products and preparing dishes and salads inspired by Mediterranean cuisine.

The brand is characterized by offering a healthy, natural and balanced diet in a Buffet concept at a fixed price, where customers choose their own menu.

The "Buffet de Mercado" is the new restaurant concept launched in 2016, designed as an evolution of the Buffet, where customers can adapt their meal according to their preferences, thanks to a new gastronomic offer based on quality-guaranteed local fresh products, created for Customers who seek a healthy and balanced diet, with the best value for money relationship. The new establishments also have a Kitchen & Grill area, where guests can enjoy the best pizzas, grilled meats and fish, and burgers cooked on the spot, right before their eyes.

The three self-owned restaurants were totally remodelled and have adopted the new "Buffet de Mercado" concept, which has also begun to be implemented in the remaining restaurants.


COUNTERS

THE SET OF BRANDS THAT THE IBERSOL GROUP OPERATES IN THE COUNTERS SEGMENT REACHED THE END OF 2018 WITH 311 RESTAURANTS AND A TURNOVER OF 204.3 MILLION EUROS.

KFC, Amadora, 2018

PORTUGAL

In 2018, focus was maintained on the 20/20 strategy, initiated in 2015, with the aim of positioning the brand among the leaders in Modern Restaurant Services in Portugal. The brand reached the end of the year with 467 employees and 27 units.

During 2018 we opened 6 new restaurants in Vila Nova de Gaia, Montijo, Guimarães, Gondomar, Barreiro and Coimbra.

The expansion of the brand continues to contribute to brands growth and also to the professional development of the team, opening up opportunities for employees to progress and strengthen their skills.

As for the training, all the team participated in specialized plans through the digital platform Learning Zone that, that includes the preparation for the processes of the several working positions and also have modules of training in Food Safety and Health and Safety at Work.

The teams were submitted to certifications, that are renewed annually. We have maintained our commitment to the Star Cooks program, which continues to distinguish some employees to ensure that Colonel Sanders' legacy is followed meticulously in all stages of product preparation.

Regarding external evaluation and certification, which are guarantees of quality and Brand demand, we already have seven restaurants certified according to NP EN ISO 22000 norms, which are among the most demanding in the market.

In terms of brand offer, we launched the Delivery service, using the Glovo and SendEat platforms, leading to an increase in brand recognition, boosted in turn by the different activations which encourage consumers to try out this new channel.

KFC launched some new products in 2018, such as the 2 menus for €7; the Bucket of 20 items for 20€, the Bucket of 12 items for 9.99€ and the Kentucky Fries – rustic fries served with cheese sauce and strips of bacon – available as sides to menus, or single items.

Growing involvement with the fans through social media continues to be one of the brands strategic goals. In 2018 the digital communications plan saw significant growth on Instagram, which has brought more young followers to KFC.

In the field of social responsibility, KFC participated in several community outreach projects, including the "Graças a Muitos" initiative, in partnership with the "Federação Portuguesa dos Bancos Alimentares contra a fome".

ANGOLA

Due to investment in adequate marketing and guided by new digital tools (Facebook and online), KFC continued to strengthen its position as a young and innovative brand, capable of interacting with its clients.

We maintained a strong investment in providing our employees with added value through training and continuous assessment programmes, which have enabled them to improve their knowledge and performances with a view to providing appropriate career progression.

The training programme for becoming a 5-star Cook and Hostess was completed, which introduced improvements to the monitoring of products and the service provided to customers.


BURGER KING

PORTUGAL

Burger King reached the end of 2018 with 87 restaurants, following the opening of another 10 units in Portugal – Beja, Vizela, Quinta do Conde, Gaia Jardim, Fafe, Santo Tirso, Santarém, Malveira, Telheiras and Estarreja. We maintained our strategy of roadside restaurants, all of which have Drive Thru.

The restaurants in Vilamoura, 2.ª Circular, Almada, Mem Martins, Cascais and Póvoa de Varzim were remodelled.

The brand ended the year with 342 more workers, for a total of 1.792 employees.

We continued to invest in the democratisation of consumption, through very competitive and interesting promotions for our clients: the 2 for 5€ or 9 nuggets or onion rings for 1.49€. At the same time, we innovated in the premium range, with, among other successes, the Grand Whiskey range.

We increased our focus on digital communication, updating the Burger King APP and using a young, irreverent and close communication strategy on social media.

The brand maintained certification according to the NP EN ISO 22000 norms for 4 restaurants: Alameda Shop&Spot, Norte Shopping, Colombo and Cascais. We also increased the coverage of our Home Delivery service including Covilhã, Montes dos Burgos, Avenida de Roma and Ferreira Borges.

In the field of social responsibility, Burger King participated in several community outreach projects, including the "Graças a Muitos" initiative, in partnership with the "Federação Portuguesa dos Bancos Alimentares contra a fome".

SPAIN

The Burger King Spain restaurants operated by the Ibersol Group, reached the end of 2018 with 1.096 employees and 35 restaurants, following the opening of two new restaurants.

The year of 2018 was characterised by the remodelling of 7 restaurants and the launch of a new sales channel, the self order kiosks for clients to register their own orders.

The brand's investment in communication was based on reinforcing and increasing communication regarding home deliveries, with emphasis on TV campaigns and a new system for placing orders using Amazon's Alexa.

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


pans

PORTUGAL

Pans & Company in Portugal reached the end of 2018 with 46 units and around 485 employees.
During the year, and in keeping with the renovation of the restaurant's look, Pans remodelled another 13 restaurants. At the end of the year a total of 30 of the brand's restaurants already suported the new Pans & Company look which, besides a new sales point image, includes an offer of a wide range of cafeteria and pastry products, prepared daily in the restaurants themselves.
The investment in the cafeteria segment was bolstered by the conversion of two café stands, operated by the Ibersol Group, into autonomous sales points operated under the Cafe Pans brand, the Pans brand which has the expertise in this segment.
The year was also marked by the launching of several new products ("Market Sandwich", "We add your preference" and "From the plate to the sandwich") as well as the consolidation of our partnership with the Sonae Group, which has Pans & Company on the fidelity programme of the Continente Card.
These strategies were supported by a strengthening of investment in communication, aimed at consolidating brand notoriety levels and leadership in its segment.
In the field of social responsibility, Pans participated in several community outreach projects, including the "Graças a Muitos" initiative, in partnership with the "Federação Portuguesa dos Bancos Alimentares contra a fome".

SPAIN

Founded in 1991, having first opened in Barcelona, Pans & Company is one of the leading brands in the Iberian sandwiches and Coffee & Bakery market, with a presence in the Spanish, Portuguese, Italian and, as of early 2019, Moroccan markets.

The Brand ended 2018 with 94 restaurants in Spain, 35 operated by the brand, 7 by the Travel sector and 52 franchises, plus 46 restaurants in Portugal (45 self-owned and one franchise) and 7 in Italy.

The year of 2018 was marked by investment in the remodelling and opening of new restaurants.

Three new restaurants were opened in the retail channel: Lloret de Mar, C.C. La Salera (Castellón) and in C.C. Vidanova Parc, Sagunto (Valencia) and a further two restaurants were refurbished, one in the C.C. Kinépolis (Granada) and a second in the C.C. Gran Turia (Valencia).

Three restaurants were opened in the travel channel: two at the Las Palmas Airport (Air and Land zone) and one in terminal 4, in the Air zone, of the Madrid Airport, all according to the Café Pans standalone model.

In 2018 Pans & Company strengthened its commitment to the renewal of its assets, particularly in the cafeteria segment. At the end of 2018 there were already 72 Pans & Company restaurants with image 3.0 (6 with Café Pans stand-alone), which in addition to a renewed sales point image, also includes a new range of coffee shop products and pastries prepared daily in each of our restaurants.

Regarding the variety of sandwiches, which continues to be the brand's main offer, we highlight the launch of the "Pans Experience", the "Market Sandwich" innovation campaign and the re-branding campaign with the new brand claim "Nos gusta juntarnos", all of which reflect the brand's commitment to continue to present innovative offers in its core product and thus reinforce its leadership position in this segment in Spain.

In 2018 we obtained certification according to the NP EN ISO 22000 and NP EN ISO 9001 norms for the Pans & Company restaurant in Sabadell.


Paris, Badalona, 2018

PORTUGAL

The Miit brand reached the end of 2018 with 30 employees and 2 operating restaurants, located in Norteshopping and in Colombo Shopping Centre, in Lisbon.

Launched at the end of 2012, Miit is a restaurant proposal centred on the provision of a healthy and balanced offer in the competitive "counter" segment in shopping centres.

As a specialist in grilled meat, the brand aims to be acknowledged as a tasty and healthy option in shopping centres, offering its customers high quality meats and unique side dishes, such as fruit and grilled vegetables, rustic potatoes or scented rice, for an adequate price.

The brand renovated the image of the menuboards, with the aim of making the customer's choice easier. In terms of new offers, we launched the Portuguese Sauce Steak and the American Hamburger.

In 2017 the Miit Norteshopping unit obtained its certification in the NP EN ISO 22000 quality standard.

The concept behind MiiT responds to a trend observed in Portuguese consumers who are increasingly aware of the need to practice a healthy and balanced diet. The brand is also, therefore, part of the Ibersol Group's institutional programme called Viva Bem (Live Well), which provides nutritional information promoting a balanced diet and healthy lifestyle.

In the field of social responsibility, Miit participated in the "Graças a Muitos" initiative, in partnership with the "Federação Portuguesa dos Bancos Alimentares contra a fome".

COFFEE KIOSKS

PORTUGAL

Set up in big shopping centres and operating with the Delta coffee brand, the network of kiosks reached the end of 2018 with around 80 employees and 8 operating units, corresponding to 15 points of contact with customers. In 2018 two of the sales points in the Vasco da Gama shopping Centre, in Lisbon, and a further two sales points in the Centro Rio Sul Shopping, in Seixal, were renovated, the latter having taken on the Café Pans image and brand.

During 2018 we kept the pace training our staff in matters such as service technique, food safety and health in the workplace, and the certification of the unit located in Alameda Shopping was maintained according to the NP EN ISO 22000 standard.

OTHER BUSINESSS

Cockpit, Aeroporto da Madeira, 2018

THE SALES VOLUME OF THIS GROUP OF BUSINESSES TOTALIZED 126.7 MILLION EUROS IN 116 UNITS.

TRAVEL, CONCESSIONS AND CATERING

TRAVEL

PORTUGAL

Business in the Travel channel is carried out in the service stations on motorways and in the Airports. The units allocated to this segment have a management based on the multi-brand concept, which means more than one owned or franchised brand operates in the same space, with the aim of satisfying the needs of different consumers at various meal times, through specific concepts.
In the last year, turnover remained above double digits and there were 470 employees.

SERVICE STATIONS

PORTUGAL

The motorway service stations are an important segment of activity for the Ibersol Group, which at the end of the year operated 24 units.

This business segment continues to be strongly affected by significant reduction in traffic as a result of the introduction of tolls on the former SCUTS (highways without tolls) and by increasing competition from the service stations with reference to restaurant services.

Sol is the umbrella brand for the urban and long distance motorway restaurant services, through units with a modern and functional design, food proposals adjusted to the needs of consumers and with services that go well beyond those of conventional restaurants in service stations. In view of the varied profiles of those who visit the Sol units, these spaces are prepared to offer a great experience to all of them.

The Sol units are characterised by their food offers, according to specific brands, adapted to different moments of consumption, with accessible prices, and always with a personalised and attentive service.

In these units you can find renowned self-owned or franchised restaurant brands. Go To Coffe & Food is the cafeteria brand which is present in most Sol service stations. This brand is also present in Portuguese airports, where we operate restaurant units. In various locations, especially in cities, the Sol units include renowned international brands such as Burger King, Pans & Company and KFC.

The units also provide a variety of services, such as an independent baby changing room, a lounge area, free Wi-Fi, sockets for charging computers or mobile phones, availability of tablets and daily newspapers for perusal, sale of newspapers, magazines, last minute gifts and drive-thru.


PÃO
SALOIO
REGIONAL
BREAD

AIRPORTS

PORTUGAL

The Ibersol Group is one of the main reference operators in Portuguese airports, and is present in the Lisbon, Ponta Delgada, Funchal, Porto Santo and Santa Maria airports, with 23 points of sale, through 6 of its own concepts – Go To Coffe & Food, Clocks, Nove, Specially, Cockpit Coffe&Tapas and Saudade – and four international franchised brands: Pizza Hut, KFC, Burger King and Go Natural.

During 2018 we opened a new Go To Coffe & Food point in João Paulo II Airport, in Ponta Delgada.

Specially, Aeroporto da Madeira, 2018

Go to, Aeroporto dos Açores (João Paulo II), 2018

CATERING
PORTUGAL

The catering of the Ibersol Group, represented by the Palace Catering and Silva Carvalho Catering brands, ended 2018 with a growth in sales relative to the previous year in the Porto and Lisbon markets. Our brands held more than 770 events and served about 330,000 customers.

We were chosen to cater to 23 congresses, including the European Academy of Neurology (EAN) Congress, with around 5.000 participants per day, followed by the International Autoimmunity Congress, which had around 1.800 participants per day and, finally, the Annual Assembly of the European Blood and Marrow Society, with around 1.700 participants per day.

Our participation in events organised by GALP, Delta and Montepio, as well as our presence in Super Bock Super Rock, NOS Alive and Portugal Fashion are also worth mentioning.

In 2018 we consolidated our efforts in terms of training staff in subjects such as event security, food safety and health in the workplace, and the *Estádio do*

Dragão catering was certified according to NP EN ISO 22000 norms. At the stadium we served 79.000 meals, during 27 FC Porto matches, with new material, décor and outfits.

Special attention was given to the renewal of the products on offer, through the increase of production capacity, thanks to the launching of the production centre in Modivas.

In the private event segment, we catered to 25 weddings at the Porto University Club, which we have been exploring exclusively since 2016 and where we have already run over 50 of these events. Over 80 events were held in other places, including birthday parties and christenings. At the end of 2018 we began to operate in Quinta da Casa Grande, in Porto, a unique location, especially for a segment such as this, with a fantastic view over the Douro River.

In terms of values and sustainability principles, catering has an active role in supporting humanitarian causes, through the donation of food and meals. In 2018, more than 10.500 meals were donated to various national institutions.

CONCESSIONS
PORTUGAL

This business area includes the spaces that are operated by the Group under a concession contract, namely: Fundação Serralves, VOG Tecmaia and the Campanhã Train Station.

During the year we revamped the image and offer of the Campanhã station unit, providing it with better conditions to satisfy its customers.

The Blue Café (in Campanhã) and VOG units maintain their certification according to the NP EN ISO 22000 standard. In addition, and unprecedented within the Group, the VOG unit maintained the certifications in the most demanding standards: NP ISO 9001, NP ISO 14001 and NP OHSAS 18001.

CAFÉ VOG RESTAURANTE

SERRALVES
Restaurante/Café/Bar

Blú Coffee Shop

TRAVEL

SPAIN

This business line is engaged in managing 59 restaurants in Spain, located in 8 airports, 2 train stations and other facilities for tourists.

These 59 points of sale are operated by 27 brands. Some of them are the EatOut group's own brands, such as Pans & Company, Ribs, Café Pans and Santamaria, while others were created specifically for this segment, such as Breadway, Caffé di Fiore and Fire&Bread. Other brands are franchised: E.A.T., GoNatural, Coffee Republic, TapaTapa and Mussol, among others. Thanks to these brands, the EatOut group has the management technology of various restaurant formats which range from Grab&Go to Fine Dining and including Fast Food and traditional coffee shops.

The year of 2018 also witnessed growth in traffic in airports and trains stations in Spain, with some exceptions, and the recognition of years of effort put into renewing our portfolio and remodeling led to an increase in sales. This year was particularly importante, since some of our main concessions, such as Barcelona and Málaga, which together accounted for 32 restaurants, were renewed.

The main focus of our work in 2018 was the new tenders at the airports of Las Palmas and Gran Canária, Barcelona-El Prat, Málaga, Madrid-Barajas and Alicante.

Because of these tenders, the group managed to adjudicate 11

new contracts, which cover 34 new units, for an average duration of eight years. These contracts have allowed us to renew a good deal of the concessions which were set to end in 2018 and get into new locations such as the Alicante and Las Palmas airports, or the AVE train station in Girona. We also updated our brand portfolio and now work with nine new brands.

Due to all these changes, the Travel division is one of the concession channel leaders in Spain.

CONSOLIDATED

FIN AN CI AL

ANALYSIS

ibersol grupo

WE CONTINUE TO ANTICIPATE CHALLENGES AND IMPLEMENT SOLUTIONS


SOL

Consolidated Financial Analysis

For comparative purposes, we must highlight the differential impacts that the application of two accounting standards had on 2018 and 2017 results:

a) IAS 29- Financial report in Hyperinflationary Economies: applied for the first time in 2017 to the subsiaries of Angola generated a 6 million euros gain.In 2018, the gain was only 1.2 million eruros.
b) AS 17 – Leases: the leases linearization of the new airport concession contracts concluded during the year, resulted in an additional cost of 1.3 million euros

	2018	2017
Operating Incomes		
Sales	445.607.539	443.270.117
Rendered Services	4.503.303	5.058.9771
Other Operating Incomes	9.922.824	9.781.036
Total Operating Incomes	**460.033.666**	**458.110.130**
Operating Costs		
Cost of Sales	108.799.400	102.831.054
External supplies and services (*)	149.938.133	149.502.177
Personnel Costs	137.120.057	135.318.741
Amortisation, Depreciation and Impairm	29.794.531	31.922.475
Other Operating Costs	3.126.812	5.180.157
Total Operating Costs	**428.778.933**	**424.754.604**
Operating Results	**31.254.733**	**33.355.526**
EBIDTA	**61.049.264**	**65.278.001**
Net Financing Charges	2.989.186	5.397.611
Gains and Losses in Joint Ventures	39.456	2.755
Gains (losses) capital participation	-370.000	0
Gains (losses) on the net monetary position (**)	1.206.056	5.980.424
Earnings before Taxes	**29.141.059**	**33.941.094**
Corporate Income Tax	4.070.309	2.701.589
Consolidated Result for the Year	**25.070.750**	**31.239.505**

(*) IAS 17
(**) IAS 29

OPERATIONAL RESULTS

Consolidated operational income amounted to 460 million euros, similar to the previous year. The EBITDA margin for the same period amounted to 61 million euros, a drop of 6.5%. The operational results amounted to 31.3 million euros, which represents a 6.3% drop in relation to the same period.

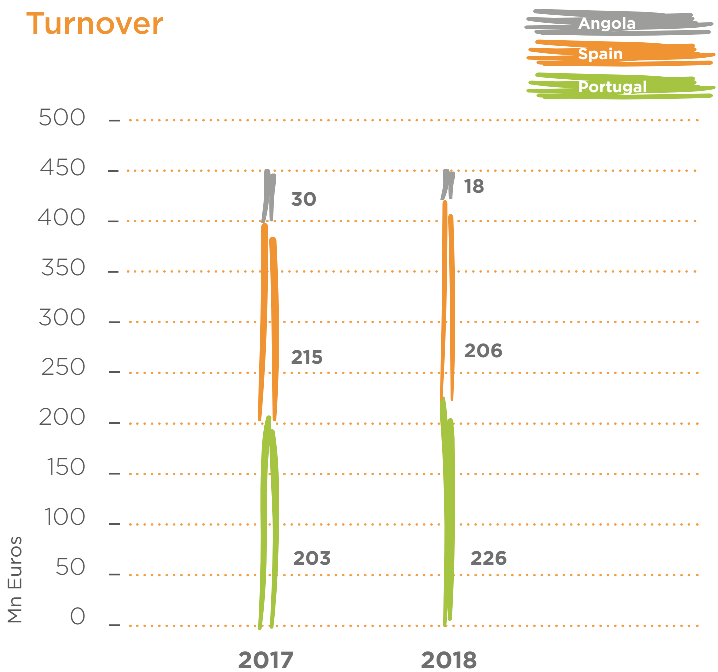
Sales and Services Rendered

The consolidated turnover at the end of the year reached a total of 450.11 million euros, compared to the 448.33 million euros of 2017.

Turnover	**2018**	
	euro million	% Ch. 18/17
Sales of Restaurants	432,78	-1,8%
Sales of Merchandise	12,83	401,2%
Services Rendered	4,50	-11,0%
Net Sales & Services	**450,11**	**0,4%**

The positive evolution of the restaurant market in Portugal, along with the effects of the openings which took place in 2017 and 2018, contributed to a growth in business volume of 11% in Portugal.

More moderate growth was registered in Spain's restaurant market. The drop in concessioned restaurants in the Barcelona Airport, due to termination of respective contracts, led to a drop in business volume of 4%, including sale of merchandise to franchisees.



The positive evolution registered in Portugal allowed the group to minimise the TWO main impacts which affected its activity:

a) the significant reduction of Angola's contribution to turnover of more than 40%. The sales price increase of 28%, kept the turnover in local currency, however insufficient to compensate AKZ sharp devaluation (88%) compared to EUR.

b) the drop in the number of concessioned restaurants in the Barcelona airport as of May, from a quota of 70% to only 40% in the new concessions. The impact of this loss has not been offset yet by new concessions in other airports, since these are still being transformed and the full spaces being made available.

The year of 2018 was therefore marked by the reconstruction of the business volume of the new concessions in the Barcelona, Gran Canária and Málaga airports.

The pace of conversion of the new concessions, according to the programme and authorisation of the grantor, meant that only 9 of the 31 newly concessioned restaurants were operational in their final form, by the end of the year.
At the Barcelona airport, where we ceased to operate 36% of restaurants as of May, only 6 were converted to their final format. Of a total of 19 restaurants, 68% were operating provisionally, or with ongoing work.
Out of a total of 6 concessions at the Málaga airport, 5 were being operated in a reduced format until the end of 2018.
Only 4 out of the 6 concessions in the Gran Canária airport have opened in their final format.
The pace of conversions of the new concessions according to the programme and permissions of the grantor has not yet allowed us to recover the sales revenue of 2017, however, conversion of new restaurants are expected to be concluded by the end of the third quarter of the following year.
Because of these effects, consolidated restaurant sales reached 432.8 million euros, which represents an annual decrease of 1.8%, compared to the 440.7 million euros of 2017.

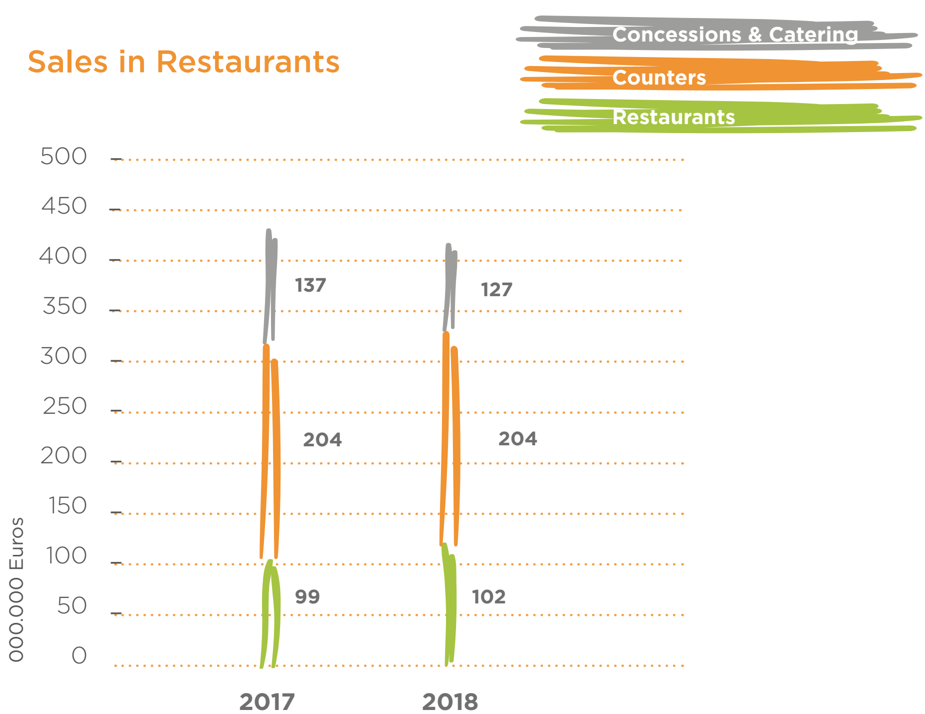
Sales in Restaurants	**2018**	
	euro million	% Ch. 18/17
Restaurants	101,82	2,4%
Counters	204,26	0,1%
Concessions&Catering	126,70	-7,7%
Total Sales	**432,78**	**-1,8%**

The restaurant segment with the best results highlights the performance of the Pizza Hut brand.

The counters segment, even including the activity of KFC Angola (which dropped around 37%), registered sales at the level of 2017, thanks to the performance of the brands operated in the Iberian Peninsula, especially KFC and Burger King, which maintained the positive trends shown in previous quarters, with rises in market share and growth rates influenced by the larger amount of operating units.

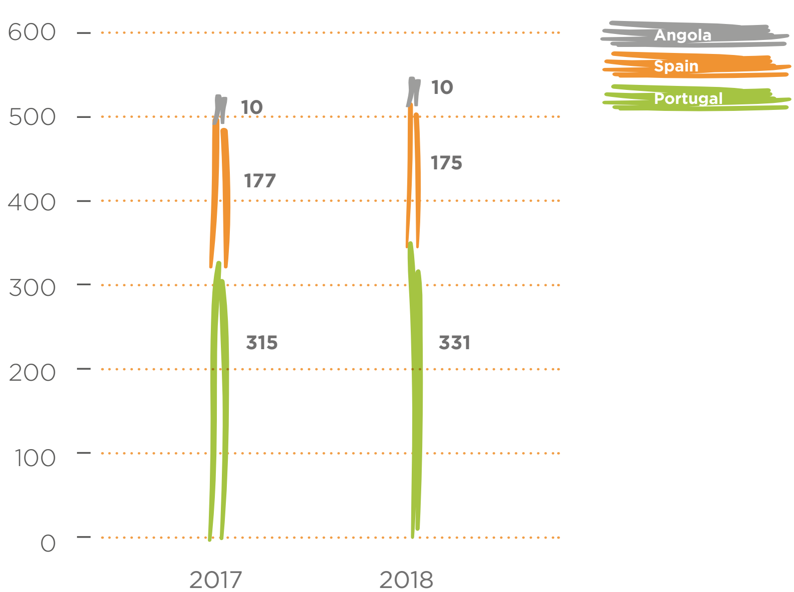
Businesses under the heading "Concessions and Catering" registered losses when compared to the same period of last year, due to the change in the perimeter brought on by the closing and opening of restaurants in the three new concessions of the Barcelona, Málaga and Gran Canária airports. Discounting that effect, the growth of the segment would have been of 8%.

Sales in Restaurants



Besides the closing of concessions, 23 units were closed in Spain, 21 of which were franchises and 2 in Italy, in continuation of the network readjustment process. In Portugal 2 Pizza Huts, 2 Pasta Caffé, one KFC and the concessioned unit at the Exponor were closed, according to the terms of the respective contracts.
Following the expansion strategy, four more franchises were opened (Pans and Ribs) as well as 38 self owned restaurants, 12 of which concessions and 26 self owned, 22 of which Burger King, Pizza Hut and KFC in Portugal and four in Spain, of which two Burger King, one Ribs and one Pans.
By the end of the year we were operating 331 own units in Portugal, 175 in Spain and 10 in Angola.

Equity Restaurants



By the end of the year the total number of units – self owned and franchised – was 641, distributed in the following manner:

Nº of Restaurants	2017 31 Dec	2018 Openings	Transfer	Closures	2018 31 Dec
PORTUGAL	**316**	**22**		**6**	**332**
Equity Restaurants	**315**	**22**		**6**	**331**
Pizza Hut	91	6		2	95
Ò Kilo + MiiT + Ribs	4				4
Pans + Roulotte	46				46
Burger King	77	10			87
KFC	22	6		1	27
Pasta Caffé	9			2	7
Quiosques	8				8
Coffee Shops	27				27
Catering	7				7
Concessions & Other	24			1	23
Franchise Restaurants	**1**				**1**
SPAIN	**312**	**19**		**39**	**292**
Equity Restaurants	**177**	**16**		**18**	**175**
Pizza Móvil	31		-2	1	28
Pizza Hut	**3**		2		5
Burger King	33	2			35
Pans	35	1		1	35
Ribs	9	1			10
FrescCo	3				3
Concessions	63	12		16	59
Franchise Restaurants	**135**	**3**		**21**	**117**
Pizza Móvil	16			**1**	15
Pans	**58**	**2**		**8**	52
Ribs	**28**	**1**		**2**	27
FrescCo	**8**			**1**	7
Santamaría	**25**			**9**	16
ANGOLA	**10**				**10**
KFC	9				9
Pizza Hut	1				1
Other Locations - Franchise	8	1		2	**7**
Pans Italy	8	1		2	7
Total Equity Restaurants	**502**	**38**	**0**	**24**	**516**
Total Franchise Restaurants	**144**	**4**	**0**	**23**	**125**
TOTAL	**646**	**42**	**0**	**47**	**641**

Other operational income amounted to 9.9 million euros, just 0.1 million euros above the results of 2017.

Operational Costs

Consolidated operational costs amounted to 429 million euros, which represents an increase of 0.9% compared to the previous year, now representing 95.3% of business volume (2017: 94.7%).

Gross Margin

The relative weight of the gross margin to the business volume registered a drop of 77.1% in 2017 to 75.8% in 2018, reflecting the effect of the increase in the weight of merchandise sales. Discounting this effect, the gross margin would have been 77.3% of the business volume, not counting sales of merchandise.

.Salaries and personnel costs

Personnel costs rose 1.3%, slightly above the business increase of 0.4%, representing 30.5% of the business volume (2017: 30,2%).
The effect of the rise in minimum wage in Portugal, of high training costs due to the opening of new units over the last quarter, operating in provisional formats in the new airport concessions and the preliminary agreement for Madrid, effective in 2018, contributed to the rise in the relative weight of this item.

Supplies and External Services

Costs with supplies and external services amounted to 149.9 million euros, identical to the amount for 2017, equivalent to a slight increase of 0.3%.
Consequently the weight of this item remained at 33.3% of business volume, despite the increase in leases of new concessions at airports, which are fully supported, despite not being fully operational, and the impact of the application of IAS17.

The application of IAS17 to new concessions of leases had an impact of 1.3 million euros on the supplies and external services item, due to the linearisation of guaranteed income over the contractual period of the new concessions. Minus this impact, the weight of this item would represent 33.0% of the business volume of 2018.

Other Operational Costs

Other operational costs amounted to 3.1 million euros and include around 1.2 million euros in fees and taxes and a further 1.1 million in impairments of operational credits.

Amortisations and Impairment Losses

Amortisations and impairment losses in 2018 amounted to 29.8 million euros, representing 6.6% of business volume.

Recognised impairment losses of tangible and intangible assets amounted to 3.4 million euros.

EBITDA

The EBITDA over the period amounted to 61.0 million euros, which compares to 65.2 million of the previous year and equals a reduction of 6.5% compared to 2017. This was heavily influenced by the decreased activity in the airports in Spain, due to the partial loss of concessions in Barcelona, the transition period to new concessions and the devaluation of Angolan currency, as mentioned previously.

The gains of 4 million Ebitda in Portugal were offset by the reduction of contributions from Spain and Angola to the amount of 6 and 2 million euros, respectively.

The total EBITDA margin was 13.6% of business volume, compared to 14.6% in 2017.

FINANCIAL OUTCOME

The Net Financing Cost for the year was round 3.0 million euros, around 2.4 million less than in 2017.

The net interest supported and the commissions associated to these credit lines amounted to 3.4 million euros, which is equal to an average debt cost of 2.5%. The downward trajectory of the average cost of financing can be attributed to changes in interest rates in Portugal and Spain and the lower weight of the debt in Angola.

NET CONSOLIDATED OUTCOME

Result before Tax

The consolidated result before tax amounted to 29.1 million euros, representing a reduction of 14.1%, or 4.8 million euros, compared to 2017 (33.9 million euros).

Corporation tax

Corporation tax in 2018 amounts to 4.0 million euros. Tax benefits of 3.9 million euros for investments in Portugal (according to the CFI) were deducted. The actual corporation tax was 14%.

Consolidated Result for the Year

The net consolidated result for the year amounted to 25.1 million euros, which, when compared to the 31.2 million euros for 2017 shows a decrease of 19.7%.

Disregarding the effect of the application of IAS29, registered in autonomous item "Gains on net monetary position" (due to restatement in 2017 of 5.9 million euros and 1.2 million euros in 2018), the consolidated result would register a drop of 5.4% compared to 2017.

FINANCIAL SITUATION

Balance

Consolidated assets amounted to 444 million euros on the 31st of December, 2018, representing an increase of 14 million in relation to the end of 2017, the main transactions being:

(i) Investments in the fulfilment of the expansion plans, especially Burger King and KFC (around 24 million euros)
(ii) Remodelling and varied investments in Portugal and Spain (around + 11 million euros)
(iii) Increase in the value of the IAS 29 fixed asset – "Hyperinflationary Economy" (around 2 million)
(iv) Decrease in the technical fixed asset regarding the year's amortisations and impairments (around -30 million euros)
(v) Decrease of 3 million euros in Investments in Angolan Treasury Bonds and increase in availabilities of 4 million euros

Consolidated liabilities amounted to 241 million euros on the 31st of December, 2018, identical to the amount at the end of 2017.
On December 31st, 2018, equity amounted to 203 million euros, an increase of 15 million euros compared to the end of 2017.
A total of 3.1 million euros in dividends were distributed to shareholders of Ibersol SGPS during the year.

CAPEX

In 2018, the CAPEX reached the amount of 39 million euros, which corresponds to investments in:

- expansion: opening of 39 new restaurants (24 million euros);
- remodelling: 64 units in Portugal and Spain (11 million euros);
- current miscellaneous investments worth 3.5 million euros.

