IBERSOL – SGPS, SA

Publicly Listed Company

Head Office: Edifício Península, Praça do Bom Sucesso, nº. 105 - 159 – 9th floor, 4150 – 146 Porto

Share Capital: €30.000.000

Registered at the Porto Commercial Registry Office under the registration and tax identification number 501669477

2017 ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

(Proposed second item of the Shareholders Meeting)

- **MANAGEMENT REPORT**
- **CORPORATE GOVERNANCE REPORT**
- **FINANCIAL STATEMENTS AND ANNEXES**

1. Introduction

It is necessary to go back 17 years to find growth rates similar to those registered by the Portuguese economy in 2017. Gross Domestic Product (GDP) grew 2.7%, thereby achieving its highest rate since 2000, when the economy grew 3.8%.According to the National Institute of Statistics (INE), this value is 1.1 percentage points higher than the previous year, having reached, in nominal terms, 193 billion euros, as a result of the increase in the contribution from domestic demand. An economic scenario felt, quite directly, by various sectors, namely the hotel sector, which has largely benefitted from tourism, with Portuguese hotels registering an average annual occupation rate of 71%, up three percentage points since 2016.

Although tourism has been influential, Portugal is also in fashion for those who live here and are again beginning to consume at pre-crisis levels. The number of clients at our restaurants, where many Portuguese honour us with their choice every day, has also bounced back to what we registered before. They are demanding customers in every respect, from product, service and cleanliness, to the general ambience of the restaurant. These clients increasingly share their experiences through comments or images over social networks, which have become an important asset to promote our products.

This is also a way of assessing the satisfaction of our customers who, although they value an overall experience, will continue to pay close attention to good value for money. At the end of the year, we feel that our mission is being accomplished and that can be seen in our performance, with a turnover that has been growing by two digits since the first quarter of the year.

In the Iberian Peninsula growth remained quite favourable and that has had a positive impact on the Group's results. Angola, however, registered a reversal of its growth trend, as of the second quarter.

The acquisition of the Eat Out Group contributed to a higher volume of service provision and almost all the segments registered positive growth, above the average of the market, with special emphasis on "Counters".

The businesses grouped under “Catering and Concessions", with the best relative performance, benefitted from a high number of major events and increased traffic in the spaces under concession that we operate, namely airports.

The fourth quarter consolidated the sales growth trend, whereas in Portugal there was an impact on the consolidated sales of the first semester, which we estimate at around 4.5% due to the reduction in VAT during 2016.

The implementation of the refurbishment and opening plan, which applied to all of the Group's brands, is noteworthy.

Regarding Eat Out Group, it is important to highlight the opening of a new unit awarded in the public tender of the Madrid Airport, the participation in the public tender of Barcelona Airport, the five units in a group awarded following the public tender of the Gran Canaria Airport and the participation in the public tenders for Barcelona and Málaga.

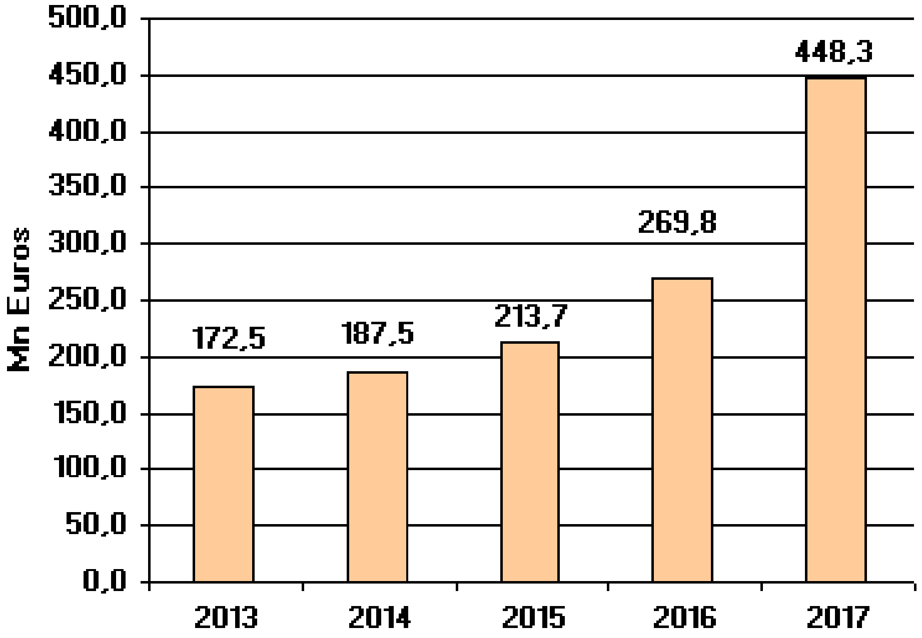
In Angola, business evolution remained very much dependent on the price of oil and its impact on economic activity, in a year of elections which resulted in the replacement of President Eduardo dos Santos. During the year inflation reached very high levels, which led to a significant drop in consumption, since income did not evolve in a positive way, the Kwanza not having been devalued as expected. Notwithstanding, a new cycle began after the August elections and the government gave signs of a strategy for manufacture, decreasing dependency on imports and oil, creation of conditions for increasing foreign investment, compliance and a return to the international markets.

2. Key Indicators

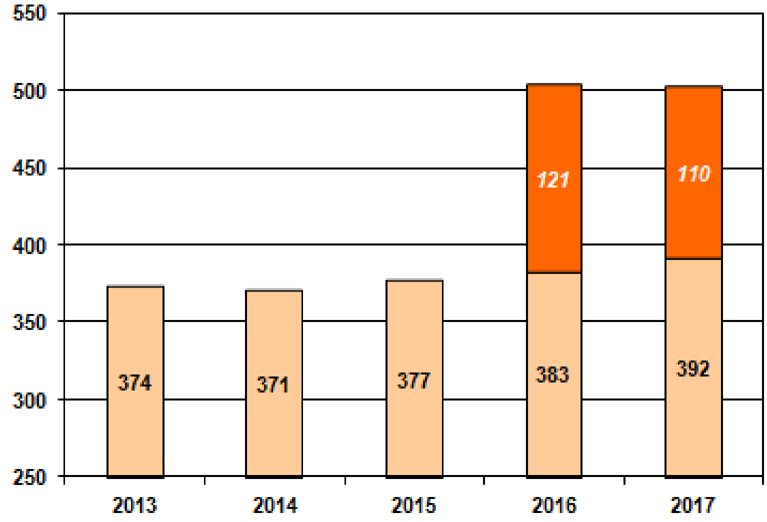
ECONOMIC INDICATORS 2017

	Turnover	Operating Income	Profit before tax	Net Profit
Mn Euros	448,3	33,4	33,9	31,2
Ch %	66,2%	10,0%	16%	34%

TURNOVER

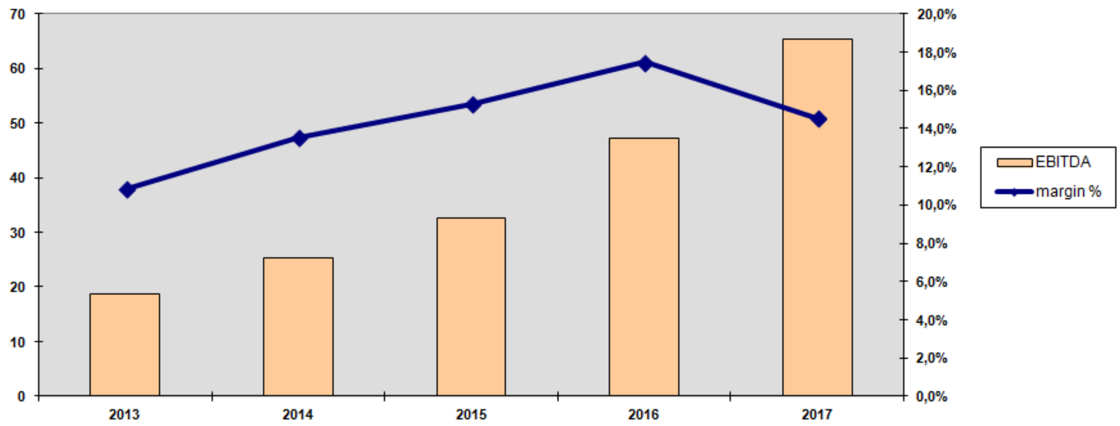


Nº EQUITY UNITS



Note: Incorporation in 2016 of 121 EQUITY units results from the acquisition of ECG.

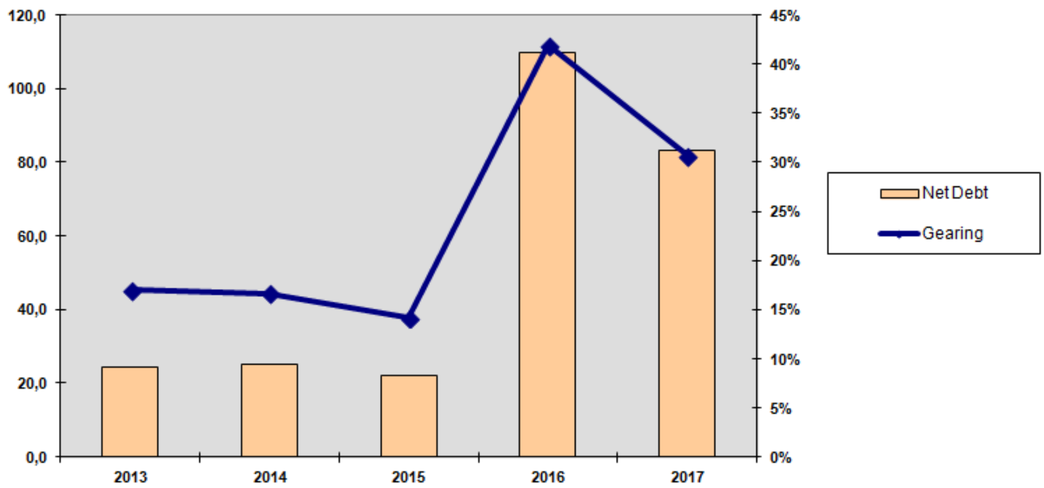
EBITDA



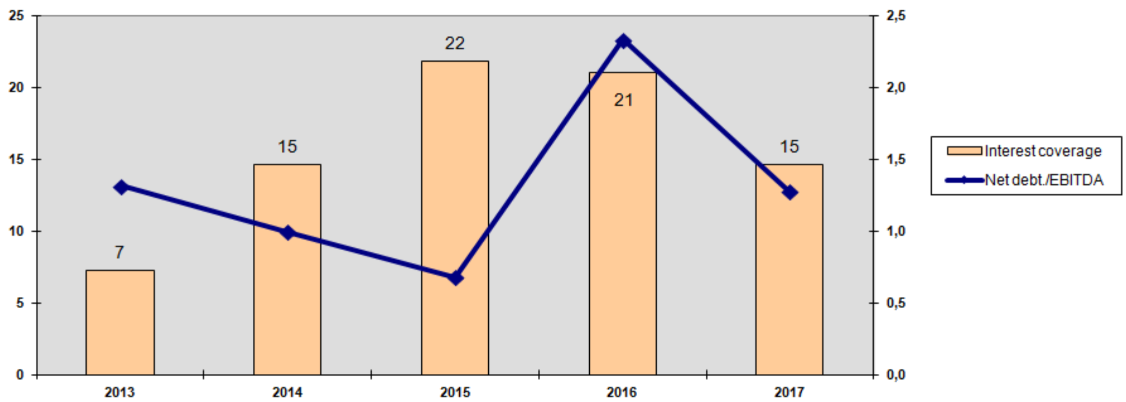
FINANCIAL INDICATORS 2017

	Net Assets	Net Debt	Equity
Mn Euros	437	83	188
Var %	4%	-24%	24%

NET DEBT



INTEREST COVERAGE



3. Message from the Chairman of the Board of Directors

Life is made of choices that determine the path we follow. At Ibersol Group we have long understood the importance of those choices and how they impact our journey further on, and that is why, every moment of every day, we consider our acts and actions and measure the impact that they have on our collective journey.

The paths of companies are, to a large extent, determined by the reading of the different internal and external variables. Thee pondered and in-depth readings are what have allowed us to make the best decisions over the course of our journey, with direct impact on our management actions and, consequently, on the performance of the Group.

Regarding the choices we have made, and make, every day, we also take into account imagination and enthusiasm and, above all, the passion that drives us to do more and better.

Our Group demonstrates the strength with which it defends its commitment towards sustainability at every level of the organisation, as a guarantee of stability and responsibility in the collective future, of both the organisation and in its social interaction.

It is that responsible commitment towards sustainability that has prepared us, year after year, for the different economic cycles, demonstrating agility and robustness in what we do and how we do it. Therefore, at the end of this year we implemented a significant and prominent national and international growth strategy.

This was only possible because we maintained continuous improvement processes in terms of Operations, Human Capital, Marketing and, above all, that which involves our strategic planning and management. Because it is that effort that drives the positive transformations that we have integrated in our brands, as the visible face of a process of accomplishment.

Perhaps that is the word that best defines what we do – Accomplishment. The ability to make it happen and to accomplish, a force that drives us, day after day, as a major modern player in the Iberian restaurant sector, and which is the result of a perfect trade-off between passion, challenges, know-how and delivery capability.

We will continue to be a network of trust for national and international stakeholders, maintaining the path of success and solidity that characterises us, defending the sustainability of the Group, of its brand portfolio and investing in employment and in the relationship with our Customers in Portugal, Spain or Angola.

4. The year of 2017

4.1 Main Events

The year of 2017 was marked by renewed growth, due to an increase in transactions motivated by improvement in market conditions and the effects of refurbishments and openings, as well as the impact of the acquisition of the Eat Out Group, against a backdrop of continued efforts to empower our human resources.

The programme of refurbishment, openings and assessment of units continued

With an increasing number of customers, we continued to adjust the portfolio of restaurant units, especially in Spain, based on the principle of profitability assessment and tactical interest and lease expiration dates.

To this end, 46 units were closed during 2017, 21 of which are owned. The closures of owned units were due to the end of the concession period of 10 concessioned units in Spain (six of which in Fuerteventura airport), the elimination of six points of sale during the remodelling of Lusoponte and five following a decision not to renew the respective contracts (Pans Plaza Norte e Passeio da Graça, PH Carnaxide, Òkilo and Pasta Caffé Vila Real).

Continuing the process of assessment of the network of franchised units, 11 units of the Santamaria concept, one Ribs and 11 Pans in Spain were also closed. Aditionally, the franchise contracts for two FrescCo unites in India were not extended.

Conversely and with regard to the expansion plan that we implemented during the year, 25 new units, 19 owned and 6 franchised, were opened.

We also focused on those refurbishments that enhance differentiation, namely at Pans & Company, KFC, Burger King and Pizza Hut.

In Spain, the process of conversion of Pizza Móvil units into Pizza Hut was initiated with the inauguration of 3 units in the first quarter.

At the end of the year, the total number of units came to 646 (502 owned and 144 franchised).

In 2017, our activity also included the formalisation of partnerships, namely with the Continente Card in Portugal, a strategic project that has permitted us to get to know our customers much better. This allowed us to design segmented initiatives, with the capacity to generate a relationship of commitment towards the customer with better and improved results for our Group.

Merger and integration in a growth scenario

In Spain the acquisition of the Eat Out Group (EOG) in October 2016, led to challenges of integration and merger of two groups with different cultures. Following a first phase of analysis, we decided to replace the information systems so as to accelerate the standardisation of the analysis methods, centralise some departments and increase efficiency regarding resource management. At the same time, we are implementing quality and certification processes which we have developed over the years.

In conclusion, these have been challenges for all the Employees of a group that seeks to be strong, united and cohesive, with the purpose of sharing the same tools, the same methods of analysis and reporting, and the same processes.

In Portugal, we maintained our strategic growth plans for the Burger King, Pizza Hut and KFC brands, as well as the space refurbishment policy implemented in the various Group brands, such as Burger King, KFC, Pizza Hut, Pans, Pasta Caffé, Miit and some shopping centre kiosks.

Expansion was suspended in Angola as we waited for clarification regarding access to currency to pay for imports and concentrated on sustaining KFC and Pizza Hut.

Commitment to employees, the driving force behind the success of the Ibersol Group

We have continued to invest in the training and growth of our Employees, who are both the engine of our activity and the secret behind the rendering of a service which has to be improved every day, so as to meet our Customers' demands.

This commitment is increasingly a strategic pillar of the Group, which is why the training programmes are tailored to each employee, allowing them to acquire new knowledge and progress in their careers.

There is a specific training programme for each stage, through which Employees with growth potential can develop the skills required for new positions which they can be entrusted with if they acquire the necessary certification. It is up to their superiors to identify the potential of each worker and to evaluate the different Employees. The vast majority of the managers of each brand started off in the different positions in the restaurants and climbed the ladder from there.

4.2 Economic Context

Global situation

Recent EUROSYSTEM and OECD forecasts point towards a sustainable and general expansion of the world economy, which is estimated to have grown 3.6% in 2017. A slightly higher rate in 2018, followed by a similar rate in 2019 is expected, in a broadly favourable economic scenario, due to the stability of the financial conditions and of the labour market of the main world economic blocs, as well as the trend of a gradual rise in the prices of commodities, namely oil, which has contributed towards a moderate increase in inflation.

A vigorous expansion of advanced economies and dynamic growth of emerging economies is expected, in line with strong growth in India and China and the gradual strengthening of business activity in commodity-exporting countries, namely Brazil and Russia.

The US economy expanded 2.2% in 2017, with expected growth rates of 2.5% and 2.1% in 2018 and 2019 respectively, driven by the recently approved tax scheme, in a near-full employment scenario.

GDP growth in the Eurozone came to approximately 2.4% in 2017, the highest level of the last decade, and is expected to remain robust, despite a gradual decrease over the next few years, driven by internal demand and fixed investment expenditure, with a fall in the unemployment rate to 9.1%, the lowest level since 2008.

In 2017, the Chinese economy grew 6.8%, boosted by the performance of the services areas and of some strategic industries, with a slight slowdown expected over the next few years, due to a foreseeable reduction of exports.

The United Kingdom grew about 1.5% in 2017, and it is estimated that the deceleration process will continue in 2018 and 2019, with the rate of inflation remaining above the objective set by the Central Bank.

The Japanese economy increased its growth rate to 1.5% in 2017, as a result of its fiscal policy and the increase in exports.

The main risk factors for the global economy are associated to political tensions in Europe and the Korean Peninsula, the uncertainty surrounding the Brexit process and a possible slowdown of the Chinese economy and of other emerging economies, in a possible scenario of a decrease in the prices of some commodities and an increase in interest rates.

Situation in Portugal

Recent data from INE and the Bank of Portugal indicate that the Portuguese economy grew 2.7% in 2017, above the growth rate in the Eurozone and exceeding the Government's initial estimate by 1 p.p., thus contributing – albeit in moderate terms – towards the reduction of the wealth differential per capita between Portugal and the Monetary Union.

This growth was driven by investment developments and the good performance of exports, namely tourism. It is estimated that in 2020 exports will reach a value 68% higher than in 2008.

The economy has benefitted from very favourable monetary and financial conditions. According to the forecasts of the Bank of Portugal, expansion will continue over the next three years, although at a gradually slower pace, closer to the average growth of the Eurozone.

The unemployment rate is expected to maintain a downward trajectory, falling from 8.9% in 2017 to 6.1% in 2020, with emphasis on the reduction of youth unemployment, which remains very high (above 20%).

The average rate of inflation increased significantly in 2017 (from 0.6% to 1.6%), in a context of a slight increase in unit labour costs. Over the next few years, unit labour costs are estimated to increase in line with the EUROSYSTEM forecasts for the Eurozone.