There was also divestment, through closing of 24 units, with little impact on asset value.

Operational cash flow generated during the year amounted to 44.3 million euros, which was sufficient for the financial coverage of the CAPEX.

Consolidated Net Debt

At the end of the year, interest bearing net debt amounted to 74.8 million euros, around 8.5 million euros lower than the debt at the end of 2017 (83.4 million euros).

"Gearing" (net debt/(net debt+equity)) which stood at 31% at the end of 2017, dropped to 27%.

The "Net debt to EBITDA" at the end of 2018 was 1.2 times (1.3 times in 2017) and the EBITDA ratio of interest coverage is 18 times (compared to 15 in 2017).

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

OUTLOOK

Outlook

In Portugal, sales growth is expected to slow down in line with what has occurred in recent months, while growth in Spain will be very moderate. Over the third quarter all units won through the 2018 tenders at the Barcelona, Gran Canária, Málaga and Alicante airports, in Spain, are expected to be opened with their definitive concepts.

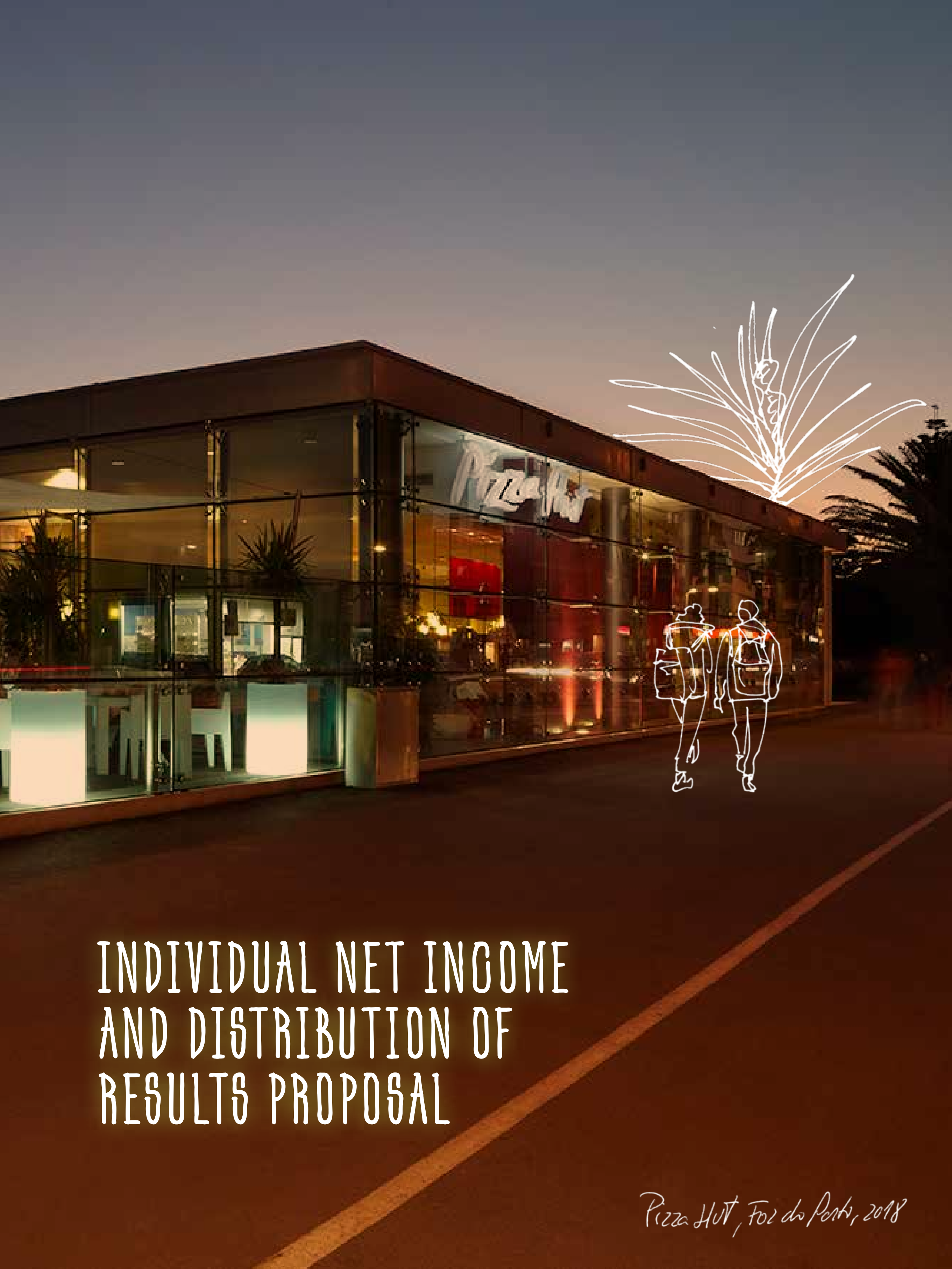
In Angola a drop in consumption is expected, with the resulting fall in transactions. Inability to raise prices at the same rate as devaluation will result in a decrease of operational profit.

As far as openings, we will try to keep to our expansion plan at the rate of previous years in Portugal, whereas in Spain we will have selective openings of Pans and Ribs.

The market of home delivery operators has opened an opportunity for brands that have the capacity to serve this market but didn´t have scale to do it alone.

In January 2019, IFR16 is mandatory, with a strong impact on the financial statements. After reviewing all the contracts, namely the lease and concession agreements, we estimate that the recognition of the right to use the Asset and the corresponding Lease Liability will be between 260 and 290 million euros, adopting the modified retrospective method.

INDIVIDUAL NET INCOME AND DISTRIBUTION OF RESULTS PROPOSAL



Pizza Hut, Foz do Porto, 2018

Individual Net Income and Distribution of Results Proposal

During 2018 Ibersol SGPS, S.A. posted a consolidated net profit of 25.095.257.00 euros and a net profit of individual accounts of 6.398.588.74 euros. As per the individual management report, the Board of Directors proposes the following appropriation:

Legal Reserves	319.930.00 €
Free Reserves	2.478.658.74 €
Dividends	3.600.000.00 €

The allocation of dividends amounting to 3.600.000 €, should be done assigning each share a gross dividend of €0.10. Should the company hold own shares the same allocation of €0.10 will be kept for each share in circulation, thereby reducing total dividends.

SUBSEQUENT EVENTS

Subsequent events

An agreement was recently reached with KFC, which foresees the opening of 80 restaurants over the next five years.

ACKNOWLEDGMENTS

Acknowledgments

This Board of Directors would firstly like to thank all employees of the Group for the clear dedication and enthusiasm they showed in dealing with the challenges we faced during this year.
We gratefully acknowledge the trust and preference of our customers, the cooperation of our franchisees, the Banks, as well as our Suppliers and other partners.
We likewise thank all the Shareholders for the trust they continue to place in Ibersol.
The assiduous cooperation and capacity for dialogue manifested by the Audit Committee, Auditors and Statutory Auditor when monitoring and examining the company's management must also be acknowledged.

Porto, 12 of April 2019
The Board of Directors
António Carlos Vaz Pinto de Sousa
António Alberto Guerra Leal Teixeira
Juan Carlos Vázquez-Dodero

ANNEXES TO THE MANAGEMENT REPORT

Responsibility Statement

In compliance with paragraph a) of number 1 of the 245th article of the Securities Code, we declare that insofar as we are aware:

- the management report, the annual accounts and all other documentation pertaining to the accounts of Ibersol SGPS, SA. Demanded by law or regulation, referring to 2018, were drawn up in conformity with applicable accounting norms, providing a true and appropriate image of the assets and liabilities, the financial situation and the results of Ibersol SGPS, S.A. and the companies included in the consolidation perimeter;
- the information included in the management report faithfully expresses the evolution of business, performance and the position of Ibersol SGPS, S.A. and the companies included in the consolidation perimeter, and contains a description of the main risks and uncertainties they face.

Article 447 of the Commercial Companies Code and Article 14, #7 of the regulations of the Portuguese Securities Market Commission (CMVM), 5/2008

Declaration of the number of shares and other transferable securities issued by the Company which are owned by members of the administrative and fiscal bodies, or directors, as well as by close relations, under the terms of article 248 B of the Securities Code, and description of the transactions regarding said securities during the year under analysis.

Board of Directors	Date	Acquisictions/ Increases (a)		Sales		Balance at 31/12/2018
		shares	av pr	shares	av pr	
António Alberto Guerra Leal Teixeira						
DUNBAR - SERVIÇOS E GESTÃO, SA (1)						9.996
Ibersol, SGPS, SA	20-07-2018	420	0			2.520
António Carlos Vaz Pinto Sousa						
CALUM - Serviços e Gestão, SA (2)						9.996
Ibersol, SGPS, SA	20-07-2018	420	0			2.520
(1) DUNBAR - SERVIÇOS E GESTÃO, SA						
ATPS - SGPS, SA (3)						2.840
(2) CALUM - SERVIÇOS E GESTÃO, SA						
ATPS - SGPS, SA (3)						2.840
(3) ATPS - SGPS, SA						
Ibersol, SGPS, SA	20-07-2018	3.294.508	0			19.767.058

(a) Number of shares increase results of the shares allocated in the share capital increase through incorporation of reserves.

TRANSACTIONS OF SECURITIES HELD BY DIRECTORS AND RELATED PEOPLE DURING THE FINANCIAL YEAR 2018

In compliance with the provisions of paragraph 7 of Article 14 of CMVM Regulation no. 5/2008, we inform you that no directors and persons closely related made transactions of securities during the year 2018.

List of Qualified Shareholdings

Shareholders who own holdings equal to or above 2% of Ibersol – SGPS, SA share capital, calculated according to the terms of article 20 of the Securities Code, in compliance with article 8, #1, line b), of the regulations of the Portuguese Securities Market Commission (CMVM), 5/2008.

Shareholders	N.º shares	% share capital
ATPSII – SGPS, SA (*)		
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	**16.476.749**	**54,92%**
Magallanes Iberian Equity FI		
Total attributable	**1.308.656**	**3,64%**
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	**913.582**	**2,54%**
FMR LLC		
Fidelity Management & Research Company	**1.098.000**	**3,05%**

(*)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 CMVM Code, by virtue of the lat-ter holding the domain of that company, in which participate indirectly in equal parts by, respectively, the companies Calum – Serviços e Gestão SA with the NIPC 513799486 and DUNBAR – Serviços e Gestão, SA, the NIPC 513799257, which together hold the majority of the capital of ATPS.

CORPORATE
GOVERNANCE REPORT

WE CONTINUE TO ANTICIPATE CHALLENGES AND IMPLEMENTE SOLUTIONS

ibersol grupo


go natural
Go Natural, Aeroporto Barcelona, 2018

CORPORATE GOVERNANCE REPORT 2018

IBERSOL, SGPS, SA.

Publicly Listed Company, with share capital of 36,000,000 euros, with its registered office at Praça do Bom Sucesso, nºs 105/159, 9º andar, 4150-146 Oporto, registered in the Companies Register of Oporto under registration and fiscal identification number 501669477.

PART I
SHAREHOLDING STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDING STRUCTURE

1. Share Capital structure

The share capital of Ibersol,SGPS SA. amounts to 36,000,000 Euros, fully subscribed and paid, represented by 36,000,000 ordinary registered shares with a par value of 1 euro per share, all carrying the same rights and obligations. All the shares representing the share capital are admitted to trading on the regulated market Euronext Lisbon.

2. Share transmission and ownership restrictions

There are no restrictions under Company's By-laws, in particular under 4th and 5th articles thereof, on the transferability of the shares, nor any clause requiring consent to the transfer of the shares, nor any type of limitation on ownership of the shares.

3. Own shares

At 31st December 2018 Ibersol,SGPS SA. held 3.599.981 of its own shares, corresponding to 9,9999% of the share capital, with a nominal value of one euro per share, at an overall acquisition cost of 11,180,516 euros. During 2018 exercise the Company has acquired 56 own shares and also 599.987 shares were allocated on its behalf by the capital increase by incorporation of reserves.

4. Impact of change in shareholder control of the company in significant agreements.

There are no significant agreements concluded by the Company or by its subsidiaries that contain clauses aimed at establishing measures to protect against a change of control (including after a tender offer). There are no specific conditions that limit the exercise of voting rights by the shareholders of the Company or other matters liable to interfere in the success of a tender offer. There are no signed contracts with change of control clauses, either financing agreements or other, in particular in a debt issuance context.

5. Defensive measures in case of change in shareholding control

No defensive measures, nor any regime for the renewal or revocation of such measures, have been adopted in the Company.

6. Shareholders agreements

The Company is not aware of any shareholders' agreement that could lead to restrictions on the transfer of marketable securities or to the concerted exercise of voting rights.

II. Qualifying shareholdings and Bonds helds

7. Qualifying Shareholdings

At 31 December 2018, according to the notifications received by the Company and in accordance with articles 16th and 20th of the Securities Code, the shareholders that have a qualifying shareholding of at least 2% of the share capital of Ibersol,SGPS SA. are as follows:

Shareholder	N.º shares	% share capitall
ATPSII – SGPS, SA (*)		
Directly	19.767.058	54,91%
António Alberto Guerra Leal Teixeira	2.520	0,01%
António Carlos Vaz Pinto Sousa	2.520	0,01%
Imputable total shares	**19.772.098**	**54,92%**
Magallanes Iberian Equity FI		
Imputable total shares	**1.308.656**	**3,64%**
Bestinver Gestion GGIIC		
Imputable total shares	**3.845.161**	**10,68%**
River and Mercantile Asset Management LLP		
Imputable total shares	**870.648**	**2,42%**
Norges Bank		
Directly	**913.582**	**2,54%**
FMR LLC		
Fidelity Management & Research Company	**1.098.000**	**3,05%**

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

8. Number of shares and bonds held by the Governing Bodies members - Board of Directors and Supervisory Board

Number of Shares directly or indirectly held in Ibersol, SGPS SA:

BOARD OF DIRECTORS:

Chairman - Dr. António Carlos Vaz Pinto de Sousa
2,520 shares of the capital of Ibersol SGPS, SA.
9,996 shares representing 99,96% of the capital of Calum – Serviços e Gestão, SA.
Calum – Serviços e Gestão, SA. holds 2,840 shares representing 25,02% of the capital of ATPS, SGPS, SA.
ATPS, SGPS, SA. on 31/12/2018, holds 19,767,058 shares representing share capital of Ibersol, SGPS, SA.

Vice-Chairman - Dr. António Alberto Guerra Leal Teixeira
2,520 shares of the capital of Ibersol SGPS, SA.
9,996 shares representing 99,96% of the capital of Dunbar – Serviços e Gestão, SA.
Dunbar – Serviços e Gestão, SA. holds 2,840 shares representing 25,02% of the capital of ATPS, SGPS, SA.
ATPS, SGPS, SA. on 31/12/2018 holds 19,767,058 shares representing share capital of Ibersol, SGPS, SA.

Director – Prof. Doutor Juan Carlos Vázquez-Dodero de Bonifaz
Does not hold any shares of the company.

STATUTORY AUDIT COMMITTEE:

Chairman - Dr. Carlos Alberto Alves Lourenço
Does not hold any shares of the company.
Vice-Vice-Chairman – Dr.ª Maria José Martins Lourenço da Fonseca
Does not hold any shares of the company.
Member – Dr. Eduardo Moutinho Ferreira Santos
Does not hold any shares of the company.
Member – Dr. Arlindo Dias Duarte Silva
Does not hold any shares of the company.

9. Board of Directors qualification due to share capital increase

Under article 4th number 2 of the Company's By-laws the share capital may be increased to one hundred million euros in one or more increases by resolution of the Board of Directors, which shall determine the form and conditions of subscription and categories of shares to be issued from among those provided in the By-laws articles or others permitted by law. However, this statutory provision is not actually applicable face to the expiration of the five-year period established in Article 456 (2) (b) of the Companies Code – but the general meeting can resolve at any time upon the renewal of those Board of Directors powers under provision of the article 456 (4) of the same Code.

10. Related Parties significant Transactions

No material business or significant transactions were conducted between the Company and holders of qualifying shareholdings.

B. GOVERNING BODIES AND COMMITTEES

I. GENERAL MEETING

a) Board of the Shareholders' General Meeting

11. Name, function and mandate of the General Meeting Board´s members

Throughout 2018, and as election act held in the Annual General Meeting on 26 May 2017, the composition of the Board of the General Meeting was as follows:

Chairwoman of the Board – Dr.ª Luzia Leonor Borges e Gomes Ferreira;
Vice-Chairwoman – Dr.ª Raquel de Sousa Rocha;
Secretary – Dr.ª Maria Leonor Moreira Pires Cabral Campello;

These members are elected for a four-year mandate, from 2017 to 2020.

b) Exercise of voting rights

12. Possible restrictions on voting rights

There are no restrictions on voting rights, such as limitations on the vote exercise depending on ownership of a certain number or percentage of shares, given that under terms of article 21 of the By-laws, each share represents one vote.

According to article 23 of Company's By-laws, the General Meeting is able to meet and deliberate on first call as shareholders representing more than fifty per cent of the share capital be present in person or represented. According to article 21.1 and 21.2 of the By-laws, each share represents one vote, and General Meeting deliberations can be adopted by simple majority, unless the law requires otherwise.

Article 22. 3 to 11 of the Company's By-laws contain rules on the exercise of voting rights by post and there are no restriction on postal voting. The company provides postal voting forms and informs of the necessary procedures to exercise this right. The form is available on the company's website at www.ibersol.pt. Under article 22.4 of the By-laws, postal votes can be received up to three days before the date of the General Meeting.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or shareholders which have with that one any relations such as stated on nº 1 of Art. 20.º of the Securities Code

There is no By-laws rule of the maximum percentage of voting rights that may be exercised by any shareholder or by shareholders who are mentioned in the previsions of the mentioned nº1 of Art. 20 of Securities Code.

14. Resolutions which only may be taken by qualified majority

Under By-laws, the Shareholder's resolutions are not submitted to qualified majorities, unless imposed by law. So, unless the law provides otherwise, resolutions of the General Meeting shall be adopted by simply majority (art. 21.2 of the By-laws);

II. MANAGEMENT AND SUPERVISION

a) Composition

Board of Directors
Chairman – Dr. António Carlos Vaz Pinto de Sousa;
Vice-Chairman – Dr. António Alberto Guerra Leal Teixeira;
Member – Professor Doutor Juan Carlos Vázquez-Dodero de Bonifaz;

Statutory Audit Committee
Chairman – Dr. Carlos Alberto Alves Lourenço;
Vice-Chairman– Dr.ª Maria José Martins Lourenço da Fonseca;
Member – Dr. Eduardo Moutinho Ferreira Santos;
Substitute – Dr. Arlindo Dias Duarte Silva;

Statutory Auditor - KPMG & Associados – Sociedade de Revisores Oficiais de Contas SA.;

15. Identification of model of governance adopted

The Company adopts a classical monist model of governance, composed by Board of Directors and Statutory Audit Committee, the Statutory Auditor having been appointed by the General Meeting. The Board of Directors is responsible for performing all the administration acts related with the corporate object, determining the Company's strategic guidelines, and appointing and overseeing the work of the Executive Committee, no specialized committees having been formed by the Board. The Executive Committee coordinates the operations of the functional units and the Company's various businesses, meeting with the senior managers of these units and businesses on regular basis.

The Statutory Audit Committee is responsible for auditing the Company's activity in accordance with law and Company's By-laws.

The diversity and consolidated professional experience of the Board of Director's Members and of the Statutory Audit Committee Member's are described respectively in the following points 19. and 33.

16. Statutory rules for procedural and material requirements applicable to appointment and replacement of members of the Board of Directors

The rules on the procedural and material requirements applicable to the appointment and replacement of members of the Board of Directors are stated in articles 8, 9, 10 and 15 of the By-laws.

The Board of Directors is composed of an even or uneven number of

members, with a minimum of three and a maximum of nine, elected by the General Meeting. A number of substitutes equal to one-third of the number of effective directors may also be elected.
Up to one-third of the directors shall be elected from among persons proposed in lists subscribed by shareholder groups holding shares representing no more than 20% and no less than 10% of the share capital. Each list must propose at least two candidates for each post to be filled and a shareholder may not subscribe more than one list. If, in a isolated election, lists are presented by more than one group, the vote will decide on all the lists taken together.
In the event of death, resignation or temporary or permanent disability of a director, the Board of Directors shall arrange for a replacement. Where a director elected under the rules set forth in the preceding paragraph is no longer and definitely available, a replacement shall be elected by the General Meeting.

17. Composition of the Board of Directors

The Board of Directors is currently composed of three members, the executive members being the Chairman and the Vice-Chairman. The Board of Directors shall choose its own chairman if this one has not been appointed by the General Meeting. The Board of Directors may specifically appoint one or more directors to handle certain matters. On 31 December 2018 the Board of Directors was composed by the following members:

Chairman – Dr. António Carlos Vaz Pinto de Sousa;
Vice-Chairman – Dr. António Alberto Guerra Leal Teixeira;
Member – Professor Doutor Juan Carlos Vázquez-Dodero de Bonifaz;

All the members were elected by the General Meeting on 26 May 2017 for a mandate with term at 31st December 2020, but these members will be in exercise until a new election of it's members by the General Meeting.
It should be pointed out that the last electoral act of this corporate body occurred at the general meeting of May 26, 2017, without the validity of the current Code of Corporate Governance of 2018, issued by the Portuguese Institute of Corporate Governance (IPCG).
It should also be noted that the requirement of a gender-balanced composition of the governing bodies, in accordance with the quota system, has only been verified to be directly applicable to general election assemblies that have taken place after 1 January 2018. This Company shall observe these gender quotas at the time of a new electoral act or at the time of

the renewal or replacement of the current members' mandate, pursuant to Law 62/2017 of 1 August.

The members of the Board of directors were first elected to their posts as follows: Dr. António Carlos Vaz Pinto de Sousa, 1991; Dr. António Alberto Guerra Leal Teixeira, 1997; and Prof. Juan Carlos Vázquez-Dodero de Bonifaz, 1999.

Under article 27 of the By-laws, directors are elected for a four years period.

The Board of Directors may also delegate the day-to-day management of the Company to one or more directors or an executive committee, within the terms and limits established by law. The Board of Directors shall be responsible for the current exercise of the Executive Committee and the conditions it shall exercise the powers assigned to.

18. Distinction between executive and non-executive members and, as regards non-executive members, details of members that may be considered independent

The governing body of the Company is made up of three directors and includes one non-executive member, Prof. Juan Carlos Vázquez-Dodero de Bonifaz, who is not associated with any specific interest groups, whether of the Company or its principal shareholders, and has no material interests that might clash or interfere with the free performance of his duties as a director. No internal control committee has been established. The mentioned non-executive member is a director of related companies, in which he does not perform any executive functions. He does not carry out any activities or businesses with the Company, within the meaning of articles 397 and 398 of the Companies Code (CSC) and meets the other requirements for independence stated in art 414.5 of the CSC, in particular as stated in the European Commission Recommendation of 15 February 2005. Face to this Recommendation, in its point number 13, it is determined, about the independence requirement, that an administrator must be considered independent if he has no business, family, or other relations with the company, either with the control shareholders, as well with the directive bodies of any of them – that can create a conflict of interest that undermine his judgment. These independence requirements are complete fulfilled by the non-executive member of Board of Directors, Prof. Juan Carlos Vazquez-Dodero de Bonifaz, and so this is an independent member.

The above mentioned non-executive director, as a non-executive director of the Board of Directors of companies included in or linked to the Ibersol

Group, does not collaborate or interferes with the management of those companies, neither provides any other type of services to any of these companies and has no other type of commercial relationship (material or non-material), whether of service provision or another nature, and is not a beneficiary of any kind of remuneration beyond that received annually as a non-executive director of Ibersol, SGPS, SA.
The company does not include a plural number of non-executive directors, pointing out that the last electoral event occurred at the general meeting of May 26, 2017, without the validity of the current Corporate Governance Code of 2018 issued by the Portuguese Corporate Institute Governance Committee (IPCG). It should be noted that this non-executive member has held his office continuously since 1999 as a result of successive elections held at subsequent general meetings - without this circumstance has been likely to affect or condition, in any respect, his necessary exemption of analysis and decision in the course of his necessary exemption of analysis and decision, in the course of his mandates until the present date.

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

BOARD OF DIRECTORS

President - Dr. António Carlos Vaz Pinto de Sousa

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

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

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

Functions performed in board of directors of other societies held by Ibersol Group:
ASUREBI - SGPS, SA.
EGGON – SGPS, SA.
ANATIR – SGPS, SA.

CHARLOTTE DEVELOPS, SL.
DEHESA DE SANTA MARIA FRANQUICIAS, S.L.
FIRMOVEN - Restauração, SA.
FOODSTATION, SLU.
HCI - Imobiliária, SA.
IBERAKI - Restauração, SA.
IBERGOURMET - Produtos Alimentares, SA.
IBER KING - Restauração, SA.
IBERSANDE - Restauração, SA.
IBERSOL ANGOLA, S.A.
IBERSOL - Hotelaria e Turismo, SA.
IBERSOL - Restauração, SA.
IBERSOL MADEIRA e AÇORES, RESTAURAÇÃO, SA
IBERUSA - Hotelaria e Restauração, SA.
IBERUSA - Central de Compras para a Restauração, ACE
IBR – Imobiliária, SA.
INVERPENINSULAR, SL.
JOSÉ SILVA CARVALHO – Catering, SA.
LURCA, SAL.
LUSINVER RESTAURACIÓN, SAL.
MAESTRO - Serviços de Gestão Hoteleira, SA.
PANSFOOD SA.
Pans, Food, Vidisco y Lurca, Unión Temporal de Empresas.
SEC - EVENTOS E CATERING, SA.
SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.
THE EAT OUT GROUP, SLU.
CORTSFOOD,SLU.
VIDISCO, SL

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

Functions performed in board of directors of societies outside Ibersol Group:
ATPS - Sociedade Gestora de Participações Sociais, SA.
ATPS II, SGPS, SA.

MBR, IMOBILIÁRIA, SA.
MUIR - SGPS,SA.
ONE TWO TASTE, SA.
POLIATLÂNTICA SGPS SA
SOPRANO- SGPS, SA
DUNBAR – SERVIÇOS E GESTÃO, SA.
CALUM – SERVIÇOS E GESTÃO, SA.

Vice-President - Dr. António Alberto Guerra Leal Teixeira

Academic qualifications

- BA in Economics – Faculty of Economics of the University of Oporto.

Professional activity

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

Date of first appointment and end of current term – 1997 / 2020;

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

ASUREBI - SGPS, SA
EGGON – SGPS, SA
ANATIR – SGPS, SA
CHARLOTTE DEVELOPS, SL.
DEHESA DE SANTA MARIA FRANQUICIAS, S.LU.
FIRMOVEN - Restauração, SA
FOODSTATION, SLU
HCI - Imobiliária, SA.
IBERAKI - Restauração, SA.
IBERGOURMET - Produtos Alimentares, SA.
IBER KING - Restauração, SA.
IBERSANDE - Restauração, SA.
IBERSOL ANGOLA, S.A.
IBERSOL - Hotelaria e Turismo, SA
IBERSOL - Restauração, SA.

IBERSOL MADEIRA e AÇORES, Restauração, SA
IBERUSA - Hotelaria e Restauração, SA.
IBERUSA - Central de Compras para a Restauração, ACE.
IBR – Imobiliária, SA.
INVERPENINSULAR, SL
JOSÉ SILVA CARVALHO – Catering, SA.
LURCA, SAU.
LUSINVER RESTAURACIÓN, SAU.
MAESTRO - Serviços de Gestão Hoteleira, SA.
PANSFOOD SA.
Pans, Food, Vidisco y Lurca, Unión Temporal de Empresas.
SEC - EVENTOS E CATERING, SA.
SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.
THE EAT OUT GROUP, SLU.
CORTSFOOD,SLU.
VIDISCO, SL

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

Functions performed in board of directors of societies outside Ibersol Group:
ATPS - Sociedade Gestora de Participações Sociais, SA.
ATPS II, SGPS, SA.
MATEIXA Soc. Imobiliária, SA.
MUIR - SGPS, SA.
ONE TWO TASTE, SA.
DUNBAR – SERVIÇOS E GESTÃO, SA.
CALUM – SERVIÇOS E GESTÃO, SA.

Member – Prof. Doutor Juan Carlos Vázquez-Dodero

Academic qualifications

- BA in Law – Complutense University of Madrid.
- BA in Business Studies – ICADE, Madrid.
- Master of Business Administration – IESE, University of Navarra.
- PhD in Management - IESE, University of Navarra.
- " Managing Corporate Control and Planning" and "Strategic Cost Management" programmes, Harvard University.

Professional activity

- Professor Emeritus at IESE.
- Advisor and Consultant to various European and American companies.
- Member of the Board of Directors of Ibersol, SGPS, SA.
- Director of other companies in which Ibersol, SGPS, SA holds shares.

Date of first appointment and end of current term – 1999 / 2020;

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

DEHESA DE SANTA MARIA FRANQUICIAS, SLU.
FOODSTATION, SLU.
IBERUSA - Hotelaria e Restauração, SA.
IBERSOL - Restauração, SA.
IBERSOL ANGOLA S.A.
PANSFOOD SA.
THE EAT OUT GROUP SLU.

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

ATPS - Sociedade Gestora de Participações Sociais, SA.
ATPS II, SGPS. SA.
DUNBAR – SERVIÇOS E GESTÃO, SA.
CALUM – SERVIÇOS E GESTÃO, SA.
MUIR - SGPS,SA.
President and Founder of Patronato da Fundação Amigos de Rimkieta
Counselor of Jeanologia S.L.
Vogal of the Fundación IESE (FIESE)

20. Significant relationships between members of Board of Directors and qualified shareholders.

There are no family, professional or business relationships with holders of qualifying shareholdings beyond the fact that the Directors, Dr. António Carlos Vaz Pinto de Sousa and Dr. António Alberto Guerra Leal Teixeira, through companies Calum-Serviços de Gestão, SA. and Dunbar – Serviços de Gestão, SA., have the control of ATPS SGPS, SA. and this company detains 54.91% of the share capital of Ibersol SGPS, SA, participation that is imputed to them individually as well.

21. Division of powers between the different boards, committees and/or departments within the company, including information on delegating responsibilities, particularly with regard to the delegation of powers, in particular with regard to the delegation of daily management of the Company.

Two of the members of the Board of Directors perform executive functions and form an Executive Committee, which was elected and whose powers of day-to-day management were delegated by the board of directors under terms of art. 8.4 of the By-laws of the Company and article 407.3 of the Companies Code (CSC)and the third director performs non-executive functions without delegation of management powers.

The executive committee coordinates the operations of the functional units and the various corporate businesses, meeting with the senior managers of these units and businesses on periodic and regular basis.

The decisions taken by the functional and business managers, which must respect the overall guidelines, are taken under powers delegated by the Executive Committee and are coordinated in periodic meetings.

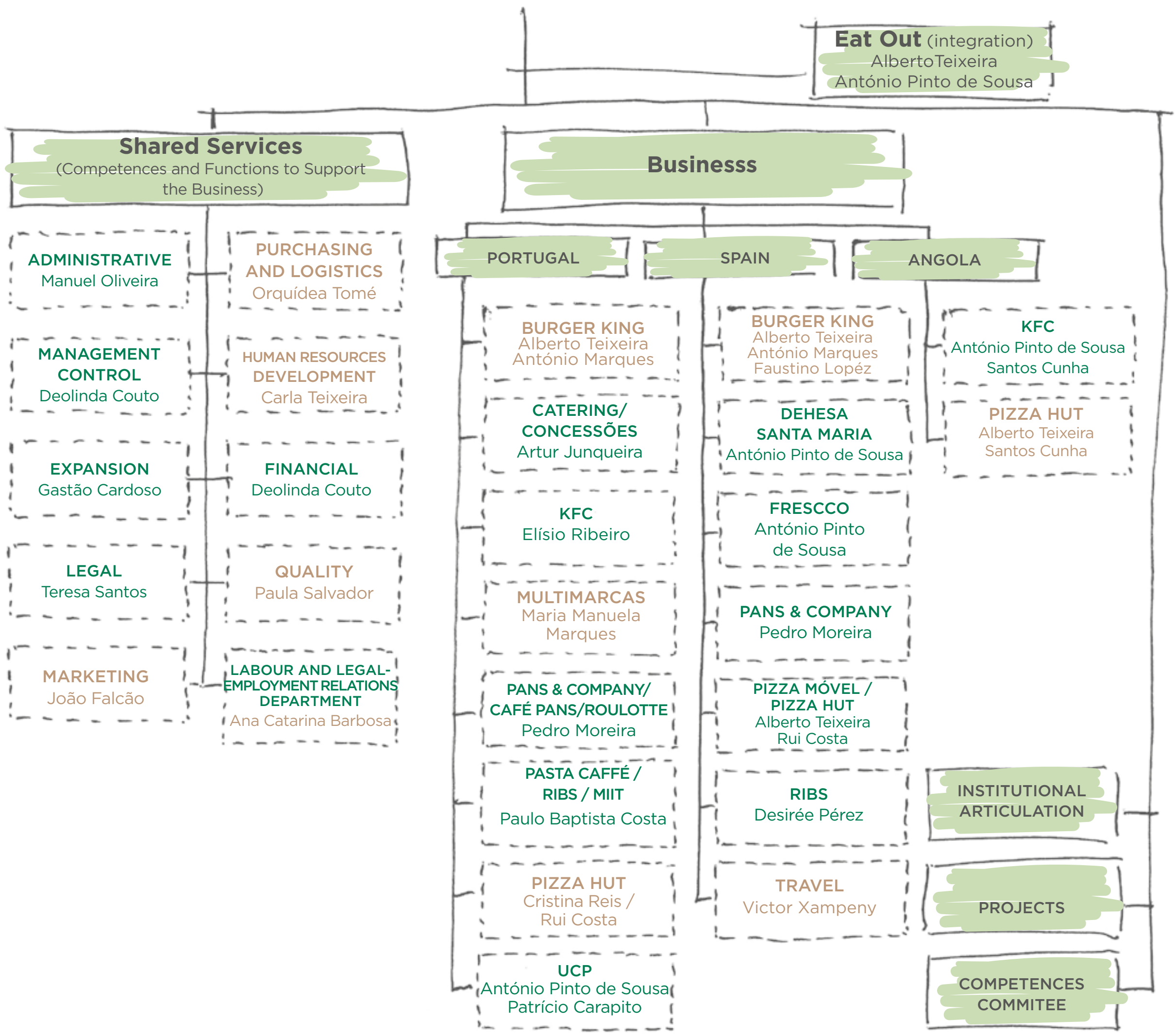
The powers delegated to the Executive Committee are as follows:

a) Exercise full powers of decision, management and monitoring of the Company's activity at a strategic level, within the legal limits of art. 407.4 of the CSC.
b) Develop, plan and schedule the actions of the governing body, in the Company's internal and external plan for the exercise, so as to achieve the corporate objectives in accordance with the Company's mission, in particular assisting the Board of Directors in the proper verification of the instruments of supervision of the economic and financial situation and in the exercise of the control function over the companies belonging to the Ibersol Group.
c) It is responsible for assisting the Board of Directors in the updating of its structures of advice and functional support; in the procedures of the companies belonging to the Ibersol Group, in line with the changing needs of the business, defining the profiles and characteristics of their strategic partners, customers, workers, employees and other agents; and in the conduct of the Group's relationships with its environment, acquiring, disposing and encumbering movable property and establishing or terminating cooperation agreements with other companies.

The organization chart and distribution of tasks is as follows:

CA IBERSOL SGPS

Alberto Teixeira / António Pinto de Sousa / Juan Carlos Vázquez-Dodero



Competences and Functions to Support the Business

- Responsable: Dr. António Pinto de Sousa
- Responsable: Dr. Alberto Teixeira

b) Functioning

22. Location where the regulations governing the functioning of the Board of Directors can be found.

The Regulations of the Board of Directors may be consulted on the Company's website: www.ibersol.pt.

23. Number of meetings held and attendance level of each member, as applicable, of the Board, the General and Supervisory Board and Executive Board of Directors.

The By-Laws of the Company stipulate that the Board of Directors shall meet at least quarterly and whenever convened by the Chairman or two of its members. Meetings of the Board of Directors are arranged and prepared in advance and the necessary documentation of the points on the agenda is made available in good time.

The minutes of meeting are registered in proper book.

In the 2018 exercise were made 10 (ten) reunions of the Board.

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

24. Competent Bodies of the Company to appraise the performance of executive directors.

The Board of Directors annually evaluates its own performance, both on the performance of its group and on the individual performance of the executive members and the non-executive member, emphasizing the analysis of the parameters of compliance with the strategic plan and the budget outlined for the Company, evaluating the risk management process, as well as placing this assessment at the level of the relationship with the other corporate bodies and with the Remuneration Committee.

The Remuneration Committee, representing the shareholders, is responsible for assessing the performance and the approval of remunerations of the Board of Director's Members and other bodies in accordance with the remuneration policy approved by the shareholders in the General Meeting.

25. Predetermined criteria for evaluating the performance of executive directors.

The remuneration of the executive members of the Board of Directors does not include any variable component. The executive directors are remunerated by ATPS, SGPS SA. having this one subscribed a contract for services with the subsidiary of the Group, the Ibersol Restauração SA. There are no pre-determined criteria for the stated purpose.

26. Availability of each member of the Board of Directors indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities by members of these bodies during the financial year.

The professional activity of the current members of the Board of Directors is described in point 19 above.

c) Committees within the board of directors and delegates;

27. Identification of committees created within the board of directors and where can be found the Regulations on the functioning.

The Executive Committee is the only committee of the Board of Directors and the Regulation of the Board of Directors may be consulted on the website www.ibersol.pt.

The board of directors and the executive committee that integrates the board ensure that the company develops its activity in order to comply with the statutory purposes, not delegating the competence for the definition of the strategy and company management policies, centralizing the definition of the structure business of the group, taking charge and in it's exclusive competence of all relevant strategic decisions, either by it's value, it's potential degree of risk involved, either by it's specific characterization.

28. Executive Committee

Dr.António Carlos Vaz Pinto de Sousa;

Dr.António Alberto Guerra Leal Teixeira;

29. Competence of each committee created and synthesis of activities in exercise of those competence.

Ibersol, SGPS, SA has a Board of Directors made up of three members: a Chairman, a Vice-Chairman and a Director.

Two of the members perform executive functions and form an Executive Committee, which was elected and has powers delegated to it by the Board of Directors under the terms of art. 8.4 of the Company's By-laws and article 407.3 of Companies Code (CSC). The third director performs non-executive functions and has no delegation powers of ordinary management of the company

The executive committee coordinates the operations of the functional units and the company's various businesses, meeting with the senior managers of these units and businesses on a regular basis. The decisions taken by the functional and business managers, which must respect the overall guidelines, are taken under powers delegated by the Executive Committee and are coordinated in committee meetings.

The powers delegated to the Executive Committee are as follows:

a) Exercise full powers of decision making, management and monitoring of the Company's activity at a strategic level, within the legal limits of art. 407.4 of the Companies Code (CSC), develop, plan and schedule the actions of the governing body, in the Company's internal and external plan for the year, so as to achieve the corporate objectives in accordance with the Company's mission, in particular assisting the Board of Directors in the proper verification of the instruments of supervision of the economic and financial situation and in the exercise of the function of control of the companies belonging to the Ibersol Group.

b) The Executive Committee is also responsible for assisting the Board of Directors in the updating of its structures of advice and functional support; in overseeing the procedures of the companies belonging to the Ibersol Group, in line with the changing needs of the business, defining the profiles and characteristics of their strategic partners, customers, workers, employees and other agents; and in the conduct of the Group's relationships with its environment, acquiring, disposing and encumbering movable property and establishing or terminating cooperation agreements with other companies.

The Executive Committee meets monthly and whenever called by the Chairman. Apart from the regular contacts established between the members of the Executive Committee in the periods between meetings, a total of 18 meetings were held during 2018.
The members of the Executive Committee provide the information requested by other members of the corporate governing bodies in a timely manner.

III. SUPERVISION

a) Composition

30. Identification of the Fiscal Board.
Under the adopted model, the Company is audited by the Statutory Audit Committee (Fiscal Board) and by the Statutory Auditor or by Statutory Audit firm, who are both elected by the General Meeting of Shareholders. The Statutory Auditor or the Statutory Audit firm are not members of the Statutory Audit Committee (Fiscal Board).

31. Composition.

Audit Committee

Chairman - Dr. Carlos Alberto Alves Lourenço;
Vice-Chairman – Dr.ª Maria José Martins Lourenço da Fonseca;
Member – Dr. Eduardo Moutinho Ferreira Santos;
Substitute – Dr. Arlindo Dias Duarte Silva;

The Statutory Audit Committee is made up of at least three effective members, who are elected by the General Meeting and must meet at least quarterly. When the Audit Committee has three active members it must have one or two substitutes, and when it has more than three active members, it must be two substitutes.
The statutory auditor or statutory audit firm are elected by the Gen-

eral Meeting at the proposal of the Statutory Audit Committee (Fiscal Board).
The term of mandate of the Statutory Audit Committee members is four years (art. 27 of the By-laws). The current Chairman and vice-Chairman took up the respective post in 2017. The Member was first appointed as a substitute in 2007 and was appointed as a member for the period 2013-2016 and 2017-2020;

32. Independence of the Fiscal Board members.
All the effective members meet the criteria stated in article 414.5 of the CSC and comply with all the rules of incompatibility mentioned in article 414.-A.1 of the CSC.
The members of the Statutory Audit Committee have the duty to immediately report to the Company any event that might give rise to incompatibility or loss of independence.

33. Professional Qualifications.

Chairman – Dr.Carlos Alberto Alves Lourenço:

Academic qualifications
- Graduated by Instituto Superior de Contabilidade e Administração de Lisboa (1979) and Bachelor of Accounting and Administration;

Professional activity in the last five years:
- Statutory Auditor (1990);
- Management Consulting at PriceWaterHouse Coopers (PwC);

Date first appointed and end of current term of office: 2017 / 2020.

Functions performed in the governing bodies of other companies belonging to the Ibersol Group: He does not perform any functions in other companies in the Ibersol Group.

Number of shares of Ibersol, SGPS, SA held directly or indirectly:
He does not hold any shares of the company.

Vice-Chairman – Dr.ª Maria José Martins Lourenço da Fonseca:

Academic qualifications

- Economics Degree from the Faculty of Economics of Oporto University (1984);
- Postgraduate ins European Studies by the Center of European Studies, Catholic University of Oporto (1987);
- Master in Business Sciences, specialized in Accountability and Management Control by Faculty of Economics of Oporto University (2002);
- PhD in Business Sciences, specialized in Accountability and Management Control by Faculty of Economics of Oporto University (2015);

Professional activity in the last five years:

- Professor at Oporto Catholic Business School (CPBS);
- Director of the Master in Auditing and Taxation, CPBS;
- Consultancy activity at the Center for Management Studies and Applied Economics, CPBS;
- Collaboration with the Order of Chartered Accountants as a trainer in the ROC Preparation Course.

Date first appointed and end of current term of office: 2017 / 2020.

Functions performed in the governing bodies of other companies belonging to the Ibersol Group:
She does not perform any functions in other companies in the Ibersol Group.

Number of shares of Ibersol, SGPS, SA held directly or indirectly:
She does not hold any shares of the company.

Member – Dr. Eduardo Moutinho Santos:

Academic qualifications
- Law Degree in Faculty of Law of Coimbra University (1978).

Professional activity in the last five years:
- Lawyer in Oporto;

Date first appointed and end of current term of office: 2007 (substitute member), 2013-2020;

Functions performed in the governing bodies of other companies belonging to the Ibersol Group: President of the Audit Board of the company Ibersande Restauração, SA., having stated his renounce to this post at 23rd April 2017;

Number of shares of Ibersol, SGPS, SA held directly or indirectly:
He does not hold any shares of the company.

b) Functioning

34. Location where the regulations governing the functioning of the Fiscal Board can be found.
The Regulations of the Statutory Audit Committee may be consulted on the website: www.ibersol.pt.

35. Meeting of the Fiscal Board.
The Statutory Audit Committee meets at least once each quarter. In 2018 there were 8 formal meetings of this body and the rate of attendance of all the active members was 100%. The minutes of meeting are registered in proper book.

36. Availability of each member with description of positions held in other companies inside and outside the group and other relevant activities carried out.
All the members of the Statutory Audit Committee consistently demonstrated their availability to perform their functions, having attended all the meetings and taken part in the work.

With reference to point 33 above we refer the information on other posts held in other companies by the active members of the Statutory Audit Committee in **Annex 2** to this report.

c) Competences and functions

37. Description of the procedures and criteria for intervention by the Fiscal Board for the purpose of hiring additional services to the Statutory Auditor.

The Statutory Audit Committee annually assesses the work of the external auditor and states its conclusions in its Report and Opinion, issued in terms and for the purposes of art. 420.1. g) of the Companies Code.

The Statutory Audit Committee analyzes and approves the scope of any additional services provided, considering whether they call the independence of the external auditor into question. It also ensures that any consulting services provided have the necessary level of quality, autonomy and independence relative to the services provided within the scope of the audit process.

38. Other functions.

The Statutory Audit Committee, in coordination with the Statutory Auditor, is responsible for the auditing of the Company, namely:

- Supervise the management of the Company,namely by regularly assessing compliance with the company's strategic plan and the budget;
- Verify that the accounting policies and valuation criteria adopted by the Company lead to a correct valuation of assets and results;
- Continuously monitor the effectiveness of the risk management system and the internal control system;
- Verify the accuracy of the accounting documents, accompanying the process of preparation and disclosure of financial information, and presenting recommendations to ensure the integrity of the same;
- Supervise the audit of accounts;
- Receive notifications of irregularities presented by shareholders, Group employees or others;
- To prepare annually a report on its audit action directed at sharehold-

ers, including the description of the inspection activity carried out, any detected constraints and to give an opinion on the report and accounts, as well as on the proposals presented by the management;

It is also responsible for making proposals to the General Meeting for the appointment of the statutory auditor and examining the auditor's independence, particularly as regards the provision of additional services. The annual report on the work of the Audit Committee is published, together with the financial statements, on the Company's website.
To all effects, the Statutory Audit Committee represents the company in relation to the external auditor, ensuring that all the conditions of service provision are ensured, annually assessing the auditor's performance, acting as the auditor's main contact and receiving its reports, jointly with the Board of Directors.
To perform its functions the Statutory Audit Committee obtains from the Board of Directors the information it needs in order to carry out its activity, namely information on the Group's operations and finances, changes in the composition of the Group's portfolio of companies and businesses and the content of the main resolutions adopted by the Board.

IV. STATUTORY EXTERNAL AUDITOR

39. Statutory External Auditor identification and the representing partner.
The statutory auditor of the Company is "KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA.", designated by the General Meeting 14 May 2018 for the mandate's course 2017/2020, represented by the Statutory Auditor Dr.ª Adelaide Maria Viegas Clare Neves and Substitute, Dr. Vitor Manuel da Cunha Ribeirinho, Statutory Auditor.

40. Permanence of functions.
The mentioned Statutory Auditor performs functions in the Company from its nomination occurred at the General Meeting 14 May. 2018 to the present, and it's mandate will occur until 2020.

41. Other services provided to the Company.
The Statutory Auditor is also the Company's external auditor.

V. EXTERNAL AUDITOR

42. Identification.
The external auditor named under article 8th of the Securities Code is "KPMG & Associados - Sociedade de Revisores Oficiais de Contas, SA. " registered in the Securities Market Commission under nº 20161489, and in 2018 its representative was the Statutory audit Dr.ª Adelaide Maria Viegas Clare Neves (ROC nº 862).

43. Permanence of Functions.
The external auditor was elected for the first time in 2018 and develops its first mandate since 2018 to 2020. The partner who represents the actual External Auditor exercises since 2018 and will end her functions when a new company's external auditor shall be appointed.

44. Policy and frequency of rotation of the external auditor and its partner.
The external auditor and its representative partner member in the performance of its duties are in a first mandate. The election for each mandate is carried out by the General Meeting upon proposal of the Statutory Audit Committee and the frequency of rotation thereof shall be appraised in accordance with best corporate governance practices at the date of the proposal for a new term of office.

45. External Auditor assessment.
The Statutory Audit Committee annually assesses the work of the external auditor and states its conclusions in its Report and Opinion, issued in the terms and for the purposes of art. 420.1.g) of the Companies Code (CSC).

46. Additional work.

In 2018, the External Auditor did not provide any services other than Auditing and Accounts Revue.

47. Annual remuneration.

The total annual remuneration paid by the Company and other companies in a control or group relationship to the auditor or other corporate entities belonging to auditor's network amounted in 2018 to 246,000 euros, as follows:

	2018	%	2017	%
Company Ibersol SGPS,SA				
Audit and review (*)	25,000	10,2%	59,500	16,7%
Other services				
Entities that integrate the Group				
Audit and review (**)	221,000	89,8%	287,872	80,6%
Tax consultancy				
Other services			9,780	2,7%
TOTAL	**246,000**	**100%**	**357,152**	**100%**

(*) In 2017 includes 15,000 euros of addicional fees related to audit (2016 exercise)

(**) In 2018 includes 50,000 euros of addicional fees related to audit (2018 exercise)

C. INTERNAL ORGANIZATION

I. Articles of Association

48. Rules about changes in Statutes.
The rules applicable to amendment of the By-laws of the Company are those set forth in articles 85 ff. and 383 ff. of the Companies Code (CSC).

II. Whistle Blowing Policy

49. Whistle Blowing Policy.
The values and principles of Ibersol Group, disseminated and rooted in the culture of its collaborators, rely in the absolute respect and adoption of good conduct rules and transparency in management of conflicts of interests and due diligence duties and confidentiality in relations with third parties.
The Company has a policy in place for the receipt of reports, claims or complaints about irregularities detected in the Company. As set forth in the Regulations of the Statutory Audit Committee, which are published on the Company's website, this organ keeps a written record of reports of irregularities that are addressed to it, and, when considered appropriate, takes the necessary steps together with the Board of directors and the auditors, and prepares a report on the irregularities. So, this kind of irregularities may be reported to the Statutory Audit Committee without anonymity and being reported directly to the Company, by means of its reference to the Statutory Audit Committee. The Company will send the reports received to the Chairman of the Statutory Audit Committee, ensuring confidentiality.
During 2018 the Statutory Audit Committee did not receive any reports of irregularities.

III. Internal Control and Risk Management

50. Individuals, bodies or committees responsible for internal audit and/ or implementation of internal control systems.
Ibersol does not have autonomous internal audit and compliance services.

Risk management, as part of the company's culture, is present in all processes and is the responsibility of all managers and employees at the different organization levels.
Risk management is undertaken with the goal of creating value by managing and controlling uncertainties and threats that may affect the Group companies, with a view to the continuity of operations, to take advantage of business opportunities.
As part of strategic planning are identified and evaluated the risks of the existing businesses portfolio and the development of new businesses and relevant projects and defined those risks management strategies.
At the operational level, are identified and evaluated the risks management objectives of each business and planned actions to manage those risks that are included and monitored in the plans of business and functional units.
With regard to security risks of tangible assets and people are defined policies and standards, and the self-control of its application is made, being conducted external audits to all units and implemented preventive and corrective actions for the identified risks.
In order to ensure compliance of the established procedures is performed regularly assessing of the main internal control systems of the group. For specific business aspects there are risk areas whose management has been assigned to functional departments.
Internal control and the monitoring of internal control systems are overseen by the Executive Committee.

51. Disclosure of the relationship to other committees of the Society in hierarchical dependence and/ or functional relation.

The Group does not have autonomous services.
The Statutory Audit Committee evaluates the functioning of the internal control and risk management systems, supervising its business plan, receiving periodic information on its work, evaluating the conclusions and issuing the guidelines it deems necessary.
The External Auditor verifies the effectiveness and functioning of internal control mechanisms in accordance with a work plan in line with the Statutory Audit Committee, to whom also reports its conclusions.

52. Existence of other functional areas regarding competences in risk control.

There are central functions - Quality, Human Resources, Planning and Management control, and Financial Units – that reporting to the Executive Committee, promote, coordinate and facilitate the development of risk management processes.

53. Main Risks to which the Company and its Affiliates are exposed.

The Board of Directors considers that the Group is exposed to the normal risks arising from its activity, namely at the level of the restaurants.

Strategic and operational risks

Ibersol's business, like any retail business, is exposed to the instability of the economic environment as well as the evolution of consumer preferences. Strategic risk management involves the monitoring of macroeconomic indicators, studies of consumer trends, studies of the catering market with consumer surveys and monitoring of competition activity in the different markets where the Group operates.

In the annual Planning process all these factors are reassessed and macroeconomic trends are analyzed. Internationalization of businesses, strict control of costs, launching of new concepts, distribution channels, products and promotions adapted to changes in consumer profiles are some of the initiatives aimed at mitigating this risk.

With the acquisition of the Eatout Group, Ibersol has a significant part of its turnover in airport concession areas. The concessions are awarded by tender for a certain period of time, so the Group may or may not guarantee the renewal of these contracts, which may affect its turnover and profitability.

Operating various international brands under the franchise system, the Group enters into long-term franchise agreements (20 years or 10 + 10 years) and, after the respective term, have been renewed, although there is no such requirement. The group seeks to fulfill all obligations associated with contracts and maintain a good relationship with franchisors as a way to minimize the risk of non-renewal.

Operational risks are closely linked to the activity of restaurants: supply management (supply and logistics), stock management, fund management, and the efficiency and safety of resource and asset utilization. The adequacy and scope of the control procedures are monitored and revised where necessary.

Due to the specificities of the Business, there are areas of risk whose current management has been allocated to functional departments, namely:

Food quality and food safety

In the restaurants business, the risk associated with hygiene and food safety is of primordial importance.

The management of this area of risk is overseen by the Quality Unit and is aimed primarily by adopting a responsible proactive approach, following the prevention principles, training, monitoring of indicators and continuous improvement in order to minimise risks with an impact on consumers health.

The main management dimensions of this risk area are:

- qualification and selection of Suppliers and Products in food quality and safety area and a Programme of Periodic Inspections of Suppliers, Products and Services;
- ensuring the effectiveness of the Traceability System;
- control of the Production Process in the units /restaurants through HACCP Systems;
- System for Developing Food Safety Competencies;
- maintenance and monitoring of measurement devices;
- food crisis management System, which is used to monitor existing food warning systems at all times and take immediate action when necessary;
- continuous improvement system supported by the following tools, among others: programme of External Audits in all Group units; programme of microbiological analyses of the end products, carried out through sampling by an authorized outside entity; complaints handling system; customer listening programs and a programme of internal audits in relation to food safety indicators. In addition, restaurants and their operations are still audited by International Franchising Brands
- certification process of the food safety management system under ISO 22000, a demanding international food safety standard.

Hygiene and safety at work (HSW)

The management of this risk area is overseen by the Human Resources Unit, which defines and coordinates training plans and the application of the rules and procedures defined in Ibersol's HSW Manual, and articulates the training plans.

A number of initiatives and actions are developed annually in the field of Health and Safety at Work, aiming to reinforce the commitment and involvement of all employees with the prevention and reduction of occupational risks.

Financial

It is the responsibility of the Finance Department to manage the various financial risks inherent to the unpredictability of the markets to which the Group is naturally exposed, namely foreign exchange, interest rate, credit, liquidity and capital risks. The steps taken by the Finance Department work to minimize the adverse effects of these possible risks:

a) Exchange rate risk

In this regard, the Ibersol Group pursues a policy of natural hedging, using local currency financing. Since it is essentially present in the Iberian market, bank loans are mostly denominated in euros and the volume of purchases, outside the Euro Zone, does not assume relevant proportions.

It should be noted that the main source of exposure comes from the investment outside the euro zone of the operation in Angola, which is still small and in the process of losing weight in the group's activity. The imbalances of the Angolan economy cause a shortage of foreign currency in Angola, reason why the devaluation of Kwanza is a risk to consider. The financing of the Angolan branch in foreign currency, in the amount of 500,000 USD, does not present great exposure due to the small amount. The remaining financings contracted by the Angolan subsidiaries are denominated in local currency, the same in which the income is generated. In view of the current limitations on payments abroad, the Group adopted a policy of monthly monitoring of credit balances in foreign currency and its full coverage with the acquisition of Treasury Bonds of the Republic of Angola, indexed to the USD.

b) Interest rate risk

Except for the Angolan State Treasury Bonds, the Ibersol Group has no interest-bearing assets with significant interest. Accordingly, the income and cash flows of the investment activity are substantially independent of changes in the market interest rate. With regard to the Angolan State Treasury Bonds, indexed to the US Dollar, interest is fixed, so there is no risk either.

The Ibersol Group's main interest rate risk arises from liabilities, particularly long-term borrowings. Loans issued at variable rates expose the Group to the risk of cash flows associated with the interest rate. Loans issued at fixed rates expose the Group to fair value risk associated with the interest rate.

At the current level of interest rates, the Group's policy is, in mature loans, to fix interest rates up to 50% of the outstanding amount.

c) Credit risk

In the Group's main business, sales are paid in cash, or debit or credit card, so the Group does not have relevant credit risk concentrations.

In relation to customers, the risk is limited to the Catering and Franchisees business, which represents around 6% of consolidated turnover.

The Group began to monitor receivables more regularly with the aim of:

- i) control the credit granted to customers;
- ii) analyze the age and recoverability of receivables;
- iii) analyze the risk profile of customers;

d) Liquidity risk

Liquidity risk management implies the maintenance of sufficient cash and bank deposits, the feasibility of consolidating floating debt through an adequate amount of credit facilities and the ability to liquidate market positions. The management of cash requirements is based on annual planning, which is reviewed quarterly and adjusted on a daily basis. In accordance with the dynamics of the underlying business, the Ibersol Group has been performing a flexible management of commercial paper and the negotiation of credit lines available at all times.

e) Capital risk

The Company seeks to maintain a level of own capital appropriate to its principal business (cash sales and supplier credit) and ensure its continuity and expansion.

The balance of the capital structure is monitored based on the financial leverage ratio (defined as net remunerated debt / net remunerated debt + equity) with the aim of staying between 35% -70%.

Environmental

This area of risk management is coordinated by the Quality Department and its main focus is on implementing the policy deriving from the Ibersol Sustainability Principles which ensures that processes and procedures are applied in the environment.

Adoption of good environmental management practices is a matter of concern to Ibersol's Board of Directors, which promotes a responsible, proactive approach to resource and waste management.

The procedures set forth in Ibersol's Standards Manual as regards environmental matters are focused mainly on the rational use of electricity and the recycling of used oil and packaging.

Legal

Ibersol, its subsidiaries and the legal business inherent to the Group have a permanent legal and advisory function dedicated to their activity, which functions in articulation with the other central and business functions, in order to ensure a previous protection of interests of the Group in strict compliance with its legal duties and obligations.

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

Sector-specific

The recovery of private consumption, after the severe disruption seen in recent years, mainly in Portugal, will continue to affect sales in restaurants. To mitigate the impact on its results, the company has implemented rigorous cost control, with monthly monitoring of market trends and subsequent reviews of resource planning, in order to mitigate the impact of the consumption reduction.

Operating as it does in the food service business, the company is also subject to the risk of epidemics, disruptions in raw materials markets and changes in consumption patterns, which can have a material impact on the financial statements.

54. Description of the identification, assessment, monitoring, control and risk management process.

As a structured approach, Risk Management is integrated throughout the Group's planning process. Its purpose is to identify, evaluate and manage the opportunities and threats that Ibersol's businesses face in pursuit of their value creation goals.

In the context of strategic planning, the risks of the business portfolio, as well the risks of development of new businesses and the implementation of the most important projects are identified and assessed, and strategies to manage those risks are defined.

At operational level the risks affecting the objectives of each business are identified and assessed, and actions are planned to manage those risks. These actions are included and monitored through the plans of the individual businesses and functional units.

As regards the risks to the security of tangible assets and persons, policies and standards have been established and are monitored to ensure compliance. All units are subject to external audits and preventive and corrective measures are taken in respect of the risks that have been identified.

To ensure that the established procedures are followed, the Group's main internal control systems are evaluated periodically.

55. Main elements of the internal control systems and risk management implemented by the company regarding the financial disclosure process.

The Company does not have any internal audit services reporting directly to the Statutory Audit Committee (given the classic model adopted), the necessary compliance services being overseen by the individual departments of the company. Organizationally and functionally, the various Directions of the Group are directly responsible for compliance services to the Board of Directors and to the Supervisory Audit Committee and the persons responsible are duly identified in the Company's organization chart, it is necessary to reaffirm that they perform in interaction with both the supervisory board and the non-executive director of the company, reporting functionally to the same director, regardless of the hierarchical relationship that these departments maintain with the executive management of the company.

Within the scope of audit services, the external auditor meets with the different departments of the Group, at least twice a year to analyze and review the internal control system, submitting a report to the Statutory Audit Committee for subsequent discussion with the Board of Directors, namely with the non-executive director.
Regarding the risk in the process of financial information disclosure, only a restricted number of employees is involved in the disclosure process. All those who are involved in the process of financial analysis of the Company are considered to have access to inside information and are specially informed of their obligations in this precise scope.
The system of internal control of the accountability, preparation and disclosure of financial information rests on the following key elements:

- the use of accounting principles, as set forth in the notes to the accounts, is one of the bases of the control system;
- the plans, procedures and records of the Company and its subsidiaries offer a reasonable guarantee that only duly authorized transactions are recorded and that they are recorded in accordance with generally accepted accounting principles;
- the financial information is analysed systematically and regularly by business unit management (supported by the Management Control Department) and by the heads of the profit centres, ensuring continuous monitoring and the necessary budgetary control;
- a timetable is previously established for the preparation and review of information, the work is divided up among the various areas involved and all the documents are reviewed in detail. This includes a review of the principles used, verification of the accuracy of the information produced and a check of consistency with the principles and policies used in previous years

- the accounting records and the preparation of the financial statements are overseen by the central accounting function. The financial statements are prepared by the accountants and are reviewed by the Administrative Unit;
- The consolidated financial statements are prepared on a quarterly basis by the central consolidation function, which conducts an additional reliability check;
- The financial information, annual report and financial statements are reviewed by the Financial Unit and submitted to the Board of Directors for final review and approval. Once the documents have been approved, they are sent to the external auditor, which issues its audit report and opinion.
- The statutory auditor carries out an annual audit and a half-yearly limited review of the individual and consolidated accounts. Also, each quarter it conducts a summary examination of the quarterly information.
- The process of preparation of the individual and consolidated financial information and of the management report is supervised by the Statutory Audit Committee and the Board of Directors. At quarterly intervals these bodies meet and analyze the individual and consolidated financial statements and management report.

Among the causes of risk that may materially affect financial reporting are the accounting estimates, which are based on the best information available and on the knowledge and experience of current and past events. Balances and transactions with related parties are disclosed in the annex to the financial statements and are associated above all with the Group's operating activities and its lending and borrowing, which is done at market prices.

IV. Investor Relations Office

56. Department responsible for investor relations, composition, functions, information provided by these services ans elements for contract.

The Office may be contacted through the Representative for the capital market, António Carlos Vaz Pinto de Sousa (Telephone: +351 22 6089708; Telefax: +351 22 6089757; E-mail: psousa@ibersol.pt, Morada: Praça do Bom Sucesso, 105/159 – 9th floor, 4150–146 Porto, who is accessorized by Dr. Tiago Marques.

57. Legal Representative for Capital Market Relations.

The representative is the person indicated on the website of Ibersol, SGPS, SA. - Dr. António Carlos Vaz Pinto de Sousa;

58. Information about the volume and response time for information request at the year or outstanding from previous years.

Ibersol maintains constant contact with analysts and investors, supplying them with up-to-date information.

Whenever necessary, the representative for market relations ensures that all the necessary information on the Group's activity is made available and provides any clarifications requested by investors within five business days.

In 2018 were received 38 requests for information, and there are no pending inquires from previous years.

V. Website

59. Address.

The Ibersol has a website for disclosure of information about the company. The address of the website is www.ibersol.pt

60. Location of the information mentioned in Article 171 of the Commercial Companies Code.

www.ibersol.pt\ investidores\Governo da Sociedade;

61. Location where the Articles of Regulation for the committees can be found.
www.ibersol.pt\investidores\Estatutos
www.ibersol.pt\investidores\Governo da Sociedade

62. Location where is provided information about the identify of the governing bodies, the representative for market relations, the Investor Relations Office, functions and means of access.
www.ibersol.pt\investidores\Governo da Sociedade
www.ibersol.pt\investidores\Relação com Investidores

63. Location where is provided the documents of accounting, calendar of corporate events.
www.ibersol.pt\investidores\Relatório e Contas
www.ibersol.pt\investidores\Calendário de Eventos

64. Location where is provided the notice to General Meeting and related information.
www.ibersol.pt\investidores\Assembleias Gerais

65. Location where the historical archives are available with resolutions adopted at general meetings of the company, the represented share capital and the voting results, with reference to the previous 3 years.
www.ibersol.pt\investidores\Assembleias Gerais

D. REMUNERATIONS

I. Competence for definition

66. Competence for determining the remunerations of governing bodies of the executive committee members and managers of the Company.
The members of the corporate governing bodies are remunerated in accordance with the remuneration policy proposed by the Remuneration Committee and approved by the General Meeting of shareholders.

II. Remuneration Committee

67. Composition of the Remuneration Committee, including the identification of the other independent commission hired to support the committee.

The Remuneration Committee is made up of three members: Dr. Vítor Pratas Sevilhano, Dr. Joaquim Alexandre de Oliveira e Silva and Dr. António Maria de Borda Cardoso.

The members of the Remuneration Committee are independent of the members of the Board of Directors. No individual or corporate entity that has provided services to any body reporting to the Board of Directors of the Company or to the Board of Directors itself at any time in the last three years or that currently provides consulting services to the Company, has been hired to support the Remuneration Committee in any capacity.

68. Experience and professional qualifications of the members of the Shareholders' Remuneration Committee.

The professional experience and background of the members of the Remuneration Committee allows them to perform their functions rigorously and effectively. All the members are empowered with the necessary academic, professional and technical training required for their function, and authorized with proper functional experience necessary for its proper performance, namelly:

- Dr. Vítor Pratas Sevilhano: - Degree in Finance by Instituto Superior de Economia, Degree in Hospital Administration by ENSP - Escola Nacional de Saúde Pública de Lisboa, Certified by Manchester Business School - ITP - International Teachers Program. Certified by SBDC – Small Business Development Center de Wisconsin, EUA, Certified by INSEAD (Fontainebleau) – Advanced Management Program and Finantial Management Program. Certified by Henley College - Stragic Planning in Practice. Certified by Linkage International–GILD e Executive Coaching Master Class. PCC– Professional Certified Coach by ICF–International Coach Federation. Professional qualifications: - Managing Partner of the European School of Coaching and Partner of the Company My Change;-

Dr. Joaquim Alexandre de Oliveira e Silva: - Degree in Economics by Faculdade de Economia of Oporto´s University, having exercised the tax consultancy activity in the last five years.
- Dr. António Maria de Borda Cardoso: – Degree in Economics by Faculdade de Economia of Oporto´s University. Retired in the last five years.