Gross Fixed Capital Formation registered strong growth in its main components (construction, machinery and equipment and transport material), a trend which is expected to continue, albeit to a lesser extent, in the following years.

The economic recovery strengthened in 2017 due to the structural reforms undertaken in the recent past and an increase in foreign demand.

Private investment has been expanding rapidly, fostering employment creation. The current challenge is sustainability of growth and its increase to levels that permit, in the medium-term, a consistent convergence with the standards of living of the most advanced countries of the European Union.

Situation in Spain

In 2017, and for the third consecutive year, the Spanish economy grew more than 3%, well above the average of the Eurozone.

The economic upturn has been occurring in a balanced manner between internal and external demand, guaranteeing the sustainability of economic growth.

The strong growth of employment sustains household income and consumption, while at the same time corporate investment continues to grow, underpinned by a climate of confidence and better profit margins.

Residential investment increased, reflecting employment gains and favourable financing conditions for families and companies. In addition, the structural reforms contributed towards an improvement in competitiveness, boosting the growth of exports.

The unemployment rate has been falling gradually, but remains high (17.2%), particularly among young people and long-term unemployed, and is expected to fall to 13.5% at the end of 2019.

Although it remains robust, lower GDP growth is forecast for 2018 and 2019, due to the expected deceleration of internal demand growth, as the effects of the oil price and low interest rates are dissipated. On the other hand, the political tensions in Catalonia created a climate of some uncertainty, with an expected impact on investment and tourism levels.

However, the continued creation of employment and favourable financing conditions should support private consumption and corporate investment.

Situation in Angola

After a year of stagnant economic growth, data from the Interim Plan prepared by the Angolan Government (measures to be implemented in the period from October 2017 to March 2018) estimates that GDP is expected to have grown 1.3% in 2017, in line with the latest predictions of the IMF and below the objectives initially set out, which pointed to 2.1%.

The slight acceleration of economic growth resulted from, in the first half of the year, the recovery of the price of oil and from some relief from the restrictions of foreign currency supply granted by the BNA.

Developments in oil sector activity continue to be the biggest constraint to the performance of the economy: average daily oil production is expected to reach 1.76 million barrels, below the Government's expected value (1.82 million barrels), in spite of the recovery of the average price per barrel (USD 51.2 in the first 11 months of 2017 vs USD 40.2 over the same period of 2016).

During the second half of the year the need for greater restrictiveness in BNA's exchange rate policy and the acceleration of the inflation rate led to a new slowdown in economic activity.

Given the strong dependence of tax revenue on the evolution of the price of Brent in international markets, public finances have been affected, resulting in a contraction of public investment, which was the main driving force in economic development.

Between 2013 and 2017, oil revenues measured in USD fell 75% (58% up to 2016). The diversification of the economy, with special emphasis on agriculture and industry, continues to be the key priority for the sustainability of the country's economy.

After having reached the value of 42% at the end of 2016, the rate of inflation recently reversed its downward trend initiated in 2017. Until August, the annual rate of inflation had fallen 15 p.p. to 27%. However, in September, year-on-year inflation increased once again and October data points to a rate of 29%.

Considering the Government's intention to make adjustments to the exchange rate, it is possible that the inflation rate will remain under pressure.

Revenues from oil exports will evolve positively in 2018, with an estimated oil production of 1.65 million barrels per day and an average price of close to 60 USD per barrel.

The Angolan Ministry of Finance estimates an economic growth of 4.9% in 2018 (6.1% for the oil sector and 4.4% for the other sectors).

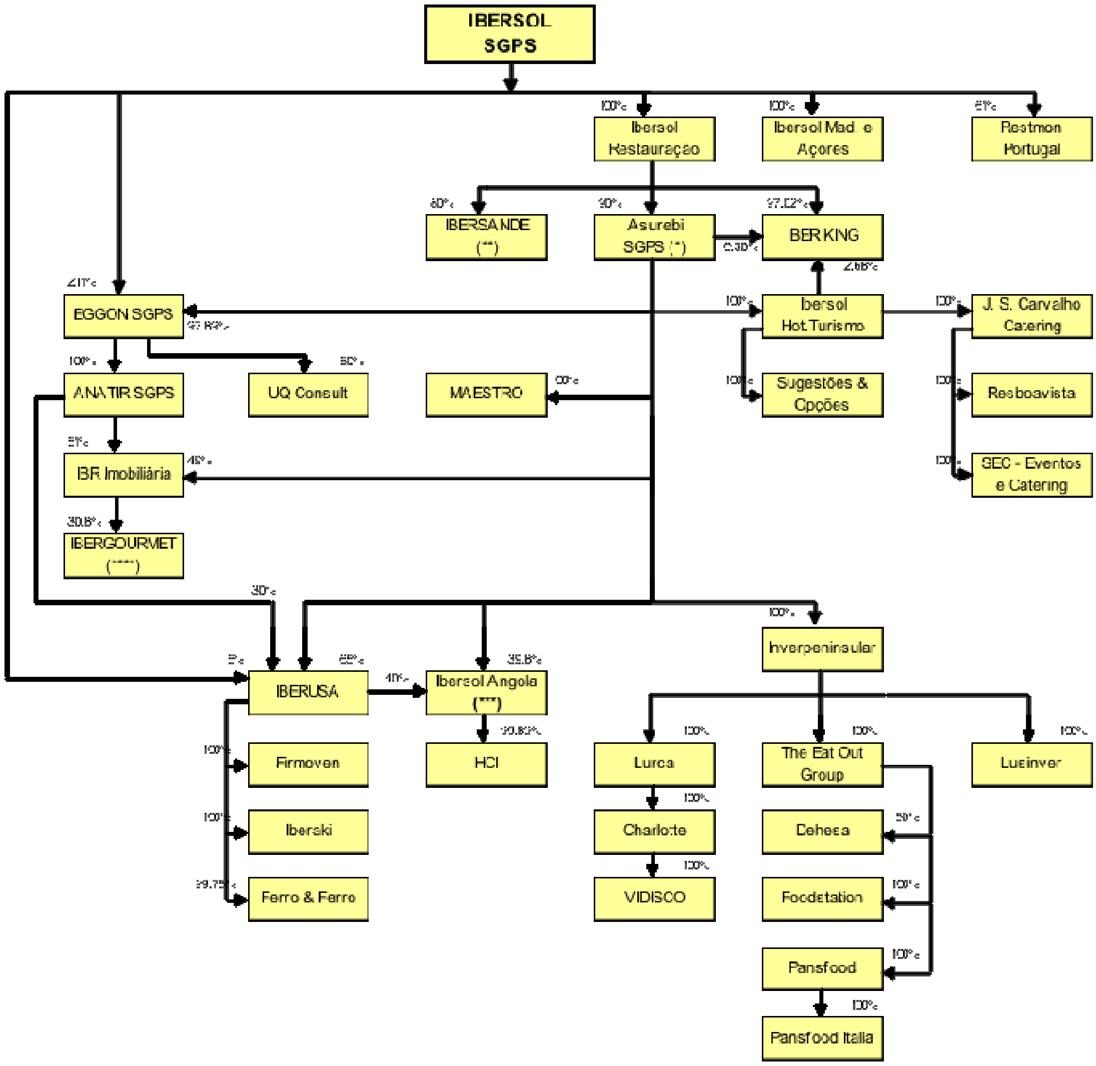
Final Note

In economic terms, the global outlook for 2018 is very positive, both in a scenario of higher growth (3.8%) and regional scope: strengthening of international trade, increased employment and low inflation and interest rates. The main risks are of a political nature, such as the aforementioned geostrategic tensions and the early stages of a movement towards an increase in interest rates.

5. THE IBERSOL GROUP

5.1 Business structure

HOLDINGS AS AT 31 DECEMBER 2017



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

5.2 Strategic profile of the Group

Ensuring great experiences and quality of life

Consumers are increasingly demanding in relation to the experiences that brands offer. That is why the Group endeavours to ensure that all its brands have a varied offer, providing consumers with different experiences in terms of quality and flavour. From breakfast to lunch, during the week or over the weekend, we are present at all meal times, on a wide variety of occasions. We seek to provide customers with moments of well-being linked to a balanced diet. That is why we developed the Viva Bem (Live Well) programme (website and blog), where we promote responsible dialogue with the Customer, providing information on the nutritional composition of Ibersol's products, on allergens and on how to adopt a way of living that ensures 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 every attention. That is why Ibersol always aims to meet customer expectations, anticipating trends, satisfying needs and presenting increasingly solid value proposals.

Developing and Valuing our People

At the Ibersol Group, developing human capital is intrinsically linked to meritocracy and the results achieved. The Group stresses a culture for valuing people based on a system which is guided by the Ibersol values and the results achieved, making it possible to assess performance and potential and, thereby, monitor the sustained growth and know-how of the Teams.

The Group monitors the development of its People and Teams, addressing their expectations and the expansion needs.

An added-value social network for the Consumer

At the Ibersol Group there is a network of emotional relations and trust, which is established between the employees 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 transmitting them, so that they are incorporated into new value propositions in order to continually create the right conditions for the Ibersol team to bring about that added-value relationship with the Customer – connecting and communicating in a pertinent, attentive and dedicated manner.

Overall management processes and logistics planning

The Ibersol Group has organised a supply chain which ensures the quality of the products it sells, from supply to sale, including logistics.

It 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, which is 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 the operation in Angola, enabling gains in efficiency and productivity, both in the process itself and in the relations with business partners.

One of the group's principles is not to sacrifice quality for the sake of price, with no exceptions. As such, through the continuous improvement to the processes for managing resources and assets, Ibersol aims to maintain lasting and consistent relations with its suppliers.

Excellence in quality and safety

Through an active quality, safety and certification policy, the Ibersol Group reinforces 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 award the engagement and dedication of its teams in everything they do.

With regard to certification, 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-Specially 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 is 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 that sustainable reality.

5.3 Governing Bodies

Board of Directors:

Chairman - Dr. António Carlos Vaz Pinto de Sousa

Vice-Chairman – Dr António Alberto Guerra Leal Teixeira

Member – Professor Doutor Juan Carlos Vázquez-Dodero de Bonifaz

Audit Committee:

Chairman - Dr. Carlos Alberto Alves Lourenço;

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

Chairman - Dr. Eduardo Moutinho Ferreira Santos;

Alternate – Dr. Arlindo Dias Duarte Silva;

Board of the General Meeting:

Chairwoman – Dr.ª Luzia Leonor Borges e Gomes Ferreira;

Vice-Chairwoman –Dr.ª Raquel de Sousa Rocha;

Secretary –Dr.ª Maria Leonor Moreira Pires Cabral Campello;

Remuneration Committee:

Dr. Vítor Pratas Sevilhano;

Dr. Joaquim Alexandre de Oliveira e Silva;

Dr. António Maria de Borda Cardoso;

Statutory Auditor:

PRICEWATERHOUSECOOPERS & ASSOCIADOS, Sociedade de Revisores Oficiais de Contas, represented by Dr. Hermínio António Paulos Afonso or by Dr. António Joaquim Brochado Correia;

Corporate Secretary:

Secretary in Office – Dr. José Carlos Vasconcelos Novais de Queirós; Alternate Secretary – Dr.ª Maria Helena Moreira de Araújo

6. Financial Performance

6.1 Restaurants

The restaurant segment is composed of 224 restaurants which generated a turnover of 103 million euros.

Pizza Hut (Portugal)

Created in 1958, Pizza Hut has been present in Portugal for 27 years. It is the most comprehensive restaurant brand in the market in Portugal, seeking customer satisfaction at all times in its various services and spaces and offering unique combinations that provide such moments with extra flavour.

The brand has geographic coverage of the mainland and islands with 91 units in operation and over 2.100 employees.

In April 2017, Pizza Hut initiated the adoption of a new brand communication strategy throughout the world, one of the visible signs being its new logo in line with the new international branding. This new positioning seeks to promote the appropriation of the new communication language of the Brand, which is more appealing, more modern and more up-to-date.

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 space architecture, which is more modern and welcoming, offering great comfort without neglecting the digital experience required by Customers.

During the year, we opened new units in Oeiras Figueirinha; and relocated 2 units: Av. Berna to Av. João XXI and, in Vila Nova de Gaia, General Torres to Largo Aviadores in Gaia. We also invested in an overhaul of the restaurant in the city of Vila Real, in the Nosso Shopping Shopping Centre.

The year of 2017 was a year of consolidation of the Brand's overall growth strategy, with a commitment to operational excellence, both in terms of service, focusing on comprehensive, qualified and consistent teams, and in terms of product, providing new and differentiating experiences.

Investment in innovative and high quality products is one of the business priorities. In addition to producing three different types of pizza crust on a daily basis, using fresh ingredients and 100% Mozzarella cheese, during 2017 Pizza Hut invested in new ingredients, compositions and pizza formats, as in the case of the launch of the new Traditional, fine and crispy crust produced daily in the kitchens of the various restaurants, the launch of the Rolling Pizza Stuffed Crust 3 Cheeses, of the Cheesy Bites Super Cheesy or of the Cookie Dough dessert, a typical American biscuit with large chocolate nuggets.

The Brand continued with its multi-platform communication strategy, with a constant presence in above the line means, and strengthened its position in the digital area.

The year of 2017 was also marked by a partnership with the Continente Card, offering customers another tool of interaction with the Brand with unique and differentiating promotional advantages.

Pizza Hut customers can order in the outlets, via the call centre or on the Pizza Hut website and, since May 2017, Pizza Hut launched its new customer service platform through the television store (@TV) available on the three major cable television operators. This launch reinforces the brand's presence in digital order media, which has been growing as a result of customers' preference for remote order means.

In the field of social responsibility, special emphasis on the renewed sponsorship of the “Ski4all” event, organised by the Portuguese Winter Sports Federation, which enabled more than 2.100 children to have their first skiing experience in the snow in Serra da Estrela, as well as on the "Pizza Safe Operation" project which materialises the concern with social responsibility and with health and safety in the workplace, with the objective of promoting responsible driving by the home delivery employees. This programme promotes the periodical re-certification of all the home delivery pizza distributors by the internal programme of Road Safety, in an effort to reduce the number of traffic accidents.

With regard to our teams' training and certification, we maintained our commitment to the Teams in a constant and continuous effort to create a Culture of Excellence. This commitment involves the ongoing qualification of the Teams (visible in the investment 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 (Assured Customer Experience – which promotes a fuller, more comprehensive operating approach) programme.

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.

Pizza Hut (Angola)

For Pizza Hut Angola, the year of 2017 was very challenging, as a result of the macroeconomic conditions characterised by a high level of inflation (30%) and an increase in unemployment, leading to a loss of purchasing power that, in turn, did not permit sales growth. The operation with the restaurant in the Shopping Xyami Nova Vida was, however, maintained.

The Brand reinforced its Marketing plan based on a form of modern communication with its target audience (Facebook) and its customers (GES Portal) using digital tools and outdoors.

As a result Facebook fans reached 145 thousand and the general degree of customer satisfaction gradually increased and reached a level of 75% in the last quarter, one of the brand's best indicators in the African Continent.

The brand has been preparing its expansion plan, which will be carried out when the macroeconomic conditions evolve favourably.

Pasta Caffé (Portugal)

Pasta Caffé ended 2017 with 9 restaurants and a team of around 140 employees.

During 2017, special attention was dedicated to renewing the offer, with a major focus on the launch of new typical Italian dishes. This process was supported by an Italian Chef, whose aid was specifically sought for this purpose.

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, with numerous options and a very competitive price. The Buffet offer was also improved so as to better address the needs of consumers who seek Pasta Caffe at that time of day.

The "Seasons" initiative made it possible to innovate and test new recipes and compositions, based on trips to various regions of Italy. Over the course of the year we launched the Marinades of the North of Italy and of the Large Islands, with specialties such as "Bruschetta di Zucca e Parmigiana" or the "Risotto Alla Salsiccia, Funghi e Vino Rosso" recipes which helped the brand reinforce its Italian character with genuine Italian flavours.

In 2017, all of the teams' training processes were maintained and the Alameda Shop&Spot and NorteShopping units were re-certified out 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.

With regards to Social Responsibility, the Pasta Caffé participated in various projects linked to the community, having taken on interns from the Technical Restaurant Course from different institutions and also participated in the campaign "Graças a Muitos" (Thanks to Many) in partnership with the Federação Portuguesa dos Bancos Alimentares (Portuguese Federation of Food Banks).

During the year, the brand also integrated the Ibersol brands which initiated the partnership with the Continente Card.

Pizza Móvil (Spain)

Pizza Móvil reached the end of 2017 with 47 units and 475 employees. This year was characterised by the recovery of the online transactions and the economic recovery of the Spanish market.

During 2017, the brand continued to develop its communication according to more modern and emotional codes, based on the neuromarketing study undertaken in 2016, as well as focusing on innovation as an element of differentiation with the launch of 2 new pizzas: pizza BBQ a “la parrilla” and turkey pizza.

Pizza Móvil also reinforced its presence in the digital channel through campaigns that reinforced brand awareness.

Finally, the brand combined its activity with the continued support of teams that attract a younger audience, as well as more aggressive marketing actions to promote its offer.

In March 2017 three of the restaurants were transformed into Pizza Hut.

RIBS (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 characteristic selection of music 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 reached the end of 2017 with a total of 243 employees and 37 restaurants: 9 of which are owned and 28 franchised. The brand also has 3 units in the Travel segment in Spain.

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 so that the customers can 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.

The brand's strategy in 2017 was focused on optimising the business model.

The business strategies for expanding the franchises were boosted through meetings with potential investors and coverage on social networks.

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 parties in its restaurants.

From an operational excellence point of view, one of the main objectives for 2017 was to improve the internal audit processes, so as to guarantee the standards of quality and cleanliness in the restaurants.

Santamaria (Spain)

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

Since its creation, SANTAMARÍA has evolved and now includes a multi-offer format, which covers all types of meals (breakfast, lunch, tea and dinner), allowing our customers to enjoy good food and good drinks.

The brand reached the end of 2017 with a total of 25 restaurants in Spain, all of which franchises. Besides this it also boasts six owned restaurants in the travel segment in Spain and is currently present in the Barcelona, Menorca, Málaga and Fuerteventura airports.

In 2017 the brand underwent a total renewal of its image and gastronomic offer. Focusing on a new concept “Saber Ibérico” (Iberian Know-how) with which we want to maintain our identity hallmark: to be a Spanish tavern with a renewed tradition, with all the usual culture and customs but adapted to current times, placing the focus on the experience and being recognised for the main characteristic of the Iberian product: flavour!

In the new brand identity, both concepts – knowledge and flavour – are mixed, merging the renewed traditional character of the brand with the lifestyle of Spain. Because you need to know something in order to deliver it new and improved.

The new menu stands out for its Iberian products, starters, salads, main dishes and desserts, all in very original formats of reinvented classical recipes, adapted to modern times. And let us not forget our drinks, which are famous both for their taste and the packaging we use.

FrescCo (Spain)

FrescCo was created in 1994 when its first restaurant opened in Barcelona. There are currently 11 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 renowned for offering healthy, natural and balanced food with a fixed price Buffet concept, where customers choose their meal.

The brand reached the end of 2017 with a total of 70 employees and 11 restaurants in Spain, of which 3 are owned (all in Barcelona) and 8 are franchised, distributed all over Spain.

The Market Buffet is the new restaurant concept launched by FrescCo in 2016, designed as an evolution of the Buffet, where customers can adapt their meals according to their preferences, thanks to a new gastronomic offer based on quality-guaranteed local fresh products, created for Customers who seek a healthy and balanced diet, with the best quality-price relationship. The new establishments also have a Kitchen & Grill area, where customers can enjoy the best pizzas, grilled meat and fish, and hamburgers cooked on the spot and in front of the consumer.