III. Remuneration Structure

69. Remuneration policy and performance assessment.
The remuneration policy of the corporate governing bodies is approved by the shareholders in General Meeting.
The General Meeting of shareholders held on 14 May 2018 approved the remuneration policy already in force, which has been implemented consistently and in this general meeting was present the majority of the Remuneration Committee members.
The remuneration policies and practices of other groups of companies are not used as a benchmark in setting the remuneration of the members of the Board of Directors and Statutory Audit Committee and no policy has been established with regard to severance payments for directors, as indicated in the statement of the Remuneration Committee attached to the Corporate Governance Report.
The remuneration policy for senior managers is described in the statement of the Board of Directors attached to the Corporate Governance Report. The remuneration of senior managers includes no major or material variable components.
The executive members of the Board of Directors are remunerated by the shareholder ATPS-SGPS, SA, which has subscribed a contract for services with Ibersol Restauração, SA.
The non-executive member receives a fixed annual remuneration (**cfr. Annex 1.**) and no other remuneration of any kind.
The total remuneration of the members of the Statutory Audit Committee for 2018 was as follows: Chairman: 9,900 euros; Vice-Chairman: 8,800 euros; Member: 8,800 euros; and SROC: 25,000 euros.

70. Information about remuneration structure in order to align the interests of members of the board with the long-term interests of the Company as well as about the Company assess and discourage excessive risk assumption.

The directors' remuneration policy is the responsibility of the Remuneration Committee, which will submit its proposals to the approval of the Company's shareholders in the 2019 Annual General Meeting, in accordance with **Annex 1.**

The general principles of the remuneration policy for the Audit Bodies and the Board of the General Meeting are as follows:

a) Functions performed: - the nature and volume of the activity involved in the functions performed by each member of the abovementioned corporate governing bodies is taken into consideration, as well as the responsibilities assigned to each one. The members of the Statutory Audit Committee, the Board of the General Meeting and the Staturory auditor will not all occupy the same organizational or functional position. Various criteria are applied, including level of responsibility, time commitment or the value of a particular service or institutional representation.b) A situação económica da sociedade.

b) The Company's economic situation.

c) One relevant consideration will be the size of the company and the relative degree of functional complexity.

71. Reference, if applicable, of the existence of a variable remuneration component and information about likely impact of performance appraisal in this component.

There is no variable component.

72. Deferring payment of the variable remuneration component, specifying the period of deferral.

There is no variable component.

73. Criteria that underlie the allocation of variable remuneration in shares and the maintenance of these shares by Executive Directors.
No remuneration involving the allocation of shares or any other system of bonuses paid in shares is envisaged.

74. Criteria that underlie the allocation of variable remuneration in options and indication of the deferral period and the exercise price and the members of the Company.
No remuneration involving the allocation of share options is envisaged.

75. Main parameters and reasoning for any scheme of annual bonuses and any other noncash benefits.
There is no system of annual awards or other non-cash benefits.

76. Main characteristics of complementary pension or early retirement schemes for the Administrators.
There is no pension or early retirement scheme for members of the governing bodies, audit bodies or other senior managers.

IV. Disclosure of remuneration

77. Statement of the annual amount of remuneration received by the board members including fixed and variable remuneration, and for this, mentioning the different components that gave rise
The executive members of the Board of Directors are remunerated by the shareholder ATPS-SGPS, SA, which has subscribed a contract for services with Ibersol Restauração, SA., having received for such services, in 2018, a total of 900,000 euros. One of the obligations of ATPS-Sociedade Gestora de Participações Sociais, SA. under the contract for services with Ibersol, Restauração, SA. is to ensure that the directors of the Company António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira perform their duties without the Company incurring any additional expense. So, the Company does not directly pay any re-

muneration to any of its executive directors. Given that ATPS-Sociedade Gestora de Participações Sociais, SA. is owned by the directors António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, out of the above mentioned total of 900,000 euros in 2018, each director received the amount of 450,000 euros. The executive directors do not receive any remuneration from other companies in the group and acquired no pension rights in the year in question.
The non-executive member receives a fixed annual remuneration of 6,000 euros and no other remuneration of any kind. In particular, he receives no performance award, bonus or complementary performance-related fees, retirement supplement or any additional payments beyond the annual amount of 6,000 euros delivered to him by the Company.

78. Any amounts paid by other companies in a control or group or that they are subject to the same domain.
No other amounts are paid on any account by other companies controlled by or belonging to the Group, except as indicated in nº 77 above.

79. Compensation paid in the form of profit sharing and / or bonus payments and the reasons why such bonuses and / or profit sharing were granted.
During the year no remuneration was paid in the form of profit-sharing or awards.

80. Compensation paid or owed to former executive directors following the termination of their duties during the year.
No amounts were paid or are owed as compensation to directors who ceased to be directors.

81. Indication of the annual remuneration earned in aggregate and individually, by the members of the Fiscal Board of the Company.
The total remuneration received by the members of the Statutory Audit Committee in 2018 was 27,500 euros. This total breaks down as follows:
Chairman – Dr. Carlos Alberto Alves Lourenço - 9,900 euros;
Vice-Chairman – Doutora Maria José Martins Lourenço da Fonseca: 8,800 euros;
Member - Dr. Eduardo Moutinho Ferreira Santos: 8,800 euros.

82. Indication of the annual remuneration earned by the Chairman of the Shareholders' General Meeting.
Chairman of the Board – Dr.ª Luzia Leonor Borges e Gomes Ferreira – 1,333.34 euros;

V. Agreements with remuneration implications

83. Contractual limitations provided for compensation payable for unfair dismissal Managers and its relationship with the variable remuneration component.
No contractual limitation is envisaged for the compensation payable for unfair dismissal of a director, nor is there any indication of a relationship with the variable component of remuneration (the variable component is not stipulated in the contract), being applicable to this case the legal dispositions.

84.Reference to the existence and description stating the sums involved, of the agreements between the company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the company.

There are no agreements between the Company and the directors or other senior managers, within the meaning of article 248-B.3 of the Securities Code, that provide for compensation in the event of resignation, unfair dismissal or termination of the mandate or employment relationship following a change of control of the company, being applicable to this cases the legal dispositions, and namely the rules of the Companies Code and Labour Code.

VI. Share Plans and Stock Option Plans

85. Identification of the plan and recipients.

There are no share or share option schemes in force.

86. Plans functioning.

The Company does not have any share or share option scheme.

87. Option rights granted to acquire shares (stock options) where the beneficiaries are company employees.

No share options have been allocated to workers or employees of the Company.

88. Control mechanisms in any system of employee participation in the capital.

Not applicable.

E. RELATED PARTY TRANSACTIONS

I. Control procedures and mechanisms

89. Mechanisms implemented by the Company for purposes of monitoring of transactions with related parties (for this purpose refers to the concept resulting from IAS 24).

The Statutory Audit Committee has approved the criteria for a previous evaluation of the transactions between the Company and holders of qualified shareholdings or entities related to them, within the terms of art. 20 of the Securities Code, require prior assessment. The criteria has been defined as a transaction value equal to five per cent or more of the consolidated net assets of Ibersol SGPS, SA.

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

No businesses or transactions were entered into that required such prior assessment.

91. Description of the procedures and criteria for intervention by the Authority for the purpose of preliminary assessment of the business carried out between the Company and holders of qualifying holdings or entities that are in a relationship with them, under Article 20. of CVM.

In 2018 it was not necessary for the Statutory Audit Committee to issue any opinion since there were no transactions that shoud be assessed by that body.

The procedures applicable to the Statutory Audit Committee's intervention in the prior evaluation of any business to be carried out between the Company and holders of qualifying holdings follow the rules of the respective Regulation of the Fiscal Council, published in www.ibersol.pt.

II. Elements related to transactions

92. Location where the financial statements and the information about transactions with subsidiaries can be found (in accordance of IAS 24).
Information on transactions with related parties is provided in the Annex to the individual financial statements and in the Annex to the consolidated financial statements.

PART II
GOVERNANCE MODEL EVALUATION

1. Identification of the Corporate Governance Code adopted
This Corporate Governance Report was prepared in accordance with CMVM Regulation 4/2013 of 1 August and with the new Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG) from 2018. In accordance with article 4. 2 of CMVM Regulation 4/2013, the necessary and indispensable information is disclosed as required by these regulations, both in substance and form.
The report complies with article 245-A of Securities Code and in accordance with the comply or explain principle, indicates the degree of compliance with the new Recommendations from the mentioned IPCG as stated in it´s 2018 Corporate Governance Code.
The reporting obligations under Law 28/2009 of 19 June, articles 447 and 448 of Companies Code and CMVM Regulation 5/2008 of 2 October 2008 with the changes of Regulation 7/2018. are also complied.
All the legal and regulatory texts mentioned in this report are available at www.cmvm.pt and www.cam.cgov.pt .

2. Analysis of compliance with the Corporate Governance Code adopted

In accordance with art. 245º-A n.ª1, al. o) a statement should be included on the acceptance of the Corporate Governance Code to which the issuer is subject, specifying any parts of thar code that diverges and the reasons for the divergence

Overall Ibersol, SGPS, SA complies with the CMVM's corporate governance recommendations, as observes and exposes the degree of compliance with the new Recommendations of the Portuguese Institute of Corporate Governance, as follows:

Chapter I
GENERAL PROVISIONS

I.1. Company's relationship with investors and disclosure

Recommendation	Degree of Compliance	Corporate Governance Report
I.1.1 The company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the market in general.	**Adopted**	**29, 38, 49, 56 to 65**

I.2. Diversity in the composition and functioning of the company's governing bodies

Recommendation	Degree of Compliance	Corporate Governance Report
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	**Adopted**	**15, 17 to 19, 26 31 to 33 and 36**
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members -, and detailed minutes of the meetings of each of these bodies should be carried out.	**Adopted**	**22, 23, 27 34 and 35**
I.2.3. The internal regulations of the governing bodies - the managing body, the supervisory body and their respective committees - should be disclosed, in full, on the company's website.	**Adopted**	**22, 27, 34 and 61**

I.2.4. The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	**Adopted**	**23, 35,62 63 and 64**
I.2.5. The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (*whistleblowing*) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.	**Adopted**	**49 and 38**

I.3. Relationship between the company bodies

I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	**Adopted**	**21 to 23, 29,34, 35, 38, 50 to 55, 63 to 65**
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	**Adopted**	**21 to 23, 29,34, 35,38, 50 to 55, 63 to 65**

I.4. Conflicts of interest		
I.4.1. The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest.	**Adopted**	**49, 89 to 92**
I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	**Adopted**	**49, 89 to 92**
I.5. Related party transactions		
I.5.1. The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require an additional favourable report of the supervisory	**Adopted**	**89 to 92**
I.5.2. The managing body should report all the transactions contained in Recommendation I.5.1. to the supervisory body, at least every six months.	**Adopted**	**89 to 92, and 61**

Capítulo II
SHAREHOLDERS AND GENERAL MEETINGS

Recommendation	Degree of Compliance	Corporate Governance Report
II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	**Adopted**	**12 to 14**
II.2. The company shall not adopt mechanisms that make decision making by its shareholders(resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	**Adopted**	**12 to 14**
II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.	**partially adopted**	**12 and explanation below**
II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.	**Not adopted**	**v.d. explanation below**
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years the amendment or maintenance of this rule will be subject to a shareholder resolution without increased quorum in comparison to the legally established and in that resolution, all votes cast will be counted without observation of the imposed limits.	**Não aplicável**	**12 to 14**
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	**Adopted**	**4**

Capítulo III
NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

Recommendation	Degree of Compliance	Corporate Governance Report
III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.I.I.	**Not applicable**	**18**
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.	**Adopted**	**17, 18, 28, 29, 31 to 33**
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	**Not adopted**	**18**

III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i) having carried out functions in any of the company's bodies for more than 9 years, either on a consecutive or non-consecutive basis; ii) having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii) having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv)having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v) having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi) having been a qualified holder or representative of a shareholder of qualifying holding.	**partially adopted**	**17 and 18**
III.5. The provisions of (i) of recommendation III. 4. does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period)	**Not applicable**	**17 and 18**

III.6. Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	**Adopted**	**24**
III.7. The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	**Not applicable**	**15**
III.8. The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.	**Adopted**	**38**
III.9. Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.	**Adopted**	**24 and 27 to 29**
III.10. Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.	**Adopted**	**50 to 55**
III.11. The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.	**Adopted**	**36 to 38, 51**

III.12. The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliance services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	**Adopted**	**37, 38, 49, 51,55**

Capítulo IV
EXECUTIVE MANAGEMENT

Recommendation	**Degree of Compliance**	**Corporate Governance Report**
IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.	**Adopted**	**22,27 and 61**
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i)the definition of the strategy and main policies of the company; ii)the organisation and coordination of the business structure; iii)matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	**Adopted**	**21, 24, 27 and 29**
IV.3. In matters of risk assumption, the managing body should set objectives and look after their accomplishment.	**Adopted**	**24,29, 50 and 52**
IV.4. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	**Adopted**	**50 and 51**

Capítulo V
EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT

V.1. Annual evaluation of performance

Recommendation	Degree of Compliance	Corporate Governance Report
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	**Adopted**	**24 and 25**
V.1.2. The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	**Adopted**	**38, 50 and 51**

V.2 Remunerações

V.2.1. The remuneration should be set by a committee, the composition of which should ensure its independence from management.	**Adopted**	**66 to 68**
V.2.2. The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.	**Adopted**	**69 to 76**

V.2.3. The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 1 9 th June, should additionally contain the following: (i) the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied; (ii) remunerations from companies that belong to the same group as the company; (iii) the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date; (iv) information on the possibility to request the reimbursement of variable remuneration; (v) information on any deviation from the procedures for the application ofthe approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation; (vi) information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.	**Adopted**	**69 to 88**
V.2.4. For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office.	**Not applicable**	**76, 83 and 84**
V.2.5. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	**Adopted**	**69**

V.2.6. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	**Not applicable**	**67**

V.3 Director remuneration

V.3.1. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	**Not applicable**	**69 to 72**
V.3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	**Not applicable**	**71 and 72**
V.3.4. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	**Not applicable**	**71 to 74**
V.3.5. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	**Cumprida**	**69**

V.3.6. The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report.	**Adopted**	**83 and 84**

V.4. Appointments

V.4.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	**Adopted**	**v.d. documents published in this context in www.ibersol.pt with the proposals of election occurred at the General Meeting 2017**
V.4.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	**Not applicable**	**15, 27 to 29**
V.4.3. This nomination committee includes a majority of non-executive, independent members.	**Not applicable**	**15, 27 to 29**
V.4.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	**Not applicable**	**15, 27 to 29**

Capítulo VI
RISK MANAGEMENT

Recommendation	Degree of Compliance	Corporate Governance Report
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.	**Adopted**	**24, 50, 52 to 55**
VI.2. Based on its risk policy, the company should establish a system of risk management, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system.	**Adopted**	**24, 50, 52 to 55**
VI.3. The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.	**Adopted**	**24, 50, 52 to 55**

Capítulo VII
FINANCIAL STATEMENTS AND ACCOUNTING

VII.1 Financial information

Recommendation	Degree of Compliance	Corporate Governance Report
VII.1.1. he supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	**Adopted**	**34 and 38**

VII.2 Statutory audit of accounts and supervision		
VII.2.1. Through the use of internal regulations, the supervisory body should define: i. the criteria and the process of selection of the statutory auditor; ii. the methodology of communication between the company and the statutory auditor; iii. the monitoring procedures destined to ensure the independence of the statutory auditor; iv. the services, besides those of accounting, which may not be provided by the statutory auditor.	**Adopted**	**34,37 and 38**
VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	**Adopted**	**34,37 and 38**
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	**Adopted**	**7 and 38**
VII.2.4. The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body.	**Adopted**	**38 to 41**
VII.2.5. The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties.	**Adopted**	**38 and 51**

Explanation for not adopted or partially adopted Recommendations:

Recommendation II.3 - In the absence of expressive requests from shareholders until the present date regarding the exercise of the right to vote by electronic means, this modality is not yet foreseen in the Company's By-laws, without prejudice of that modality can be considered relevant in future By-laws revision.

Recommendation II.4 - In the absence of expressive requests from shareholders until the present date regarding the modality of participation in the General Meeting by telematic means, this modality is not yet foreseen in the Company's By-laws, without prejudice to such modality can be considered relevant in future By-laws revision.

Other Information

The company should provide any additional elements or information that, if not finding explained in the preceding paragraphs, are relevant to understand the model and governance practices adopted.

In compliance of the premises supra exposed and in terms of the 245º-A article, number 1, alinea r) of the Portuguese Securities Code, we will expose the information about the diversity policy applied in the Company related to it's management and supervisory bodies, namely in terms of age, sex, qualifications and professional background, also the objectives of this diversity policy, the way it was pursued, and it's results in the 2018 exercise.

The diversity policy applied by the company related to it's management and supervisory bodies complies with the following general principles:

The candidates for members of the management and supervisory bodies should observe:

- Experience in sufficiently senior positions in companies or similar organizations that provide them:
    1. To evaluate, challenge and develop of the most senior managers of the company;
    2. To evaluate and challenge the corporate strategy of the group and its main subsidiaries;
    3. To evaluate and challenge the operational and financial performance of the company;
    4. To evaluate the degree of compliance in the organization of the Ibersol values;

- In addition to the common basic minimums, each candidate individually must contribute to the overall knowledge and competencies of the Board of Directors, as follows:
    1. Deep and international knowledge of the main sectors of activity of Ibersol;
    2. Knowledge of the main markets and geographies of the main businesses;
    3. Knowledge and skills in management techniques and technologies that determine the success of companies with dimension in our sectors of activity;
- Candidates must have the human qualities, clarity of purpose, analytical ability, synthesis ability and communication skills required for a large number of diverse and complex subjects can be discussed in necessary limited time and necessary depth to provide high quality and timely decision making;
- Subject to the fulfilment of the other factors, a significant representativeness of genres and origins should seek to achieve a significant representativeness of genres and origins.

The composition of the management and supervisory bodies elected by the General Meeting in most of the Group's Companies complies the above mentioned guidelines, presenting a balanced diversity of gender, origin, qualifications and professional background.

In the Statutory Audit Committee and General Meeting's Board whose composition is above described in this report, the proportion of persons of each sex respects, in advance, the limiting principles imposed by the Article 5 of Law 62/2017 1st August. However this perspective has not occurred in the appointment of the Board of Directors members started in 2017 for it's four-year mandate.

The diversity and professional experience of the members of the Board of Directors and the Statutory Audit Committee are a result of it's respective curriculum vitae.

In addition to the elements above described, there are no other relevant elements to be considered.

Annex I

REMUNERATION COMMITTEE STATEMENT OF THE REMUNERATION COMMITTEE

ABOUT THE REMUNERATION POLICY FOR THE CORPORATE GOVERNING BODIES OF IBERSOL, SGPS S.A. TO BE SUBMITTED FOR APPROVAL BY THE GENERAL MEETING ON 8th May 2019

1. Under the terms of the authority assigned to this Committee by the General Meeting of shareholders of Ibersol SGPS, SA. and under the terms of article 26.2 of the By-laws of the Company, the function of this Remuneration Committee is to set the remuneration of the members of the corporate governing bodies.
2. Under the applicable terms of the By-laws, the Remuneration Committee was appointed by the General Meeting of Shareholders on 26th May 2017 and is made up of three members, who are independent of the members of the Company's governing and audit bodies.
3. The Remuneration Committee thus submits this report for the consideration of this General Meeting and for the purpose of adoption of Recommendation of the Corporate Governance Code of the Instituto Português de Corporate Governance. The report contains the guidelines followed by this Committee in setting the remuneration of the members of the governing and audit bodies and the Board of the General Meeting, as follows:

a) The remuneration of the members of the Board of the General Meeting for 2018 was set at a fixed annual amount, payable twelve times a year, having its members earned the following annual remuneration:
   Chairman – Dr.ª Luzia Leonor Borges e Gomes Ferreira: € 1,333.34 ;
   Vice-Chairman – Dr.ª Raquel de Sousa Rocha: € 667,92 ;
   Secretary – Dr.ª Maria Leonor Moreira Pires Cabral Campello: € 333.36;

b) The shareholder ATPS-SGPS, SA. provided administrative and management services to the Group and in 2018 received from the investee Ibersol, Restauração, SA. a total of 900,000 euros for such services. One of the obligations of ATPS-Sociedade Gestora de Participações Sociais, SA. under the contract of services with Ibersol, Restauração, SA. is to ensure that the directors of the Company António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira perform their duties without additional expenses that the Company has to incur. The Company does not directly pay any remuneration to any of its executive directors. Given that ATPS-Sociedade Gestora de Participações Sociais, SA. is controlled by the directors António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, out of the abovementioned total of 900,000 euros paid in 2018, it is supposed that each director has received the amount of 450,000 euros. The non-executive member receives annual remuneration of 6,000 euros, and has not received any other remunerations of any kind, namely performance bonuses, bonuses or any additional performance fees and / or any additional payments at the annual amount of 6,000 euros provided to by the company.

The mentioned executive directors do not receive any other remuneration in other companies of the group nor have pension rights acquired in 2018.

In view of the above, it is not possible to issue a statement on the remuneration policy of the members of the governing body of the company, particularly a report containing the information mentioned in actual article 2.3 of Law 28/2009.

c) The remuneration of the members of the Statutory Audit Committee for 2018 was set at a fixed annual amount, payable twelve times a year. The individual members received the following annual remuneration:
   Chairman – Dr. Carlos Alberto Alves Lourenço: € 9,900.00;
   Vice-Chairman – Dr.ª Maria José Martins Lourenço da Foseca: € 8,800.00;
   Member – Dr. Eduardo Moutinho Santos: €8,800.00;

The general principles observed are essentially those that emerge from the law, taking into account the activities actually performed by the above persons, also the Company's economic situation and the usual terms and conditions in comparable situations. The functions performed by each member of the corporate governing bodies were considered in the most broadest sense of the activity actually performed, using the level of responsibility as an assessment parameter. The weighting of the functions is considered in a broad sense, in the light of various factors, particularly the level of responsibility, the time spent and the value the member's institutional role added to the Group. The size of the company and the degree of complexity of the assigned functions is also an important aspect.

The combination of the abovementioned factors and assessment thereof serves to guarantee not only the interests of the post holders but also the primordial interests of the Company.
The remuneration policy we submit to the approval of the Shareholders of the Company is therefore based on the abovementioned parameters, consisting of the remuneration of the members of the corporate bodies in a gross fixed amount, paid in twelve monthly instalments until the end of the year. In setting all remuneration, the general principles stated above were observed: functions performed, situation of the Company and comparative criteria for equivalent degrees of performance.

Oporto, 3rd April 2019.

Remuneration Committee,
Vítor Pratas Sevilhano, Dr.,
Joaquim Alexandre de Oliveira e Silva, Dr.,
António Maria de Borda Cardoso, Dr.

Annex II

BOARD OF DIRECTOR'S STATEMENT

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

1. According to the competence established under article 11º of IBERSOL, SGPS SA. By- laws, the Board of Directors has the responsibility to determine the general remuneration policy and incentives for the Company's Directors positions and also, for all the administrative and technician personnel.
2. Under the terms of number 3 of the article 248º-B and 245º-A of the Securities Code, Directors are, besides Management and Supervisory Bodies members, those who have regular access to privileged information and take part in the company's decisions upon management and negotiation strategy.

3. According to CMVM Recommendations upon publicly listed companies corporate governance, and to promote transparency, in order to comply with Recommendations of Corporate Governance, the Board of Directors submits to this General Meeting this statement with the guidelines observed to determine the mentioned remunerations, as follows:

a) The remuneration policy adopted for Ibersol's Directors matches with the policy determined for the generality of the Company's employees.
b) However, the Company's Directors remuneration contains a fix remuneration and an eventual performance bonus.
c) The evaluation of the performance quality and the performance bonus are established according to the criteria previously defined by the Board of Directors.
d) Therefore, behaviour factors of each Director, namely, specific competencies to the function, its level of responsibility, ability to adjust to company's management and specific procedures, autonomy level of individual performance, will be attended to determine an eventual performance bonus, being also considered the technical and/or the financial-economic performance in the Directors' business sector, as well as the financial/economic performance of IBERSOL.

OPorto, 3rd April 2019.

The Board of Directors.

Annex 2

List of Positions held in other companies by the members of the Statutory Audit Committee and General Meeting Board

STATUTORY AUDIT COMMITTEE:

President – Dr. Carlos Alberto Alves Lourenço

Besides the position of President of the Statutory Audit Committee of Ibersol SGPS, SA., he performs functions in the following Societies outside Ibersol Group :

Chairman of the Fiscal Board:

- ELEVOLUTION GROUP, SGPS
- REFUNDOS – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.

Vice – President – Dr.ª Maria José Martins Lourenço da Fonseca

Besides the position of Vice-President of the Statutory Audit Committee of Ibersol SGPS, SA., she performs functions in the following Societies outside Ibersol Group:

Member of the Supervisory Board:

- Sonae, SGPS, S.A.
- Sonae MC, SGPS, S.A.
- Sonaecom, SGPS, S.A.
- SDSR – Sports Division SR, S.A.

Member (effective) – Dr. Eduardo Moutinho Ferreira Santos

Besides the position of effective Member of the Statutory Audit Committee of Ibersol SGPS, SA., he performs the following cargo in a company outside Ibersol Group:

Member of Supervisory Board:

IVN - Serviços Partilhados, SA.

Substitute Member – Dr. Arlindo Dias Duarte Silva

Performs no other cargos in companies behind the cargo of Substitute Member of the Satutory Audit Committee of Ibersol SGPS, SA.

BOARD OF THE GENERAL MEETING

President – Dr.ª Luzia Leonor Borges e Gomes Ferreira

Besides the position of Board´s President of Ibersol SGPS, SA. General Meeting, she performs functions in the following Societies outside Ibersol Group:

President of the Board of the General Meeting:

- MDS, SGPS, SA
- Modelo - Distribuição de Materiais de Construção, SA
- Sonaecenter, Serviços, SA
- Sonae Financial Services, SA
- Sonaegest - Sociedade Gestora de Fundos de Investimento, SA
- Dot Value – SGPS, SA
-Hotelco – Hotelaria e Comércio, SA
-Laminar – Indústria de Contraplacados, SA
- Orbitur – Intercâmbio de Turismo, SA
- Orbitur – Imobiliária, SA
- IVN – Serviços Partilhados, SA

Vice - President – Dr.ª Raquel de Sousa Rocha

Besides the position of Vice-President of Ibersol SGPS, SA. General Meeting Board, she performs functions in the following Societies outside Ibersol Group:

Secretary of the Board of the General Meeting:

- MDS, SGPS, SA.
- Sonaecenter, Serviços, S.A.
- Sonae Financial Services, S.A.

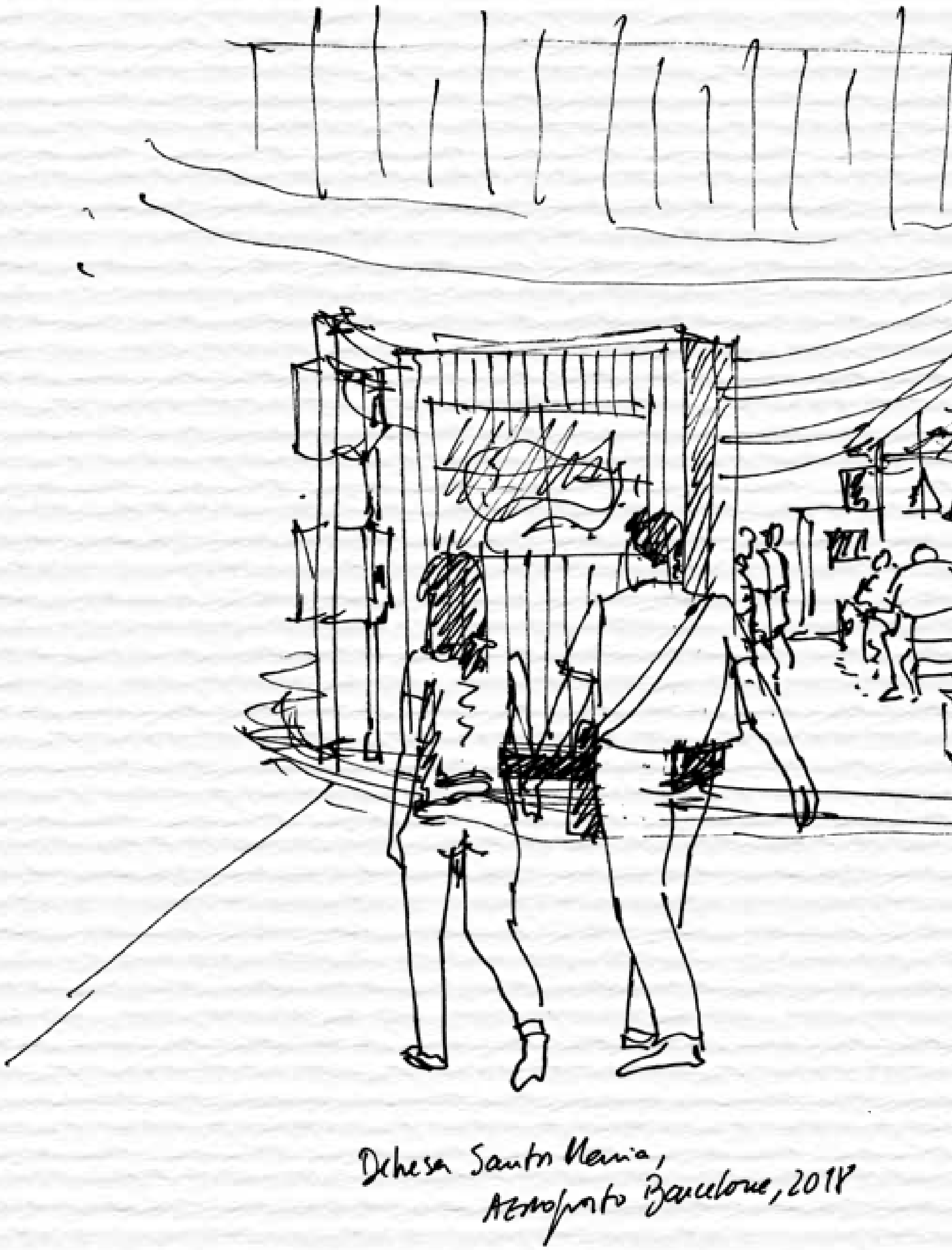
Secretary – Dr.ª Maria Leonor Moreira Pires Cabral Campello

She performs no other cargos in other societes behind the Secretary cargo of Ibersol SGPS, SA. General Meeting Board.

Oporto, 3rd April 2019.