In 2017 the implementation of this new model in the 3 owned restaurants was finalised, following the refurbishment of the FrescCo Maremagnum restaurant.

6.2. Counters

The set of brands that the Ibersol Group operates in the counters segment reached the end of 2017 with 301 restaurants and a turnover of 206 million euros.

KFC (Portugal)

In 2017, 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. This strategy, which is based on meeting Customer expectations, is reflected in the permanent investment in the operations – Product, Service and Innovation –, in valuing and training the employees, re-vamping the image of the current restaurants and opening new restaurants.

The brand reached the end of 2017 with 389 employees and 22 units, having inaugurated 4 new restaurants in the cities of Porto, Lisbon, Loulé and Braga.

With regards to the training of teams, the Learning Zone platform underwent an important upgrade with the introduction of the training module for Shift Managers – LAS. At an operational level, the investment in Star Chefs is an assurance that the legacy of Colonel Sanders is scrupulously followed by specialised professionals in all the procedures involved in making the product.

In the restaurant certification plan, seven of our restaurants are already certified according to NP EN ISO 22000 standards, this and the continued improvement of ROCC audits, conducted in all restaurants by external entities, ensures the quality and excellence of the brand. Within this context, during 2017, we opened the doors of our restaurants to visitors, from primary school students to students of the Professional Nutrition School, giving them the opportunity to become acquainted with the quality, safety and hygiene procedures and rules that we comply with on a daily basis.

In terms of the refurbishment of restaurants, it is important to highlight the major intervention in the restaurant of the 2ª Circular, which involved adopting the latest design and image in line with the latest international trends of KFC besides adding a new children’s space to its list of services.

With respect to the brand's offering, further development of the Sharing business led to an increase in the penetration and prominence of the Buckets, as a result of differentiating campaigns that encourage experimentation such as Chicken Black Friday, the Wednesdays Promotions and Today’s Menu.

In 2017 the investment in external communication was reinforced with new networks of Mupis and a renewal of the Brand's outdoors, with the development of a local marketing plan to promote the opening of the new restaurants. By becoming one of the partner brands of the ecosystem of the biggest customer loyalty card in Portugal – the Continente Card –, KFC also reinforced its capacity to attract and retain customers. The growth of the involvement with fans, through the Social Networks, was maintained as one of the Brand's strategic objectives, further leveraging the restaurant experience into a multi-channel experience.

The sponsorship of the Peres Competições team, which runs with KFC's colours in various national Rally events, was maintained as a partnership that reflects the irreverent spirit of the Brand and permitted the offer of various co-driving experiences to employees and customers, strengthening the involvement of the brand with its team and fans.

KFC (Angola)

The year of 2017 was the fifth of KFC's operation in Angola.

With the right Marketing investment channelled into new digital tools, KFC continued to reinforce its position as a young, irreverent and innovative brand, interacting with its target audience (257 thousand fans by the end of 2017).

Interaction with customers began in 2015, to evaluate their level of satisfaction through the GES portal. The result of their evaluation has been progressively increasing, both in terms of completed questionnaires, as well as in satisfaction, reaching an overall score of 79% (at the end of 2017), which positions the KFC brand in Angola as one of the most appreciated in the African continent.

We maintained a strong investment in placing value on our employees 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.

All the KFC units inaugurated before December 2015, as well as the central warehouses, are certified according to the NP EN ISO 22000 standard, which showcases the strong commitment (a KFC characteristic) to complying with the most demanding food safety standards, guaranteeing the highest standard of quality for consumers.

Burger King (Portugal)

Burger King reached the end of 2017 with 77 restaurants and an increase in sales, resulting in a gain in market share. The brand ended the year with 1.500 employees on the payroll, and job growth of approximately 15% on the previous year, corresponding to another 200 jobs.

Committed to satisfying the convenience needs of the modern consumer, the brand diversified in 2017 and inaugurated the Delivery service, a home meal delivery service, with remarkable success. Orders can be placed via the call centre or on the website, Burger King Em Casa.

During 2017, 11 new restaurants were opened, 9 of which Drive-thrus, and 2 in already existing commercial spaces. Almost all of these openings include an interactive PlayKing where the younger ones can enjoy games, free wi-fi and the convenient free Refill service. All these services are available in the new restaurants of Chaves, Vila Real, Évora, Lagos, Palmela, Setúbal, Vila Nova de Gaia, AV da Boavista – Porto, Lisbon Airport (check-in area), Lusoponte service area (Vasco da Gama Bridge, Lisbon - Montijo direction) and in the city of Alfena – Valongo. The Brand also refurbished its existing unit in Vila Real, in the Nosso Shopping Shopping Centre.

During 2017, Burger King increased its investment in external communication, and is currently the second player in the restaurant services market. With regards to ongoing sales by the door, special mention must go to the €1 to €3.95 products. During the year, the brand also integrated the Ibersol brands which initiated the partnership with the Continente Card.

As usual, the brand maintained a strong commitment to innovation, with the launch of new products in the gourmet hamburger segment, in which it was a pioneer and remains a specialist. The thematic and distinctive BEANBURGER stands out, having been a pioneer in the market for nine years, being proof of the brand's attention to the segment of veggie products.

The online satisfaction survey "minhabkexperiencia.com" has proven to be an important tool, as a means of interacting with the customers and ensuring constant improvement in service. Whenever they so wish, customers may request a visit to the kitchens of any of the brand's restaurants. The restaurants located in the Colombo Shopping Centre, Alameda Shop&Spot, NorteShopping and Cascais Birre were re-certified according to the NP EN ISO 22000 standard and are examples of the brand's demands and guarantees vis-à-vis food safety.

In terms of the training and certification of employees, focus was maintained on continuous training and enhancing teams' value through the digital training platform in an e-Learning environment, BK Link. This digital tool involves employees more, making the training process more responsive, interactive and effective, thus contributing to the improvement of the customer service.

Keeping up with its policy for minimising environmental impact, Burger King packs its sandwiches in recycled paper, thereby reducing the amount of waste, and the oil used by the stores for frying is sent for recycling, to then be turned into biodiesel. The brand separates waste at its units.

With regards to Social Responsibility, Burger King participated in various projects linked to the community, having supplied meals to fire fighter associations, sponsored children's football teams, and also participated in the campaign "Graças a Muitos" (Thanks to Many) in partnership with Federação Portuguesa dos Bancos Alimentares (Portuguese Federation of Food Banks).

The brand is also part of the Ibersol Group's institutional programme called Viva Bem (Live Well), a programme providing nutritional information which promotes a balanced diet and healthy lifestyle.

Burger King (Spain)

The Burger King Spain restaurants operated by the Ibersol Group (through Lurca) reached the end of 2017 with 986 employees and 33 units.

The year of 2017 was characterised by the consolidation of the home delivery service, an extremely competitive market.

The brand's investment in communication was based on reinforcing and increasing communication concerning home deliveries, with emphasis on the ongoing TV campaign during the Christmas period. The discount coupons and the APP were key features during 2017.

There was a very positive improvement in the brand's relationship with its customers, the number of Guest Trac opinions (an online survey filled out by clients) having grown overall in the last quarter of the year, reaching an average of over 53 surveys per restaurant, each month.

The incorporation of the PAY ONLINE system for home deliveries was very well accepted by customers.

Pans & Company (Portugal)

Pans & Company in Portugal reached the end of 2017 with 46 units and around 442 employees.

For Pans in Portugal, 2017 was marked by investment in the renewal of the image of 13 of its restaurants, the opening of another restaurant in Mar Shopping Algarve and the 1st fully autonomous Café Pans sales point in Nosso Shopping in Vila Real. In 2017, the brand thus reinforced its commitment to the renewal of its assets and in particular in the cafeteria segment – at the end of 2017 there were already 17 Pans & Company restaurants with the Pans 3.0 image which, in addition to a new sales point image, also includes a new range of products with an extended offer of coffee shop products and pastries prepared every day in the restaurants.

Regarding the range of sandwiches, which is still the brand's main offering, the renewal of the "Pans Wellness" range and the "Awaken your senses" and "From the plate to the sandwich" campaigns were the main actions during 2017, embodying the brand's focus on continuing to present innovative offers in its core product and thus reinforce its leadership position in this segment in Portugal.

During the year, the brand also integrated the Ibersol brands that initiated the partnership with the Continente Card.

Pans & Company (Spain)

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

Pans & Company reached the end of 2017 with 102 restaurants in Spain (35 owned, 9 in Travel and 58 franchised), 46 in Portugal (45 owned and one franchised) and eight in Italy, all on a franchising basis.

The year of 2017 was marked by investment in the renewal of the image of its restaurants and the opening of new restaurants. In the retail channel, eight restaurants were refurbished and one new restaurant was opened in the L'Aljub shopping centre in Elche (Alicante). In the travel channel, a restaurant was opened in the station of AVE in Tarragona and two Café Pans points of sale were opened in the station of AVE in Tarragona and in Terminal 2 of Madrid Airport.

In 2017 Pans & Company thereby reinforced its commitment to the renewal of its assets and in particular in the cafeteria segment – at the end of 2017 there were already 65 Pans & Company restaurants with image 3.0 (three with Café Pans "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 range of sandwiches, which is still the brand's main offering, the renewal of the Wellness range and the "From the plate to the sandwich" and "Sandwich to sit at the table" campaigns were the main actions during 2017 and reflected 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.

<u>Miit (Portugal)</u>

The Miit brand reached the end of 2017 with 49 employees and 3 operating restaurants, located in Norteshopping, Vasco da Gama Centre and in Colombo Shopping Centre.

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.

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

In 2016, the brand embarked on a new line of hamburgers on Bolo de Caco (typical bread from Madeira), which proved to be well accepted by customers. Therefore, in 2017, the brand continued along this line, with the launch of innovations such as the Burger Camponês (Countryman Burger), the Burger Tropical (Tropical Burger) and, more recently, with the Burger Barbecue (Barbecue Burger). However, it did not stop serving the Rump and Chicken Steaks, for customers who prefer these options.

As a specialist in grilled meat, the brand aims to be acknowledged as a tasty option offering its customers high quality meats and unique side dishes, such as fruit and grilled vegetables, rustic potatoes or scented rice. The sauces are also a speciality and are made using the best ingredients, with customers given choices of wild mushroom and olive oil and garlic, among others. The desserts are also innovative and come in just the right size for finishing a meal.

The brand also integrated the Ibersol brands that initiated the partnership with the Continente Card.

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

The restaurant located in Vasco da Gama remained in operation almost until the end of the year, having been closed to give place to a new unit of the Ribs – True American Barbecue concept, the first unit to open in Portugal.

Coffee Kiosks (Portugal)

Set up in busy shopping centres and operating with the Delta coffee brand, the network of kiosks reached the end of 2017 with around 80 employees and 8 operating units, corresponding to 14 points of contact with customers.

Although it is a business with very specific characteristics, the kiosks have managed to maintain a regular pace of growth in transactions, by extending the range of products on offer (namely through regional sweets), and the launch of regular campaigns.

In 2017, one of the sales points in Vasco da Gama shopping centre was renewed, with two seating areas, one interior and the other exterior, having been added.

Also during 2017, the effort to train the teams was consolidated in matters such as service techniques, food safety and health in the workplace, and the certification of the unit located in Alameda Shop&Spot was maintained according to the NP EN ISO 22000 standard.

6.3 Other Businesses (Travel, Concessions and Catering)

The sales volume of this group of businesses totalled 138 million euros in 121 units.

TRAVEL (Portugal)

The 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 objective of satisfying the needs of different consumers at various eating times, through specific concepts.

In the last financial year, turnover increased and there were 443 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 the 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.

The SOL brand is a specialist in 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 the offer of freshly produced quick meals and varied menus, with accessible prices, and always with a personalised and attentive service. In various locations, 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 nappy changing room, a lounge area, free Wi-Fi, sockets for charging computers or mobile phones, availability of tablets and daily newspapers for consultation, sale of newspapers, magazines, last minute gifts and drive-thru.

During 2017 the service station located at Vasco da Gama Bridge was refurbished with the introduction of new brands – Burger King and Go To Coffe&Food, in the south-north direction and Pans & Company and Café Pans in the north-south direction.

In 2017 the Sol Units also integrated the Ibersol brands that initiated the partnership with the Continente Card.

AIRPORTS (Portugal)

The Ibersol Group is one of the main reference operators in the Portuguese airports, and is present in the Lisbon, Ponta Delgada, Funchal, Porto Santo and Santa Maria airports, with 22 points of sale, through six of its own concepts – Go To Coffe&Food, Clocks, Nove, Specially, Cockpit Coffe&Tapas and Saudade – and four international franchised brands: Pizza Hut, KFC, Burger King and Go Natural.

In this financial year, it is important to mention the start of the operation in Santa Maria Airport, the refurbishment of four units in João Paulo II Airport (Ponta Delgada) and of two units in the public area of Humberto Delgado Airport (Lisbon), with the opening of two Go To units, one Go Natural sales point and one Burger King unit.

Catering (Portugal)

The catering of the Ibersol Group, represented by the Palace Catering and Silva Carvalho Catering brands, reinforced its presence in the Porto and Lisbon markets with a growth in sales relative to the previous year.

Our brands held more than 950 events and served about 390,000 customers.

We were chosen to cater to 18 congresses in 2017, among which we highlight the Annual Meeting of the European Association for the Study of Diabetes (EASD) which was the main event of the year, with about 7,000 participants per day, followed by the European Endocrinology Congress (ECE) with approximately 2,500 participants per day, and the Congress of the European Network of Science Centres and Museums (ECSITE) with about 1,100 participants per day.

Our participation in events such as the Red Bull Air Race, Super Bock Super Rock, NOS Alive, Portugal Fashion, all highly renowned, and which contributed to the consolidation of the brands in the national catering market, are also noteworthy.

The new production centre in Modivas, where meals of an exceptional quality are carefully produced with creative and innovative techniques, complying with all food hygiene and safety standards, has added to the flexibility of our services.

The year of 2017 was also a year of image renewal for Silva Carvalho Catering, with the introduction of new materials, uniforms and logo, and a focus on the development of the website and social networks.

In Estádio do Dragão (Porto football stadium), a concession where we have been present for more than 10 years, about 78,000 meals were served in 2017, meeting the needs of 26 games played by FC Porto and other events held in the space.

We have explored the Clube Universitário do Porto in exclusivity since 2016, where the increase in market share, essentially of weddings, was notable, with these accounting for 19 out of a total of 114 events held in this space.

Also noteworthy was the holding of the first wedding in Porto's Customs House, for about 350 guests, which Palace Catering was in charge of.

In terms of values and principles of sustainability, catering has an active role in supporting humanitarian causes, through the donation of food and meals. In 2017, more than 10.000 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: VOG Tecmaia, Exponor and Estação CP de Campanhã.

All the units that are part of this business are very different from each other, not only due to the public that uses them but also due to the needs that they aim to fulfil.

Based on these different targets, we have been designing an adjusted offer that addresses the customers' expectations, seeking to exceed them whenever possible.

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.

TRAVEL (Spain)

This subdivision of the EatOut group is engaged in managing 63 restaurant points of sale in Spain, located in six airports, three railway stations and other facilities for tourists, having reach the end of 2017 with about 1.000 employees.

These 63 points of sale are exploited by 24 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 exploited through franchising: Häagen Dazs, Espressamente Illy, Coffee Republic, Gambrinus 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 2017 registered a good performance of traffic in airports and train stations in Spain and our sales grew, in recognition of the effort to renew the portfolio and refurbishments of previous years.

The main focus in 2017 was the preparation of new public tenders in the Madrid-Barajas, Las Palmas de Gran Canária, Barcelona-El Prat and Málaga Airports.

In 2017, 5 restaurants were inaugurated in the Travel channel, two of which are owned (AVE Lleida, and LRV Fire&Bread) and three franchised (Ribs in the Palma de Majorca Airport, Café Pans in the Madrid-Barajas Airport and Café Pans in the AVE Tarragona station). One new own concept was also incorporated in the Travel segment, known as Fire&Bread.

In relation to customer satisfaction assessment, we continued with the mystery customer and the online survey system via mobile phone. With these tools it was possible to create a new communication channel with the customers, through which they provide their feedback instantaneously on basic aspects of their experience, such as quality, service time, attention of employees, and can, if tey so wish, make comments or request a reply to an opinion or complaint. This system has become one of the basic sources of information permitting the further development of the continuous improvement process for managing units, aimed at improving customer experience.

7. Consolidated financial analysis

In 2017 the result is strongly influenced by the consolidation of Eat Out Group. In order to better understanding the 2017 indicators, we consider the two perimeters, with and without consolidation of the Eat Out Group.

For comparative purposes with the last year we will take as reference the adjusted accounts for 2016, in which we segregated the effect of financial compensation for the traffic losses, caused by the implementation of tolls on the ex-Scuts and two months of Eat Out Group activity, acquired at the end of October 2016.

	2017		2016	
	Total	Total (without EOG)	Total	Total adj. (without EOG & non-recurring incomes)
Operating income				
Sales	443.270.117	**285.516.884**	268.831.784	**246.267.738**
Rendered services	5.058.977	**653.454**	1.000.611	**619.337**
Other operating income	9.781.036	**3.031.595**	9.089.970	**3.797.818**
Total operating income	458.110.130	**289.201.932**	278.922.365	**250.684.893**
Custos Operacionais				
Cost of sales	102.831.054	**69.805.682**	64.546.632	**58.685.990**
External supplies and services	149.502.177	**85.543.072**	83.879.682	**74.660.725**
Personnel costs	135.318.741	**82.909.882**	79.968.121	**71.698.246**
Amortisation, depreciation and impairm	31.922.475	**18.608.276**	16.778.233	**14.820.797**
Other operating costs	5.180.157	**3.228.079**	3.418.918	**3.299.131**
Total operating costs	424.754.604	**260.094.991**	248.591.586	**223.164.889**
Operating Income	33.355.526	**29.106.941**	30.330.779	**27.520.003**
EBITDA	**65.278.001**	**47.715.217**	**47.109.012**	**42.340.800**

In addition, in 2017 the financial statements of the subsidiaries in Angola were re-stated in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies and whose main effects we will mention in the appropriate headings.

OPERATING INCOME

In this financial year consolidated operating revenue was 458 million euros, 64% more than in 2016. The EBITDA margin for the same period was 65,3 million euros, an increase of 39%. Operating income stood at 33.4 million euros, an increase of 10% over the previous year.

Sales and other operating revenue

Consolidated turnover reached 448 million euros, an increase of 66.2% compared to 2016. Without considering EOG, turnover growth was 15.9% distributed as follows:

Turnover	2017 w/EOG		EOG 2017	TOTAL 2017	
	euro million	% Ch. 17/16(w/EOG)	euro million	euro million	% Ch. 17/16
Sales of Restaurants	282,96	15,9%	157,75	440,71	65,2%
Sales of Merchandise	2,56	26,0%	0,00	2,56	26,0%
Services Rendered	0,65	5,4%	4,41	5,06	405,9%
Net Sales & Services	286,17	15,9%	162,16	448,33	66,2%

Eat Out Group acquisition contributed to the services rendered growth, through royalty's revenues from franchisees.

Food service sales were 441 million euros a annual increase of 65.2%.
Eliminating the effect of the Eat Out Group acquisition, restaurant sales growth in 2017 was 15.9%.

SALES IN RESTAURANTS	2017 w/EOG		EOG 2017	TOTAL 2017	
	euro million	% Ch. 17/16(w/EOG)	euro million	euro million	% Ch. 17/16
Restaurants	81,50	8,4%	17,91	99,41	26,3%
Counters	170,09	18,3%	33,89	203,98	36,0%
Concessions &Catering	31,38	24,0%	105,95	137,33	260,2%
Total Sales	282,96	15,9%	157,75	440,71	65,2%

All segments show a positive trend in like for like, especially in counters, with the largest contribution in value, with particular emphasis on KFC and Burger King, influenced by a higher number of units in operation and gains in market share.

The "Catering and Concessions" business reached the better performance, benefited from a larger number of great catering events and the traffic increase in the concession areas, namely the airports in which they operate.

The contribution of the Eat Out Group equity restaurants sales amounts to 157.8 million euros, with special emphasis on the 106 million sales in concessions.

The need for constant evaluation of the restaurants portfolio led to the decision to close 46 restaurants, 21 equity and 25 franchise.

With the market growing, a selective expansion plan was continued. We opened 25 restaurants, 19 equity and 6 franchise, whereby at year's end we operated 315 equity restaurants in Portugal, 177 in Spain and 10 in Angola.

At the end of the year the total number of restaurants (equity and franchised) was 646, distributed as follows:

Nº of Restaurants	2016 31-Dec	Openings	Transfer	Closings	2017 31-Dec
PORTUGAL	307	18		9	316
Equity Restaurants	306	18		9	315
Pizza Hut	93	1		3	91
Okilo+MIIT	5			1	4
Pans+Roulotte	46	1		1	46
Burger King	66	11			77
KFC	18	4			22
Pasta Caffé	10			1	9
Quiosques	8				8
Coffee Shops	30			3	27
Catering	7				7
Concessions & Other	23	1			24
Franchise Restaurants	1				1
SPAIN	340	7		35	312
Equity Restaurants	188	1	0	12	177
Pizza Móvil	34		-3		31
Pizza Hut	0		3		3
Burger King	33				33
Pans	38		-1	2	35
Ribs	9				9
FrescCo	3				3
Concessions	71	1	1	10	63
Franchise Restaurants	152	6		23	135
Pizza Móvil	16				16
Pans	67	2		11	58
Ribs	25	4		1	28
Fresco	8				8
SantaMaria	36			11	25
ANGOLA	10				10
KFC	9				9
Pizza Hut	1				1
Other Locations - Franchise Restaurants	10			2	8
FrescCo India	2			2	0
Pans Italy	8				8
Total Equity Restaurants	504	19	0	21	502
Total Franchise Restaurants	163	6	0	25	144
TOTAL	667	25	0	46	646

Other operating revenue amounted to 9.8 million euros, 0.7 million euros higher than in 2016. In 2017, almost two-thirds of the value was contributed by Eat Out Group, of which an important component corresponding to supplier contributions. In 2016 were considered the already mentioned compensations for the traffic losses ,caused by the implementation of tolls on the ex-Scuts, amounted to 2.4 million euros.

OPERATING COSTS

Consolidated operating costs reached 425 million euros, an increase of 70,9% over the previous year.

The incorporation of a substantial component of the franchise business and the increase of activity in concessions, characterized by higher rents, contributed for higher costs than the increase in activity.

Without EOG, increase of 16.5%, representing 90,9% of turnover (2016:90,4%).

Gross margin

Gross margin increased from 76.1% in 2016 to 77.1% in 2017, reflecting the effect of the consolidation of the business of Eat Out Group, which by its typology has a higher gross margin , in particular by the contribution of royalties from the franchise business.

Without considering Eat Out Group contribution, the gross margin was 75.6% (2016: 76.2%). The effect of the VAT rate reduction in Portugal, in the gross margin, was absorbed by the increase in the promotional aggressiveness levels and the weight of counters and catering events in total sales, characterized by lower margins.

Remunerations and other personnel costs

Personnel costs increased 69.2%, slightly above the 66.2% increase in business, representing 30.2% of turnover (2016:29.6%).

Without Eat Out Group, this increase was 15.6%, in line with the activity increase of 15.9%, which allowed to guarantee in 2017 the same weight of personal costs in 29.0% of turnover. Sales increase, the dilution of structure costs and VAT gains, compensated the effect of the increase in the minimum wage in Portugal and training costs incurred for the new units opening.

External supplies and services

The cost of external supplies and services amounted to 149.5 million euros, versus 83.9 million euros in 2016, an increase of 78,2%.

The weight of this item increased from 31.1% to 33.3% of turnover. For this increase, it should be noted that, with Eat Out Group the increase of activity in concessions, characterized by higher rents.

Without EOG, increase of 14.6%, representing 29.9% of turnover, slightly lower than in the previous year (2016:30.2%).

Other operating costs

Other operating costs stood at 5.2 million euros and include nearly 1.4 million euros corresponding to taxes.

Without Eat Out Group the Other operating costs would stood at 3.2 million euros similar to the value of 2016.

Depreciations and impairment losses

Depreciations and impairment losses during the financial year were 31.9 million euros corresponding to 7.1% of turnover.

Fourth-quarter depreciations influenced by the accounting effect of 1.6 million euros due to the application of IAS29 (Hyperinflationary Economies) to Angola assets and 1.1 million euros resulting from the annual depreciation of the brands value, recognized after the Goodwill revision in the Eat Out Group acquisition.

Without Eat Out Group, depreciations amount of 18.6 million euros, which represents an increase from 6.0% in 2016 to 6.5% of turnover in 2017, resulting from the application of IAS29 mentioned above.

Impairment losses for tangible and intangible assets recognized in this financial year stood at 170.000 euros.

EBITDA

EBITDA in 2017 achieved to 65.3 million euros, compared to 47.1 million euros in the previous year, representing a growth of 38.6% compared with 2016.

Ebitda without Eat Out Group, increased 5.3 million euros and amounted to 47.7 million euros, ie 12.7% over the previous year (2016: 42.3 million euros)

Consolidated EBITDA margin was 14.6% and without Eat Out Group 16.7% of turnover compared with 17.1% in 2016 adjusted of the Eat Out Group integration effects and non-recurring incomes.

FINANCIAL RESULT

The financial year's net financing cost was negative at 5.4 million euros, an increase of 4.2 million euros than in 2016. This increase results from a higher level of indebtedness due to the financing agreement for the Eat Out Group acquisition in October 2016. It should also be noted that in the previous year the Group had benefited from a non-recurring income of 1.6 million euros.

The interest expenses and commissions associated with financing amounted to 4.5 million euros, corresponding to an average cost of debt of 2.8%. The reduction of the average cost of debt, results from the evolution of interest rates in Portugal and Spain and the lower weight of the debt in Angola.

CONSOLIDATED NET PROFIT

Consolidated profit before taxes stood at 33,9 million euros, an increase of 4.8 million euros from 2016 (29.1 million euros). In 2017 gain of 6 million euros on the net monetary position - IAS29 (Hyperinflationary Economies) - accounted as an independent item "Gain on the net monetary position".

Income tax

The current tax in 2017 is 2.7 million euros. Tax credit were deducted for investments made in Portugal (under RFAI) in the amount of 3.0 million euros and recorded deferred tax assets for use of 1.1 million euros.

Consolidated profit of the financial year

Net consolidated profit of the financial year was 31.2 million euros, that compares with 23.3 million euros in 2016 representing an increase of 34,1%.

Without Eat Out Group and considering the effect of the application of IAS29, net income increased 44.3%, from 20.4 million euros in 2016 to 29.4 million euros in 2017.

FINANCIAL POSITION

Balance sheet

Consolidated assets totalled 437 million euros at 31 December 2017, an increase of 16 million euros compared to the end of 2016.

This net increase resulted essentially from:

(i) Investment in expansion plans, especially Burger King e KFC (approx. 18.2 million euros)

(ii) Refurbishment and diverse investments in Portugal and Spain (approx. +15.2 million euros);

(iii) Increase in the assets value due to IAS 29 - "Hyperinflationary economy" (approx. 18 million euros)

(iv) Reduction of technical equipment fixed assets corresponding to amortizations and impairment for the financial year (approx. -32 million euros);

(v) Increase of investments in treasury bonds in Angola by 5.5 million euros and reduction of 4.9 million in cash equivalents.

(vi) Reduction of current assets other than "Cash and Banks" in the amount of 3 million euros.

Consolidated liabilities amounted to 248 million euros at 31 December 2017, that represents a decrease of 21 milion euros from 2016.

At 31 December 2017, shareholders' Equity stood at 188 million euros, an increase of 36 million euros compared to end 2016. The impact of applying IAS29 to equity shareholders was 7.6 million euros.

Dividends of nearly 2.2 million euros were distributed during the year.

CAPEX

In 2017 the CAPEX amounted to 33.5 million euros, corresponding to the investment in:

- expansion: 19 new restaurants opened (18.2 million euros);
- new central production center in Portugal (2.7 million euros);
- remodelling: 65 units in Portugal and Spain (10.2 million euros);
- various current expenses (2.3 milion euros)

Divestment occurred due to the closing of 21 units with no relevant impact on the assets value.

Cash flow generated during the financial year was 67 million euros, an amount enough to ensure financial coverage of CAPEX.

Net consolidated debt

At year's end net remunerated debt stood at 83.4 million euros, 26.5 million euros lower than debt at the end of 2016 (109.8 million euros). Short term bank debt consists of Commercial Paper Programme issues redeemable in 2018 and medium and long term debt that matures in 2018.

The gearing ratio (net debt/(net debt + equity)), which at end 2016 was 42%, decrease to 31%. The indicator for net debt over EBITDA at end 2017 was 1.3 times (2.3 in 2016) and the EBITDA interest coverage ratio was 15 times (compared to 21 in 2016). The Group's financial structure, continues to be very robust.

8. Risks and uncertainties

Risk management is part of the group's structure and is applied to the entire organisation. It is present in all processes and is part of the responsibility of all managers and staff at different organizational levels.

Risk management is developed with the aim of adding value, by managing and controlling the risks and uncertainties which can affect the group's businesses, from the perspective of operational continuity, with a view to taking full advantage of business opportunities.

In terms of strategic planning, risks are identified and evaluated in existing business ventures, as well as during the development stages of new deals and the most relevant project, at which time the strategies for managing those risks are defined.

From an operational perspective, risks pertaining to the goal of each business are identified and evaluated, and actions are planned to manage those risks, which are in their turn included and monitored in the business and functional unit plans.

In order to guarantee conformity with established procedures, the main internal control systems are regularly evaluated.

The internal control and accompaniment of internal control systems is carried out by the Executive Committee. The following sectors are particularly important due to their specificity:

- Quality, food hygiene and work safety
- Market diversification
- Finance
- Environment

Since the group operates in the food sector, possible epidemics or distortions in the raw material markets and possible changes in consumption patterns can seriously impact the financial results.

With several international brands in the franchise business, the group celebrates long term franchise contracts (20 years or 10+10 years), which have been renewed when the lease is up, although this is not mandatory. The group does try to keep all its obligations under the contracts and to cultivate a good relationship with the franchisees, so as to minimise the risk of non-renewal.

Consumption evolution and the devaluing of the AKZ represent the main uncertainties in the Angolan market, despite the group's limited presence in that country. Additionally, limits to currency made available by the Angolan National Bank for foreign payment have significantly increased the currency exchange risks for operations in Angola.

As the main activity of the Group is carried out with sales paid in cash or debit card, the Group does not have relevant credit risk concentrations. Deposits and other financial investments are dispersed by several credit institutions, so there is no concentration of these financial assets.

The Group's main interest rate risk arises from liabilities, particularly long-term loans. 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 the fair value risk associated with the interest rate. At the current level of interest rates, the group policy is, in longer-maturity financing, to fix interest rates of at least 50% of the outstanding amount.

Remunerated debt pays interest at a floating rate and a portion has been subject to interest rate fixing through a derivative interest rate swap with interest maturities and repayment plans identical to the terms of the loans.

9. Own shares

During the financial year the company had the following transactions involving own shares:

a) In September, allocation of 599.976 new shares resulting from the rights in the capital increase by incorporation of reserve;

b) In September acquisition of 57 new shares corresponding to the rights remaining from the capital increase at the average price of 10,9 euros;

At 31 December 2017, the company held 2.999.938 shares (9.9998% of the capital) for an overall value of 11.179.969 euros at the average price of 3,73 euros.

10. Note about activity of the Non-Executive Member of the Board of Directors

The Non-Executive Member of the Board of Directors of Ibersol, Professor Juan Carlos Vázquez-Dodero, took part in 10 Board Meetings, that is 91% of the meetings which were held. All the relevant information and documentation, pertaining to the order of business of all the meetings was made available to him ahead of time.

The Non-Executive Administrator took part in several Executive Committee meetings, especially those pertaining to the strategy and business plans of the Group, particularly in Spain.

He frequently requested detailed information from the Executive Committee regarding decisions taken in the scope of Business development and expansion.

At a functional level, he maintained a privileged relationship with the Management Planning and Control department. Professor Vázquez-Dodero met four times with the Department directors so as to evaluate methodologies and tools together, as well as define processes to improve business control and how best to apply methodologies and planning to the specific nature of Angola. He also contributed with important macroeconomic information to support the diagnostic of the Spanish context.

Management Control provided him with detailed information, every three months, allowing him to accompany the operational activity and evaluate the performance of the Executive management regarding the plans and budgets approved by the Board of Directors, with all necessary explanations being supplied as well.

The Non-Executive Member was present in all the meetings with the Audit Committee and followed all the Corporate Governance issues which came up during the year.

11. Outlook for 2019

In Portugal it is expected to maintain the sales trend of the last quarter, while in Spain the growth will be very moderated.

A tender for restaurants in the Málaga airport is expected during the first semester. At the same time, a process for the gradual transition of operations of the restaurants at Barcelona airport should also be taking place.

The serious devaluation of the AKZ, in Angola, will determine a global increase in prices, which will probably result in a fall in trade and an inability to increase prices at the same pace as devaluation, leading to a steep fall in profitability.

In terms of openings, we will try to maintain the rhythm of the expansion plans of recent years.

12. Allocation of Results

In financial year 2017 Ibersol SGPS, S.A., posted a consolidated net profit of 31.239.505.00 euros and a net profit in individual accounts of 9.851.530.49 euros.

As indicated in the individual management report, the Board of Directors proposes the following appropriation:

Legal reserves	€ 492.580,00
Free reserves	€ 6.358.950,49
Dividends	€ 3.000.000,00

The allocation of dividends amounting to 3.000.000,00 €, 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.

13. Subsequent Events and Statement of Responsibility

At the beginning of this year of 2018, the policy for attribution of currency for foreign payments in Angola suffered a deep change, with currency made available in the form of auctions to Banks. The first auctions led to a 40% currency devaluation of the main currencies. As explained in the attached notes, businesses in Angola have their currency liabilities covered by assets indexed to the USD, so as to minimise the impact of AKZ devaluation.

At the time of approval of this report, the last phase of tender for the restaurant area of the Barcelona airport had been held in February, in which Pansfood was awarded 4 lots, corresponding to a quota of 39.21%, allowing it to remain the biggest restaurant operator in that airport.

The Miniser's Council of March 1st, 2018, approved the minutes of the investment tax contracts celebrated between the Portuguese State and the Group's businesses, including Iber King and Iberusa. These provide corporate tax credits. The impact on corporate tax have already been considered in the 2017 accounts.

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 2017, 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 exposes 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 min risks and uncertainties they face.

14. Non-Financial Statement

In accordance with article 508-G of the Companies Code, as amended by Decree-Law 89/2017, of 28 July, IBERSOL publishes, on a stand-alone basis, the Sustainability Report, which contains sufficient information for an understanding of the development, performance, position and impact of the Group's activities, with reference to environmental and social issues, and in relation to workers, equality between men and women, non-discrimination, respect for human rights, and combating corruption and bribery.

15. Acknowledgements

This Board of Directors would firstly like to thank all employees of the Group, due to their manifest dedication and enthusiasm when facing the adverse situation of recent years and the commitment they have shown in this year of recovery.

We take note of, and appreciate, the preference of our clients, the assistance of our franchisees, the banks and our suppliers and other partners.

We likewise thank all the Shareholders for the trust they have placed 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.

For legal reasons, PriceWaterhouseCoopers will no longer be serving as our Certified Public Accountant, following a long partnership.

The Board of Directors would like to stress the high degree of professionalism and quality which has always been demonstrated over these past 20 years.

Porto, 5 of April of 2018

The Board of Directors

____

António Carlos Vaz Pinto de Sousa

____

António Alberto Guerra Leal Teixeira

____

Juan Carlos Vázquez-Dodero

Qualified Holdings

In compliance with article 8 of CMVM Regulation no. 5/2008 we indicate the known holders of qualified holdings at 31 December 2017.

Shareholders	nº shares	% share capital
ATPS - SGPS, S.A. (*)		
Directly	16.472.549	54,91%
António Alberto Guerra Leal Teixeira	2.100	0,01%
António Carlos Vaz Pinto Sousa	2.100	0,01%
Total attributable	**16.476.749**	**54,92%**
Banco BPI, S.A.		
Fundo Pensões Banco BPI	600.000	2,00%
Total attributable	**600.000**	**2,00%**
Magallanes Iberian Equity FI		
Total attributable	**888.536**	**2,96%**
Bestinver Gestion GGIIC		
Total attributable	**3.169.167**	**10,56%**
Norges Bank		
Directly	**856.858**	**2,86%**
FMR LLC		
Fidelity Managemment & Research Company	**915.000**	**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 latter 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.

Annex under article 447 of the Portuguese Commercial Companies Code and article 14 paragraph 7 of CMVM Regulation no. 05/2008

Number of shares at 31 December 2017 and transcations during 2017 by the members of statutory bodies:

Board of Directors	Data	Additions		Reductions		Shares at 31.12.2015
		nº shares	price	nº shares	price	
António Alberto Guerra Leal Teixeira						
DUNBAR- SERVIÇOS E GESTÃO SA (1)						9.996
Ibersol SGPS, SA	06-09-2017	420	0			2.100
António Carlos Vaz Pinto Sousa						
CALUM- SERVIÇOS E GESTÃO SA (2)						9.996
Ibersol SGPS, SA	06-09-2017	420	0			2.100
(1) DUNBAR- SERVIÇOS E GESTÃO SA						
ATPS- S.G.P.S., SA (3)						2.840
(2) CALUM- SERVIÇOS E GESTÃO SA						
ATPS- S.G.P.S., SA (3)						2.840
(3) ATPS- S.G.P.S ., SA						
Ibersol SGPS, SA	06-09-2017	3.294.509	0			16.472.549

(a) Additions corresponds the shares atribuibles by the increase of capital

During the financial year in analysis no transaction executed by people discharging managerial responsabilities (" dirigentes") other than those mentioned in the avobe table for Board of Directors

CORPORATE GOVERNANCE REPORT 2017

IBERSOL SGPS, SA.

Publicly Listed Company, with share capital of 30,000,000 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 30,000,000 Euros, fully subscribed and paid, represented by 30,000,000 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 is no restriction under the By-laws, in particular under articles 4 and 5 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 2017 Ibersol SGPS, SA held 2,999,938 of its own shares, corresponding approximately to 10% of the share capital, with a nominal value of one euro per share, at an overall acquisition cost of 11,179,969 euros.

During 2017 exercise the Company has acquired 57 own shares and also 599,976 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 2017, according to the notifications received by the Company, the persons that, in accordance with articles 16^{th} and 20^{th} of the Securities Code, have a qualifying shareholding of at least 2% of the share capital of Ibersol, are as follows:

Accionista/Shareholder	nº acções Nº shares	% capital social % share capital
ATPS - SGPS, S.A. (*)		
Diretamente/directly	16.472.549	54,91%
António Alberto Guerra Leal Teixeira	2.100	0,01%
António Carlos Vaz Pinto Sousa	2.100	0,01%
Total participação detida / imputável /imputable total shares	**16.476.749**	**54,92%**
Banco BPI, S.A.		
Fundo Pensões Banco BPI	600.000	2,00%
Total participação detida / imputável /imputable total shares	**600.000**	**2,00%**
Magallanes Iberian Equity FI		
Total participação detida / imputável / imputable total shares	**888.536**	**2,96%**
Bestinver Gestion GGIIC		
Total participação detida / imputável / imputable total shares	**3.169.167**	**10,56%**
Norges Bank		
Directamente /directly	**856.858**	**2,86%**
FMR LLC		
Fidelity Managemment & Research Company	**915.000**	**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 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 capital of ATPS.