CON SO LI DATE

FINANCIAL STATEMENTS



WE HAVE BECOME ONE OF THE MOST IMPORTANT GROUPS OF MODERN RESTAURANT BUSINESS OF THE IBERIAN PENINSULA

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ON 31ST DECEMBER 2018

(values in euros)

ASSETS	Notes	31/12/2018	31/12/2017
Non-current			
Tangible fixed assets	2.6 and 8	201.310.291	197.972.217
Goodwill	2.7 and 9	90.846.327	92.862.786
Intangible assets	2.7 and 9	36.146.157	35.115.966
Financial investments - joint controlled subsidiaries	2.3 and 10	2.459.842	2.420.386
Non-current financial assets	2.9 and 10	211.430	233.108
Other financial assets	2.9 and 11	15.753.485	17.823.906
Other non-current assets	2.11 and 12	12.921.343	6.335.385
Total non-current assets	6	**359.648.875**	**352.763.754**
Current			
Stocks	2.10 and 13	11.622.326	12.089.907
Cash and bank deposits	2.12 and 14	37.931.124	34.902.883
Income tax receivable	2.15 and 18	3.574.662	5.046.070
Other financial assets	2.9 and 11	3.855.375	5.162.755
Other current assets	2.11 and 15	27.617.179	19.823.562
Total current assets		**84.600.666**	**77.025.177**
Total Assets		**444.249.541**	**429.788.931**
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	16.1	36.000.000	30.000.000
Own shares	2.13 and 16.2	-11.180.516	-11.179.969
Share prize	2.13	469.937	469.937
Legal reserves		755.581	263.001
Conversion Reserves		-7.140.907	-2.012.886
Other Reserves & Retained Results		158.974.733	139.507.205
Net profit in the year		24.962.061	30.849.460
Total Equity attributable to shareholders		**202.840.889**	**187.896.748**
Interests that do not control	16.4	329.204	723.445
Total Equity		**203.170.093**	**188.620.193**
LIABILITIES			
Non-current			
Loans	2.14 and 17	79.182.324	107.687.759
Deferred tax liabilities	2.15 and 18	10.556.031	9.132.498
Provisions	2.16 and 19	3.244.724	4.489.724
Derivative financial instrument	2.21 and 20	177.570	235.455
Other non-current liabilities	21	150.344	179.192
Total non-current liabilities		**93.310.993**	**121.724.628**
Current			
Loans	2.14 and 17	52.961.448	33.326.982
Accounts payable to suppliers and accrued costs	2.11 and 22	81.387.772	67.522.339
Income tax payable	2.15 and 18	162.901	324.744
Other current liabilities	23	13.256.334	18.270.045
Total current liabilities		**147.768.455**	**119.444.110**
Total Liabilities		**241.079.448**	**241.168.738**
Total Equity and Liabilities		**444.249.541**	**429.788.931**

The Board of Directors,

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED ON DECEMBER 31ST 2018

(values in euros)

	Notes	2018	2017
Operating Income			
Sales	2.17 and 6	445.607.539	443.270.117
Rendered services	2.17 and 6	4.503.303	5.058.977
Other operating income	26	9.922.824	9.781.036
Total operating income		460.033.666	458.110.130
Operating Costs			
Cost of sales	13	108.799.400	102.831.054
External supplies and services	24	149.938.133	149.502.177
Personnel costs	25	137.120.057	135.318.741
Amortisation, depreciation and impairment losses of TFA and IA	6, 8 and 9	29.794.531	31.922.475
Other operating costs	26	3.126.812	5.180.157
Total operating costs		428.778.933	424.754.604
Operating Income	6	31.254.733	33.355.526
Net financing cost	27	2.989.186	5.397.611
Gains (losses) in joint controlled subsidiaries - Equity method	10	39.456	2.755
Gains (losses) in share capital		-370.000	–
Gains (losses) on Net monetary position	2.22 and 7	1.206.056	5.980.424
Profit before tax		**29.141.059**	**33.941.094**
Income tax expense	28	4.070.309	2.701.589
Net profit		**25.070.750**	**31.239.505**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-5.128.021	-10.706
TOTAL COMPREHENSIVE INCOME		**19.942.729**	**31.228.799**
Net profit attributable to:			
Owners of the parent		24.962.061	30.849.460
Non-controlling interest	16	108.689	390.045
		25.070.750	31.239.505
Total comprehensive income attributable to:			
Owners of the parent		19.834.040	30.838.754
Non-controlling interest	16	108.689	390.045
		19.942.729	31.228.799
Earnings per share:	**29**		
Basic		**0,77**	**0,95**
Diluted		**0,77**	**0,95**

The Board of Directors,

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH TRIMESTER OF THE YEAR ENDED ON 31ST DECEMBER 2018

(values in euros)

	Notes	4th TRIMESTER (unaudited) 2018	2017
Operating Income			
Sales	2.17 and 6	113.240.809	114.458.191
Rendered services	2.17 and 6	1.169.604	1.359.428
Other operating income	26	2.867.425	2.610.761
Total operating income		117.277.838	118.428.380
Operating Costs			
Cost of sales	13	26.641.656	26.699.052
External supplies and services	24	39.680.617	38.816.672
Personnel costs	25	36.652.603	35.150.709
Amortisation, depreciation and impairment losses	6, 8 and 9	11.226.132	10.879.607
Other operating costs	26	1.585.114	2.306.962
Total operating costs		**115.786.122**	**113.853.002**
Operating Income	**6**	**1.491.716**	**4.575.378**
Net financing cost	27	128.113	1.728.672
Gains (losses) in joint controlled subsidiaries - Equity method	10	8.181	-21.371
Gains (losses) in share capital		-	-
Gains (losses) on Net monetary position	2.22 and 7	-572.099	5.980.424
Profit before tax		**799.685**	**8.805.759**
IIncome tax expense	28	-402.374	-589.288
Net profit		**1.202.059**	**9.395.047**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-146.825	-30.119
TOTAL COMPREHENSIVE INCOME		**1.055.234**	**9.364.928**
Net profit attributable to:			
Owners of the parent		1.281.178	9.374.779
Non-controlling interest	16	-79.119	20.268
		1.202.059	9.395.047
Total comprehensive income attributable to:			
Owners of the parent		1.134.353	9.344.660
Non-controlling interest	16	-79.119	20.268
		1.055.234	9.364.928
Earnings per share:	29		
Basic		**0,04**	**0,29**
Diluted		**0,04**	**0,29**

The Board of Directors,

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

STATEMENT OF ALTERATIONS TO THE CONSOLIDATED EQUITY FOR THE YEARS ENDED 31 DECEMBER, 2018 AND 2017

(values in euros)

		Assigned to shareholders									
	Note	Share Capital	Own Shares	Share Prize	Legal Reserves	Conversion Reserves	Other Reserves & Retained Results	Net Profit	Total parent equity	Interests that do not control	Total Equity
Balance on 1 January 2017		24.000.000	-11.179.348	469.937	1	-2.002.180	117.052.549	23.249.971	151.590.930	333.399	151.924.329
Changes in the period:											
Application of the consolidated profit from 2016:											
Transfer to reserves and retained results					263.000		22.986.971	-23.249.971	-		-
Share capital increase	16	6.000.000					-6.000.000		-		-
Hyperinflationary Economies (IAS 29)							7.627.694		7.627.694		7.627.694
Conversion reserves - Angola						-10.706			-10.706		-10.706
Acquisition / (disposal) of own shares			-621						-621		-621
Acquisition / (disposal) of own shares								30.849.460	30.849.460	390.045	31.239.505
Net consolidated income for the year ended on 31 December, 2017									0	1	1
Total changes in the period		6.000.000	-621	-	263.000	-10.706	24.614.665	7.599.489	38.465.827	390.046	38.855.873
Net profit								**30.849.460**	**30.849.460**	**390.045**	**31.239.505**
Total comprehensive income									30.838.754	390.045	31.228.799
Transactions with capital owners in the period											
Application of the consolidated profit from 2016:											
Paid dividends	31						-2.160.009		-2.160.009		-2.160.009
		-	-	-	-	-	-2.160.009	-	-2.160.009	-	-2.160.009
Balance on 31 December 2017		**30.000.000**	**-11.179.969**	**469.937**	**263.001**	**-2.012.886**	**139.507.205**	**30.849.460**	**187.896.748**	**723.445**	**188.620.193**
Balance on 1 January 2018		30.000.000	-11.179.969	469.937	263.001	-2.012.886	139.507.205	30.849.460	187.896.748	723.445	188.620.193
IFRS 9 Impact							-736.631		-736.631		-736.631
IFRS 15 Impact							-		-		-
Changes in the period:											
Application of the consolidated profit from 2017:											
Transfer to reserves and retained results					492.580		30.356.880	-30.849.460	-		-
Share capital increase	16	6.000.000					-6.000.000		-		-
Minority acquisition Dehesa (split Cortsfood)							-1.452.716		-1.452.716	-58.283	-1.510.999
Conversion reserves - Angola						-5.128.021			-5.128.021		-5.128.021
Acquisition / (disposal) of own shares			-548						-548		-548
Net consolidated income for the year ended on 31 December, 2018								24.962.061	24.962.061	108.689	25.070.750
Total changes in the period		6.000.000	-548	-	492.580	-5.128.021	22.904.164	-5.887.399	18.380.776	50.406	18.431.182
Net profit								**24.962.061**	**24.962.061**	**108.689**	**25.070.750**
Total comprehensive income									19.834.040	108.689	19.942.729
Transactions with capital owners in the period											
Application of the consolidated profit from 2017:											
Paid dividends	31						-2.700.004		-2.700.004	-444.647	-3.144.651
		-	-	-	-		-2.700.004	-	-2.700.004	-444.647	-3.144.651
Balance on 31 December 2018		**36.000.000**	**-11.180.516**	**469.937**	**755.581**	**-7.140.907**	**158.974.733**	**24.962.061**	**202.840.889**	**329.204**	**203.170.093**

The Board of Directors,

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

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018

(values in euros)

	Note	Years ended on December 31st 2018	2017
Cash Flows from Operating Activities			
Receipts from clients		447.380.756	442.782.866
Payments to supliers		-258.891.439	-249.626.468
Staff payments		-134.216.255	-115.763.958
Payments/receipt of income tax		-2.124.359	-2.475.045
Other paym./receipts related with operating activities		-7.778.706	-7.901.669
Flows from operating activities (1)	16	**44.369.997**	**67.015.726**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		489.152	71.955
Tangible fixed assets		31.251	921.295
Investment benefits		105.376	
Interest received	27	1.772.469	1.318.456
Other financial assets	11	5.387.056	7.041.574
Payments for:			
Financial Investments	5	2.041.029	128.522
Other financial assets	11	2.950.017	12.634.957
Tangible fixed assets		25.565.440	32.426.484
Intangible assests		3.599.069	1.317.843
Other investments		4.000.000	
Flows from investment activities (2)		-30.370.251	-37.154.526
Cash flows from financing activities			
Receipts from:			
Loans obtained	17	11.786.179	4.702.567
Payments for:			
Loans obtained	17	19.474.431	27.041.669
Amortisation of financial leasing contracts	17	1.102.878	1.798.854
Interest and similar costs	27	4.897.400	6.462.963
Dividends paid	31	3.144.647	2.160.010
Acquisition of own shares	16	548	621
Flows from financing activities (3)		-16.833.725	-32.761.550
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**-2.833.979**	**-2.900.350**
Cash & cash equivalents at the start of the period		34.882.539	37.782.889
Cash & cash equivalents at end of the period	14	**32.048.560**	**34.882.539**

The Board of Directors,

Pizza Hut, Colombo, 2018

IBERSOL SGPS, S.A.

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2018

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA ("Group" or "Ibersol") has its head office at Praça do Bom Sucesso, Edifício Península n.º 105 a 159 – 9º, 4150-146 Porto, Portugal. Ibersol's subsidiaries (jointly called the Group), operate a network of 641 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Ribs, FresCo, SantaMaria, Kentucky Fried Chicken, Burger King, O' Kilo, Roulotte, Quiosques, Pizza Móvil, Miit, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffee counters and other concessions. The group has 516 units which it operates and 125 units under a franchise contract. Of this universe, 292 are headquartered in Spain, of which 175 are own establishments and 117 are franchised establishments, and 10 in Angola.
As a result of the purchase of the Eat Out group (note 5.2.1) in 2016, the consolidated statements of comprehensive income and cash flows for 2017 include 12 months of activity, against the two months in 2016, so that the general headings had significant increases.

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

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

2. MAIN ACCOUNTING POLICIES

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

2.1 PRESENTATION BASIS

These consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS), as applied in the European Union and in force on 01 January 2018.

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

With the exception of the initial application of new standards (section 2.2), the accounting policies adopted at 31 December 2018 are the same as those adopted in the preparation of the financial statements as at 31 December 2017.

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

2.2. ADOPTION OF NEW ACCOUNTING POLICIES

The Group adopted for the first time, on 1 January 2018, the new IFRS 15 - Customer contracts, IFRS 9 - Financial instruments and IFRIC 22 - Transactions in foreign currency and the payment of advances.

2.2.1 IFRS 15 - Customer contract awards

The IASB issued, on May 28, 2014, the IFRS 15 - Revenue from contracts with customers. IFRS 15 was adopted by European Commission Regulation 1905/2016 of 22 September 2016. It is mandatory for periods beginning on or after 1 January 2018.

This standard removes IAS 11 - Construction contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programs, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 Revenue - Direct Exchange Transactions Involving Advertising Services.

IFRS 15 determines a model based on 5 steps of analysis in order to determine when the revenue should be recognized and what the amount. The model specifies that revenue must be recognized when an entity transfers goods or services to the customer, measured by the amount that the entity expects to be entitled to receive. Depending on the fulfillment of some criteria, the revenue is recognized:

i) At the precise moment, when the control of the goods or services is transferred to the client; or

ii) Over the period, insofar as it retracts the performance of the entity.

IFRS 15 applies to all revenue arising from contracts with customers (except for contracts covered by other standards), implying amendments to several IAS / IFRS / IFRIC / SIC and the repeal of IAS 11 and 18, IFRIC 13 , 15 and 18 and SIC 31.

The fundamental principle of the new standard is that an entity must recognize the revenue to represent the transfer to customers of promised goods or services in an amount that reflects the consideration that the entity expects to receive in exchange for such goods or services, establishing a five-step methodology for the recognition of revenue:

Step 1 - Identify the contract with the client;

Step 2 - Identify performance obligations;

Step 3 - Determine the price of the transaction;

Step 4 - Allocate the price of the transaction to its performance obligations;

Step 5 - Recognition of revenue (when a performance obligation is met).

From the application of the methodology to contracts with customers, the following was concluded:

Sales of catering and goods

In sales of catering and merchandise sales there is only a performance obligation, so revenue is recognized immediately, with the delivery of the goods to the customer.

In sales situations in restaurants where customers are promised discounts on future sales through the customer loyalty program. In accordance with current regulations, the fair value of the benefits attributed to customers was estimated, and the recognition of the revenue is deferred up to the time the obligation is satisfied or expires.

Franchise Agreements

In contracts with franchised customers, the Group has the obligation to grant the customer the right to use the trademark and its operating know-how, in a certain place and for an agreed period of time, and the customer has the obligation to pay a counterpart , usually translated into:

- initial entry value, corresponding to the right of opening;

- monthly operating royalties, the method of calculation of which is previously defined in the contract (fixed amount previously established or amount determined periodically by applying a percentage to the value of sales made by the customer);

- monthly quota for advertising purposes.

If there is an initial value of the entry, it is accounted for as deferred income, so that the recognition of the respective revenue is effected throughout the life of the contract.

The recognition of the revenue corresponding to the monthly operating royalties and the monthly advertising quotas is carried out immediately, coinciding with the fulfillment of the performance obligations.

The Group adopted this new standard as of January 1, 2018, using the modified retrospective method, which establishes that the cumulative effect of the adoption of the standard is recognized in the results carried over to that date.

In adopting IFRS 15, the Group did not identify significant differences between the previous and the new accounting standards.

2.2.2 IFRS 9 - Financial instruments

The International Accounting Standards Board (IASB) issued, on July 24, 2014, IFRS 9 - ‘Financial Instruments’, with effective application date as of January 1, 2018. This standard brought fundamental changes in accounting for instruments and replaced IAS 39 - Financial instruments: recognition and measurement.
The Group adopted IFRS 9 on its mandatory application date, that is, on January 1, 2018, with the cumulative effect of applying the standard recognized in Shareholders’ Equity on the date of the initial application, not having restated comparative information, as provided in the standard.

Impairment

IFRS 9 establishes a new "Expected Credit Losses (ECL)" impairment model, which replaces the previous "losses incurred" model under IAS 39, which is the basis for the recognition of impairment losses on financial instruments measured at amortized cost or at fair value through other comprehensive income.

Once the loss event (which is known as the "objective proof of impairment") has been verified, the accumulated impairment is directly affected by the financial instrument in question, and its accounting treatment is similar to that provided for in IAS 39, including the treatment of the respective impairment swear.

One of the main changes arising from the adoption of this standard is the recognition of impairment on the exposure to securities, bank deposits and other financial investments, which was not required under IAS 39, provided there were no objective evidence of impairment.

Customers

Considering the typology of customer balances arising from the activity of the Ibersol Group, we consider that the impact of the adoption of the impairment model recommended in IFRS 9 is not relevant.

Debt securities

In respect of investments in securities and in deposits and short-term financial investments, impairments are calculated by attributing (i) a Default Probability (PD) that derives from the issuer's or counterparty's rating, and (ii) a Loss Given Default (LGD) market parameters. Impairment is calculated at 12 months for these assets, provided that credit risk has not increased significantly since its initial recognition. Since the PDs available on the market correspond to expected losses over the 12-month period.

The application of the new standard had a negative impact on total equity at 1 January 2018 amounting to € 1,052,331 (pre-tax). At 31 December 2018, the Group revalued its exposure to securities and to deposits and financial investments, with a reversal of impairment amounting to € 111,569, with an accumulated impairment of € 940,762 (see note 11).

2.2.3 IFRIC 22 - Transactions in foreign currency and payment of advances

The interpretation IFRIC 22 was issued on December 8, 2016, with a mandatory application date for periods beginning on or after 1 January 2018.

The new IFRIC 22 provides that, in the event that there have been advances in foreign currency for the purposes of asset acquisition, expense support or income generation, in applying paragraphs 21 to 22 of IAS 21, the date considered as a transaction for the purpose of determining the exchange rate to be used for recognition of the inherent asset, expense or income (or part thereof) is the date on which the entity initially recognizes the non-monetary asset or liability resulting from the payment or receipt of the advance in foreign currency (or there being multiple advances, the rates in force in each advance).

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

2.3 CONSOLIDATION

(a) Subsidiaries

Shareholdings in companies in which the group directly or indirectly holds more than 50% of the voting rights or has the power to control their financial and operational activities (definition of control used by the group) were included in these consolidated financial statements through the full consolidation method. Equity and net profit of these companies assigned to third-party shareholdings are presented separately in the "non-controlling interests" item in the consolidated statement of financial position and of comprehensive income. The companies included in the financial statements are listed in Note 5.

When losses impute to non-controlling interests exceed the non-controlling interest in a subsidiary company's equity, the non-controlling interest absorb that difference and any additional losses.

The purchase method is used to account the acquisition of subsidiaries that occurred before 2010. The acquisition cost corresponds to the fair value of the delivered goods, capital issued instruments and liabilities incurred or assumed on the acquisition date. The identifiable acquired assets and the liabilities and contingent liabilities taken into account in a corporate concentration will correspond to the fair value on the acquisition date, regardless of whether there are non-controlling interests. The positive difference between the acquisition cost and the fair value of the group's stake in the acquired and identifiable net assets is recorded as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the consolidated statement of comprehensive income.

For the acquisition of subsidiaries that occurred after 1 January 2010 the Group has applied reviewed IFRS 3. Accordingly to witch the purchase method continues to be applied in acquisitions, with some significant changes:

(i) all amounts which comprise the purchase price are valued at fair value, with the option of measuring, transaction by transaction, the "interests that do not control" by the proportion of the value of net assets of the acquired entity or the fair value of assets and liabilities acquired.

(ii) all costs associated with acquisition are recorded as expenses.

(iii) interest held prior to obtaining control is measured at fair value and added to the purchase price for the purposes of applying the purchase method

Also has been applied since 1 January 2010 the revised IAS 27, which requires that all transactions with the "non- controlling interest" are recorded in equity, when there is no change in control of the entity, there is no place to record goodwill or gains or losses. When there is a loss of control exercised over the entity, any remaining interest on the principal is measured at fair value, and a gain or loss is recognized in the results of the exercise.

Balances and gains arising from transactions between group companies are eliminated. Losses not realised are also eliminated, except when the transaction reveals that a transferred asset is subject to impairment. The subsidiaries' accounting policies are altered whenever necessary to ensure consistence with the group's policies.

(b) Jointly controlled companies

The financial statements of jointly controlled companies were included in these consolidated financial statements by the equity method, under the adoption of IFRS 11, as of the date on which the joint control is acquired. According to this method, these companies' assets, liabilities, income and costs were included in the annexed consolidated financial statements in one line in the consolidated statement of financial position and in one line in the consolidated statements of comprehensive income. Transactions, balances and dividends paid among group companies and jointly controlled companies are not eliminated in the proportion of the control assigned to the group. The excess acquisition cost compared with the fair value of the identifiable assets and liabilities on the acquisition date of a jointly controlled company is recognised as a financial investment.

Jointly controlled companies are listed in Note 5.

2.4 REPORT PER SEGMENT

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which separate financial information is available

The group's head office – which also hosts the largest operating company, is in Portugal. Its business activity is in the restaurant segment.

The Group operates in three main business segments:

- Restaurants, which includes the units with table service available offer and home delivery;

- Counters, with sales over the counter;

- Concessions and catering, which includes all other businesses, including the catering activity and the units located in concession areas.

The segments' assets include, in particular, tangible fixed assets, intangible assets, stocks, accounts receivable and cash and cash equivalents. This category excludes deferred taxes, financial investments and derivatives held for negotiation or hedge.

The segments' liabilities are operating liabilities. Taxes, loans and related hedging derivatives are excluded.

Investments include additions to tangible fixed assets (Note 8) and intangible assets (Note 9).

Investments are distributed according to this business distribution.

2.5 CURRENCY EXCHANGE RATE

a) Working currency and financial statement currency
The Financial Statements of each group entity are prepared using the currency of the region in which the entity operates ("the working currency"). The consolidated financial statements are presented in euros since this is the working currency which the group uses in the financial statements.

b) Transactions and balances
Transactions in currencies other than the euro are converted into the working currency using the exchange rates on the transaction date. Exchange rate gains or losses from liquidating transactions and from the conversion rate on the consolidated statement of financial position date of monetary assets and liabilities in a currency other than the euro are recognised in the Profit and Loss Account, except when they are qualified as cash flow hedging or as net investment hedging, in which case they are recorded in equity.

c) Financial statements
Financial statements assets and liabilities of foreign entities are converted to euro using the exchange rates at the balance sheet date, profit and loss as well as the cash flows statements are translated into euro using the average exchange rate recorded during the period. The resulting exchange difference is recorded in equity under the heading of exchange rate differences.

"Goodwill" and fair value adjustments arising from the acquisition of foreign entities are treated as assets and liabilities of that entity and translated into euro according to the exchange rate at the balance sheet date.

When a foreign entity is disposed, the accumulated exchange rate difference is recognised in the income statement as a gain or loss on disposal.

Currency exchange rate used for conversion of transactions and balances denominated in Kwanzas in 31 December, 2018 and 2017 were respectively:

dec. 2018

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2018	Average interest rate year 2018
Kwanza de Angola (AOA)	352,983	305,810

dec. 2017

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2017	Average interest rate year 2017
Kwanza de Angola (AOA)	185,391	187,441

2.6 TANGIBLE FIXED ASSETS

Buildings and other structures include own properties assigned to the restaurant activities and expenses on works at third-party properties, in particular those required for setting up restaurant shops.

Tangible fixed assets are shown at the acquisition cost, net of the respective amortisation and accumulated impairment losses.

The historic cost includes all expenses attributable directly to the acquisition of goods.

Costs with loans incurred and with loans obtained for the construction of fixed tangible assets are recognized as part of the construction cost of the asset.

Subsequent costs are added to the amounts for which the good is recorded or recognised as separate assets, as appropriate, only when it is probable that the company will obtain the underlying economic benefits and the cost may be reliably measured. Other expenses on repairs and maintenance are recognised as an expense in the period in which they are incurred.

Depreciation of assets is calculated by the equal annual amounts method in order to allocate its cost at its residual value, according to its estimated lifetime, as follows:

Buildings and other constructions	10-35 years (*)
Equipment:	10 years
Tools and utensils:	4 years
Vehicles:	5 years
Office equipment:	10 years
Other tangible assets:	5 years

(*) Buildings and other constructions owned by the Group have an estimated life cycle of up to 50 years.

The amounts which assets may be depreciated, their lifetime and the depreciation method are reviewed and adjusted if necessary on the consolidated statement of financial position date.

If the accounted amount is higher than the asset's recoverable amount, it is immediately readjusted to the estimated recoverable amount (Note 2.8).

Gains and losses consequent to a reduction or sale are determined by the difference between receipts from the sale and the asset's accounted value, and are recognised as other operating income or other operating costs in the profit and loss account. When revaluated goods are sold, the amount included in other reserves is transferred to retained profit.

2.7 INTANGIBLE ASSETS

a) Goodwill

Goodwill represents the acquisition cost exceeding the fair value of the subsidiary's/associated/jointly controlled company's assets and liabilities identifiable on the acquisition date. Goodwill resulting from the acquisition of subsidiaries is included in intangible assets. Goodwill is subject to annual impairment tests and is shown at cost, minus accumulated impairment losses. Impairment losses are not reverted. Gains or losses from the sale of an entity include the value of the goodwill in reference to the said entity.

Goodwill is allocated to the units that generate the cash flows for performing impairment tests.

b) Industrial property

b.1) Concessions and exploitation rights

Concessions and exploitation rights are presented at the historic cost. Concessions and exploitation rights have a finite lifetime associated to the contractual periods and are presented at cost minus accumulated amortisation.

b.2) Software

The cost of acquiring software licences is capitalised and includes all costs incurred for acquiring and installing the software available for utilisation. These costs are amortised during the estimated lifetime (not exceeding 5 years).

Software development or maintenance costs are recognised as expenses when incurred. Costs associated directly with creating identifiable and unique software controlled by the Group and that will probably generate future economic benefits greater than the costs, for more than one year, are recognised as intangible assets. Direct costs include personnel costs for developing software and the share in relevant general expenses.

Software development costs recognised as assets are amortised during the software's estimated lifetime (not exceeding 5 years).

b.3) Brands

The brands acquired in business combinations are reflected at fair value at the date of the concentration (Eat Out group). Brands life cycle was determined considering the benchmark of the sector for brands of this dimension, which in general point to a life cycle of 20 years.

c) Other intangible Assets

Research and development

Research expenses are recognised as costs when incurred. Costs incurred on development projects (for designing and testing new products or for product improvements) are recognised as intangible assets when it is likely that the project will be successful, in terms of its commercial and technological feasibility and when the costs may be reliably measured. Other development expenses are recognised as expenses when incurred. Developments costs previously recognised as expenses are not recognised as an asset in subsequent periods. Development costs with a finite lifetime that have been capitalised are amortised from the time the product begins commercial production according to the equal annual amounts method during the period of its expected benefit, which cannot exceed five years.

2.8 IMPAIRMENT TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

Intangible assets with a specific lifetime are not subject to amortisation and are, instead, subject to annual impairment tests. Assets subject to amortisation are revaluated to determine any impairment whenever there are events or alterations in the circumstances causing their accounting value not to be recoverable. An impairment loss is recognised in the consolidated statement of comprehensive income by the amount by which the recoverable amount exceeds the accounted amount. The recoverable amount is the highest amount between an asset's fair value minus the costs necessary for its sale and its utilisation value. To perform impairment tests, assets are grouped at the lowest level at which it may be able to separately identify cash flows (units generating cash flows).

A cash-generating unit (CGU) is the smallest group of assets which includes the asset and that generates cash flows from continued use and which is generally independent from the cash input from other assets or asset groups. In the case of tangible fixed assets, each shop was identified as a cash-generating unit. Impairment tests are carried out for restaurants that, having at least 2 years of activity, present operating results less amortization, depreciation and impairment losses on tangible fixed assets, intangible assets and goodwill.

Consolidation differences are distributed among the group's cash-flow generating units (CGUs), identified according to the country of operation and the business segment.

The recoverable value of a CGU is determined based on calculating the utilisation value. Those calculations apply cash flow forecasts based on financial budgets approved by the managers and cover a 5-year period.

The Board of Directors determines the budgeted gross margin based on past performance and on its market growth expectations. The average weighted growth rate used is consistent with provisions included in the sector's reports. The discount rates used after taxes and reflect specific risks related with the assets from a CGU.

2.9 FINANCIAL ASSETS

2.9.1 Classification

IFRS 9 introduced a financial asset classification model based on the business model used in its management and on the characteristics of the contractual cash flows, replacing the previously existing requirements that determined the classification in the categories of financial assets of IAS 39 After January 1, 2018, the Group classifies its other financial assets at the time of initial recognition in accordance with the requirements introduced by IFRS 9 in the following asset categories.

a) Assets measured at amortized cost
A financial asset is measured at amortized cost if the objective inherent to the business model is achieved by collecting the respective contractual cash flows and if the underlying contractual cash flows represent only the payment of principal and interest. Assets classified in this category are initially recognized at fair value and subsequently measured at amortized cost.

Loans and accounts receivable from customers are generally held for the purpose of collecting contractual cash flows and it is expected that the underlying contractual cash flows represent only the payment of principal and interest and therefore comply with the requirements for measurement at amortized cost provided for in IFRS 9.

b) Assets measured at fair value through other comprehensive income
A financial asset is measured at fair value through other comprehensive income if the objective inherent to the business model used is achieved either by collecting contractual cash flows or by selling financial assets and (if the underlying contractual cash flows represent The assets classified in this category are initially and subsequently measured at their fair value, and the changes in their accounting value are recorded against other comprehensive income, except for the recognition of impairment losses, interest and when the financial asset is derecognized, the gain or loss accumulated in other comprehensive income is reclassified to the income statement.

c) Assets measured at fair value through profit or loss
Financial assets that do not meet the requirements for classification in the situations referred to above are classified and measured at fair value through profit or loss, residual category under IFRS 9.

2.9.2 Recognition and derecognition

Acquisitions and disposals of financial assets are recognized on the date of their negotiation, that is, on the date on which the Group undertakes to acquire or dispose of these financial assets.

Financial assets are derecognised when the Group's contractual rights to the receipt of its future cash flows expire when the Group has substantially transferred all the risks and rewards associated with its detention or when it retains, but not substantially, part of the risks and benefits associated with their detention, the Group has transferred control over the assets.

2.9.3 Impairment

Until 31 December 2017, the Group carried out an assessment of the existence of objective evidence of impairment, as set forth in IAS 39, including any impairment resulting from an adverse impact on the estimated future cash flows of the financial asset or group of financial assets and where it can be measured reliably.

After January 1, 2018, IFRS 9 establishes a new impairment model based on "expected losses", which replaces the previous model based on "losses incurred" in IAS 39. In this sense, the Group recognizes impairment losses before there is objective evidence of loss of value arising from a past event. This model is the basis for the recognition of impairment losses on financial instruments whose measurement is measured at amortized cost or at fair value through other comprehensive income.

The impairment model depends on the occurrence or not of a significant increase in credit risk since the initial recognition. If the credit risk of a financial instrument has not increased significantly since its initial recognition, the Group recognizes an accumulated impairment equal to the expectation of loss estimated to occur within the next 12 months. If credit risk has increased significantly, the Group recognizes an accumulated impairment equal to the expectation of loss that is estimated to occur until the respective maturity of the asset.

Regardless of the above, a significant increase in credit risk is assumed if there is objective evidence that a financial asset is impaired, including observable data that draw the attention of the asset holder to the following loss events, among others: significant financial difficulty the issuer or the debtor; restructure of an amount owed to the Group in terms it would not otherwise consider; a breach of contract, such as irrecoverability or delay in payments of interest or capital; or it becomes probable that the debtor will go into bankruptcy or other financial reorganization.

Once the event of loss under IFRS 9 ("objective proof of impairment", in accordance with IAS 39 terminology) has been verified, the accumulated impairment is directly attributed to the instrument in question, and its accounting treatment, based on this similar to that provided for in IAS 39, including the treatment of their interest. The book value of the asset is reduced and the amount of losses recognized in the income statement. If, in a subsequent period, the impairment amount decreases, the amount of impairment losses previously recognized is also reversed in the income statement if the impairment loss is objectively related to the event occurring after the initial recognition.

a) Accounts receivable from customers

The Group applies the simplified method and records expected loss to maturity for all its accounts receivable, including those that include a significant financial component. Estimated expected losses were calculated based on the experience of actual losses over a period that, by business or type of customer, were considered statistically significant and representative of the specific characteristics of the underlying credit risk.

b) Other amounts receivable and financial assets

For assets receivable valued at amortized cost and at fair value through other comprehensive income, the Group prepares its analyzes based on the general model. In preparing this valuation, the Group makes estimates based on the risk of default and loss rates, which require judgment. The inputs used to assess the risk of losses on these financial assets include:

- credit ratings (to the extent available) obtained through information provided by rating agencies such as Standard and Poor's and Moody's;
- significant changes in expected performance and debtor behavior; and
- data extracted from the market, in particular on probabilities of non-compliance.

2.10 INVENTORIES

Inventories are presented at the lowest value between their cost and the net realisation value. The cost is calculated using the weighted mean cost.

Personal alimentation costs are reflected in personnel expenses, against stocks inventory.

The net realisation value corresponds to the estimated sale price during normal business operations, minus variable sale costs.

2.11 ACCOUNTS RECEIVABLE FROM CLIENTS AND OTHER DEBTORS AND ACCOUNTS PAYABLE TO SUPPLIERS AND OTHER CREDITORS

Accounts receivable from clients and other debtors are initially recognised at the fair value. Medium and long term debts are subsequently measured at the amortised cost, using the effective rate method minus the impairment adjustment.

Debts to suppliers and non-interest bearing third parties are measured at amortized cost so that they reflect their net present value. However, these amounts are not discounted because the effect of their financial update is considerer immaterial.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits and other investments up to 3 months that can be mobilized immediately, with a low risk of change in value. Bank overdrafts are presented in the Statement of Cash Flows as Cash and Cash Equivalents and in the Consolidated Statement of Financial Position in current liabilities under the Obtained Loans item.

2.13 SHARE CAPITAL

Ordinary shares are classified in equity.

Incremental costs directly attributable to the emission of new shares or options are presented in equity as a deduction, net of taxes, of entries.

When any group company acquires shares in the parent company (own shares), the amount paid, including costs directly attributable (net of taxes), is deducted from the equity attributable to the shareholders of the parent company until the shares are cancelled, re-issued or sold. When those shares are subsequently sold or re-issued and after deducting directly imputable transaction costs and taxes, any receipt is included in the equity of the company's shareholders.

2.14 LOANS OBTAINED

Loans obtained are initially recognised at the fair value, including incurred transaction costs. Medium and long term loans are subsequently presented at cost minus any amortisation; any difference between receipts (net of transaction costs) and the amortised value is recognised in the consolidated statement of comprehensive income during the loan period, using the effective rate method.

Loans obtained are classified in current liabilities, except when the group is entitled to an unconditional right to defer the liquidation of the liability for at least 12 months after the consolidated statement of financial position date.

2.15 INCOME TAX AND DEFERRED TAXES

Income tax is calculated under the Special Regime of Taxation of Groups of Companies (RETGS), in the segment of Portugal, and the Group decided that the expense / income concerning subsidiaries established in Portugal (except for Restmon and Iberusa ACE) will be reflected in other current liabilities / assets with the parent company, and tax savings being reflected in the accounts of the parent company. In the Spanish segment, the current tax of the subsidiaries based in Vigo, Madrid and Barcelona – Spain (except Cortsfood and Dehesa) was calculated under the special tax regime for economic groups. The remaining subsidiaries, based in Luanda - Angola, calculate their current tax individually, in the light of the regulations in force in the country of their registered office (Note 5).

Deferred taxes are recognised overall, using the liability method and calculated based on the temporary differences arising from the difference between the taxable base of assets and liabilities and their values in the consolidated financial statements. However, if the deferred cost arises from the initial recognition of an asset or liability in a transaction that is not a corporate concentration or that, on the transaction date, does not affect the accounting result or the tax result, this amount is not accounted. Deferred taxes are determined by the tax (and legal) rates decreed or substantially decreed on the date of the consolidated statement of financial position and that can be expected to be applicable in the period of the deferred tax asset or in the liquidation of the deferred tax liability.

Deferred tax assets are recognised insofar as it will be probable that future taxable income will be available for using the respective temporary difference.

2.16 PROVISIONS

Contingent liabilities are defined by the Company as (i) possible obligations arising from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not wholly under the control of the Company or (ii) present obligations Which arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits is required to settle the obligation or the amount of the obligation can not be measured reliably.