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

2,100 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 31/12/2017, holds 16,472,509 shares representing share capital of Ibersol, SGPS, SA.

Vice-Chairman - Dr. António Alberto Guerra Leal Teixeira

2,100 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 31/12/2017 holds 16,472,509 shares representing share capital of Ibersol, SGPS, SA.

Director – Prof. Doctor Juan Carlos Vázquez-Dodero

Does not hold any shares of the company.

Statutory Audit Committee:

Chairman - Dr. Carlos Alberto Alves Lourenço

Does not hold any shares of the company.

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

Does not hold any shares of the company.

Member – Dr. Eduardo Moutinho Ferreira Santos

Does not hold any shares of the company.

Substitute – Dr. Arlindo Dias Duarte Silva

Does not hold any shares of the company.

9. Board of Directors qualification due to share capital increase.

Under article 4th number 2 of the Company's Bylaws 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 manner, conditions of subscription and categories of shares to be issued from among those provided for in the Bylaws`s 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 at any time to resolve upon the renewal of those Board of Directors powers under prevision 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 2017, and as a result of elections held in the Annual General Meeting held on 26 May 2017, the composition of the Board of the General Meeting was as follows:
Chairwoman of the Board – Dr.ª Luzia Leonor Borges e Gomes Ferreira;
Vice-Chairwoman – Dr.ª Raquel de Sousa Rocha;
Secretary – Drª. Maria Leonor Moreira Pires Cabral Campello;

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

b) Exercise of the voting rights

12. Possible restrictions on voting rights.

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

According to article 23 of the Bylaws of the Company, for the General Meeting to be able to meet and deliberate on first call, shareholders of shares representing more than fifty per cent of the share capital must be present in person or represented. According to article 21.1 and 21.2 of the Bylaws, each share carries one vote and resolutions of the General Meeting shall be adopted by simple majority, unless the law requires otherwise.

Article 22. 3 to 11 of the Company's Bylaws 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 Bylaws, postal votes may 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 n.º 1 of Art. 20.º of the Securities Code

There is no indication of the maximum percentage of voting rights that may be exercised by any shareholder or by shareholders who are related with, in any of the situations described in the mentioned legal standart.

14. Resolutions which only may be taken by qualified majority.

Under Bylaws, 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 Bylaws);

II. MANAGEMENT AND SUPERVISION

a) Composition

Board of Directors

Chairman – Dr. António Carlos Vaz Pinto de Sousa;

Vice-Chairman – Dr. António Alberto Guerra Leal Teixeira;

Member – Professor Doutor Juan Carlos Vázquez-Dodero de Bonifaz;

Statutory Audit Committee

Chairman - Dr. Carlos Alberto Alves Lourenço;

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

Member – Dr. Eduardo Moutinho Ferreira dos Santos;

Substitute – Dr. Arlindo Dias Duarte Silva;

Statutory Auditor - PriceWaterHouseCoopers & Associates – Sociedade de Revisores

Oficiais de Contas, Lda.

15. Identification of model of governance adopted.

The Company adopts a classical monist model of governance, made up of Board of Directors and the Statutory Audit Committee, the Statutory Auditor having been appointed by the General Meeting. The Board of Directors is responsible for performing all the administrative acts relating to 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. 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 Statutory Audit Committee is responsible for auditing the Company's activity in accordance with law and the Company's bylaws.

The diversity and 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 Bylaws.

The Board of Directors is composed of an uneven or even 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 acting 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 given 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 Vice-Chairman. The Board of Directors shall choose its own chairman if this one has not been appointed by the General Meeting at the time the Board was elected. The Board of Directors may specifically appoint one or more directors to handle certain matters. As of 31 December 2017 the Board of Directors was composed of the following members:

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

All the members were elected by the General Meeting on 26 May 2017 for a term that will be expired in the 31st December 2020, but these members will be in exercise untill new election of the Board by the General Meeting.

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 Bylaws, 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 rules of the Executive Committee functioning and the way 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.

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

BOARD OF DIRECTORS

President - António Carlos Vaz Pinto de Sousa

Academic qualifications

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

Professional activity

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

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

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

ASUREBI - Sociedade Gestora de Participações Sociais, SA

EGGON – SGPS, SA

ANATIR – SGPS, SA

CHARLOTTE DEVELOPS, SL

DEHESA DE SANTA MARÍA FRANQUICIAS, S.L.

FIRMOVEN - Restauração, SA

FOODSTATION, SL

GRAVOS 2012, SA (*)

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

SEC - EVENTOS E CATERING, SA.

SUGESTÕES E OPÇÕES – Actividades Turísticas, SA

THE EAT OUT GROUP SL

VIDISCO SL. Y LURCA SA. Union Temporal de Empresas

VIDISCO, SL

(*) *with company name changed on 2018/01/23 to " Ibergourmet - Produtos Alimentares, SA."*

Manager

FERRO & FERRO, Lda.

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

RESBOAVISTA – Restaurante Internacional, Lda.

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

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

ATPS II, SGPS, SA.

MBR, IMOBILIÁRIA, SA.

ONE TWO TASTE, SA.

PLASTEUROPA EMBALAGENS, SA

PLASTEUROPA HOLDING SGPS, SA

POLIATLÂNTICA SGPS, SA.

SOPRANO – SGPS, S.A.

DUNBAR – SERVIÇOS E GESTÃO, S.A.

CALUM – SERVIÇOS E GESTÃO, S.A.

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 - Sociedade Gestora de Participações Sociais, SA

EGGON – SGPS, SA

ANATIR – SGPS, SA

CHARLOTTE DEVELOPS, SL

DEHESA DE SANTA MARÍA FRANQUICIAS, S.L.

FIRMOVEN - Restauração, SA

FOODSTATION, SL

GRAVOS 2012, SA (*)

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

SEC - EVENTOS E CATERING, SA.

SUGESTÕES E OPÇÕES – Actividades Turísticas, SA

THE EAT OUT GROUP SL

VIDISCO SL. Y LURCA SA. Union Temporal de Empresas

VIDISCO, SL

(*) *with company name changed on 2018/01/23 to " Ibergourmet - Produtos Alimentares, SA."*

Manager

FERRO & FERRO, Lda.

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

RESBOAVISTA – Restaurante Internacional, 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.

ONE TWO TASTE, SA.

DUNBAR – SERVIÇOS E GESTÃO, SA.

CALUM – SERVIÇOS E GESTÃO, SA

Member - Prof. Juan Carlos Vázquez-Dodero de Bonifaz

Academic qualifications

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

Professional activity

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

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

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

FOODSTATION, SL

IBERUSA - Hotelaria e Restauração, SA

IBERSANDE Restauração S.A. - Prof. Doutor Juan Carlos Vázquez-Dodero de Bonifaz submitted the resignation of this cargo, in this society, on the 30th March 2017;

IBERSOL - Restauração, SA

IBERSOL ANGOLA, SA.

PANSFOOD SA

THE EAT OUT GROUP SL

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, S.A.

CALUM – SERVIÇOS E GESTÃO, S.A.

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., control the ATPS society, which is allocated a share capital of 54.92% in the 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 has delegated powers by the Board of Directors under the terms of art. 8.4 of the Bylaws of the Company. The third director performs non-executive functions.

The executive committee coordinates the operations of the functional units and the 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 periodic meetings.

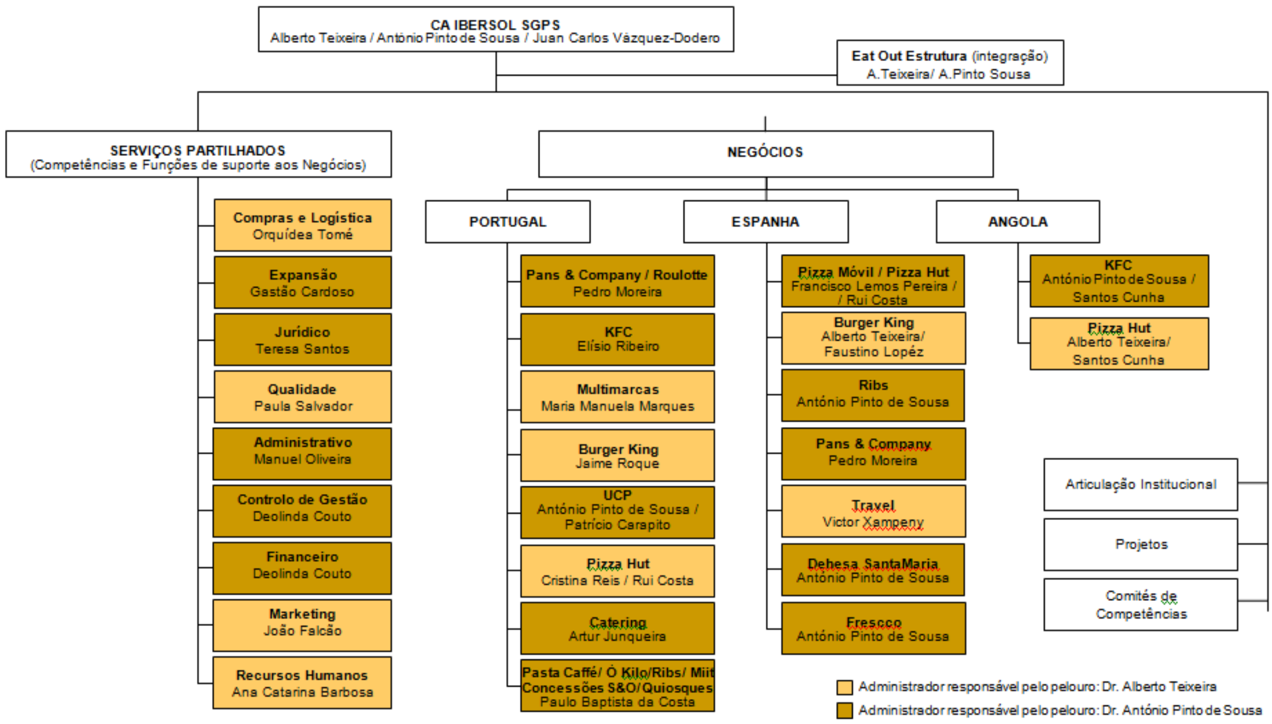
The powers delegated to the Executive Committee are as follows:

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 CSC.

b) 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 control function over the companies belonging to the Ibersol Group.

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

The organization chart and distribution of tasks is as follows:



b) Functioning

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

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

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

The ByLaws 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. In the 2017 exercise were made 11 (eleven) reunions of the Board.

The Executive Members had a presence performance of 100% and the Non-Executive Member had a performance of 91%.

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

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 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 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 Bylaws of the Company. The third director performs non-executive functions.

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 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 2017.

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 not members of the Statutory Audit Committee. The Statutory Audit Committee and the Statutory Auditor are both elected by the General Meeting of Shareholders.

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 Audit Committee is made up of at least three active members, who are elected by the General Meeting and must meet at least quarterly. Where the Audit Committee has only three active members, there must be one or two substitutes; where there are more than three active members, there must be two substitutes.
The statutory auditor or statutory audit firm are elected by the General Meeting at the proposal of the Audit Committee.
The term of office of the members of the Audit Committee is four years (art. 27 of the Bylaws). 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 active 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 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 2017 there were 13 formal meetings of this body and the rate of attendance of all the active members was 100%.

36. Availability of each member with description of positions hels 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.

For 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;
- Verify that the accounting policies and valuation criteria adopted by the Company lead to a correct valuation of assets and results;
- Continuously monitor the effectiveness of the risk management system and the internal control system;
- Verify the accuracy of the accounting documents, accompanying the process of preparation and disclosure of financial information, and presenting recommendations to ensure the integrity of the same;
- Supervise the audit of accounts;
- Receive notifications of irregularities presented by shareholders, Group employees or others;
- To prepare annually a report on its audit action directed at shareholders, including the description of the inspection activity carried out, any detected constraints and to give an opinion on the report and accounts, as well as on the proposals presented by the management;

It is also responsible for making proposals to the General Meeting for the appointment of the statutory auditor and examining the auditor's independence, particularly as regards the provision of additional services.

The annual report on the work of the Audit Committee is published, together with the financial statements, on the Company's website.

To all effects, the Statutory Audit Committee represents the company in relation to the external auditor, ensuring that all the conditions of service provision are ensured, annually assessing the auditor's performance, acting as the auditor's main contact and receiving its reports, jointly with the Board of Directors.

To perform its functions the Statutory Audit Committee obtains from the Board of

Directors the information it needs in order to carry out its activity, namely information on the Group's operations and finances, changes in the composition of the Group's portfolio of companies and businesses and the content of the main resolutions adopted by the Board.

IV. Statutory External Auditor

39. Statutory External Auditor identification and the representing partner.

The statutory auditor of the Company is PriceWaterHouseCoopers and Associates – Sociedade de Revisores Oficiais de Contas, Lda.", represented by Dr. Hermínio António Paulos Afonso or Dr. António Joaquim Brochado Correia.

40. Permanence of functions.

The Statutory Auditor has been a member of the Company from 2005 to the present, having been granted authorization with Reference SAI-OFIC / 2017/5733 issued on April 26, 2017, by the Supervision and Audit Department of the CMVM, as the proper authorization for the respective term of office until the first months of 2018 in order to ensure the issuance of the audit documentation related to the 2017 financial year. Consequently, at the next Annual General Meeting of 2018 of this Company, the appointment of a new Statutory Auditor and the respective Representative will take place.

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 PriceWaterHouseCoopers and Associates, SROC, registered with the Securities Market Commission under nº 0977, and in 2017 its representative was Dr. Hermínio António Paulos Afonso.

43. Permanence of Functions.

The external auditor was elected for the first time in 2005 and this is its fourth term of office. Next General Meeting / 2018 of this Company it will be nominated the new External Auditor e its new representative.

The partner who represents the actual External auditor has been acting as representative since 2011 and will end his functions when the new external auditor of the company is appointed.

44. Policy and frequency of rotation of the external auditor and its partner.

The external auditor and the partner who represents it in this role are, respectively in their fourth and third consecutive term of office. The external auditor is elected by the General Meeting at the proposal of the Statutory Audit Committee and the need for a change of external auditor will be assessed based on best practices in corporate governance at the time of the proposal for a new term of office.

The Supervisory Board adopted the recommended principle only not to make the rotation of the external auditor at the end of two terms of four years continuously functions, if, after making a careful assessment, has concluded that the maintenance functions, in addition to that period, does not interfere or prejudice the necessary independence of the external auditor or the level of quality that the functions should be exercised, ensuring instead monitor the company by that same supervisory body, with the level of knowledge and depth already acquired.

45. External Auditor assessment.

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

46. Additional work.

The additional services provided by the external auditor will mainly include services related to the review of tax documentation processes and keeping up to date with tax legislation.

The Statutory Audit Committee analyzed and approved the scope of said services, concluding that they do not represent any obstacle to the auditor’s independence.

The additional services are provided by different individuals from those involved in the audit, so that the independence and impartiality of the auditor is considered to be assured.

The fees billed for additional services in 2017 represented 2,7% of the total fees billed to the Group by PriceWaterHouseCoopers in the year.

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 2017 to 357,152 euros, as follows:

RESUME

	2017	%	2016	%
Company				
Audit and review **(*)**	59.500	16,7%	35.500	8,5%
Other services				
Entities that integrate the Group				
Audit and review	287.872	80,6%	293.590	70,6%
Tax consultancy				
Other services	9.780	2,7%	86.761	20,9%
TOTAL	**357.152**	**100%**	**415.851**	**100%**

(*) includes 15,000 euros of addicional fees related to audit and review of 2016 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 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 2017 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.

Not applicable as 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; Mystery Client Programme 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

Risk management in the financial area is led by the Financial Unit, which focuses on monitoring the volatility of the financial markets, especially interest rate and exchange rate volatility. The current situation of the markets has led to liquidity risk taking on greater importance.

The Group's policy regarding financial risk management is conservative and cautious when using derivative instruments for hedging does not take positions that are not strictly related to the activity or positions that have speculative purposes.

The main sources of exposure to financial risk are:

a) Exchange rate risk

This risk increased significantly during the last year, because the subsidiaries in Angola saw limited access to foreign exchange, resulting in an extension of the payment terms to international suppliers, which increased its exposure to the effects of devaluation.
With regard to financing outside the Euro zone the Group will pursue a natural hedge policy, preferably in local currency financing.
In order to ensure adequate protection of Angolan subsidiaries to increase value of the obligations in foreign currency, proceeded to the purchase of instruments indexed to the dollar, in order to ensure the "hedging".
Increased activity in Angola will result in an increased risk of exchange - if they maintain the current constraints of access to foreign exchange - which will affect the value of assets and liabilities.

b) Interest rate risk

As the Group has no interest-earning assets with significant interest, in addition to treasury bonds issued by Angola for the purpose of "hedging", the profit and cash flows of the financing activities are substantially independent of changes in market interest rate.

The risk of the Group's interest rate comes from liabilities, specifically long term loans. Borrowings issued at fixed rates expose the Group to fair value risk associated with interest rate. With the current level of interest rates, the Group's Policy is, in more mature financing, to proceed to the total or partial fixing of interest rates. Ibersol resorted to interest rate risk hedging operations to 26% of variable rate loans, and its objective is to cover at least 50%.

c) Credit risk

The Group's principal activity is carried out with sales paid in cash or by debit/credit card, so that the Group has no relevant credit risk concentrations. However, with the increase in sales of the catering business and provision services to franchisees, which has a significant proportion of credit sales, the Group has started to monitor its accounts receivable more regularly in order to:

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

As already mentioned, the recent situation of the financial markets has given a new importance to liquidity risk. Systematic financial planning based on cash flow forecasting in different scenarios and for periods of more than one year has become an imperative. Short-term cash management is based on the annual plan, which is reviewed quarterly and daily adjusted. In line with the dynamics of the underlying businesses, the Group's Treasury has been improving a flexible management of commercial paper and the negotiation of lines of credit that are available at all times. The policy of open dialogue with all the financial partners has allowed the Group to maintain high standart of trust relationships.

As this business is characterized by a financial imbalance, with current liabilities greater than current assets, the Group, in detriment of cost, favors the maintenance of contracted lines of financing, even if little used, to ensure any short-term needs.

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 Latin 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.

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.

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 2017 were received 52 requests for information, and there are not pending any inquires from previous years.

V. Website

59. Address.

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

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

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

61. Location where the Articles of Regulation for the committees can be found.

www.ibersol.pt\investidores\Estatutos ;

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

62. Location where is provided information about the identify of the governing bodies, the representative for market relations, the Investor Relations Office, functions and means of access.

www.ibersol.pt\investidores\Governo da Sociedade

www.ibersol.pt\investidores\Relação com Investidores

63. Location where is provided the documents of accounting, calendar of corporate events.

www.ibersol.pt\investidores\Relatório e Contas;

www.ibersol.pt\investidores\Calendário de Eventos;

64. Location where is provided the notice to General Meeting and related information.

www.ibersol.pt\investidores\Assembleias Gerais;

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

www.ibersol.pt\investidores\Assembleias Gerais;

D. REMUNERATIONS

I. Competence for definition

66. Competence for determining the remunerations of governing bodies of the executive committee members and managers of the Company.

The members of the corporate governing bodies are remunerated in accordance with the remuneration policy proposed by the Remuneration Committee and approved by the General Meeting of shareholders.

II. Remuneration Committee

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

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

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

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

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

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

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

Dr. António Maria de Borda Cardoso – Degree in Economics by Faculdade de Economia of Oporto´s University. Retired in the last five years.

III. Remuneration Structure

69. Remuneration policy and performance assessment.

The remuneration policy of the corporate governing bodies is approved by the shareholders in General Meeting.

The General Meeting of shareholders held on 26 Maio 2017 approved the remuneration policy already in force, which has been implemented consistently.

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. Anex 1.) and no other remuneration of any kind.

The total remuneration of the members of the Statutory Audit Committee for 2017 was as follows: Chairman: 9,503.18 euros; Vice-Chairman: 8,843.06 euros; Member: 8,794.31 euros; and SROC: 59,500 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 2018 Annual General Meeting, in accordance with Annex 1.

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

a) Functions performed: - the nature and volume of the activity involved in the functions performed by each member of the abovementioned corporate governing bodies is taken into consideration, as well as the responsibilities assigned to each one. The members of the Statutory Audit Committee, the Board of the General Meeting and the Staturory auditor will not all occupy the same organizational or

functional position. Various criteria are applied, including level of responsibility, time commitment or the value of a particular service or institutional representation.
b) The Company's economic situation.
c) One relevant consideration will be the size of the company and the relative degree of functional complexity.

71. Reference, if applicable, of the existence of a variable remuneration component and information about likely impact of performance appraisal in this component.
There is no variable component.

72. Deferring payment of the variable remuneration component, specifying the period of deferral.
There is no variable component.

73. Criteria that underlie the allocation of variable remuneration in shares and the maintenance of these shares by Executive Directors.

No remuneration involving the allocation of shares or any other system of bonuses paid in shares is envisaged.

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

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

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

IV. Disclosure of remuneration

77. 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 2017, a total of 900,000 euros. One of the obligations of ATPS-Sociedade Gestora de Participações Sociais, SA. under the service agreement with Ibersol, Restauração, SA. is to ensure that the directors of the Company António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira perform their duties without the Company incurring any additional expense. So, the Company does not directly pay any remuneration to any of its executive directors. Given that ATPS-Sociedade Gestora de Participações Sociais, SA. is owned by the directors António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, out of the above mentioned total of 900,000 euros in 2017, 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 was 27,140,55 euros. This total breaks down as follows:

Chairman (after 26th May 2017) – Dr. Carlos Alberto Alves Lourenço - 5,940 euros;

Presidente (until 26 May 2017) – Dr.Joaquim Alexandre de Oliveira e Silva :3,563.18 euros;

Vice-Chairman (after 26 May 2017) – Drª. Maria José Martins Lourenço da Fonseca: 5,279.88 euros;

Vice-Chairman (until 26 May 2017) – Dr. António Maria de Borda Cardoso: 3,563.18 euros;

Member - Dr. Eduardo Moutinho Ferreira Santos: 8,794.31 euros.

82. Indication of the annual remuneration earned by the Chairman of the Shareholders' General Meeting.

Chairman of the Board (after 26 May 2017) – Dr.ª Luzia Leonor Borges e Gomes Ferreira – 800.06 euros;

Chairman of the Board (until 26 May 2017) - Dr.ª Alice de Assunção Castanho Amado: 540.78 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).

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 employment relationship following a change of control of the company.

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.

The Statutory Audit Committee was not required to issue any opinion in 2017, given no liability transactions were entered into that required its opinion.

The procedures for intervention by the Statutory Audit Committee in the preliminary assessment of any business to be held between the company and holders of qualifying holdings follows the rules of the respective Regulation of the Supervisory Board, 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 adopted Corporate Governance Code.

This Corporate Governance Report was prepared in accordance with CMVM Regulation 4/2013 of 1 August and the CMVM's Corporate Governance Code. 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 in form.

The report complies with article 245-A of the Securities Code and, in accordance with the comply or explain principle, indicates the degree of compliance with the CMVM's recommendations as stated in the 2013 Corporate Governance Code.

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

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

2. Analysis of compliance with the adopted Corporate Governance Code.

Overall, Ibersol, SGPS, SA complies with the CMVM's corporate governance recommendations, as follows:

RECOMMENDATIONS (July 18th 2013 Corporate Governance law *in* www.cmvm.pt)	DETAILS OF THE ADOPTIONOF THE RECOMMENDATION	
I – VOTING AND CONTROL OF THE COMPANY		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an overly large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Adopted	Part I Number 12 of this Corporate Governance Report
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Adopted	Parte I Numbers 13.14. of of this Corporate Governance Report
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	Adopted	No such mechanisms are established under the By-laws.
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held of exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the general assembly (five year intervals), on whether that statutory provision is to be amended or prevails - without super quorum requirements as to the one legally in force - and that in said resolution, all votes issued be counted, without applying said restriction.	Not Applicable	The Company's articles of association set no limit to the number of votes to be issued by a shareholder.
I.5. Measures that required payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	Adopted	No such measures have been established or adopted.
II . SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1. SUPERVISION AND MANAGEMENT		
II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said	Adopted	Parte I Numbers 15. 16. 17 of this

delegated powers shall be identified in the Annual Report on Corporate Governance.		Corporate Governance Report
II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company; ii) define business structure of the group; iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	Adopted	Parte I Numbers 21 to 29 of this Corporate Governance Report
II.1.3. The General and Audit Committee, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount of risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Not applicable	The corporate governance model adopted does not include a General Supervisory Board.
II.1.4. Except for small-sized companies, the Board of Directors and General and Audit committee, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of others committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.	Not applicable	There are no specialised committees of the Board of Directors. Part I , Numbers 25 and 27 of this Corporate Governance Report
II.1.5. The Board of Directors or the General and Audit Committee, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	Adopted	Part I Number 50 of this Corporate Governance Report.
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	Adopted	Parte I Numbers 17 and 18 of this Corporate Governance Report
II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder		

structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as the law in force states. The others members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the company or at a company holding a control or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person; c. Being paid by the company or by a company with which is in a control group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder..	Adopted	Part I Number 18 of this Corporate Governance Report
II.1.8 When board members that carry out executive duties are requested by other board members, shall provide the information requested, in a timely and appropriate manner to the request.	Adopted	The Executive Committee makes all the requested information available at all time to the members of the other corporate bodies.
II.1.9 The Chairman of the Executive Board of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chair of the Audit committee, the Chair General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	Adopted	The Chairman of the Executive Committee makes all the information about committee meetings available to the members of the Board of Directors and the Statutory Audit Committee.
II.1.10 If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that these members can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	Adopted	Part I Number 18 of this Corporate Governance Report

II. 2. SUPERVISION		
II.2.1 Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Adopted	Part I Numbers 32 and 33 of this Corporate Governance Report
II.2.2 The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Adopted	Part I Numbers 37 and 38 of this Corporate Governance Report
II.2.3 The Audit Committee shall evaluate the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	Adopted	Part I Numbers 37.38. and 45. of this Corporate Governance Report.
II.2.4 The Audit Committee shall evaluate the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Adopted	Part I Numbers 38, 49, 50, 54 and 55 of this Corporate Governance Report.
II.2.5 The Audit Committee, the General and the Supervisory Board and the Audit Committee decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interests and detection of potential illegalities.	Adopted	Part I Numbers 38, 49, 50, 54 and 55. of this Corporate Governance Report
II.3 REMUNERATION SETTINGS		
II.3.1 All members of Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Adopted	Part I Numbers 67. and 68. of this Corporate Governance Report.
II.3.2 Any natural or legal person that provides or as provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or		

who as a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	Adopted	Part I Number 67. of this Corporate Governance Report.
II.3.3 A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following; d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	Adopted	Part I Number 69. of this Corporate Governance Report.
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly evaluate said plan.	Not applicable	Part I Numbers 70. to 73. and 85. of this Corporate Governance Report.
II.3.5 Approval of any retirement benefit scheme established for members of corporation members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly evaluate said system.	Not applicable	There are no approved or submitted for approval by the General Assembly any systems of retirement benefits established for members of governing bodies
III . REMUNERATION		
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.	Adopted	Part I Numbers 69 to 79 of this Corporate Governance Report.
III.2 The remuneration of the non-executive board members and the remuneration of the members of the Audit Committee shal not include any component whose value depends on the performance of the company or of its value.	Adopted	Part I Numbers 69, 70.e 71. of this Corporate Governance Report.
III.3 The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	Not applicable	Part I Numbers 69. to 76. of this Corporate

		Governance Report.
III.4 A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of the payment shall depend on the continued positive performance of the company during that period.	Not applicable	Part I Numbers 69. to 76. of this Corporate Governance Report.
III.5 Members of the Board of Directors shall not enter into contracts with the company of with third parties which intend to mitigate the risk inherent to remuneration variability set by the company..	Not applicable	No such contracts exist. Part I Numbers 69. to 76. of this Corporate Governance Report.
III.6 Executive board members shall maintain the company's share that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate..	Not applicable	No variable remuneration is paid to executive directors. Part I Numbers 69. to 76. of this Corporate Governance Report.
III.7 When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	Not applicable	No variable remuneration is paid to executive directors. Part I Numbers 69. to 76. of this Corporate Governance Report.
III. 8 When the removal of board members is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet do on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that witch is legally due, is unenforceable.	Adopted	In such situations the legal rules are applied.
IV. AUDITING		
IV.1. The external auditor shall, within scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any short comings to the supervisory body of the company**.**	Adopted	The external auditor reports on the audit work carried out during the year in the annual audit report. Part I, numbers 37 and 38 of this Corporate Governance Report.

IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the Audit Committee and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the company.	Adopted	Part I Number 46 of this Corporate Governance Report.
IV.3 Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the Audit Committee that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Adopted	Part I Numbers 44 and 45 of this Corporate Governance Report.
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS		
V.1. The company's business with holders of qualifying holdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.	Adopted	Part I Numbers 10, 90, 91 of this Corporate Governance Report.
V.2 The supervisory or oversight board shall lay down procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20.1 of the Portuguese Securities Code - thus significant relevant business is dependent upon prior opinion of that body.	Adopted	Part I Numbers 89 to 92 of this Corporate Governance Report.
V.I. INFORMATION		
V.I.1. Companies shall provide, via their websites both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.	Adopted	Part I Numbers 56 to 65 of this Corporate Governance Report.
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.	Adopted	Part I Numbers 56 to 65 of this Corporate Governance Report.

3. Other information

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

In compliance of the premises supra exposed and in 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 2017 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 necessarily limited time and necessary depth to provide high quality and timely decision making;

Subject to the fulfillment 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 14th May 2018

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 26 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 II.3.3 of the Corporate Governance Code of the CMVM. 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 2017 was set at a fixed annual amount, payable twelve times a year, having its members earned the following annual remuneration:

- Chairman (after 26 May) – Dr.ª Luzia Leonor Borges e Gomes Ferreira: € 800.06;
- Vice-Chairman (after 26 May) – Dr.ª Raquel de Sousa Rocha: € 400.75;
- 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 2017 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 service agreement 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 having to incur additional expense. 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 in equal parts 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 2017, each director received the amount of 450,000 euros. The non-executive member receives annual remuneration of 6,000 euros.

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 not a report containing the information mentioned in article 2.3 of Law 28/2009.

c) The remuneration of the members of the Statutory Audit Committee for 2017 was set at a fixed annual amount, payable twelve times a year. The individual members received the following annual remuneration:

Chairman (after 26 May) - Dr. Carlos Alberto Alves Lourenço: € 5,940.00;

Vice-Chairman (after 26 May) - Dr.ª Maria José Martins Lourenço da Foseca: €5,279.88;

Member – Dr. Eduardo Moutinho Santos: €8,794.31;

The general principles observed are essentially those that follow from the law, taking into account the activities actually performed by the above persons, 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 those of the Company.

The remuneration policy we submit to the shareholders of the Company for approval 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, 28th Mars 2018.

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 UPON THE REMUNERATION POLICY OF IBERSOL, SGPS, S.A. DIRECTORS

1. According to the competence established under article 11º of IBERSOL, SGPS, SA. Association Articles, 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 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 to 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, 28th Mars 2018.

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 – Dra. Maria José Martins Lourenço da Fonseca

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

Member of the Supervisory Board:

- Sonae, SGPS, S.A.
- Sonae Investimentos, SGPS, S.A.
- Sonaecom, SGPS, S.A.

Member (effective) – Dr. Eduardo Moutinho Santos;

Besides the position of efective Member of the Statutory Audit Committee of Ibersol SGPS, SA., he performed the following cargo in an Ibersol Group´s Company :

Chairman of the Fiscal Board of Ibersande Restauração, SA. having renounced to this cargo in 3rd April 2017.

He does not perform any other cargos in companies behind the cargo of effective Member of Statutory Audit Committee of Ibersol SGPS, SA.

Substitute Member – Dr. Arlindo Dias Duarte Silva

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

BOARD OF THE GENERAL MEETING

President – Dra. Luzia Leonor Borges e Gomes Ferreira

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

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

President of the Board of the General Meeting:

- MDS, SGPS, SA
- Modelo - Distribuição de Materiais de Construção, SA
- 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.

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

Consolidated Financial Statements

31st December 2017

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ON 31st DECEMBER 2017 and 2016
(values in euros)

ASSETS	Notes	31/12/2017	31/12/2016 Re-expressed
Non-current			
Tangible fixed assets	2.5 and 8	197 972 217	178 058 537
Goodwill	2.6 and 9	92 862 786	92 862 786
Intangible assets	2.6 and 9	35 115 966	36 799 278
Deferred tax assets	2.14 and 18	7 164 371	8 350 319
Financial investments - joint controlled subsidiaries	2.2 and 10	2 420 386	2 417 631
Available-for-sale financial assets	2.8 and 10	233 108	440 541
Other financial assets	2.8 and 11	17 823 906	10 438 768
Other non-current assets	2.10 and 12	6 335 385	6 494 327
Total non-current assets	6	**359 928 125**	**335 862 187**
Current			
Stocks	2.9 and 13	12 089 907	11 547 211
Cash and bank deposits	2.11 and 14	34 902 883	39 588 532
Income tax receivable	18	5 046 070	2 332 391
Other financial assets	2.8 and 11	5 162 755	7 041 574
Other current assets	2.10 and 15	19 823 562	24 797 594
Total current assets		**77 025 177**	**85 307 302**
Total Assets		**436 953 302**	**421 169 489**

EQUITY AND LIABILITIES	Notes	31/12/2017	31/12/2016 Re-expressed
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	2.12	30 000 000	24 000 000
Own shares	2.12	-11 179 969	-11 179 348
Conversion Reserves		-2 012 886	-2 002 180
Other Reserves & Retained Results		140 240 143	117 522 486
Net profit in the year		30 849 460	23 249 971
		187 896 748	**151 590 929**
Non-controlling interest		723 445	333 399
Total Equity	16	**188 620 193**	**151 924 328**
LIABILITIES			
Non-current			
Loans	2.13 and 17	107 687 759	130 457 713
Deferred tax liabilities	2.14 and 18	16 296 869	12 242 099
Provisions	2.15 and 19	4 489 724	3 412 128
Derivative financial instrument	2.20 and 20	235 455	114 935
Other non-current liabilities	21	179 192	208 040
Total non-current liabilities		**128 888 999**	**146 434 915**
Current			
Loans	2.13 and 17	33 326 982	36 333 949
Accounts payable to suppliers and accrued costs	22	67 522 339	65 500 220
Income tax payable	18	324 744	2 349 654
Other current liabilities	23	18 270 045	18 626 423
Total current liabilities		**119 444 110**	**122 810 246**
Total Liabilities		**248 333 109**	**269 245 161**
Total Equity and Liabilities		**436 953 302**	**421 169 489**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED ON DECEMBER 31, 2017 AND 2016
(values in euros)

	Notes	31/12/2017	31/12/2016 Re-expressed
Operating Income			
Sales	2.16 and 6	443 270 117	268 831 784
Rendered services	2.16 and 6	5 058 977	1 000 611
Other operating income	26	9 781 036	9 089 970
Total operating income		458 110 130	278 922 365
Operating Costs			
Cost of sales		102 831 054	64 546 632
External supplies and services	24	149 502 177	83 879 682
Personnel costs	25	135 318 741	79 968 121
Amortisation, depreciation and impairment losses of TFA and IA	6, 8 and 9	31 922 475	16 778 233
Other operating costs	26	5 180 157	3 418 918
Total operating costs		424 754 604	248 591 586
Operating Income	6	33 355 526	30 330 779
Net financing cost	27	5 397 611	1 195 425
Gains (losses) in joint controlled subsidiaries - Equity method	10	2 755	-261
Gains (losses) on Net monetary position	2.21 and 36	5 980 424	-
Profit before tax		**33 941 094**	**29 135 093**
Income tax expense	28	2 701 589	5 837 553
Net profit		**31 239 505**	**23 297 540**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-10 706	-1 151 741
TOTAL COMPREHENSIVE INCOME		**31 228 799**	**22 145 799**
Net profit attributable to:			
Owners of the parent		30 849 460	23 249 971
Non-controlling interest	16	390 046	47 569
		31 239 506	23 297 540
Total comprehensive income attributable to:			
Owners of the parent		30 838 754	22 098 230
Non-controlling interest	16	390 046	47 569
		31 228 800	22 145 799
Earnings per share:	29		
Basic		**1,14**	**0,86**
Diluted		**1,14**	**0,86**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH TRIMESTER OF 2017 AND 2016
(values in euros)

	Notes	4th TRIMESTER (unaudited) 2017	2016
Operating Income			
Sales	2.16 and 6	114 458 191	91 803 603
Rendered services	2.16 and 6	1 359 428	551 283
Other operating income	26	2 610 761	3 837 745
Total operating income		118 428 380	96 192 631
Operating Costs			
Cost of sales	13	26 699 052	21 621 041
External supplies and services	24	38 816 672	30 562 465
Personnel costs	25	35 150 709	27 636 371
Amortisation, depreciation and impairment losses	6, 8 and 9	10 879 607	8 239 439
Other operating costs	26	2 306 962	1 322 393
Total operating costs		113 853 002	89 381 709
Operating Income	6	4 575 378	6 810 922
Net financing cost	27	1 728 672	1 117 922
Gains (losses) in joint controlled subsidiaries - Equity method	10	-21 371	-4 666
Gains (losses) on Net monetary position	2.21 and 36	5 980 424	-
Profit before tax		**8 805 759**	**5 688 334**
Income tax expense	28	-589 288	278 223
Net profit		**9 395 047**	**5 410 111**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-30 119	15 727
TOTAL COMPREHENSIVE INCOME		**9 364 928**	**5 425 838**
Net profit attributable to:			
Owners of the parent		9 374 779	5 300 773
Non-controlling interest	16	20 269	109 338
		9 395 048	5 410 111
Total comprehensive income attributable to:			
Owners of the parent		9 344 660	5 316 500
Non-controlling interest	16	20 269	109 338
		9 364 929	5 425 838
Earnings per share:	29		
Basic		**0,35**	**0,19**
Diluted		**0,35**	**0,19**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Statement of Alterations to the Consolidated Equity
for the years ended 31 December, 2017 and 2016
(value in euros)