Contingent liabilities are not recognized in the Company's financial statements and are disclosed in these Notes to the Financial Statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in case they are not even disclosed.

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not wholly under the control of the Company.

Contingent assets are not recognized in the Company's financial statements but are disclosed in these Notes to the Financial Statements when it is probable that there will be a future economic benefit.

2.17 RECOGNISING REVENUE

Revenue comprises the fair value of the sale of goods and rendering of services, net of taxes and discounts and after eliminating internal sales. Revenue is recognised as follows:

a) Sale of goods - retail
The sale of goods is recognised when the product is sold to the customer. Retail sales are normally made in cash or through debit/credit cards. Sales of goods to customers, associated to events or congresses, are recognised when they occur.

b) Rendering of services
Rendering of services is recognised in the accounting period in which the services are rendered, in reference to the transaction end date on the consolidated statement of financial position date.

c) Royalties
Royalties are recognised according to the accrual policy, according to the content of the relevant agreements.

2.18 LEASES

Leases are classified as an operating lease if a significant part of the risks and benefits inherent to the possession remain the lessor's responsibility. Payments in operating leases (minus any incentives received from the lessor) are included in the consolidated statement of comprehensive income by the equal annual amounts method during the leasing period.

Leases of tangible assets where the group is substantially responsible for all the property's risks and benefits are classified as a financial lease. Financial leasing is capitalised at the start of the lease by the lowest amount between the fair value of the leased asset and the current value of the minimum leasing values. Lease obligations, net of financial charges, are included in other non-current liabilities, except for the respective short-term component. The interest parcel goes to financial expenses during the lease period, thereby producing a constant periodic interest rate on the remaining debt in each period. Tangible assets acquired through financial leasing are depreciated by the lowest amount between the asset's lifetime and the lease period.

2.19 DIVIDEND PAYMENT

Payment of dividends to shareholders is recognised as a liability in the group's financial statements when the dividends are approved by the shareholders.

2.20 PROFIT PER SHARE

Basic

The basic profit per share is calculated by dividing the profit payable to shareholders by the weighted mean number of ordinary shares issued during the period, excluding ordinary shares acquired by the company and held as own shares (Note 16).

Diluted

The profit diluted per share is calculated by dividing the profit payable to shareholders – adjusted by the dividends of convertible preference shares, convertible debt interest and gains and expenses resulting from the conversion – by the average number of ordinary shares issued during the period plus the average number of ordinary shares that may be issued in the conversion of ordinary shares that may be potentially used in the dilution.

2.21 DERIVATIVES FINANCIAL INSTRUMENTS

The Group uses derivatives financial instruments, such as exchange forwards and interest rate swaps, only to cover the financial risk witch the Group is exposed to. The Group doesn't use derivatives financial instruments for speculation. Derivatives financial instruments negotiation is carried out by the Group, on behalf of their subsidiaries, by the financial department under the policies approved by the Board of directors. Derivative financial instruments are initially measured at the transaction date fair value, being subsequently measured at each reporting date fair value. Gains or losses of fair value changes are recognised as follows:

Fair value hedge

In an operation to hedge the exposure to fair value of an asset or liability ("fair value hedge") determined as effective hedges, the fair value changes are recognised in the income statement jointly with the fair value changes of the risk component of the hedged item.

Cash flow hedge

In an operation to hedge the exposure to future cash-flows of an asset or liability ("cash-flow hedge"), the effective part of the fair value changes in the hedging derivative are recognizes in equity; the ineffective part of the hedging is recognized in the income statement when it occurs.

Net investment hedge

Currently there are no foreign operational units (subsidiaries) in currencies other than the euro, therefore the Group is not exposed to foreign currency exchange-rate risks.

The Group has well identified the nature of the involved risks, guarantees through its software that each hedge instrument is followed under the Group's risk policy, recording thorough and formally the hedges relationships; the hedges goal and strategy; classification of the hedges relationship; description of the nature of the risk that's being cover; identification of the hedge instrument and covered item; description of initial measure and future effectiveness of the hedge; identification of the excluded, if any, part of the hedge instrument.

The Group will consider discontinued an hedge instrument when it is sold, expires or is realised; the hedge ceases to fulfil the hedge accounting criteria; for the cash flow hedge the expected transaction in unlikely or unexpected; the Group cancels the hedge instruments for managing reasons.

2.22 SUBSIDIARIES WHERE THE FUNCTIONAL CURRENCY IS A CURRENCY OF A HYPERINFLATIONARY ECONOMY

As a result of the high levels of inflation in the last three years approaching 100% cumulative terms and analyzing some qualitative aspects of the Angolan economy (the use of the USD as the reference currency), it is concluded that Angola qualifies as a hyperinflationary economy. Accordingly, IAS 29 was applied according to which the financial statements of a subsidiary reporting in the currency of a hyperinflationary economy need to be restated by applying a general price index of the country in whose currency it reports before being included in the consolidated financial statements. The restated financial statements are then translated into the closing exchange rates.

However, in accordance with IAS 21, the results and financial position of an entity whose functional currency is a currency of a hyperinflationary economy must be translated into the group's presentation currency without restatement of comparatives. Thus, the beginning of the first period of application of IAS 29 is January 1, 2017, and adjustments to this date are recorded as a contra entry to Retained Earnings.

The restatement of the financial statements of subsidiaries whose functional currency is a currency of a hyperinflationary economy requires the application of certain procedures, such as:

a) Selection of the general index of prices to use

b) Statement of financial position:

- i) Segregation of monetary and non-monetary items
  - Monetary items do not have to be restated
  - non-monetary items have to be restated, except for those that are measured at net realizable value or fair value at the reporting date.
- ii) Restatement of non-monetary items: use of the accumulated inflation increase from the initial registration date to the reporting date.

iii) Restatement of equity items: At the beginning of the first period of application of IAS 29, equity items, except retained earnings and any revaluation surplus, are restated by the application of a general index since the dates on which the components were constituted or arose. Any revaluation surplus arising from prior periods is eliminated. Retained retained earnings are determined from all other amounts in the restated statement of financial position. At the end of the first period and in subsequent periods, all components of equity are restated by the application of a general price index from the beginning of the period or the date of its establishment if later.

c) Statement of income and other comprehensive income

i) Statement of other comprehensive income: restatement of Other comprehensive income items by applying the change in the general price index from the dates on which the items of income and expenses were initially recorded in the financial statements.

ii) Income statement: restatement of the items of income for the year, by applying the change in the general price index from the dates on which the items of income and expenses were initially recorded in the financial statements.

(iii) Other items of income or expenditure, such as income and interest expense and exchange rate differences relating to funds invested or borrowed, are also restated, although they partially "offset" the effect of inflation.

iv) The determination of the inflation index to be applied taking into account the registration date of each transaction may require a very significant level of information disaggregation, allowing the use of monthly averages as an approximation of the inflation rate to be applied for each transaction.

d) Reconciliation of gains / losses on restatement by hyperinflation

Deferred taxes are recognized on the adjustments resulting from the restatement of non-monetary items.

2.23 IFRS STANDARDS ALREADY ISSUED OR REVISED AND FOR FUTURE APPLICATION

1. The Group decided not to apply the following standards and / or interpretations adopted by the European Union in advance:

a) IFRS 16 - Leases

The IASB issued, on January 13, 2016, IFRS 16 - leases, which are mandatory for periods beginning on or after 1 January 2019. The standard has been endorsed in the European Union by Regulation of the European Commission no. 1986/2017, of 31 October. Its early adoption is permitted provided that it also adopts IFRS 15. This standard repeals IAS 17 - Leases.

IFRS 16 removes the classification of leases as operational or financial (for the lessor - the leasing customer), treating all leases as financial leases.

Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from application of the requirements of the standard.

IFRS 16 defines the principles for the recognition, measurement and presentation of leases, replacing IAS 17 - Locations and their interpretive guidelines.

IFRS 16 distinguishes leases and service contracts taking into account whether an asset is identified that is controlled. Distinctions of operating leases (off-balance sheet) and finance leases (included in the balance sheet) are eliminated at the level of the lessee and are replaced by a model in which an asset identified with a right of use and a corresponding liability for all leases, except for short-term contracts (up to 12 months).

The "right of use" is initially measured at cost and subsequently at the net cost of depreciation and impairment, adjusted by the remeasurement of the lease liability. The lease liability is initially measured based on the present value of the lease liabilities to date. Subsequently, the lease liability is adjusted by the financial update of said amount, as well as the possible modifications of the lease contracts.

As of December 31, 2018, the Group had liabilities related to operating leases in the amount of Euro 357 Million (Note 33), which is not discounted for the present moment. IAS 17 does not require recognition of the right to use as an asset or future payments as liabilities.

The Group will adopt this standard as of January 1, 2019 and has decided to apply the modified retrospective method to the consolidated accounts and will not restate the comparative accounts in the first year of adoption. In the transition, the right of use will be measured by the same amount of liabilities with leases.

At the date of publication of these consolidated financial statements, the Group has already performed an exhaustive analysis of all existing leases and their technical framework, taking into account the provisions of IFRS 16. Thus, it is possible to estimate the magnitude of the impacts inherent to its adoption in Assets and Liabilities, which should be between 260 and 290 million euros. This interval results from the sensitivity analyzes carried out at the level of the incremental financing rates that should be considered in the scope of updating the present value of the lease payments amount, as of January 1, 2019.

Compared to the same items in the Consolidated Income Statement, if this standard were not adopted, it is estimated that EBITDA (earnings before interest, taxes, depreciation and amortization) is higher, since leases operating costs are not recognized. In turn, the net results should have a lower value, as it incorporates the amortizations of rights of use and interest on the total liabilities cleared on January 1, 2019.

b) IIFRIC 23 - Uncertainty about tax treatment of income taxes

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

The interpretation has determined that the payment can be considered as a tax asset, if it is related to income taxes, in accordance with IAS 12 applying the criterion of probability defined by the norm as to the favorable outcome in favor of the entity on the matter concerned.

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

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

The Group did not identify any significant changes resulting from the adoption of this interpretation.

c) Prepayment characteristics with negative compensation (amendment to IFRS 9)

Financial assets that have negative prepayment characteristics can now be measured at amortized cost or at fair value through comprehensive income (OIC) if they meet the relevant criteria of IFRS 9. The IASB also clarified that IFRS 9 requires preparers the recalculation of the amortized cost of the modification of financial liabilities by discounting the contractual cash flows using the original effective interest rate (EIR), and any allowance for the period is recognized (in line with the procedure already required for financial assets). This amendment was adopted by Commission Regulation 2018/498 and is mandatory for annual periods beginning on or after 1 January 2019, with early adoption allowed.

The Group did not identify any significant changes resulting from the adoption of this interpretation.

2. Norms, amendments and interpretations issued (but not yet effective for the Group), for which no significant impacts are estimated:

The improvements in the 2015-2017 cycle issued by the IASB on 12 December 2017 introduce changes, effective for periods beginning on or after 1 January 2019, to IFRS 3 (remeasurement of the holding previously held as joint venture when it obtains control over the business), IFRS 11 (not remeasuring the holding previously held in the joint venture when it obtains joint control over the business), IAS 12 (accounting for all tax consequences of dividend payments consistently), IAS 23 (treatment as general loans any loan originally made to develop an asset when it becomes fit for use or sale);

Other changes made by the IASB expected to come into effect on or after 1 January 2019:

- Long-term interests in Joint Ventures and Joint Ventures (Amendment to IAS 28 issued on October 12, 2017) clarifying the interaction with the application of the impairment model under IFRS 9;
- Amendments, cuts or settlements of the Plan (amendments to IAS 19, issued on February 7, 2018) where it is clarified that in accounting for changes, cuts or settlements of a defined benefit plan the company shall use updated actuarial assumptions to determine the past service costs and the net interest rate for the period. The effect of the asset ceiling is not taken into account for the calculation of the gain and loss on the settlement of the plan and is dealt with separately in the other comprehensive income (OCI);
- Changes to the definition of Business (amendment to IFRS 3, issued on October 22, 2018);
- Changes to the definition of Materiality (Amendments to IAS 1 and IAS 8, issued on October 31, 2018).

3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

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

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

a) Market risk

i) Currency exchange risk

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

The main source of the Group's exposure arises from the investment outside the euro area of operation that develops in Angola, although it is still small is growing and consequently to gain weight in the group activity. The reduction of oil prices is to lead to a shortage of foreign currency in Angola by the devaluation of the kwanza is a risk to consider. The financing of the Angolan subsidiary in foreign currency in the amount of $ 500.000, does not have large exposure due to the reduced amount. The remaining financing concerning Angolan subsidiaries are denominated in the local currency, the same in which the income is generated.

In 31 December, 2018 and 2017 currency exchange risk was as follows:

Year 2018

	Kwanzas	Equivalent EUR	USD	Equivalent EUR
Financial Assets				
Cash and Bank deposits	944.565.782	2.675.955	449.172	402.571
Treasury bonds	7.253.661.152	20.549.622	-	-
Others	27.412.587	77.660	5.455	4.889
	8.225.639.520	**23.303.237**	**454.628**	**407.460**
Financial Liabilites				
Loans	2.565.000.000	7.266.645	500.000	448.125
Suppliers	170.684.625	483.550	2.947.444	2.641.647
Others	3.610.430	10.228	-	-
	2.739.295.055	**7.760.423**	**3.447.444**	**3.089.772**

Year 2017

	Kwanzas	Equivalent EUR	USD	Equivalent EUR
Financial Assets				
Cash and Bank deposits	651.974.031	3.516.748	5.523	5.116
Treasury bonds	4.261.524.035	22.986.661	-	-
Others	24.846.403	134.021	1.938	1.795
	4.938.344.469	**26.637.430**	**7.461**	**6.912**
Financial Liabilites				
Loans	1.981.500.000	10.688.211	1.000.000	926.426
Suppliers	436.005.642	2.351.814	1.764.665	1.634.831
Others	2.798.103	15.093	312.199	289.229
	2.420.303.745	**13.055.118**	**3.076.863**	**2.850.486**

Additionally, in Angolan subsidiaries, there are debts to suppliers - mainly group companies - denominated in EUR, which, after conversion, generate exchange differences in the consolidated financial statements (other operating costs). On the other hand, the same subsidiaries hold financial assets indexed to the USD in an amount necessary to fully cover foreign currency liabilities.

Due to this full coverage and based on the figures for 31 December 2018, any simulation of a depreciation of the AKZ against the USD and EUR, keeping everything else constant, would not have a negative impact on Ibersol's Net Profit.

Based on simulations performed on December 31, 2018, a decrease from 10% to 15% in AOA, concerning EUR and USD currency, keeping everything else constant, would have an impact of 1.471 thousand and 2.065 thousand euros (396 thousand euros and 590 thousand euros in 2017), respectively, on equity of the group.

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

iii) Interest rate risk (cash flow and fair value)
With the exception of the Angola Treasury Bonds, the group has no significant interest bearing assets. Therefore, profit and cash flows from investment activities are substantially independent of changes in market interest rate. Regarding the Angolan State treasury bonds, interest is fixed, so there is also no risk.

The group's interest rate risk follows its liabilities, in particular long-term loans. Loans issued with variable rates expose the group to the cash flow risk associated to interest rates. Loans with fixed rates expose the group to the risk of the fair value associated to interest rates. At the current interest rates, in financing of longer maturity periods the group has a policy of fixing interest rates of at least 50% of the outstanding amount.

The unpaid debt bears variable interest rate, part of which has been the object of an interest rate swap. Interest rate swap contracts to hedge the interest rate risk of part of the loans (commercial paper) of EUR 28 million are subject to interest maturities and repayment plans identical to the terms of the loans.

Based on simulations performed on 31 December 2018, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 730.000 euros (949.000 euros in 2017).

b) Credit risk

The main activity of the Group is carried out with sales paid in cash, or debit or credit card, so the Group has no significant credit risk concentrations. Regarding the customers, the risk is limited to the Catering business and sales of merchandise to franchisees representing less than 5% of the consolidated turnover. The Group has policies to ensure that credit sales are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit that customers have access to.

The Group's cash and cash equivalents include mainly deposits resulting from cash provided by sales and its deposits in current accounts. These amounts excluded, the value of financial investments at December 31, 2018, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 20,5 million euro, subject to country risk.

Deposits and other financial investments are spread over several credit institutions; therefore there is not a concentration of these financial assets.

The ratings of the major credit institutions where Ibersol group has its deposits on December 31, 2018 and 2017 are presented as follows:

	Year 2018		**Year 2017**	
Agency	**Deposits**	**Rating**	**Deposits**	**Rating**
Standard & Poor´s	1.155.092	A	-	A
Standard & Poor´s	5.114.585	A-	1.232.955	A-
Standard & Poor´s	2.799.113	BBB-	1.680.986	BBB+
Standard & Poor´s	16.836.985	BBB	-	BBB
Standard & Poor´s	4.060.127	BBB-	7.031.172	BBB-
Standard & Poor´s	-	BB-	5.302.808	BB-
Standard & Poor´s	-	Baa2	4.484.806	Baa2
Moody's	-	Baa3	5.342.953	Baa3
Moody's	802.668	Ba1	-	Ba1
Moody's	-	Ba3	1.117.848	Ba3
Moody's	-	B2	202.286	B2
Moody's	236.117	B3	-	B3
Moody's	2.196.864	Caa2	1.444.112	Caa2
Não disponível (Angola)	3.545.545	n/a	4.041.568	n/a

Deposits in Angola are distributed by three of the largest commercial banks in Angola - BFA, BCGA, ATL and BAI - but which do not have a rating.

The quality of financial assets not due or impaired is detailed in Note 15.

c) Liquidity risk

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

The Group considers that the short-term bank loans are due on the renewal date and that the commercial paper programmes matured on the dates of denunciation.

At the end of the year, current liabilities reached 148 million euros, compared with 85 million euros in current assets. This disequilibrium is, on one hand, a financial characteristic of this business and, on the other hand, due to the use of commercial paper programmes in witch the Group considers the maturity date as the renewal date, regardless of its initial stated periods. In order to ensure liquidity of the short term debt it is expected in the year 2019 the renewal of the commercial paper programmes (17.500.000 euros). However, the expected operating cash flows and, if necessary, contracted credit lines, on the amounts of which have not yet been used, are sufficient to settle current liabilities.

Even with reduced use of the group has contracted a significant amount of short-term lines. On December 31, 2018, the use of short term liquidity cash flow support was about 28%. Investments in term deposits and other application of 35 million euros, match 26% of liabilities paid.

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

	to December 2019	from December 2019 to 2028
Bank loans and overdrafts	52.961.448	79.182.324
Other non-current liabilities	-	150.344
Accounts payable to suppliers and accrued costs	71.264.274	-
Other current liabilities	4.696.932	-
Interest	2.901.560	3.308.462
Total	**131.824.214**	**82.641.130**

3.2 CAPITAL RISK

a) Gearing ratio

The company aims to maintain an equity level suitable to the characteristics of its main business (cash sales and credit from suppliers) and to ensure continuity and expansion. The capital structure balance is monitored based on the gearing ratio (defined as: net remunerated debt / net remunerated debt + equity) in order to place the ratio within a 35%-70% interval.

On 31st December 2018 and 2017 the gearing ratio was of 27% and 31%, respectively, as follows:

	dec. 2018	dec. 2017
Bank loans	132.143.772	141.014.741
Other financial assets	-19.608.860	-22.986.661
Cash and bank deposits	-37.931.124	-34.902.883
Net indebtedness	**74.603.788**	**83.125.197**
Equity	203.170.093	188.620.193
Total capital	**277.773.881**	**271.745.390**
Gearing ratio	**27%**	**31%**

b) Risk of franchise agreements

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

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

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

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

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

3.3 ESTIMATED FAIR VALUE

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

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

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

The group makes estimates and outlines premises about the future. Generally, accounting based on estimates rarely corresponds to the real reported results. Estimates and premises that present a significant risk of leading to a material adjustment in the accounting value of the assets and liabilities in the following year are described below:

a) Estimated impairment of goodwill

The group performs annual tests to determine whether the goodwill is subject to impairment, according to the accounting policy indicated in Note 2.7. Recoverable amounts from the units generating cash flows are determined based on the calculation of utilisation values. Those calculations require the use of estimates (Note 9).

If the real gross margin is less, or the discount rate - after taxes - is greater than the estimates by the managers, the impairment losses of the goodwill may be greater than those recorded.

b) Income Tax

The group is subject to Income Tax in Portugal, Spain and Angola. A significant judgement must be made to determine the estimated income tax. The large number of transactions and calculations make it difficult to determine the income tax during normal business procedures. The group recognises liabilities for additional payment of taxes that may originate from reviews by the tax authorities. When tax audits indicate a final result different from the initially recorded amounts, the differences will have an impact on the income tax and on deferred taxes in the period in which those differences are identified.

c) Provisions

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

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

d) Fixed tangible and intangible assets
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.

Regarding the determination of the recoverable value of tangible fixed assets and intangible assets, the Group follows the accounting policy presented in Note 2.8, which requires that relevant judgments and estimates be made.

e) Impairment losses foreseen
In applying the expected impairment loss models, the Group assesses the probability of default and estimated losses in the event of default, as disclosed in note 2.9.3. This evaluation involves relevant estimates by the Group.

f) Incremental financing rates
To calculate the estimated impacts of adopting IFRS 16, the Group makes estimates on its incremental financing rates, which incorporate specific market and entity risks that require the Group to make relevant judgments and estimates.

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

5.1. THE FOLLOWING GROUP COMPANIES WERE INCLUDED IN THE CONSOLIDATION ON 31ST DECEMBER 2018 AND 2017:

	Company	Head Office	% Shareholding dec/18	dec/17
Parent Company				
	Ibersol SGPS, S.A.	Porto	parent	mãe
Subsidiary Companies				
	Iberusa Hotelaria e Restauração, S.A.	Porto	100%	100%
	Ibersol Restauração, S.A.	Porto	100%	100%
	Ibersande Restauração, S.A.	Porto	100%	100%
	Ibersol Madeira e Açores Restauração, S.A.	Funchal	100%	100%
	Ibersol - Hotelaria e Turismo, S.A.	Porto	100%	100%
	Iberking Restauração, S.A.	Porto	100%	100%
	Iberaki Restauração, S.A.	Porto	100%	100%
	Restmon Portugal, Lda	Porto	61%	61%
	Vidisco, S.L.	Vigo - Spain	100%	100%
	Inverpeninsular, S.L.	Vigo - Spain	100%	100%
(d)	Ferro & Ferro, Lda.	Porto	-	100%
	Asurebi SGPS, S.A.	Porto	100%	100%
	Charlotte Develops, SL	Vigo - Spain	100%	100%
	Firmoven Restauração, S.A.	Porto	100%	100%
	IBR - Sociedade Imobiliária, S.A.	Porto	100%	100%
	Eggon SGPS, S.A.	Porto	100%	100%
	Anatir SGPS, S.A.	Porto	100%	100%
	Lurca, SA	Madrid-Spain	100%	100%
	Sugestões e Opções-Actividades Turísticas, S.A	Porto	100%	100%
(f)	Resboavista- Restauração Internacional, Lda	Porto	-	100%
	José Silva Carvalho Catering, S.A	Porto	100%	100%
(a)	Iberusa Central de Compras para Restauração ACE	Porto	100%	100%
(b)	Vidisco, Pasta Café Union Temporal de Empresas	Vigo - Spain	100%	100%
	Maestro - Serviços de Gestão Hoteleira, S.A.	Porto	100%	100%
	SEC - Eventos e Catering, S.A.	Porto	100%	100%
	IBERSOL - Angola, S.A.	Luanda - Angola	100%	100%
	HCI - Imobiliária, S.A.	Luanda - Angola	100%	100%
	Ibergourmet Produtos Alimentares (ex-Gravos 2012, S.A.)	Porto	100%	100%
	Lusinver Restauracion, S.A.	Vigo - Spain	100%	100%
	The Eat Out Group S.L.U.	Barcelona - Spain	100%	100%
	Pansfood, S.A.U.	Barcelona - Spain	100%	100%
	Foodstation, S.L.U	Barcelona - Spain	100%	100%
(c)	Dehesa de Santa Maria Franquicias, S.L.	Barcelona - Spain	100%	50%
(c)	Cortsfood, S.L.	Barcelona - Spain	50%	-
(e)	Pansfood Italia, S.R.L.	Barcelona - Spain	-	100%
Companies controlled jointly				
	UQ Consult - Serviços de Apoio à Gestão, S.A.	Porto	50%	50%

(a) Company consortium agreement that acts as the Purchasing and Logistics Centre and provides the respective restaurants with raw materials and maintenance services.
(b) Union Temporal de Empresas which was founded in 2005 and that during the year functioned as the Purchasing Centre in Spain by providing raw materials to the respective restaurants.
(c) Participation acquired to interests that do not control (50%), with constitution by splitt of the subsidiary Cortsfood. Although the parent company holds 50% of the voting rights, there is control of the subsidiary Cortsfood (note 16).
(d) merge of the subsidiary Ferro & Ferrro into Iberusa Hotelaria e Restauração, S.A..
(e) Subsidiary settled in 2018.
(f) merge of the subsidiary Resboavista into José Silva Carvalho Catering, S.A..

Head office is the business development location of each listed entity.

The subsidiary companies were included in the consolidation by the full consolidation method. UQ Consult, the Jointly controlled entity, was subject to the equity method according to the group's shareholding in this company, as indicated in Note 2.3.

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

5.2. ALTERATIONS TO THE CONSOLIDATION PERIMETER

5.2.1. Acquisition of new companies

In the years ended December 31, 2018 and 2017 there were no acquisition of subsidiaries.

5.2.2. Disposals

In the years ended December 31, 2018 and 2017 there were no disposals of subsidiaries.

6. INFORMATION PER SEGMENT

Ibersol Administration monitors the business based on the following segmentation:

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

The results per segment for the year ended December 31, 2018 and 2017 were as follows:

31 december 2018	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Total Group
Inter-segment Client	-	-	-	-	-
External Client	111.368.519	210.708.864	127.631.661	401.798	450.110.842
Turnover	**111.368.519**	**210.708.864**	**127.631.661**	**401.798**	**450.110.842**
Royalties	4.176.382	7.892.814	1.026.344	-	13.095.540
Rents and Condominium	11.231.570	20.281.399	39.632.038	-	71.145.008
Coste of sales	25.863.569	59.151.425	23.784.405	-	108.799.400
Operating income net of Amortization, deprec. and impairment losses	**15.694.335**	**30.364.593**	**14.990.336**	**-**	**61.049.264**
Amortization, depreciation and impairment losses	9.520.941	14.312.454	6.513.480	-552.344	29.794.531
Operating income	**6.173.394**	**16.052.139**	**8.476.856**	**552.344**	**31.254.733**

31 december 2017	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Total Group
Inter-segment Client	-	-	-	-	-
External Client	103.453.114	205.855.179	137.703.228	1.317.573	448.329.094
Turnover	**103.453.114**	**205.855.179**	**137.703.228**	**1.317.573**	**448.329.094**
Royalties	3.889.161	8.230.713	1.703.958	-	13.823.833
Rents and Condominium	11.145.574	20.073.398	40.686.993	-	71.905.964
Coste of sales	21.143.289	53.887.018	27.800.747	-	102.831.054
Operating income net of Amortization, deprec. and impairment losses	**16.820.900**	**32.071.277**	**16.385.824**	**-**	**65.278.001**
Amortization, depreciation and impairment losses	6.786.849	17.852.292	6.047.251	1.236.084	31.922.475
Operating income	**10.034.051**	**14.218.985**	**10.338.573**	**-1.236.084**	**33.355.526**

Rent and condominium fees do not include the rental of light vehicles and other vehicles.

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

Brand/Segment	2018	2017	Var %
Pizza Hut	70.948.264	66.705.590	6,4%
Pasta Caffe	3.521.954	3.732.898	-5,7%
Pizza Móvil	12.048.473	12.905.423	-6,6%
FrescCo	4.395.026	4.556.540	-3,5%
Ribs	20.277.143	15.019.421	35,0%
Santa Maria	177.659	533.241	-66,7%
Restaurants	**111.368.520**	**103.453.113**	**7,7%**
Burger King	115.252.698	103.946.452	10,9%
Pans & Company	53.896.013	52.308.782	3,0%
KFC	37.228.929	45.465.141	-18,1%
O'Kilo/Miit	2.000.889	1.824.964	9,6%
Coffee Counters	2.330.334	2.309.839	0,9%
Counters	**210.708.864**	**205.855.179**	**2,4%**
Sol (Service Areas)	6.026.423	4.918.693	22,5%
Travel (Airports)	110.184.003	120.718.011	-8,7%
Catering	11.421.235	11.277.122	1,3%
Others	-	789.401	-100,0%
Concessions e Catering	**127.631.661**	**137.703.228**	**-7,3%**
Others	401.797	1.317.574	-69,5%
TOTAL	**450.110.842**	**448.329.094**	**0,4%**

The consolidated statement of comprehensive income also includes the following parts on the segments:

The consolidated statement of comprehensive income also includes the following parts on the segments:

Year ending on 31 December 2018

	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Group
Depreciation (Note 8)	7.606.889	12.644.669	6.015.618	-1.784.380	24.482.797
Amortization (Note 9)	1.029.040	1.318.282	441.163	-931.106	1.857.379
Impairment of fixed tangible assets (Note 8)	994.627	349.503	40.976	-	1.385.106
Impairment reversion of fixed tangible assets (Note 8)	-109.615	-	-	-	-109.615
Imparidade do goodwill (Nota 9)	-	-	-	2.016.459	2.016.459
Impairmen of goodwill (Note 9)	-	-	15.723	-	15.723
	9.520.941	**14.312.454**	**6.513.480**	**-699.027**	**29.647.848**

Year ending on 31 December 2017

	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Group
Depreciation (Note 8)	5.478.148	16.112.115	5.245.218	1.056.837	27.892.318
Amortization (Note 9)	1.171.633	1.707.610	802.033	199.717	3.880.994
Impairment of fixed tangible assets (Note 8)	137.068	32.567	-	-	169.635
Impairment of intangible assets (Note 9)	-	-	-	-	-
	6.786.849	**17.852.292**	**6.047.251**	**1.256.555**	**31.942.946**

The following assets, liabilities and investments were applicable to the segments in the year ending on 31 December 2018 and 2017:

31 december 2018

	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Group
Assets	91.837.162	229.593.989	85.440.675	11.522.920	418.394.747
Liabilities	23.845.452	55.287.774	15.686.772	7.705	94.827.703
Net investment (Notes 8 and 9)	8.730.007	27.555.973	1.352.734	110.327	37.749.042

31 december 2017

	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Group
Assets	89.640.210	207.722.448	85.183.897	16.556.150	399.102.705
Pas Liabilities	17.463.996	47.359.070	22.421.507	5.258	87.249.831
Net investment (Notes 8 and 9)	2.630.551	26.952.260	2.733.748	21.907	32.338.465

Assets and liabilities that were not applicable to the segments are as follows:

	Year 2018		Year 2017	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Deferred taxes	-	10.556.031	-	9.132.498
Current taxes	3.574.662	162.901	5.046.070	324.744
Current bank loans	-	52.961.448	-	33.326.982
Non current bank loans	-	79.182.324	-	107.687.759
Derivative financial instrument	-	177.570	-	235.455
Available-for-sale financial assets	211.430	-	233.108	-
Financial investments - joint controlled subsidiaries	2.459.842	-	2.420.386	-
Other financial assets	19.608.860	-	22.986.661	-
Provisions	-	3.211.467	-	3.211.467
Total	**25.854.794**	**146.251.741**	**30.686.225**	**153.918.905**

In summary, the assets and liabilities are as follows:

	Year 2018		Year 2017	
Applicable to the segments	418.394.747	94.827.703	399.102.705	87.249.831
Not applicable to the segments	25.854.794	146.251.741	30.686.225	153.918.905
Total	**444.249.541**	**241.079.445**	**429.788.930**	**241.168.737**

On December 31, 2018 and 2017 income and non-current assets by geography is presented as follows:

31 december 2018	Portugal	Angola	Spain	Group
Restaurants	225.263.017	17.748.173	189.764.506	432.775.696
Merchandise	778.132	-	12.053.711	12.831.843
Rendered services	413.506	-	4.089.797	4.503.303
Total sales and services	**226.454.655**	**17.748.173**	**205.908.014**	**450.110.842**
Tangible fixed and intangible assets	150.170.067	25.730.368	61.556.013	237.456.448
Goodwill	7.605.482	-	83.240.845	90.846.327
Financial investments - joint controlled subsidiaries	2.459.842	-	-	2.459.842
Non-current financial assets	211.430	-	-	211.430
Other financial assets	-	15.753.485	-	15.753.485
Other non-current assets	-	-	12.921.343	12.921.343
Total non-current assets	**160.446.821**	**41.483.853**	**157.718.201**	**359.648.875**

31 december 2017	Portugal	Angola	Spain	Group
Restaurants	201.969.919	30.289.567	208.453.050	440.712.536
Merchandise	1.103.741	-	1.453.840	2.557.581
Rendered services	294.720	-	4.764.257	5.058.977
Total sales and services	**203.368.380**	**30.289.567**	**214.671.147**	**448.329.094**
Tangible fixed and intangible assets	140.352.005	32.333.871	60.402.307	233.088.183
Goodwill	7.605.482	-	85.257.304	92.862.786
Financial investments - joint controlled subsidiaries	2.420.386	-	-	2.420.386
Non-current financial assets	233.108	-	-	233.108
Other financial assets	-	17.823.906	-	17.823.906
Other non-current assets	-	-	6.335.385	6.335.385
Total non-current assets	**150.610.981**	**50.157.777**	**151.994.996**	**352.763.754**

7. UNUSUAL AND NON-RECURRING FACTS

Gains (losses) on the net monetary position, which derive from the subsidiaries in which the functional currency is a currency of a hyperinflationary economy (Ibersol Angola and HCI), are presented as follows:

Impact on the consolidated statement of comprehensive income:

	dec/18	dec/17
Restatement of costs and income	-537.191	479.395
Restatement of non-monetary items (*)	1.743.247	5.501.029
Gains (losses) on Net monetary position	1.206.056	5.980.424

(*) mainly tangible fixed assets and intangible assets.