		Assigned to shareholders								
	Note	**Share Capital**	**Own Shares**	**Conversion Reserves**	**Legal Reserves**	**Other Reserves & Retained Results**	**Net Profit**	**Total parent equity**	**Interests that do not control**	**Total Equity**
Balance on 1 January 2016		20 000 000	-11 179 644	-850 439	4 000 001	107 372 132	10 582 266	129 924 316	5 121 687	135 046 003
Changes in the period:										
Application of the consolidated profit from 2015:										
Transfer to reserves and retained results						10 582 266	-10 582 266	-		-
Share capital increase	16	4 000 000			-4 000 001			-		-
Minority shareholders change (IBR e Gravos)						260 522		260 522	-260 522	-
Minority shareholders change (Ibersande)						1 106 941		1 106 941	-1 106 941	-
Group Eat Out acquisition (Dehesa, minority)								-	868 839	868 839
Conversion reserves - Angola				-1 151 741				-1 151 741		-1 151 741
Acquisition / (disposal) of own shares			296			626		922		922
Net consolidated income for the year ended on 31 December, 2016							23 249 971	23 249 971	47 569	23 297 540
Total changes in the period		4 000 000	296	-1 151 741	-4 000 001	11 950 355	12 667 705	23 466 615	-451 055	23 015 561
Net profit							**23 249 971**	**23 249 971**	**47 569**	**23 297 540**
Total comprehensive income								22 098 230	47 569	22 145 799
Transactions with capital owners in the period										
Application of the consolidated profit from 2015:										
Paid dividends	31					-1 800 000		-1 800 000	-4 337 233	-6 137 233
		-	-	-	-	-1 800 000	-	-1 800 000	-4 337 233	-6 137 233
Balance on 31 December 2016		**24 000 000**	**-11 179 348**	**-2 002 180**	-	**117 522 487**	**23 249 971**	**151 590 929**	**333 399**	**151 924 328**
Balance on 1 January 2017		24 000 000	-11 179 348	-2 002 180	-	117 522 487	23 249 971	151 590 929	333 399	151 924 328
Changes in the period:										
Application of the consolidated profit from 2016:										
Transfer to reserves and retained results						23 249 971	-23 249 971	-		-
Share capital increase	16	6 000 000				-6 000 000		-		-
Hyperinflationary Economies (IAS 29)						7 627 695		7 627 695		7 627 695
Conversion reserves - Angola				-10 706				-10 706		-10 706
Acquisition / (disposal) of own shares			-621					-621		-621
Net consolidated income for the year ended on 31 December, 2017							30 849 460	30 849 460	390 046	31 239 506
Total changes in the period		6 000 000	- 621	-10 706	-	24 877 666	7 599 489	38 465 828	390 046	38 855 874
Net profit							**30 849 460**	**30 849 460**	**390 046**	**31 239 506**
Total comprehensive income								30 838 754	390 046	31 228 800
Transactions with capital owners in the period										
Application of the consolidated profit from 2016:										
Paid dividends	31					-2 160 010		-2 160 010		-2 160 010
		-	-	-	-	-2 160 010	-	-2 160 010	-	-2 160 010
Balance on 31 December 2017		**30 000 000**	**-11 179 969**	**-2 012 886**	-	**140 240 143**	**30 849 460**	**187 896 747**	**723 445**	**188 620 192**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Consolidated Cash Flow Statements
for the years ended 31 December, 2017 and 2016
(value in euros)

	Note	2017	2016
		Years ended on December 31st	
Cash Flows from Operating Activities			
Receipts from clients		442 782 866	269 844 982
Payments to supliers		-249 626 468	-157 562 500
Staff payments		-115 763 958	-61 060 481
Payments/receipt of income tax		-2 475 045	-3 885 008
Other paym./receipts related with operating activitie	14	-7 940 117	-6 369 069
Flows from operating activities (1)		**66 977 278**	**40 967 924**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		71 955	14 661
Tangible fixed assets		921 295	57 670
Intangible assets			
Investment benefits			55 850
Interest received	27	1 318 456	2 467 671
Payments for:			
Financial Investments	5	128 522	73 512 271
Other financial assets	11	12 634 957	8 972 023
Tangible fixed assets		32 426 484	26 220 493
Intangible assests		1 317 843	1 568 864
Flows from investment activities (2)		-37 154 526	-107 677 799
Cash flows from financing activities			
Receipts from:			
Loans obtained	17	4 702 567	111 767 637
Sale of own shares	16		1 675
Payments for:			
Loans obtained	17	27 041 669	10 874 643
Amortisation of financial leasing contracts	17	1 798 854	416 228
Interest and similar costs	27	6 462 963	3 799 777
Dividends paid	31	2 160 010	6 137 233
Acquisition of own shares	16	621	752
Flows from financing activities (3)		-32 761 550	90 540 679
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**-2 938 798**	**23 830 804**
Perimeter changes effect			60 000
Exchange rate differences effect		38 448	-533 122
Cash & cash equivalents at the start of the period		37 782 889	14 425 207
Cash & cash equivalents at end of the period	14	**34 882 539**	**37 782 889**

The Board of Directors,

IBERSOL SGPS, S.A.

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31 DECEMBER 2017

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA ("Company" or "Ibersol") has its head office at Praça do Bom Sucesso, Edifício Península n.º 105 a 159 – 9º, 4150-146 Porto, Portugal. Ibersol's subsidiaries (jointly called the Group), operate a network of 646 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Ribs, FresCo, SantaMaria, Kentucky Fried Chicken, Burger King, O' Kilo, Roulotte, Quiosques, Pizza Móvil, Miit, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffe counters and other concessions. The group has 502 units which it operates and 144 units under a franchise contract. Of this universe, 312 are headquartered in Spain, of which 177 are own establishments and 135 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 2017.

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.

Except for the application of IAS 29 in 2017, the accounting policies adopted at 31 December 2017 are the same as those adopted in the preparation of the financial statements as at 31 December 2016. The effects of applying IAS 29 are set out in Note 36.

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

2.2 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 (see Note 2.5).

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.

2.3 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.

In 2016, the assets and liabilities of the Eat Out group, and its 5 subsidiaries acquired in the fourth quarter of 2016 (Note 5.2.1), were not allocated to pre-existing segments. In 2017, with the conclusion of the valuation of Goodwill, the respective allocation was made to the segments of the Group, and the respective restatement was made in the comparatives now presented.

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.

2.4 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, 2017 and 2016 were respectively:

Dec/17

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

Dec/16

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2016	Average interest rate year 2016
Kwanza de Angola (AOA)	184,468	181,554

2.5 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 structures:	12-20 years
- Equipment:	10 years
- Tools and utensils:	4 years
- Vehicles:	5 years
- Office equipment:	10 years
- Other tangible assets:	5 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 2.6).

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.

2.6 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) and amortized over 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.

2.7 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 assets, each shop was identified as a cash-generating unit. Shops with negative Ebitda for at least 2 years are subject to impairment tests.

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.

2.8 Financial assets

2.8.1 Classification

The group classifies its financial assets under the following categories: financial assets at the fair value through results, loans granted and accounts receivable, investments held until maturity and financial assets available for sale. The investment is classified according to its purpose. The Board of Directors decides on the classification when the investments are initially recorded and re-assesses that classification at each report date.

As at 31 December 2016, Ibersol held only category B and D financial assets.

a) Financial assets at the fair value through results
This category is subdivided into two parts: financial assets held for negotiation and those that are designated at the fair value through results from the start. A financial asset is classified in this category if it is acquired for the main purpose of being sold on the short term or if designated as such by the Board of Directors. Derivatives are also classified as held for negotiation, except if they are classified for hedging. Assets in this category are classified as current if they are held for negotiation or are realisable within 12 months after the consolidated statement of financial position date.

b) Loans granted and accounts
Loans granted and other credits are non-derivative financial assets with fixed or determinable payments and that are not listed on an active market. These assets originate when the group supplies cash, goods or services directly to a debtor, without intending to negotiate the time at which it will receive payment for the said cash goods or services. They are included in current assets, except when they mature in more than 12 months after the consolidated statement of financial position date, in which case they are classified as non-current assets.

c) Investments held until maturity
Investments held until maturity is non-derivative financial assets with fixed or determinable payments and fixed maturities, which the group's Board of Directors has the intention and capacity to maintain until maturity. These investments are included in non-current assets, except those falling due within 12 months as of the consolidated statement of financial position date, which are classified as current assets.

d) Financial assets available for sale
Financial assets available for sale are non-derivative assets which are designated in this category or are not classified in any of the other categories. They are included in non-current assets, except when the Board of Directors wishes to sell the investment within 12 months as of the consolidated statement of financial position date.

2.8.2 Recognition and measurement

Purchases and sales of financial investments are recognized at the date of the transaction - the date on which the Group undertakes to buy or sell the asset.

Investments in "Loans granted and accounts receivable" are initially recognized at fair value, plus transaction costs, and are subsequently measured at amortized cost using the effective interest rate, less any impairment losses.

Investments in "Available-for-sale financial assets" are initially recognized at fair value, plus transaction costs, and are subsequently measured at fair value, except when they are investments in equity instruments for which fair value can not be determined with reliability, and the valuation is maintained at the initial cost less impairment losses. Changes in fair value of available-for-sale financial assets are recognized in equity. When available-for-sale financial assets are sold or are impaired, accumulated adjustments to fair value changes are included in the consolidated statement of comprehensive income, such as gains or losses on financial assets.

Financial investments are derecognised when the rights to receive cash from them expire or have been transferred and the Group has transferred substantially all the risks and benefits of its ownership.

2.8.3 Impairment

On each consolidated statement of financial position, the group checks for objective evidence showing whether any group of financial assets is subject to impairment. In the event of equity securities classified as available for sale, a significant or lasting decrease in the fair value falling below the cost value is determinant for knowing if there is impairment. If there is evidence of impairment applicable to financial assets available for sale, the accumulated loss – calculated by the difference between the acquisition cost and the current fair value, minus any impairment loss of that financial asset previously recognised in results – is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses from capital instruments recognised in results are not reversible.

The group complies with the guidelines of IAS 39 (reviewed in 2004) to determine the permanent impairment of investments. This measure requires that the group valuate, among other factors, the duration and the extent to which the fair value of an investment is less than its cost, the financial health and business outlook for the subsidiary, including factors such as the industry's and sector's performance, technological alterations and flows of operating cash and financing.

The impairment adjustment of accounts receivable is determined when there is objective evidence that the group will not receive all the owed amounts according to the original conditions of the accounts receivable. The impairment adjustment value is the difference between the presented value and the current estimated value of future cash flows, discounted at the effective interest rate. The impairment adjustment value is recognised in the consolidated statement of comprehensive income.

2.9 Stocks

Stocks 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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 and Barcelona - Spain was calculated under the special tax regime for economic groups. (in 2016, the subsidiaries based in Barcelona, calculated their tax on an individual basis). 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.

2.15 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.

2.16 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.

2.17 Leasing

Leasing is 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.

Leasing 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. Leasing obligations, net of financial charges, are included in other non-current liabilities, except for the respective short-term component. The interest parcel is entered in financial expenses during the leasing 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 leasing period.

2.18 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.

2.19 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.

2.20 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. For the carrying amount of derivatives financial instruments, the Group uses hedge accounting policies under the terms of the legislation in force. 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.

2.21 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 in 2014. 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.

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 $ 1.500.000, 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, 2017 and 2016 currency exchange risk was as follows:

	YEAR 2017			
Financial Assets	Kwanzas	Equivalent EUR	USD	Equivalent EUR
Cash and Bank deposits	626 211 315	3 377 784	5 523	5 116
Treasury bonds	4 261 524 035	22 986 661	-	-
Others	24 846 403	134 021	1 938	1 795
	4 912 581 753	26 498 466	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

	YEAR 2016			
Financial Assets	Kwanzas	Equivalent EUR	USD	Equivalent EUR
Cash and Bank deposits	1 301 850 100	7 057 329	6 128	5 705
Treasury bonds	3 224 560 292	17 480 341	-	-
Others	70 347 511	381 354	989	920
	4 596 757 903	24 919 025	7 117	6 625
Financial Liabilites				
Loans	2 931 708 332	15 892 791	1 500 000	1 396 422
Suppliers	206 301 398	1 118 360	3 568 393	3 321 990
Others	5 054 977	27 403	106 613	99 251
	3 143 064 707	17 038 554	5 175 006	4 817 663

Additionally in Angolan subsidiaries we have debts to suppliers in EUR that, after conversion, generate exchange differences in the consolidated financial statements (net financing costs), although mostly are debts with group companies. Furthermore, the same subsidiaries hold financial assets indexed to USD, a value equivalent to about 106% of liabilities in foreign currency.
Due to this full coverage and based on the figures for 31 December 2017, 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, 2017, a decrease from 10% to 15% in AOA, concerning EUR and USD currency, keeping everything else constant, would have an impact of 396 thousand and 590 thousand euros (79 thousand euros and 119 thousand euros in 2016), 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 37 million are subject to interest maturities and repayment plans identical to the terms of the loans.

Based on simulations performed on 31 December 2017, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 949.000 euros (390.000 euros in 2016).

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 4% 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, 2017, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 23 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, 2017 and 2016 are presented as follows:

Agency	Year 2017 Deposits	Year 2017 Rating	Year 2016 Deposits	Year 2016 Rating
Standard & Poor´s	1 232 955	A-	243 424	A-
Standard & Poor´s	1 680 986	BBB+	6 026 676	BBB+
Standard & Poor´s	7 031 172	BBB-	-	BBB-
Standard & Poor´s	-	BB+	10 979 707	BB+
Standard & Poor´s	5 302 808	BB-	3 909 284	BB-
Standard & Poor´s	-	B	756 940	B
Moody's	4 484 806	Baa2	3 880 101	Baa2
Moody's	5 342 953	Baa3	1 968 656	Baa3
Moody's	1 117 848	Ba3	-	Ba3
Moody's	202 286	B2	-	B2
Moody's	-	Caa1	932 315	Caa1
Moody's	1 444 112	Caa2	-	Caa2
not available (Angola)	4 041 568	n/a	8 334 192	n/a

Deposits in Angola are distributed by three of the largest commercial banks in Angola - BFA, BCGA 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 119 million euros, compared with 77 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 2018 the renewal of the commercial paper programmes (24.250.000 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, 2017, the use of short term liquidity cash flow support was about 1%. Investments in term deposits and other application of 38 million euros, match 27% of liabilities paid.

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

	to December 2018	**from December 2018 to 2028**
Bank loans and overdrafts	33 326 982	107 687 759
Other non-current liabilities	-	179 192
Accounts payable to suppliers and accrued costs	58 946 853	-
Other current liabilities	9 900 301	-
Interest	2 058 064	3 604 755
Total	104 232 200	111 471 706

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 2017 and 2016 the gearing ratio was of 31% and 42%, respectively, as follows:

	Dec-17	Dec-16
Bank loans	141 014 741	166 791 662
Other financial assets	-22 986 661	-17 480 341
Cash and bank deposits	-34 902 883	-39 588 532
Net indebtedness	83 125 197	109 722 788
Equity	188 620 193	151 924 328
Total capital	271 745 390	261 647 116
Gearing ratio	31%	42%

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 40 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 2.5. 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.

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 2017 and 2016:

	Company	Head Office	% Shareholding Dec/17	% Shareholding Dec/16
	Parent company			
	Ibersol SGPS, S.A.	Porto	parent	parent
	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 - Espanha	100%	100%
	Inverpeninsular, S.L.	Vigo - Espanha	100%	100%
(d)	Ibergourmet Produtos Alimentares, S.A.	Porto	-	100%
	Ferro & Ferro, Lda.	Porto	100%	100%
	Asurebi SGPS, S.A.	Porto	100%	100%
	Charlotte Develops, SL	Madrid-Espanha	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-Espanha	100%	100%
	Sugestões e Opções-Actividades Turísticas, S.A	Porto	100%	100%
	Resboavista- Restauração Internacional, Lda	Porto	100%	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 - Espanha	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%
(d)	Ibergourmet Produtos Alimentares (ex-Gravos 2012, S.A.)	Porto	100%	100%
	Lusinver Restauracion, S.A.	Vigo - Espanha	100%	100%
	The Eat Out Group S.L.U.	Barcelona - Espanha	100%	100%
	Pansfood, S.A.U.	Barcelona - Espanha	100%	100%
	Foodstation, S.L.U	Barcelona - Espanha	100%	100%
(c)	Dehesa de Santa Maria Franquicias, S.L.	Barcelona - Espanha	50%	50%
(e)	Pansfood Italia, S.R.L.	Barcelona - Espanha	100%	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) Although the parent company owns 50% of the voting rights, there is control of the subsidiary Dehesa.
(d) As a result of the merger of the subsidiary Ibergourmet into Gravos, that adopts the corporate name of the merged subsidiary.
(e) In liquidation.

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 2.2.).

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

Company	Entry date	Head Office	% Shareholding 2017	2016
The Eat Out Group S.L.U.	31/out/16	Barcelona - Spain	100,00%	100,00%
Pansfood, S.A.U.	31/out/16	Barcelona - Spain	100,00%	100,00%
Foodstation, S.L.U	31/out/16	Barcelona - Spain	100,00%	100,00%
Dehesa de Santa Maria Franquicias, S.L.	31/out/16	Barcelona - Spain	50,00%	50,00%
Pansfood Italia, S.R.L.	31/out/16	Barcelona - Spain	100,00%	100,00%

The above acquisitions had the following impact on the consolidated financial statements to December 31, 2016:

	Date of acquisition (provisional value)	Date of acquisition (definitive value)	Dec/16
Acquired net assets			
Tangible and intangible assets (Notes 8 and 9)	32 360 743	53 022 386	53 133 248
Stocks	2 706 371	2 706 371	2 646 062
Deferred tax assets (Note 18)	5 941 376	5 736 509	5 396 589
Other assets	18 937 159	15 069 723	18 949 342
Cash & bank deposits	3 640 340	3 640 340	5 523 047
Provisions (Nota 19)	-1 000 000	-1 000 000	-1 000 000
Loans	-16 982 720	-16 982 720	-25 794 395
Deferred tax liabilities (Note 18)	-679 372	-2 779 372	-2 918 062
Other liabilities	-37 602 707	-33 798 174	-31 153 618
	7 321 190	25 615 062	24 782 213
Goodwill (Note 9)	70 647 649	52 353 777	
Interests that do not control	-868 839	-868 839	
Acquisition price	77 100 000	77 100 000	
Payments	77 100 000	77 100 000	
Amounts payable in the future	-	-	
	77 100 000	77 100 000	
Net cash-flows from acquisition			
Payments made	77 100 000	77 100 000	
Cash & cash equivalents acquired	3 640 340	3 640 340	
	73 459 660	73 459 660	

In 2016, Goodwill of the Eat Out Group, amounting to € 70.647.649, was calculated based on provisional amounts of the net assets acquired. In the table above, Goodwill amounting to EUR 52.353.777 represents the definitive amount calculated in 2017, after Pans and Ribs brands (EUR 22.000.000) acquired in the context of this concentration were recognized.

The impact of this acquisition on the consolidated statement of comprehensive income in 2017 and 2016 is as follows:

	Dec/17	Nov and Dec/16
Operating income	168 908 200	25 894 108
Operating costs	-164 659 617	-25 611 520
Financial income	-1 206 281	-350 142
Investments income	-	-
Income before taxes	3 042 302	-67 554
Tax income	-1 209 343	-226 324
Net Income	1 832 959	-293 878

The determination of the definitive value of Goodwill implied the following changes in the consolidated statement of financial position and comprehensive income for 2016:

	31/12/2016	Adjustment	31/12/2016 Re-expressed
Fixed tangible assets (Notes 8 and 9)	179 388 621	-1 330 084	178 058 537
Goodwill	111 156 658	-18 293 872	92 862 786
Intangible assets (Nota 9)	14 990 885	21 808 393	36 799 278
Deferred tax assets (Note 18)	8 555 186	-204 867	8 350 319
Other non-current assets	6 574 793	-80 466	6 494 327
Other current assets	28 584 565	-3 786 971	24 797 594
Deferred tax liabilities (Note 18)	-10 187 932	-2 054 167	-12 242 099
Accounts payable to suppliers and accrued costs	-69 304 753	3 804 533	-65 500 220

	31/12/2016	Adjustment	31/12/2016 Re-expressed
Amortisation, depreciation and impairment losses of TFA and IA	16 594 900	183 333	16 778 233
Income tax expense	5 883 386	-45 833	5 837 553

The restatement of the 2016 financial statements was exclusively the result of the definitive determination of Goodwill resulting from the acquisition of the Eat Out group.