Of the value above income tax was recognized in the amount of 526.467 eur (1.738.712 euros in 2017) recognized in the item income tax

The restatement of non-monetary items in the consolidated statement of comprehensive income is presented as follows:

	dec/18	dec/17
Tangible Fixed Assets (Note 8)	1.613.299	5.403.450
Intangible Assets (Note 9)	129.948	368.523
Stocks		25.540
Other reserves and retained earnings		-296.484
	1.743.247	**5.501.029**

The general price index used was that of the National Bank of Angola.

8. TANGIBLE FIXED ASSETS

In the years ending on 31 December 2018 and 2017, the following movements took place in the value of tangible fixed assets, depreciation and accumulated impairment losses:

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress (1)	Total
1 January 2017						
Cost	11.342.041	220.212.458	117.019.630	22.193.978	1.500.446	372.268.553
Accumulated depreciation	74.637	80.298.255	87.254.431	15.115.597	-	182.742.920
Accumulated impairment	-	10.319.953	1.082.628	64.515	-	11.467.096
Net amount	**11.267.404**	**129.594.249**	**28.682.571**	**7.013.867**	**1.500.446**	**178.058.537**
1 January 2017						
Initial net amount	11.267.404	129.594.249	28.682.571	7.013.867	1.500.446	178.058.537
Hyperinflationary Economies (IAS 29) (1)	4.080.348	8.615.564	3.298.994	847.509	128.459	17.006.874
Currency conversion	-15.473	-39.843	-21.568	-4.851	-184	-81.919
Additions	56.250	19.394.715	9.055.620	2.376.456	1.293.809	32.176.850
Decreases	-	917.791	61.047	-4.228	159.773	1.134.383
Transfers	-	1.041.722	45.576	7.795	-1.086.883	8.210
Depreciation in the year	63.815	16.988.782	9.279.936	1.559.785	-	27.892.318
Impairment	-	169.635	-	-	-	169.635
Final net amount	**15.324.714**	**140.566.200**	**31.720.210**	**8.685.219**	**1.675.874**	**197.972.217**
31 December 2017						
Cost	15.551.381	243.311.373	127.906.062	25.621.216	1.675.874	414.065.908
Accumulated depreciation	226.667	92.908.055	95.172.615	16.877.084	-	205.184.420
Accumulated impairment	-	9.837.119	1.013.238	58.914	-	10.909.271
Net amount	**15.324.714**	**140.566.200**	**31.720.210**	**8.685.219**	**1.675.874**	**197.972.217**

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress (1)	Total
1 January 2018						
Initial net amount	15.324.714	140.566.200	31.720.210	8.685.219	1.675.874	197.972.217
Hyperinflationary Economies (IAS 29) (1)	636.821	866.426	204.363	39.617	-48.172	1.699.055
Currency conversion	-1.451.675	-3.487.482	-1.732.828	-381.881	-35.010	-7.088.876
Additions	-	22.459.004	9.916.886	2.755.073	560.641	35.691.604
Decreases	-	599.668	38.421	24.260	538.056	1.200.405
Transfers	-	47.057	487.068	84.340	-618.465	-
Depreciation in the year	18.973	15.774.618	7.088.709	1.605.514	-	24.487.815
Impairment in the year	-	1.385.106	-	-	-	1.385.106
Impairment reversion	-	-109.615	-	-	-	-109.615
Final net amount	**14.490.887**	**142.801.427**	**33.468.569**	**9.552.594**	**996.812**	**201.310.291**
31 December 2018						
Cost	14.731.098	260.017.140	134.098.549	27.727.867	996.812	437.571.466
Accumulated depreciation	240.212	106.579.970	99.691.547	18.116.824	-	224.628.553
Accumulated impairment	-	10.635.741	938.433	58.448	-	11.632.622
Net amount	**14.490.886**	**142.801.429**	**33.468.569**	**9.552.595**	**996.812**	**201.310.291**

(1)changes resulting from the application of IAS 29, hyperinflationary economy, are presented as follows

Restatement of Tangible Fixed Assets (TFA) 31/12/2017	17.006.874
Restatement of TFA in the year ended on 31/12/2018:	
Cost	3.718.223
Accumulated depreciation	-2.104.923
Note 7	1.613.300
Restatement of depreciation for the year	85.755
Sub-total	1.699.055
Total	**18.705.929**

In 2017, an investment of approximately 2.7 million euros was made in the central kitchen in Portugal. The remaining investment mainly concerns the opening of 11 Burger King units, 4 KFC units, the opening of the concession at Santa Maria Airport (Azores) and a concession in the group Eat Out.

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

In 2018 and 2017, impairment tests were carried out for Ibersol restaurants with evidence of impairment. From which resulted the need to register impairment in the amount of 1.385.106 euros and 169.635 euros in 2018 and 2017, respectively, of tangible fixed assets as follows:

Year 2018

Unit	Recoverable amount (use value)	Assets account value	Impairment losses
Pasta Caffe (1 unit)	-	211.714	211.714
Sol (2 units)	-	40.976	40.976
Pizza Móvil (5 units)	-	397.567	397.567
Ribs (1 unit)	-	385.345	385.345
Pans & C.ª (2 units)	616.182	965.685	349.503
Total	**616.182**	**2.001.287**	**1.385.106**

The following assumptions were used in 2018 impairment tests:

Growth rate in perpetuity	
Portugal	2,50% (1% real + 1,5% increase)
Spain	2,50% (1% real + 1,5% increase)
Discount rate for the period	
Portugal	5,827%
Spain	5,33%

The discount rate is presented net of taxes and was calculated based on the WACC (Weighted Average Cost of Capital) methodology.

The 2017 impairment test resulted in an impairment loss of € 169.635 relating to tangible fixed assets, as follows:

Year 2017

Unit	Recoverable amount (use value)	Assets account value	Impairment losses
Pans & C.ª (1 unit)	-	32.566	32.566
Pizza Movil (2 units)	-	137.069	137.069
Total	**-**	**169.635**	**169.635**

The following assumptions were used in 2017 impairment tests:

Growth rate in perpetuity	
Portugal	2,00% (1% real + 1% increase)
Spain	2,00% (1% real + 1% increase)
Discount rate for the period	
Portugal	6,70%
Spain	6,30%

The discount rate is presented net of taxes and was calculated based on the WACC (Weighted Average Cost of Capital) methodology.

The positive evolution of the economy of the Península Ibérica countries and consequent reduction of the risk rates of countries and markets, in parallel with a reduction in interest rates, leads to a lower applicable rate in 2018.

In 2018, the sensitivity analysis of the discount rate is presented as follows:

Discount rate	Impairment	Additional impairment	Notes
4,80%			
5,30%			
5,80%	1.385.106		impairment accounted value (*)
6,30%	1.587.369	202.263	(1)
6,80%	1.795.968	410.862	(1)

(1) for a discounted rate in perpetuity change of 0.5% and 1% would result in a further loss of 202.263 euros and 410.862 euros, respectively.

In 2018, the sensitivity analysis of the growth rate in perpetuity is presented as follows:

Growth rate in perpetuity	Impairment	Additional impairment	Notes
over 1% of the base	1.090.106		
over 0,5% of the base	1.269.567		
base: 2,5%	1.385.106		impairment accounted value
less 0,5% of the base	1.786.691	401.585	
less 1% of the base	2.164.913	779.807	

In 2017, the sensitivity analysis of the discount rate is presented as follows:

Discount rate	Impairment	Additional impairment	Notes
5,70%	169.635		
6,20%	169.635		
6,70%	169.635		impairment accounted value
7,20%	195.324	25.690	(1)
7,70%	294.358	124.724	(1)

(1) for a discounted rate in perpetuity change of 0.5% and 1% would result in a further loss of 25.690 euros and 124.724 euros, respectively.

In 2017, the sensitivity analysis of the growth rate in perpetuity is presented as follows:

Growth rate in perpetuity	Impairment	Additional impairment	Notes
over 1% of the base	116.951		
over 0,5% of the base	148.976		
base: 2%	169.635		impairment accounted value
less 0,5% of the base	248.878	79.244	
less 1% of the base	603.691	434.057	

At 31 December 2018 and 2017, the assets used under financial leasing are as follows

	2018		2017	
	Gross amount	**Accumulated depreciation**	**Gross amount**	**Accumulated depreciation**
Land and Buildings	8.876.255	5.540.270	8.675.857	4.793.270
Equipments	2.548.499	1.649.437	2.360.327	1.413.591
Other tangible fixed assets	86.573	39.209	67.903	29.940
	11.511.326	**7.228.916**	**11.104.086**	**6.236.801**

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

	Tangible fixed assets	Intangible assets and Goodwill	TOTAL
Depreciation in the year	24.487.815	1.852.361	26.340.175
Impairment in the year	1.385.106	2.032.182	3.417.289
Others	37.067	-	37.067
			29.794.531

9. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	dec. 2018	dec. 2017
Goodwill	90.846.327	92.862.786
Intangible assets	36.146.157	35.115.966
	126.992.484	**127.978.752**

In the years ending on 31 December 2018 and 2017, the movement in the value of intangible assets, amortization and accumulated impairment losses were as follows:

	Goodwill	Brands(1)	Industrial property	Other intangible Assets	Intangible Assets in progress (1)	Total
1 January 2017						
Cost	92.862.786	22.000.000	37.973.000	14.875.727	693.528	168.405.041
Accumulated amortization	-	183.333	22.597.027	12.252.079	-	35.032.440
Accumulated impairment	-	-	3.668.664	41.875	-	3.710.538
Net amount	**92.862.786**	**21.816.667**	**11.707.309**	**2.581.773**	**693.528**	**129.662.064**
1 January 2017						
Initial net amount	92.862.786	21.816.667	11.707.309	2.581.773	693.528	129.662.064
Hyperinflationary Economies (IAS 29) (1)	-	-	368.432	-	538.852	907.284
Currency conversion	-	-	-2.792	-	-2.808	-5.600
Additions	-	-	1.221.296	-	96.547	1.317.843
Decreases	-	-	-178	22.024	-	21.845
Transfers	-	-	13.664	-	-13.664	-
Amortization in the year	-	1.100.000	1.916.576	864.416	-	3.880.994
Impairment in the year	-	-	-	-	-	-
Final net amount	**92.862.786**	**20.716.667**	**11.391.511**	**1.695.333**	**1.312.455**	**127.978.752**
31 December 2017						
Cost	92.862.786	22.000.000	40.254.584	13.873.100	1.312.455	170.302.926
Accumulated amortization	-	1.283.333	25.197.741	12.135.892	-	38.616.967
Accumulated impairment	-	-	3.665.332	41.875	-	3.707.207
Net amount	**92.862.786**	**20.716.667**	**11.391.511**	**1.695.333**	**1.312.455**	**127.978.752**

	Goodwill	Brands (1)	Industrial property	Other intangible Assets	Intangible Assets in progress (1)	Total
1 January 2018						
Initial net amount	92.862.786	20.716.667	11.391.511	1.695.333	1.312.455	127.978.752
Changes in Consolidat. perimeter	-	-	-	-	-	-
Hyperinflationary Economies (IAS 29) (1)	-	-	43.435	-	89.612	133.047
Currency conversion	-	-	-226.244	-	-266.369	-492.613
Additions	-	-	1.854.935	217.503	1.244.006	3.316.444
Decreases	-	-	54.932	-	3.670	58.601
Transfers	-	-	5.552	-	-5.552	-
Amortization in the year	-	1.100.000	547.555	204.805	-	1.852.361
Impairment in the year	2.016.459	-	15.723	-	-	2.032.182
Final net amount	**90.846.327**	**19.616.667**	**12.450.979**	**1.708.031**	**2.370.483**	**126.992.484**
31 December 2018						
Cost	92.862.786	22.000.000	42.232.722	12.960.943	2.370.483	172.426.934
Accumulated amortization	-	2.383.333	26.100.687	11.211.040	-	39.695.060
Accumulated impairment	2.016.459	-	3.681.055	41.875	-	5.739.389
Net amount	**90.846.327**	**19.616.667**	**12.450.980**	**1.708.028**	**2.370.483**	**126.992.484**

(1)changes resulting from the application of IAS 29, the hyperinflationary economy, are as follows:

Restatement of Intangible Assets (IA) 31/12/2017	907 284
Restatement of IA in the year ended on 31/12/2018:	
Cost	299.665
Accumulated depreciation	-169.719
Note 7	129.946
Restatement of depreciation for the year	3.101
Sub-total	133.047
Total	**1.040.331**

In 2018 impairment tests were made from which resulted the need to record an impairment loss in the amount of 2.032.182 euros, of intangible assets and goodwill as follows:

Year 2018

Unit	Recoverable amount (use value)	Assets account value	Impairment losses
Sol (2 units)	-	15.723	15.723
Vidisco (UGC)	7.116.287	9.132.746	2.016.459
Total	**7.116.287**	**9.148.469**	**2.032.182**

The following assumptions were used in 2018 impairment tests:

Growth rate in perpetuity	
Portugal	2,50% (1% real + 1,5% inflação)
Spain	2,50% (1% real + 1,5% inflação)
Discount rate for the period	
Portugal	5,83%
Spain (Brand and Goodwill)	5,33%
Spain (Vidisco)	8,6%

The discount rate is presented net of taxes and was calculated based on the WACC (Weighted Average Cost of Capital) methodology.

In 2018, the sensitivity analysis of the sales growth rate is presented as follows:

Discount rate	Impairment	Additional impairment/ (Excess)	Notes
7,58%	-	-2.032.182	
8,08%	657.180	-1.375.002	
8,58%	2.032.182		impairment accounted value (*)
9,08%	3.189.156	1.156.974	(1)
9,58%	4.174.578	2.142.396	(1)

(1) for a perpetuity discount rate of 0.5% and 1% would result in an additional loss of € 1.156.974 and € 2.142.396, respectively.

In 2018, the sensitivity analysis of the growth rate in perpetuity is presented as follows:

Growth rate in perpetuity	Impairment	Additional impairment/ (Excess)	Notes
over 1% of the base	-	-2.032.182	
over 0,5% of the base	934.123	-1.098.059	
base: 2,5%	2.032.182		impairment accounted value
less 0,5% of the base	3.189.156	917.785	
less 1% of the base	3.738.076	1.705.893	

The discount rate is presented net of taxes and was calculated based on the WACC (Weighted Average Cost of Capital) methodology.

In the remaining assets (CFU) the impairment tests carried out revealed that the recoverable value is more than 20% of the recorded value.

Evaluations were made based on the value of use calculated based on the Discounted Cash Flow (DCF) method and that support the recoverability of the goodwill values.

Industrial property includes: space exploitation rights (entrance rights or surface rights), trademark exploitation rights and concession rights.

The group's main operating rights relate to the franchise rights paid to international brands at the opening of the restaurants operating under the brand: 20 years in the case of Burger King and 10 years in the case of Pizza Hut and KFC, which are renewable by others 10 years by option of the franchisee.

On 31 December 2018, the group's concessions, territorial rights and related life cycle are shown below:

Concession Rights	No of years	Termination Date
Lusoponte Service Areas	33	2032
Marina Expo	28	2026
2ª Circular (KFC) Service Areas	10	2027
Marina de Portimão	60	2061
A8 Torres Vedras Service Areas	20	2021
Aeroport Service Areas	20	2021
Pizza Hut Foz	10	2020
Pizza Hut e Pasta Caffé Cais Gaia	20	2024
Modivas Service Areas	28	2031
Barcelos Service Areas	30	2036
Alvão Service Areas	30	2036
Lousada (Felgueiras) Service Areas	24	2030
Vagos Service Areas	24	2030
Aveiro Service Areas	24	2030
Ovar Service Areas	24	2030
Gulpilhares (Vilar do Paraíso) Service Areas	24	2030
Talhada (Vouzela) Service Areas	25	2031
Viseu Service Areas	25	2031
Matosinhos Service Areas	24	2030
Maia Service Areas	26	2032

(1) Renewed on 07/04/2017 for a period of 10 years.
(2) Terminates on April 30, 2018.

With the same assumptions of the discount rate and growth (note 8) it was concluded that there is no additional impairment charges for intangible assets, in addition to the amounts referred in the note of tangible fixed assets.

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

	dec. 2018	dec. 2017
Restaurants	14.618.931	16.635.390
Counters	37.199.991	37.199.991
Concessions and Catering	38.847.684	38.847.684
Other, write off and adjustments	179.721	179.721
	90.846.327	**92.862.786**

In relation to the segments above, the following cash flow units were identified:

UGC		dec. 2018	dec. 2017
Restaurants			
Spain (Foodstation)		4.053.581	4.053.581
Spain (Pansfood)		1.476.821	1.476.821
Spain (Vidisco)		7.116.287	9.132.746
Portugal (Iberusa)		1.972.242	1.972.242
	Sub-total	**14.618.931**	**16.635.390**
Counters			
Pansfood (Spain)		11.850.160	11.850.160
Lurca (Spain)		23.770.781	23.770.781
Iberking (Portugal)		870.265	870.265
Ibersol Angola (Angola)		130.714	130.714
Iberusa (Portugal)		578.071	578.071
	Sub-total	**37.199.991**	**37.199.991**
Concessions and Catering			
Concessions and travel - Spain (Pansfood)		34.973.215	34.973.215
Concessions and travel - Portugal (Iberusa)		850.104	850.104
Catering - Portugal		3.024.365	3.024.365
	Sub-total	**38.847.684**	**38.847.684**
Others		179.721	179.721
	TOTAL	**90.846.327**	**92.862.786**

10. FINANCIAL INVESTMENTS

10.1. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	dec. 2018	dec. 2017
Financial investments - joint controlled subsidiaries	2.459.842	2.420.386
	2.459.842	**2.420.386**
Accumulated impairment losses	-	-
	2.459.842	**2.420.386**

Jointly controlled subsidiary UQ Consult, as described in Note 5, with the following breakdown:

	dec. 2018	dec. 2017
Goodwill (1)	2.168.982	2.168.982
Equity (2)	290.860	251.404
	2.459.842	**2.420.386**

(1) with evidence of impairment, tests were performed to the jointly controlled subsidiary UQ Consult, as follows:

Goodwill	2.168.982
Other net assets	290.860
Total	**2.459.842**
Impairment test	**3.083.590**

With the discount rate used of 7.1%, it was concluded that there was no impairment. The recoverable amount exceeds the recorded value by more than 20% and no sensitivity analysis is presented.

(2) reconciliation of equity and net income of the joint venture UQ Consult, is presented as follows:

	dec. 2018	dec. 2017
Equity	581.719	502.807
	50%	50%
	290.860	**251.407**
Net profit	78.911	5.510
	50%	50%
	39.456	**2.754**

On 31st December 2018 and 2017, the consolidated statements of financial position, of comprehensive income and consolidated cash flows statements of Ibersol's jointly controlled interest UQ Consult, were as follows:

Balance sheet	dec. 2018	dec. 2017
Tangible and intangible assets	1.072.704	1.011.660
Other financial investments	130	-
Receivables from third parties	982.431	806.887
Cash and cash equivalents	17.504	39.013
Accruals and deferrals	330.654	288.609
Total assets	**2.403.423**	**2.146.169**
Equity	**581.719**	**502.807**
Long term term debts	342.221	488.296
Short term debts	1.204.219	971.914
Accruals and deferrals	275.263	183.152
Total liabilities	**1.821.703**	**1.643.362**
Total equity and liabilities	**2.403.423**	**2.146.169**

Profit and loss account	dec. 2018	dec. 2017
Operating income	3.418.434	2.804.942
Operating costs	-3.214.638	-2.719.008
Net financing cost	-49.726	-32.415
Pre-tax income	**154.070**	**53.519**
Income tax	-75.159	-48.009
Net profit	**78.911**	**5.510**

Cash flows statement	2018	2017
Flows from operating activities	1.343.297	323.561
Flows from investment activities	-990.261	-158.934
Flows from financing activities	-479.681	-160.134
Change in cash & cash equivalents	**-126.645**	**4.493**

Transactions between jointly controlled subsidiary UQ Consult and the Ibersol group were carried out at market prices.

10.2. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	dec. 2018	dec. 2017
Non-current financial assets	475.430	497.108
	475.430	**497.108**
Accumulated impairment losses	264.000	264.000
	211.430	**233.108**

(1) because it is not possible to reliably determine the fair value of the Change Partners, for prudence, the Company recorded an impairment loss equal to the purchase price.

11. OTHER FINANCIAL ASSETS

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

	dec/ 2018			dec/ 2017		
	Current	**Non current**	**Total**	**Current**	**Non current**	**Total**
Treasury bonds	4.040.342	16.509.280	20.549.622	5.162.755	17.823.906	22.986.661
Sub-total	4.040.342	16.509.280	20.549.622	5.162.755	17.823.906	22.986.661
Accumulated impairment losses (1)	184.967	755.795	940.762	-	-	-
Total	**3.855.375**	**15.753.485**	**19.608.860**	**5.162.755**	**17.823.906**	**22.986.661**

(1) As a result of the mandatory implementation of IFRS 9 as from 1 January 2018 (Note 2.2.2), considering the type of OT that Ibersol holds, and since the were indexed to the USD, impairment was calculated, assuming the option in the transposition by the modified retrospective approach, as follows:

Impact on the consolidated statement of financial position:		
Impact on Other Reserves and Transited results	(01 of January of 2018)	1.052.331
Deferred tax liabilities		282.229

Impact on the consolidated statement of comprehensive income:	
Net financing cost	-111.569
Income tax	334.741

The Probability of Default indexes used and Loss Given Default are in accordance with the publication of Moody's and S & P, about 7.63% (considering the rating of Republic of Angola) and 60%, respectively.

11.1. NON-CURRENT

	dec/2018	dec/2017
Treasury bonds	16.509.280	17.823.906
	16.509.280	**17.823.906**
Accumulated impairment losses	755.795	-
	15.753.485	**17.823.906**

Issue data	22/01/16	17/03/16	11/04/16	10/08/17	12/09/17
Due date	16/09/22	15/03/21	13/02/20	08/08/20	05/09/20
BNA exchange rate	154,84	158,155	162,082	165,094	165,096
Amount	975	857	812	830	603
Value on 31/12/2018	957.876	934.867	847.344	905.414	657.789
Gross annual return	5%	7,75%	5%	7%	7%

Issue data	24/10/17	07/11/17	07/11/17	30/11/17	14/12/17
Due date	24/10/20	30/10/20	01/07/20	27/11/20	12/12/20
BNA exchange rate	165,097	165,097	165,097	165,098	165,098
Amount	821	725	500	500	2000
Value on 31/12/2018	895.596	790.874	545.430	545.430	2.181.720
Gross annual return	7%	7%	7%	7%	7%

Issue data	21/11/17	28/11/17	15/12/17	18/12/17	28/12/17
Due date	20/11/20	06/10/20	12/12/20	12/12/20	27/12/20
BNA exchange rate	165,098	165,098	165,098	165,098	165,098
Amount	830	615	1.500	900	82
Value on 31/12/2018	905.414	683.995	1.636.290	981.774	89.451
Gross annual return	7%	7%	7%	7%	7%

Issue data	09/02/18	30/05/18	20/07/18
Due date	28/07/20	23/02/21	20/11/20
BNA exchange rate	208,618	236,359	254,902
Amount	761	1249	600
Value on 31/12/2018	856.258	1.415.553	678.206
Gross annual return	7%	7%	7%

11.2. CURRENT

	dec/2018	dec/2017
Treasury bonds	4.040.342	5.162.755
	4.040.342	**5.162.755**
Accumulated impairment losses	184.967	-
	3.855.375	**5.162.755**

Issue data	16/02/16	11/04/16	15/05/17	17/02/17
Due date	19/02/19	16/12/19	26/07/19	16/12/19
BNA exchange rate	157,092	162,082	165,088	165,082
Amount	1.659	1.308	746	72
Value on 31/12/2018	1.754.277	1.375.590	834.083	76.393
Gross annual return	5%	5%	7,25%	5%

12. OTHER NON-CURRENT ASSETS

Other non-current assets breakdown is presented as follows:

	dec/2018	dec/2017
Other non-current assets (1)	8.781.933	5.694.059
Credits granted to third parties	4.479.410	641.326
Impairment balances	-340.000	-
	12.921.343	**6.335.385**

(1) balance of other non-current debtors is mainly comprised of deposits and securities in Spain resulting from lease agreements. Trade accounts receivable from other debtors are initially recognized at fair value and, in the case of medium and long-term debt, are subsequently measured at amortized cost using the effective interest method, less impairment.

In 2018, a discount rate of 2% was applied, recognizing the current deferral in the amount of € 151.372 (note 15) and noncurrent in the amount of € 972.263, as well as a loss in the amount of € 51,.06 (Note 27) .

In 2018 an impairment loss of € 340.000 (note 26) was recorded on a balance receivable from a Vidisco franchisee.

13. INVENTORIES

On 31 December 2018 and 2017, stocks were broken down as follows:

	dec/ 2018	dec/ 2017
Raw material and consumables	11.237.246	11.795.797
Merchandise	460.061	369.091
	11.697.307	**12.164.888**
Decreases	-74.981	-74.981
Net inventories	**11.622.326**	**12.089.907**

The cost of inventories recognized in 2018 as an expense and included under "cost of sales" amounted to € 102.831.054 (in 2016: € 102.831.054), as shown below:

	dec/ 2018	dec/ 2017
Initial balance	12.164.888	11.622.192
Currency conversion	-1.103.696	-12.572
Perimeter variation	-	-
Purchases	113.244.710	107.338.968
Inventories changes	-3.809.195	-3.952.646
Final balance	11.697.307	12.164.888
Cost of sales	**108.799.400**	**102.831.054**

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

14. CASH AND CASH EQUIVALENTS

On 31st December 2018 and 2017, cash and cash equivalents are broken as follows:

	dec/2018	dec/2017
Cash	1.082.754	2.979.988
Bank deposits	36.847.870	31.922.395
Treasury applications	500	500
Cash and bank deposits in the balance sheet	**37.931.124**	**34.902.883**
Bank overdrafts	-5.882.564	-20.344
Cash and cash equivalents in the cash flow statement (1)	**32.048.560**	**34.882.539**

(1) there are no significant cash and cash equivalents unavailable for use by the Ibersol group. Of this amount 3.067.700 eur (3.502.329 eur in 2017) are deposited in Angola, existing restrictions on its use outside the country, authorization from BNA (Angola central bank) and access to the purchase of foreign currency is required.

Bank overdrafts include the creditor balances of current accounts with financial institutions, included in the consolidated statement of financial position in the “bank loans” item (Note 17).

The amount of other payments / receipts relating to operating activities in the consolidated cash flow statement include, essentially, payments to Social Security, VAT and related to other debtors and creditors.

15. OTHER CURRENT ASSETS

Other current assets on 31st December 2018 and 2017 are broken down as follows::

	dec/2018	dec/2017
Clients (1)	9.546.044	7.045.044
State and other public entities (2)	4.364.242	1.821.312
Other debtors (3)	6.721.003	4.797.968
Advances to suplliers	425.158	443.940
Advances to fixed suppliers	-	320.781
Accruals and income (4)	6.929.484	5.060.103
Deferred costs (5)	2.562.368	2.494.073
Other current assets	**30.548.299**	**21.983.221**
Accumulated impairment losses	2.931.120	2.159.659
	27.617.179	**19.823.562**

(1) Current balance arising essentially by the Catering and Franchising activity developed by Ibersol, respectively, from around 2,3 million eur and 6 million eur (3 million and 3,1 million in 2017).

(2) Current balance of recoverable VAT amounts 4.364.024 eur (1.810.044 euros in 2017).

(3) Balance refers mainly to meal vouchers (delivered by customers), advances and balances suppliers, debts to suppliers, recovery of costs and the marketing contributions and rappel debt.

(4) Accruals and income item is broken down into the following items:

	dec/2018	dec/2017
Interest	333.804	350.662
Suppliers contracts	5.215.082	3.416.930
Ascendi reimbursement (Note 26)	572.398	532.289
Program "Cartão Continente"	499.470	456.216
Other	308.730	304.006
	6.929.484	**5.060.103**

(5) Deferred costs are broken down as follows:

	dec/2018	dec/2017
Rents and condominium fees	1.400.411	1.415.687
Discount value (Note 12)	151.372	-
External supplies and services	311.919	290.978
Expenses with raw material	14.976	36.843
Financing charges	340.926	422.631
Other	342.764	327.934
	2.562.368	**2.494.073**

Financial assets impairment is broken down as follows:

	dec/2018		dec/2017	
	With Impairment	Without Impairment	With Impairment	Without Impairment
Clients c/a	2.712.748	6.833.296	1.912.389	5.132.655
Other debtors	218.372	6.502.631	247.270	4.550.698
	2.931.120	**13.335.927**	**2.159.659**	**9.683.353**

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

	dec/2018	dec/2017
Debt not due	2.912.522	2.050.267
Debt due:		
For less than 1 month	2.987.010	2.438.378
From one to three months	1.768.270	2.019.282
Over three months	5.668.124	3.175.426
	13.335.927	**9.683.353**

Group main activity is carried out with sales paid in cash or credit or debit card (Note 3b).

In catering, clients usually pay a part for an advance, in the event hiring. The largest volume of credit comes from the supply of goods and debit from Royalty to franchisees. The amount of other customers essentially corresponds to credit sales to airlines at the airports where we operate and to the provision of catering services in a concession space. And in Other debtors, the balance consists essentially of debit balances of suppliers, debits to suppliers for the recovery of charges and the contributions of marketing and rebate and that do not present risk because they are covered by credits on the same suppliers.

December 31, 2018 accounts receivable not due without impairment, is presented as follows:

	amount	**Default history**
Franchise clients	138.458	with default history
Franchise clients	1.381.503	no default history
Catering clients	54.125	no default history
Other clients	15.325	with default history
Other clients	157.897	no default history
Other debtors c/c	1.165.215	no default history
	2.912.522	

Impairment losses in the year 2018 and 2017 regarding other current assets are broken down as follows:

Year Ended December 31, 2018

	Starting balance	**Perimeter variation**	**Cancellation**	**Losses in the Year (note 26)**	**Impairment reversion (note 26)**	**Closing balance**
Clients c/ a	1.823.780	-	141.347	843.800	-184.787	2.624.140
Other debtors	335.880	-28.899	-	-	-	306.981
	2.159.660	**-28.899**	**141.347**	**843.800**	**-184.787**	**2.931.121**

Year Ended December 31, 2017

	Starting balance	Perimeter variation	Cancellation	Losses in the Year (note 26)	Impairment reversion (note 26)	Closing balance
Clients c/ a	2.506.302	-	-1.176.843	614.271	-119.940	1.823.789
Other debtors	247.575	305	-	88.000	-	335.880
	2.753.876	**305**	**-1.176.843**	**702.271**	**-119.940**	**2.159.668**

16. EQUITY

16.1. SHARE CAPITAL

On 14th May 2018, the group carried out a capital increase by incorporating free reserves in the amount of 6.000.000 euros, registered in June and admitted to listing on July 20, determining the creation of 6.000.000 new shares, distributed free of charge to shareholders in proportion to a new for each group of 5 shares already held.

In 2017, a capital increase of 24 million euros to 30 million euros was proposed and approved, by incorporation of free reserves.

On 31st December 2018 and 2017, fully subscribed and paid up share capital was represented by, respectively, 36.000.000 and 30.000.000 shares to the bearer with a par value of 1 euro each.

16.2. OWN SHARES

With the capital increase, Ibersol increased the number of own shares by 599.987, additionally acquired 56 in 2018. In 2017, also resulting from the capital increase, Ibersol increased its own shares by 599.976, in addition acquired 57.

At the end of the year the company held 3.599.981 own shares acquired for 11.180.516 euros.

16.3. OTHER RESERVES AND RETAINED EARNINGS

The group's non-available reserves reached 11.180.516 euros and refer to own shares held by the group (11.180.516 euros).

The amounts distributed to shareholders are determined based on the parent individual financial statements, which show the available amount of 145.253.901 euros.

There are no limits to Ibersol's ability to assign or use Group assets and settle Group liabilities, other than those which result directly from the law.

16.4. INTERESTS THAT DO NOT CONTROL

In the years ending on 31 December 2018 and 2017, the interests that do not control were as follows:

	%		dec/2018	dec/2017
	dec. 2018	dec. 2017		
Restmon	39%	39%	-46.619	-40.177
Dehesa	-	50%	-	781.360
Cortsfood	50%	-	393.561	
Others			-17.738	-17.738
			329.204	**723.445**

In 2018, the group acquired the interests that do not control of the subsidiary Dehesa and, by split, formed the subsidiary Cortsfood to cut off the business between franchises (Dehesa) and its own restaurants (Cortsfood).
Changes in the year in 2018 and 2017 in interests that do not control were as follows:

	2018	2017
1st January	723.445	333.399
Increases (1)	108.689	390.045
Decreases (2)	-502.930	-
31st December	**329.204**	**723.445**

(1) changes in 2017 and 2018 relate to the year income of the interests that do not control, respectively, 390.046 eur and 108.690 eur.

(2) decrease in 2018 result from the distribution of dividends by interests that do not control shareholders (444.647 eur), the purchase of 50% from the subsidiary Dehesa to interests that do not control and respective constitution by split of the subsidiary Cortsfood (58.,283 euros), according to note 5.2.1.

On 31st December 2018 and 2017, the consolidated statements of financial position and of comprehensive income of interests that do not control in group Ibersol, were as follows:

Balance sheet	**Corsfood** dec/2018	**Dehesa** dec/2017
Non-current assets	433.728	771.858
Current assets	441.665	1.672.207
Total assets	**875.393**	**2.444.065**
Equity (1)	**787.121**	**1.562.718**
Non-current liabilities	-	30.895
Current liabilities	88.272	850.452
Total liabilities	**88.272**	**881.347**
Total equity and liabilities	**875.393**	**2.444.065**

Profit and loss account	Corsfood dec/2018	Dehesa dec/2017
Operating income	2.391.610	3.828.855
Operating costs	-2.080.083	-2.758.062
Net financing cost	-4.357	-11.715
Pre-tax income	**307.170**	**1.059.078**
Income tax	-76.907	-264.709
Net profit (1)	**230.263**	**794.369**

(1) reconciliation of equity and net profit of the interest that do not control Cortsfood and Dehesa, is presented as follows:

	Corsfood dec/2018	Dehesa dec/2017
Equity	787.121	1.562.718
	50%	50%
	393.561	**781.359**
Net profit	230.263	794.369
	50%	50%
	115.132	**397.185**

17. LOANS

On 31 December 2018 and 2017, current and non-current loans were broken down as follows:

Non-current	dec/2018	dec/2017
Bank loans	25.061.268	33.633.490
Commercial paper programmes	53.000.000	71.750.000
Financial leasing	1.121.056	2.304.269
	79.182.324	**107.687.759**

Current	dec/2018	dec/2017
Bank overdrafts	5.882.564	20.344
Bank loans	16.420.440	7.593.061
Commercial paper programmes	29.600.000	24.250.000
Financial Leasing	1.058.444	1.463.577
	52.961.448	**33.326.982**
Total loans	**132.143.772**	**141.014.741**
Average interest rate	2,5%	2,8%

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

The maturities of non-current bank loans are broken down as follows:

	dec/2018	dec/2017
From 1 to 2 years	28.782.805	35.906.411
From 2 to 5 years	48.835.503	69.045.080
> 5 years	442.960	431.999
	78.061.268	**105.383.490**

Regardless of its ending stated period, for the subscribed commercial paper programmes the Group considers the full repayment on its maturity date (the renewal date).

Movements in 2018 and 2017 in current and non-current loans are as follows:

	2018	2017
Opening balance	137.226.551	159.446.938
Currency translation and other adjustments	-5.456.591	118.715
Receipts	11.786.179	4.702.567
Payments	-19.474.431	-27.041.669
Change in perimeter	-	-
Final balance	**124.081.708**	**137.226.551**

Using the functional currency in which they were subscribed, total loans on 31st December 2018 and 2017 were as follows:
:

	dec/2018	dec/2017
EUR	117.447.270	125.847.371
USD	500.000	1.000.000
AOA	2.565.000.000	1.981.500.000

At the end of the year the Group had 18,6 million euros of unissued commercial paper programmes and available but not disposable credit lines.

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

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

These Covenants are being complied as in 31 December 2018 and 2017.

The liabilities from financial leasing may be broken down as follows:

	dec/2018	dec/2017
Outstanding capital:		
Up to 1 year	1.058.444	1.463.577
Over 1 year and until 5 years	**1.098.689**	**2.235.870**
5 years	22.367	68.399
	2.179.500	**3.767.846**

The future (contractual) Cash Flows concerning the above stated financial liabilities on 31 December 2018 are broken down as follows:

	FC 2019	FC 2020	FC 2021	FC 2022	FC 2023	FC 2024/38
Bank loans	16.420.440	8.782.805	5.932.345	8.579.492	931.761	834.865
Commercial paper programmes	29.600.000	20.000.000	15.000.000	18.000.000	-	-
Financial Leasing	1.058.444	630.402	322.312	71.142	74.832	22.367
Interest	2.901.560	2.196.139	800.064	308.208	3.621	430

18. INCOMES TAXES AND DEFERRED TAXES

18.1. INCOME TAX

18.1.1. Income tax receivable

On 31st December 2018, income tax receivable amounts to 3.574.662 euros (5.046.070 euros in 2017), presented as follows:

	dec/2018	dec/2017
Inverpeninsular Group (1)	777.951	3.529.741
RETGS (2)	2.727.248	1.509.961
Dehesa (1)	62.437	-
Income tax (Restmon)	7.026	6.368
	3.574.662	**5.046.070**

(1) tax amount resulting from tax group subsidiaries in Spain. Dehesa subsidiary will only incorporate the tax group in 2019, although was acquired to the interest that do not control, in 2018.

(2) income tax that results from the tax group of subsidiaries in Portugal (RETGS), is presented as follows:

	2018	2017
Special payment on account	24.614	11.808
Payments on account	4.245.951	3.452.637
Withholding taxes	107.137	126.103
Income tax - parent	**-191.639**	**-145.299**
Income tax - subsidiaries (RETGS)	**-2.652.677**	**-2.961.158**
Tax saving (RETGS)	1.193.863	1.025.870
Total	**2.727.248**	**1.509.961**

18.1.2. Income tax payable

Income tax payable in the years ending on 31 December 2018 and 2017 are broken down as follows:

	dec/2018	dec/2017
Ibersol Angola	72.419	236.446
Dehesa (1)	-	87.501
Cortsfood (1)	86.016	-
Other (2)	4.466	797
	162.901	**324.744**

(1) by exclusion of the Inverpeninsular tax group, subsidiaries in Spain;

(2) excluded from the special taxation of corporate groups (RETGS), income tax to be paid by subsidiary Iberusa ACE.

18.2. DEFERRED TAX

Changes in deferred taxes in the period are:

	Assets	Liabilities	Net deferred taxes	Income and loss account (Note 28
Starting balance	3.755.458	12.887.956	**-9.132.497**	
Temporary differences in the year	1.071.019	1.971.579	**-900.560**	-900.560
Hyperinflationary Economies (IAS 29)	-	522.974	**-522.974**	-522.974
Closing balance	**4.826.477**	**15.382.508**	**-10.556.031**	-1.423.534

18.2.1 Deferred tax assets

Deferred tax assets on 31st December 2018 and 2017, according to the temporary differences that generate them, are broken down as follows:

Deferred tax assets	dec/2018	dec/2017
Reportable fiscal losses	1.074.919	1.068.362
Reportable fiscal credits	1.006.166	1.182.596
Other temporary differences (1)	2.745.392	1.504.500
	4.826.477	**3.755.458**

(1) amount related essentially to other temporary differences generated by the tax group of subsidiaries in Spain.

On December 31, 2018 there are 1.006.166 euros of tax credits in the tax code Investment (CFI) for use in subsequent years, until 2025, the deadline for its use

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

Limit year of use	unlimited	unlimited	unlimited	unlimited	unlimited	unlimited	Total
Start year	**2002/04**	**2005**	**2006**	**2007/08**	**2016**	**2018**	
Spain							
with deferred tax (25%)	11.330	479.654	523.328	46.440	3.212.698	**26.224**	4.299.675
without deferred tax	30.291	-	-	-	-	**-**	30.291
	41.621	**479.654**	**523.328**	**46.440**	**3.212.698**	**26.224**	**4.329.966**
Deferred tax assets							
Spain	2.833	119.914	130.832	11.610	803.174	**6.556**	1.074.919
	2.833	**119.914**	**130.832**	**11.610**	**803.174**	**6.556**	**1.074.919**

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

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

Portugal	21%
Spain	25%
Angola	30%

Why are not met or are not significant, they were not recognized deferred tax assets relating to:

(a) use of future income deferred tax assets higher than the profits arising from the reversal of existing taxable temporary differences.

18.2.2 Deferred tax liabilities

Deferred tax liabilities on 31st December 2018 and 2017, according to the temporary differences that generated them, are broken down as follows:

Deferred tax liabilities	dec/2018	dec/2017
Homogenization of tangible fixed assets and intangible assets (1)	5.539.863	4.291.358
Temporary differences in Spain (2)	4.415.324	3.398.116
Hyperinflationary Economies (IAS 29)	5.393.463	4.870.489
Other temporary differences	33.859	327.993
	15.382.508	**12.887.956**

(1) deferred taxes corresponding to the difference of the net value as in the individual financial statements of the subsidiaries and the net amount that they contribute in the consolidated.

(2) relate mainly to UTE income of the year (1.641.475 eur), with the incorporation in its subsidiaries carried out with the postponement of a year, in compliance with the regulations in force in Spain, and to the deferred tax liabilities impact (2.083.941 eur) of the recognition of the brands Pans e Ribs (group Eat Out).

19. PROVISIONS

On 31 December 2018 and 2017, provisions were broken down as follows:

	dec/2018	dec/2017
Legal processes	5.257	5.257
Income tax (1)	3.211.467	3.211.467
Compensation (2)	-	1.245.000
Other	28.000	28.000
Provisions	**3.244.724**	**4.489.724**

(1) provision concerning income tax calculation for tax credits of prior years.

(2) provision reversal of 245.000 euros, related to lawsuits filed by workers of the former Madeira Airport concessionaire and 140.000 euros relating to contractual investment commitments that could have been claimed by the grantor at the end of the contracts, and the remaining amount of 860.000 euros were used in the current year.

20. DERIVATIVE FINANCIAL INSTRUMENT

On December 31, 2018 and 2017 the detail of Ibersol derivative financial instruments is presented as follows:

	dec/2018	dec/2017
Swap	177.570	235.455
Derivative financial instruments	**177.570**	**235.455**

The derivatives of the Ibersol group are hedging for an interest rate swap with the purpose of covering the risk of future cash flows and are detailed as follows:

	Ibersol SGPS	Ibersol SGPS	Asurebi SGPS
Initial date	19-05-2017	08-06-2017	05-09-2014
Due date	20-10-2022	14-11-2022	15-07-2019
Fixed interest rate	0,39%	0,395%	0,78%
Variable interest rate	Euribor 6M*	Euribor 3M*	Euribor 1M
Amount on 31st December 2018	19.200.000	6.400.000	2.500.000

(*) with floor zero

This derivative is classified as a level 2 category and its technical valuation based on a market approach (MTM).

As the derivative financial instrument was not registered under hedge accounting, the change in the fair value of the derivative is reflected in income of the year (Note 27).

21. OTHER NON-CURRENT LIABILITIES

On 31st December 2018 and 2017, the item "Other non-current liabilities" may be broken down as follows:

	dec/2018	dec/2017
Other creditors (1)	150.344	179.192
Other non-current liabilities	**150.344**	**179.192**

(1) includes a value of 139.432 eur (168.280 eur in 2017) referring to the debt for the purchase of subsidiary Vidisco, S.L..

On 31 December 2018 the future (contractual) Cash Flows associated to these liabilities are broken down as follows:

	FC 2019	FC 2020	FC 2021	FC 2022	FC 2023
Other creditors	39.760	28.848	28.848	28.848	24.040

22. ACCOUNTS PAYABLE TO SUPPLIERS AND ACCRUED COSTS

On 31st December 2018 and 2017, accounts payable to suppliers and accrued costs were broken down as follows:

	dec/2018	dec/2017
Suppliers c/ a	35.423.289	27.049.455
Suppliers - invoices pending approval	2.075.556	6.141.905
Suppliers of fixed assets c/ a	20.577.254	12.692.845
Total accounts payable to suppliers	**58.076.099**	**45.884.205**
Accrued costs - Payable insurance	78.685	103.862
Accrued costs - Payable remunerations	8.363.349	6.802.163
Accrued costs - Performance bonus	1.760.149	1.773.323
Accrued costs - Rent and lease	6.382.705	5.540.074
Accrued costs - External services	4.543.492	4.395.484
Accrued costs - Other	2.183.293	3.023.228
Total acrrued costs	**23.311.673**	**21.638.134**
Total accounts payable to suppl.and accrued costs	**81.387.772**	**67.522.339**

23. OTHER CURRENT LIABILITIES AND INCOME TAX PAYABLE

On 31st December 2018 and 2017, the item “Other current liabilities” may be broken down as follows:

	dec/2018	dec/2017
Other creditors (1)	4.696.932	9.900.301
State and other public entities (2)	8.025.248	7.677.912
Deferred income (3)	534.154	691.832
Other current liabilities	**13.256.334**	**18.270.045**

(1) This amount relates mainly to services rendered by a third parties, debt to a grantor and, in the case of the balance at 31 December 2017, amounts payable to personnel (in the meantime settled in January of the following year).

(2) balance due mainly to payable VAT amounts (3.214.249 euros) and Social Security (3.694.305 euros).

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

	dec/2018	dec/2017
Contracts with suppliers (1)	222.143	409.457
Investment subvention	304.826	272.980
Other	7.185	9.395
	534.154	**691.832**

(1) the value of contracts with suppliers corresponds to revenue obtained from suppliers up to 31 December and for subsequent periods.

24. EXTERNAL SERVICES AND SUPPLIES

External services and supplies in the years ending on 31 December 2018 and 2017 are broken down as follows:

	2018	2017
Subcontracts	994.825	1.182.399
Electricity, water, fuel and other fluids	13.170.373	13.547.336
Rents and rentals	68.892.187	67.885.000
Condominium	4.494.053	4.561.439
Communications	1.220.642	1.220.255
Insurance	922.957	857.083
Short-lasting tools and utensils and office materials	2.644.272	1.810.399
Royalties	13.175.576	13.823.833
Travel and accommodations and merchandise transport	2.216.889	2.370.731
Services fees	1.197.265	799.559
Conservation and repairs	8.552.024	8.377.923
Advertising and propaganda	15.725.323	16.046.275
Cleaning, hygiene and comfort	4.292.493	3.775.178
Specialised works	8.999.927	10.000.643
Other ESS'	3.439.327	3.244.124
	149.938.133	**149.502.177**

25. PERSONNEL COSTS

Employee expense in the years ending on 31st December 2018 and 2017 are broken down as follows:

	2018	2017
Salaries and wages	104.061.961	102.871.527
Social security contributions	27.404.248	27.102.263
Personnel meals	3.636.768	3.936.196
Work accident insurance	895.310	716.318
Other personnel costs (1)	1.121.770	692.437
	137.120.057	**135.318.741**
Average number of employees	**9.505**	**9.207**

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

26. OTHER OPERATING INCOME AND COSTS

Other operating costs in the years ending on 31st December 2018 and 2017 are broken down as follows:

Outros Custos Operacionais	2018	2017
Direct/indirect taxes not assigned to operating activities	1.163.019	1.353.164
Losses in fixed assets	401.575	1.622.113
Currency exchange differences	-	861.543
Membership fees, donations samples and inventory offers	192.028	102.422
Impairment adjustments (debts receivable) (Note 15)	843.800	702.271
Impairment adjustments (debts receivable) (Note 12)	340.000	-
Impairment adjustments (financial investments) (Note 10)	-	264.000
Other operating costs	186.390	274.644
	3.126.812	**5.180.157**

Other operating income in the years ending on 31 December 2018 and 2017 are broken down as follows:

Outros Proveitos Operacionais	2018	2017
Supplementary income (1)	7.443.164	8.005.191
Currency exchange differences	943.593	-
Compensations (2)	646.036	532.289
Gains in fixed assets	7.568	734.570
Operating grants	74.462	120.836
Impairment adjustments reversion (debts receivable) (Note 15)	184.787	119.940
Reduction of provision (Note 19)	385.000	105.000
Investment grants	59.600	45.461
Other operating gains	178.614	117.749
	9.922.824	**9.781.036**

(1) result mainly from revenues from franchise agreements (Eat Out Group) and suppliers.
(2) compensation for loss of traffic in former scuts (free highways), according to the agreement with the grantor.

27. NET FINANCING COST

Net financing cost in the years ending on 31st December 2018 and 2017 are broken down as follows:

	2017	2017
Interest paid	4.054.505	5.962.742
Interest earned (1)	-1.772.469	-1.318.456
Currency exchange differences	-72.399	-66.524
Other financial costs and income	779.549	819.849
	2.989.186	**5.397.611**

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

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

	2018	2017
Financial instruments - cash flow hedge (Note 20)	-57.884	120.519
Commercial paper programmes charges	650.753	698.732
Discount value (Note 12)	51.106	-
Impairment reversal TB's (IFRS9)	**-111.569**	**-**
Other commissions	138.276	78.819
Other financial cost and gains	108.867	-78.221
	779.549	**819.849**

28. INCOME TAX

Income tax recognised in the years 2018 and 2017 are broken down as follows:

	dec/20178	dec/2017
Current taxes	2.720.113	2.124.336
Income tax provisions (Note 19)	-	1.182.596
Insufficiency (excess) of income tax	-73.338	-2.707.163
Deferred taxes (Note 18)	1.423.534	2.101.820
	4.070.309	**2.701.589**

The group's income tax prior to taxes is not the same as the theoretical amount that would result from applying the mean weighted income tax rate to the consolidated profit, as follows:

	2018	2017
Pre-tax profit	**29.141.059**	**33.941.094**
Tax calculated at the appliacble tax rate in Portugal (22,5%)	**6.556.738**	**7.636.746**
Fiscal effect caused by:		
Income tax provisions	-	1.182.596
Insufficiency (excess) of income tax	-73.338	-2.707.163
Tax credits (CFI)	-3.871.869	-3.021.307
Deferred tax credits	60.814	-1.066.980
Special tax (independent)	416.550	357.463
Tax pours	192.166	149.654
Deferred tax adjustments and other effects	789.248	170.580
Income Tax Expenses	**4.070.309**	**2.701.589**

In 2018 and 2017, the income tax rate on profits was of 14% and 8%, respectively, lower than the nominal rate, mainly due to the tax credits obtained under the terms of the Investment Tax Code (CFI), as in the "Decreto –Lei" no. 162/2014, of 31 October.

29. INCOME PER SHARE

Income per share in the years ending on 31st December 2018 and 2017 was calculated as follows:

	2018	2017
Profit payable to shareholders	**24.962.061**	**30.849.460**
Mean weighted number of ordinary shares issued (1)	36.000.000	36.000.000
Mean weighted number of own shares	-3.599.981	-3.599.981
	32.400.019	**32.400.019**
Basic earnings per share (€ per share)	**0,77**	**0,95**
Earnings diluted per share (€ per share)	**0,77**	**0,95**
Number of own shares at the end of the year	**3.599.981**	**3.599.981**

(1) in 2018 and 2017, there were capital increases due to the incorporation of reserves. Nevertheless, in accordance with IAS 33, when this occurs, the number of ordinary shares is adjusted as if the increase had occurred at the beginning of the oldest period presented.

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

30. FINANCIAL ASSETS AND LIABILITIES

At the end of the year 2018 and 2017, financial assets and liabilities were broken down as follows

Financial Assets	Category	Accounting Value 2018	Accounting Value 2017	Valuation Method
Other non-current assets	Loans and accounts receivable	12.921.343	6.335.385	Amortized cost
Other financial assets	Loans and accounts receivable	19.608.860	22.986.661	Amortized cost
Non-current financial assets	Other assets	211.430	497.108	Amortized cost
Cash and cash equivalents	Loans and accounts receivable	37.931.124	34.902.883	Amortized cost
Clients	Loans and accounts receivable	9.546.044	7.045.044	Amortized cost
Other debtors	Loans and accounts receivable	6.721.003	4.797.968	Amortized cost
		86.939.804	**76.565.049**	

Financial Liabilites	Category	Accounting Value 2018	Accounting Value 2017	Valuation Method
Loans	Other liabilities	129.964.272	137.246.895	Amortized cost
Financial leasing	Other liabilities	2.179.500	3.767.846	Amortized cost
Suppliers	Other liabilities	58.076.099	45.884.205	Amortized cost
Cost accruals	Other liabilities	13.188.175	13.062.648	Amortized cost
Other creditors	Other liabilities	4.847.276	10.079.493	Amortized cost
Derivative financial instruments	Other liabilities	177.570	235.455	Fair value
		208.432.892	**210.276.542**	

Only Financial Assets (such as Clients and Other Debtors) presents impairment losses, as Note 15. On 31st December 2018 and 2017, gains or losses related with these financial assets and liabilities were as follows:

Profit/ (Loss)	dec/2018	dec/2017
Accounts receivable	-659.013	-582.330
Non-current financial assets	-	-
Assets at amortised cost	-	-
	-659.013	**-582.330**

The interest of financial assets and liabilities were as follows:

Interest	dec/2018	dec/2017
Accounts receivable	-	-
Non-current financial assets	-	-
Assets at amortised cost	4.054.505	4.733.959
	4.054.505	**4.733.959**

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

Exchange rate	dec/2018	dec/2017
Accounts receivable	-	-
Non-current financial assets	-	-
Liabilities at amortised cost	-72.399	-66.524
	-72.399	**-66.524**

31. DIVIDENDS

At the General Meeting of 14th May 2018, the company decided to pay a gross dividend of 0,10 euro per share (0,10 euro in 2017), representing a total value of 2.700.006 euro for outstanding shares (2.160.010 euro in 2017), settled on June 2018.

32. CONTINGENT ASSETS AND LIABILITIES

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

33. OTHER COMMITMENTS ASSUMED

A. Bank guarantees

On 31st December 2018, responsibilities not recorded by Ibersol's subsidiaries are mainly made up of bank guarantees provided on their account, as follows:

	dec/2018	dec/2017
Bank guarantees	33.568.604	25.753.064

On type of coverage, bank guarantees are as follows:

Leases and rents	Other supply contracts	Fiscal and legal proceedings	Others	Other legal claims
32.236.519	34.585	1.232.768	52.731	12.000

The relevant amount comes from the guarantees required by the owners of spaces concession (ANA Airports and AENA Airports in Spain) or leased (shopping centers and other places).

B. Operating leases

On 31st December 2018, Ibersol has commitments to third parties, resulting from operating lease agreements, namely real estate contracts. The breakdown of future payments of operating leases, given their maturity, can be analyzed as follows:

< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
55.109.293	51.603.455	48.069.254	41.885.708	39.598.982	120.996.419	357.263.111

34. TRANSACTIONS WITH RELATED PARTIES

The related parties of Ibersol group are:

- Sharesholders:

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

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

- Joint controlled entities – UQ Consult

With respect to the balances and transactions with related entities, the overall value of the balances and transactions of the Group with the joint controlled UQ Consult relates mainly to support services and management information systems, and was, respectively, 755.751 and 3.185.893 euros.

- Administrators

The company shareholder ATPS-S.G.P.S., S.A., which signed a service-rendering contract with the subsidiary Ibersol Restauração, SA, in the amount of 900.000 euros in the year 2018 (900.000 euros in 2017), provided services of administration and management to the group. ATPS-S.G.P.S., S.A. under contract with Ibersol Restauração, S.A. has the obligation to ensure that its administrators, António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, manage the group without incur in any additional charge. The company does not pay directly to its administrators any remuneration.

35. IMPAIRMENT

Movements during the years 2018 and 2017, under the heading of asset impairment losses were as follows:

December 2018	Starting balance	Perimeter variation	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	10.909.271	-	-	-552.138	1.385.106(1)	-109.615(1)	11.632.624
Goodwill	-	-	-	-	2.016.459(1)	-	2.016.459
Intangible assets	3.707.206	-	-	-	15.723 (1)	-	3.722.929
Stocks	74.981	-	-	-	-	-	74.981
Other current assets	2.159.669	-28.899	141.347	-	843.800(2)	-184.7873)	2.931.131
Other financial assets (current and non-current)	-	-	-	-	940.762(4)	-	940.762
	16.851.128	**-28.899**	**141.347**	**-552.138**	**5.201.850**	**-294.402**	**21.318.886**

December 2017	Starting balance	Perimeter variation	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	11.467.097	-	-	-727.460	169.635 (1)	-	10.909.271
Intangible assets	3.710.538	-	-	-3.332	-	-	3.707.206
Stocks	74.981	-	-	-	-	-	74.981
Other current assets	2.753.877	305	-1.176.843	-	702.271 (1)	-119.940 (3)	2.159.669
	18.006.493	**305**	**-1.176.843**	**-730.792**	**871.905**	**-119.940**	**16.851.128**

(1) amortisation, depreciation and impairment losses of TFA and IA;
(2) other operating income;
(3) other operating costs;
(4) recorded in other reserves and retained earnings (as at 01 January 2018) 1.052.331 euros and net financing cost (111.569 euros), note 27.

The impairment losses of tangible fixed assets and intangible assets are detailed as follows:

Year 2017	Tangible fixed assets	Intangible assets	Total
Pans (1 unit)	32.567	-	32.567
Pizza Móvil (2 units)	137.068	-	137.068
	169.635	**-**	**169.635**

Year 2018	Tangible fixed assets	Intangible assets	Total
Pasta Caffé (1 unit)	211.714	-	211.714
Sol (2 units)	40.976	15.723	56.699
Pizza Móvil (5 units)	397.567	-	397.567
Ribs (1 unit)	385.346	-	385.346
Pans & Company (2 units)	349.503	-	349.503
	1.385.106	**15.723**	**1.400.829**

Instatement of assets associated impairment losses are detailed as follows:

	Year 2018
Pans & Company (1 unit)	320.745
Pasta Caffé (1 unit)	1.905
MiiT (1 unit)	82.647
Pizza Móvil (1 unit)	146.841
	552.138

	Year 2017
Burguer King (1 unit)	1.791
Pans (2 units)	446.783
Pasta Caffe (1 unit)	110.000
O' Kilo (1 unit)	172.219
	730.792

36. UNUSUAL AND NON-RECURRING FACTS

No unusual and non-recurring facts took place during the years 2018 and 2017.

37. SUBSEQUENT EVENTS

There are no subsequent events to 31 December 2018 that may have a material impact on the financial statements presented.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 12th April 2019.

Shareholders are entitled not to approve the accounts authorized for issue by the Board of Directors and propose their amendment.

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STATUTORY AUDITORS' REPORT AND AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Ibersol, S.G.P.S., S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2018 (showing a total of 444,249,541 euros and total equity of 203,170,093 euros, including a profit for the year attributed to the shareholders of 24,962,061 euros), and the consolidated income statement by nature, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **Ibersol, S.G.P.S., S.A.** as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by *Ordem dos Revisores Oficiais de Contas* (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the *Ordem dos Revisores Oficiais de Contas'* code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recoverability of tangible fixed assets, goodwill and intangible assets

Refer to Notes 2.6, 2.7 e 2.8 of Main accounting policies, notes 4.a) e 4.d) of Important accounting estimates and judgments and notes 8, 9 and 35 of Annex to the consolidated financial statements

The Risk

Recoverability of tangible fixed assets (201,310,291 euros), *goodwill* (90,846,327 euros) and intangible assets (36,146,157 euros) is a key audit matter due to the materiality of the amounts involved as well as due to the complexity and subjectivity inherent to impairment tests, namely regarding the uncertainty of the financial projections, which are based on the expectations of the Management.

These projections are materialized in business plans, which key assumptions, such as discount rates, expected margins, short and long term growth rates, investment plans and demand behaviors, are not directly observable in the market.

In 2018, as a result of the internal analysis made to assess the recoverability of tangible fixed assets, goodwill and intangible assets, the Group recognized an impairment loss of 3,307,673 euros.

Our response to the identified risk

Our audit procedures included, amongst others:

- evaluation of the budgeting procedures in which the financial projections are based on, by comparison between current performance and performance estimates made in prior periods, as well as the integrity and mathematical accuracy of the discounted cash flows model;
- analysis of the internal and external assumptions used, such as current business trends, market performance, inflation, projected economic growth and discount rates, assessing its reasonableness and consistency between Group entities;
- performance of sensitivity tests to changes in the assumptions and projections considered;
- involvement of our valuation experts in order to assess the discounted cash flow model and the weighted average cost of capital used by the Group in its projections;
- enquiries to the Management regarding their estimates and judgments and challenge of the assumptions used; and,
- assessment of the adequacy of disclosures considering the applicable accounting framework, namely notes 8 and 9 of the Notes to the consolidated financial statements.

KPMG

Responsibilities of Management and the Supervisory Body for the Consolidated Financial Statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's financial position, financial performance and the cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- the preparation of the management report and the corporate governance report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

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- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code, as well as the verification that the non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements.

On the Corporate Governance Report

Pursuant to article 451, nr. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group to provide under article 245-A of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of that article.

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On the non-financial information defined in the article 508-G of the Portuguese Companies' Code

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Group has prepared a separate report where includes the non-financial information defined in article 508-G of the Portuguese Companies' Code, having that report being published with the management report.

On the additional matters provided in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

— We were first appointed as auditors of **Ibersol, S.G.P.S., S.A.** (parent Entity of the Group) in the shareholders general assembly held on 14 May 2018 for a first mandate from 2018 and 2020.

— Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud.

— We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Group on 9 April 2019.

— We declare that we have not provided any prohibited services as described in article 77, nr. 8 of the *Ordem dos Revisores Oficiais de Contas* Statutes, and we have remained independent of the Group in conducting the audit.

15 April 2019

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
represented by
Adelaide Maria Viegas Clare Neves (ROC n.º 862)

RESPONSIBILITY STATEMENT

Responsibility Statement

In accordance with paragraph c) number 1 of article 245 of the Portuguese Securities Market Code the Fiscal Board informs as far as its members know and regarding the elements we assessed, the information contained in the individual and consolidated financial statements of 2018 was prepared in accordance with applicable accounting standards, giving a true and appropriate view of the assets and liabilities, financial position and the results of IBERSOL- SGPS, SA, and the companies included in the consolidation perimeter, and that the management reports faithfully describes the business evolution, performance and financial position of the company and of the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties they face.

Porto, 15th April 2019

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço (President)
Dra. Maria José Martins Lourenço da Fonseca (Vice-President)
Dr. Eduardo Moutinho Ferreira Santos (Effective Member)

FISCAL BOARD REPORT

To the Shareholders of IBERSOL SGPS, S.A.:

In compliance with the applicable legislation and its mandate, the Fiscal Board issues its report on the supervisory action carried out as well as its opinion on the Management Report and remaining consolidated and individual financial statements for the year ended 31 December 2018, and issue its consequent opinion:

. Supervision:

The Fiscal Board accompanied, within the scope of its competencies and mandate, during the 2018 financial year, the management of the company and its subsidiaries, having received for that purpose the information of the Company's Board of Directors, the Statutory Auditor and the External Auditor.

Over the course of the year the Fiscal Council held quarterly meetings with all members present, which examined and considered the matters subject to the powers of this body. In the ordinary meetings was always present the External Auditor, **KPMG & Associados, SROC, S.A**., who is also the Statutory Auditor of the company, who proposed to the Fiscal Board, at the beginning of the term for which it was elected and in the first meeting relating to the annual activity, and obtained agreement from the Fiscal Board regarding its fiscal activity plan, including that meant to ascertain: - i) the effectiveness of the risk management system, internal control and internal auditing; - ii) the quality of the process of preparing and disclosing financial information and respective accounting policies; as well as – iii) value-measuring criteria, the regularity of the accounting registers and books and respective support documents, and also - iv) the verification of goods and values pertaining to the company.

Along the exercise they provided the detailed information about the actions performed and the resulting conclusions.

The Fiscal Board met quarterly with the Board of Directors and this last organ was forthcoming in providing the Fiscal Board information over the society's activity and explanations needed to understand the activity and financial information drawn up by same Board of Directors in previously moment to its disclosure. The Fiscal Board did not come across any constraint during their supervision action and verified the inexistence of any irregularity by shareholders, collaborators of the Company, External Auditor or any other regulatory, supervisory or inspection bodies that were communicated to the Fiscal Board.

The Fiscal Board exercised its powers to supervise the activities and independence of the External Auditor and the Auditor, having the perception that the recommended practices were observed; and the Fiscal Board has rendered its approval to additional services to the auditory services that were hired to the External Auditor, having considered that it's independence was safeguarded, its remuneration was contained in market conditions, and, therefore, it was in the society's interest to benefit of the knowledge and punctuality assured in those services.

The provision of additional services performed by the external auditor did not overcome the established by European regulations and national legislation in force.

The Fiscal Board observed recommendation I.5 of the Corporate Governance Code of the IPCG to characterize the relevant level of transactions with shareholders holding relevant transactions according to those criteria, nor identified the presence of conflicts of interest.
The Fiscal Board examined the individual and consolidated management report and the individual and consolidated financial statements, their respective attachments, including the 2018 Corporate Governance Report presented by the Board of Directors, having examined, as well, the Legal Certification of Accounts and its Opinion issued by the Chartered Accountant and has also considered the Audit Report submitted by **KPMG & Associados, SROC, S.A.**, attached to the "Additional Report of the External Auditor to the Supervisory Body", that it produced and referring to the 2018 financial year, in accordance with Article 24 of the Portuguese RJSA (Legal Regime of Audit Supervision) , approved by Law 148 / 2015, of 7 September. It covers the scope of the Audit, the partners and employees of the Statutory Auditor who participated in it, the evaluation methods used with reference to impairment tests and corporate concentrations, the consolidation perimeter with mention of entities not audited by KPMG, materiality, Independence and the additional services provided, as well as, among others, the results of the analysis of Internal Control that responds to the questions raised, the answers obtained and the recommendations made.
The Fiscal Board also examined the compliance of the Corporate Governance Report included in the Management Report in compliance to the nº 5 art. 420 of the Commercial Societies Code, focusing its analysis in the inclusion, in that Governance Report, of the required elements of the 245º-A article of the Portuguese Securities Market Code.

2. Opinion:
Considering the above, the opinion of the Fiscal Board is that are fulfilled the conditions of the approval, by the General Meeting, of:

a) The management reports, the financial consolidated and individual statements of 2018 and respective annexes, namely the Governance Report, annexed to the Management Report and Consolidated Accounts;

b) The proposal of distribution of year-end results presented by the Board of directors.

Porto, 15th April 2019

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço (President)
Dra. Maria José Martins Lourenço da Fonseca (Vice-President)
Dr. Eduardo Moutinho Ferreira Santos (Effective Member)

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Porto, April 30, 2019
The Board of Directors

António Carlos Vaz Pinto de Sousa
António Alberto Guerra Leal Teixeira
Juan Carlos Vázquez-Dodero

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