5.2.2. Disposals

In the years ended December 31, 2017 and 2016 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, 2017 and 2016 were as follows:

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	1 317 574	448 329 095
Turnover	**103 453 114**	**205 855 179**	**137 703 228**	**1 317 574**	**448 329 095**
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 cash-flow (EBITDA)	**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 (EBIT)	**10 034 051**	**14 218 985**	**10 338 573**	**-1 236 084**	**33 355 525**

31 December 2016	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Total Group
Inter-segment client	-	-	-	-	-
External client	80 649 482	150 079 074	38 751 162	352 677	269 832 395
Turnover	**80 649 482**	**150 079 074**	**38 751 162**	**352 677**	**269 832 395**
Royalties	3 530 661	6 755 681	469 108	-	10 755 451
Rents and Condominium	8 581 986	12 801 982	8 606 111	8 970	29 999 049
Coste of sales	15 695 921	39 746 131	9 104 580	-	64 546 632
Operating cash-flow (EBITDA)	**12 794 147**	**26 494 025**	**7 820 840**	-	**47 109 012**
Amortization, depreciation and impairment losses	4 371 041	8 990 830	3 091 451	324 911	16 778 233
Operating income (EBIT)	**8 423 107**	**17 503 195**	**4 729 389**	**-324 911**	**30 330 779**

The turnover by brand (sub-segments) is detailed as follows:

Brand/Segment	2017	2016	Var %
Pizza Hut	66 705 590	60 607 737	10,1%
Pasta Caffe	3 732 898	3 768 843	-1,0%
Pizza Móvil	12 905 423	12 701 527	1,6%
FrescCo	4 556 540	679 894	570,2%
Ribs	15 019 421	2 782 614	439,8%
Santa Maria	533 241	108 868	389,8%
Restaurants	**103 453 114**	**80 649 482**	**28,3%**
Burger King	103 946 452	84 625 073	22,8%
Pans & Company	52 308 782	21 838 412	139,5%
KFC	45 465 141	39 034 959	16,5%
O'Kilo/Miit	1 824 964	2 279 242	-19,9%
Coffee Counters	2 309 839	2 301 388	0,4%
Counters	**205 855 179**	**150 079 074**	**37,2%**
Sol (Service Areas)	4 918 693	4 629 279	6,3%
Travel (Airports)	120 718 011	24 557 087	391,6%
Catering	11 277 122	8 857 025	27,3%
Others	789 401	707 772	11,5%
Concessions e Catering	**137 703 228**	**38 751 162**	**255,4%**
Others	1 317 574	352 677	273,6%
TOTAL	**448 329 095**	**269 832 395**	**66,2%**

The consolidated statement of comprehensive income also includes the following parts on the segments:

	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	1 036 366	27 871 847
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)	-	-	-	-	-

	Year ending on 31 December 2016 (Re-expressed)				
	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Group
Depreciation (Note 8)	3 617 273	8 134 616	2 050 011	389 489	14 191 389
Amortization (Note 9)	464 969	776 464	464 839	35 445	1 741 718
Impairment of fixed tangible assets (Note 8)	288 167	529 577	-	-	817 744
Impairment of intangible assets (Note 9)	-	-	-	-	-

The following assets, liabilities and investments were applicable to the segments in the year ending on 31 December 2017 and 2016:

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**
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**

31 DECEMBER 2016 (Re-expressed)	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Group
Assets	**97 555 776**	**193 578 755**	**88 191 666**	**10 822 079**	**390 148 275**
Liabilities	**21 393 171**	**42 654 694**	**21 620 636**	**49 442**	**85 717 944**
Net investment (Notes 8 and 9)	**3 868 502**	**20 325 315**	**3 946 778**	**1 200 912**	**29 341 507**

Assets and liabilities that were not applicable to the segments are as follows:

	YEAR 2017		YEAR 2016	
	Assets	Liabilities	Assets	Liabilities
Deferred taxes	7 164 371	16 296 869	8 350 319	12 242 099
Current taxes	5 046 070	324 744	2 332 391	2 349 654
Current bank loans	-	33 326 982	-	36 333 949
Non current bank loans	-	107 687 759	-	130 457 712
Derivative financial instrument	-	235 455	-	114 935
Available-for-sale financial assets	233 108	-	440 541	-
Financial investments - joint controlled subsidiaries	2 420 386	-	2 417 631	-
Other financial assets	22 986 661	-	17 480 341	-
Provisions	-	3 211 467	-	2 028 871
Total	37 850 596	161 083 276	31 021 223	183 527 221

In summary, the assets and liabilities are as follows:

	YEAR 2017		YEAR 2016	
	Assets	Liabilities	Assets	Liabilities
Applicable to the segments	399 102 705	87 249 831	390 148 275	85 717 944
Not applicable to the segments	37 850 596	161 083 276	31 021 223	183 527 221
	436 953 301	248 333 107	421 169 498	269 245 165

On December 31, 2017 and 2016 income and non-current assets by geography is presented as follows:

31 DECEMBER 2017	**Portugal (1)**	**Spain**	**Grupo**
Restaurants	232 259 486	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	**233 657 947**	**214 671 147**	**448 329 094**
Tangible fixed and intangible assets	172 685 876	60 402 307	233 088 183
Goodwill	7 605 482	85 257 304	92 862 786
Deferred tax assets	3 784 263	3 380 108	7 164 371
Financial investments - joint controlled subsidiaries	2 420 386	-	2 420 386
Available-for-sale 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	**204 553 021**	**155 375 104**	**359 928 125**

31 DECEMBER 2016	Portugal (1)	Spain	Grupo
Restaurants	195 087 253	71 713 959	266 801 212
Merchandise	523 348	1 507 224	2 030 572
Rendered services	249 683	750 928	1 000 611
Total sales and services	**195 860 284**	**73 972 111**	**269 832 395**
Tangible fixed and intangible assets	144 632 521	70 225 295	214 857 816
Goodwill	7 605 482	85 257 304	92 862 786
Deferred tax assets	2 574 551	5 775 768	8 350 319
Financial investments - joint controlled subsidiaries	2 417 631	-	2 417 631
Available-for-sale financial assets	440 541	-	440 541
Other financial assets	10 438 768	-	10 438 768
Other non-current assets	-	6 494 327	6 494 327
Total non-current assets	**168 109 494**	**167 752 694**	**335 862 188**

(1) Due to the small size of its operations Angola is included in Portugal segment.

7. UNUSUAL AND NON-RECURRING FACTS

In 2017 and 2016 there were no unusual and non-recurring events, except for a non-current income of 2.397.758 eur in operating income (Note 26) corresponding to compensation for loss of traffic by charging tolls on former Scuts (free of charge highways). It was also agreed not to install Guimarães, Fafe and Paredes Service Areas witch led to the refund of the paid concession rights and the receipt of contractual interest in the amount of 1.570.323 eur (Note 27). In addition, the acquisition of the group Eat Out in 2016 (Note 5) is an non-recurring fact.

8. TANGIBLE FIXED ASSETS

In the years ending on 31 December 2017 and 2016, 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 2016						
Cost	11 963 649	150 435 664	76 028 676	19 707 381	411 815	258 547 187
Accumulated depreciation	-	36 522 989	56 954 512	13 802 872	-	107 280 372
Accumulated impairment	-	9 169 591	416 747	47 333	-	9 633 671
Net amount	**11 963 649**	**104 743 084**	**18 657 418**	**5 857 177**	**411 815**	**141 633 142**
31 December 2016						
Initial net amount	11 963 649	104 743 084	18 657 418	5 857 177	411 815	141 633 142
Changes in consolidat perimeter	-	58 935 777	36 414 231	956 299	232 788	96 539 095
Currency conversion	-756 850	-1 723 366	-756 531	-224 851	-19 440	-3 481 038
Additions	135 242	16 405 428	8 187 617	2 615 018	1 215 586	28 558 891
Decreases	-	863 164	236 294	47 292	105 686	1 252 436
Transfers	-	100 636	5 806	11 681	-234 617	-116 494
Depreciation in the year	74 637	8 041 000	5 062 093	1 082 763	-	14 260 493
Deprec. by changes in the perimeter	-	37 222 290	27 798 580	1 042 245	-	66 063 115
Impairment in the year	-	751 562	41 432	24 750	-	817 744
Impairment by changes in the perimeter	-	2 080 269	687 570	4 407	-	2 772 246
Impairment reversion	-	-90 976	-	-	-	-90 976
Final net amount	**11 267 404**	**129 594 249**	**28 682 571**	**7 013 867**	**1 500 446**	**178 058 537**
31 December 2016						
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**

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress (1)	Total
31 December 2017						
Initial net amount	11 267 404	129 594 249	28 682 571	7 013 867	1 500 446	178 058 537
Changes in consolidat perimeter	-	-	-	-	-	-
Hyperinflationary Economies (IAS 29) (2)	4 080 348	8 651 564	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
Deprec. by changes in the perim.	-	-	-	-	-	-
Impairment in the year	-	169 635	-	-	-	169 635
Impairment by changes in the perim.	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
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**

(1) changes refer mainly to the central kitchen in Portugal, whose (re) opening took place this year.
(2) changes resulting from the application of IAS 29, hyperinflationary economy, are presented as follows

Restatement of Tangible Fixed Assets 01/01/2017		9 992 771
Reexpression of the year 2017		7 005 796
Restatement of acquisitions for the year		8 307
	Total	17 006 874
Restatement of depreciation for the year		-1 610 653
	Tangible Fixed Assets	15 396 221

The 2016 investments of approximately 28.6 million in tangible fixed assets, relate to the opening of new units and remodelling of existing ones in Portugal and Spain.

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.

In 2017 and 2016, impairment tests were carried out for Ibersol restaurants with evidence of impairment. From which resulted the need to register impairment in the amount of 817.744 euros and 169.635 euros in 2016 and 2017, respectively, of tangible fixed assets as follows:

Year 2016

unit	Recoverable amount (use value)	Assets account value	Impairment losses
Pans (1 unit)	-	169 966	169 966
Pasta Caffe (1 unit)	-	110 000	110 000
Miit (1 unit)	-	172 219	172 219
Pizza Movil (3 units)	173 077	351 244	178 167
Pans & C.ª (10 units)	584 154	770 366	187 392
TOTAL	757 231	1 573 795	817 744

The following assumptions were used in 2016 impairment tests:

Growth rate in perpetuity		
Portugal	2,00%	(1% real + 1% price increase)
Spain	2,00%	(1% real + 1% price increase)
Discount rate		
Portugal	6,70%	
Spain	6,20%	

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)	-126 161	137 069	137 069
TOTAL	-126 161	169 635	169 635

The following assumptions were used in 2017 impairment tests:

Growth rate in perpetuity		
Portugal	2,00%	(1% real + 2% price increase)
Spain	2,00%	(1% real + 2% price increase)
Discount rate		
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.

In 2016, the sensitivity analysis of the discount rate is presented as follows:

Discount rate	Impairment	Additional impairment	Notes
5,70%	598 521		
6,20%	623 519		
6,70%	630 352		impairment accounted value (*)
7,20%	671 682	41 330	(1)
7,70%	741 790	111 439	(1)

(1) for a discounted rate in perpetuity change of 0.5% and 1% would result in a further loss of 41.330 euros and 111.439 euros, respectively.

In 2016, the sensitivity analysis of the sales growth rate is presented as follows:

Sales growth in the period	Impairment	Additional impairment	Notes
over 2% of the base	517 152		
over 1% of the base	570 612		
base: between 2% and 6% (*)	630 352		impairment accounted value
less 1% of the base	804 223	173 872	
less 2% of the base	1 033 032	402 681	

* except for the amount of 187.392 euros, resulting from the additional two months of the impairment of the group Eat Out units.

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 sales growth rate is presented as follows:

Sales growth in the period	Impairment	Additional impairment	Notes
over 2% of the base	116 951		
over 1% of the base	148 976		
base: between 2% and 6% (*)	169 635		impairment accounted value
less 1% of the base	248 878	79 244	
less 2% of the base	603 691	434 057	

At 31 December 2017 and 2016, the assets used under financial leasing are as follows

	2017		2016	
	Gross amount	Accumulated depreciation	Gross amount	Accumulated depreciation
Land and Buildings	8 675 857	4 793 270	12 750 801	6 443 402
Equipments	2 360 327	1 413 591	3 655 812	2 033 638
Other tangible fixed assets	67 903	29 940	69 200	20 755
	11 104 086	6 236 801	16 475 814	8 497 795

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

	Tangible fixed assets	Intangible assets	TOTAL
Depreciation in the year	27 892 318	3 880 994	31 773 312
Impairment in the year	169 635	-	169 635
Others	-20 472	-	-20 472
			31 922 475

9. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	Dec/17	Dec/16
Goodwill	92 862 786	92 862 786
Intangible assets	35 115 966	36 799 278
	127 978 752	**129 662 064**

In the years ending on 31 December 2017 and 2016, 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	Total
1 January 2016						
Cost	42 370 687	-	23 375 198	5 918 825	759 034	72 423 744
Accumulated amortization	-	-	9 386 179	5 534 246	-	14 920 425
Accumulated impairment	1 861 678	-	3 661 102	39 815	-	5 562 594
Net amount	**40 509 009**	-	**10 327 917**	**344 764**	**759 034**	**51 940 727**
31 December 2016						
Initial net amount	40 509 009	-	10 327 917	344 764	759 034	51 940 727
Changes in consolidat. perimeter	-	-	12 901 013	9 296 394	-	22 197 407
Currency conversion	-	-	-94 715	-	-127 949	-222 664
Additions	52 353 777	22 000 000	1 914 708	54 868	132 476	76 455 829
Decreases	-	-	-49 600	50 066	66 883	67 349
Transfers	-	-	3 150	-	-3 150	-
Amortization in the year	-	183 333	1 291 011	288 783	-	1 763 127
Amortiz. by changes in the perimeter	-	-	12 095 791	6 742 131	-	18 837 923
Impairment in the year	-	-	-	-	-	-
Impairment by changes in the perimeter	-	-	7 562	33 274	-	40 836
Impairment reversion	-	-	-	-	-	-
Final net amount	**92 862 786**	**21 816 667**	**11 707 309**	**2 581 773**	**693 528**	**129 662 064**
31 December 2016						
Cost	94 724 464	22 000 000	37 973 000	14 875 727	693 528	170 266 719
Accumulated amortization	-	183 333	22 597 027	12 252 079	-	35 032 440
Accumulated impairment	1 861 678	-	3 668 664	41 875	-	5 572 216
Net amount	**92 862 786**	**21 816 667**	**11 707 309**	**2 581 773**	**693 528**	**129 662 064**

	Goodwill	Brands (1)	Industrial property	Other intangible Assets	Assets in progress	Total
31 December 2017						
Initial net amount	92 862 786	21 816 667	11 707 309	2 581 773	693 528	129 662 064
Changes in consolidat. perimeter	-	-	-	-	-	-
Hyperinflationary Economies (IAS 29) (2)	-	-	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
Amortiz. by changes in the perimeter	-	-	-	-	-	-
Impairment in the year	-	-	-	-	-	-
Impairm. by changes in the perimeter	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
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	94 724 464	22 000 000	40 254 584	13 873 100	1 312 455	172 164 604
Accumulated amortization	-	1 283 333	25 197 741	12 135 892	-	38 616 967
Accumulated impairment	1 861 678	-	3 665 332	41 875	-	5 568 885
Net amount	**92 862 786**	**20 716 667**	**11 391 511**	**1 695 333**	**1 312 455**	**127 978 752**

(1) Note 5.2.1.
(2) changes resulting from the application of IAS 29, the hyperinflationary economy, are as follows:

Restatement of Intangible Assets 01/01/2017		470 219
Reexpression of the year 2017		437 065
Restatement of acquisitions for the year		-
	Total	907 284
Restatement of amortization for the year		-68 542
	Intangible Assets	838 742

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 2017, the group's concessions, territorial rights and related lifetime 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 (1)
Marina de Portimão	60	2061
A8 Torres Vedras Service Areas	20	2021
Aeroport Service Areas	20	2021
Pizza Hut Setúbal (Bocage)	14	2017 (2)
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 Ar	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/17	Dec/16
Restaurants	16 635 390	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
	92 862 786	**92 862 786**

In relation to the segments above, the following cash flow units were identified:

	CFU	dez/17	dez/16
Restaurants			
Ribs		4 053 581	4 053 581
Frescco		1 476 821	1 476 821
Pizza Movil		9 132 746	9 132 746
Pizza Hut		1 972 242	1 972 242
	Sub-total	16 635 390	16 635 390
Counters			
Pans & C.º		11 850 160	11 850 160
Burguer King		24 641 046	24 641 046
KFC		708 785	708 785
	Sub-total	37 199 991	37 199 991
Concessions and Catering			
Concessões e travel		35 823 319	35 823 319
Catering		3 024 365	3 024 365
	Sub-total	38 847 684	38 847 684
Outros		179 721	179 721
	TOTAL	92 862 786	92 862 786

Evaluations were performed based on the use value calculated based on the Discounted Cash Flow (DCF) method and that support the recoverability of the goodwill values.

In the impairment tests carried out, with the same assumptions of the discount and growth rate set forth in note 8, the values reached are supported by historical performance, market development expectations and the strategic development plans of each business.

The tests performed did not determine any impairment at the level of the cash generating units to which Goodwill is allocated.

The impairment tests carried out revealed that the recoverable value is more than 20% of the book value.

In the valuation of the Pans and Ribs brands the discount rate of 7.5% was used.

10. FINANCIAL INVESTMENTS

10.1. Investments in jointly controlled entities

	Dec/17	Dec/16
Financial investments - joint controlled subsidiaries	2 420 386	2 417 891
	2 420 386	**2 417 891**
Accumulated impairment losses	-	-
	2 420 386	**2 417 891**

Jointly controlled subsidiary UQ Consult, as described in Note 5, with the following breakdown:

	Dec/17	Dec/16
Goodwill (1)	2 168 982	2 168 982
Equity (2)	251 404	248 649
	2 420 386	2 417 631

(1) with evidence of impairment, tests were performed to the jointly controlled subsidiary UQ Consult, as follows:

Goodwill	2 168 982
Other net assets	251 404
Total	2 420 386
Impairment test	**2 530 314**

With the discount rate used of 7.4%, it was concluded that there was no impairment.

By varying the discount rate, results are as follows:

Discount rate	Recoverable amount	Impairment
7,4% (base)	2 530 314	-
7,9%	2 304 160	116 126
8,4%	2 113 569	306 817

(2) reconciliation of equity and net income of the joint venture UQ Consult, is presented as follows:

	Dec-16	**Dec-15**
Equity	497.297	497.819
	50%	50%
	248.648	248.913
Net profit	-521	-61.924
	50%	50%
	-261	-30.963

On 31st December 2017 and 2016, 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/17**	**Dec/16**
Tangible and intangible assets	1 011 660	498 954
Receivables from third parties	806 887	965 383
Cash and cash equivalents	39 013	54 520
Accruals and deferrals	288 609	192 433
Total assets	2 146 169	1 711 290
Equity	502 807	497 297
Long term term debts	488 296	127 719
Short term debts	971 914	929 922
Accruals and deferrals	183 152	156 352
Total liabilities	1 643 362	1 213 993
Total equity and liabilities	2 146 169	1 711 290

Profit and loss account	**Dec/17**	**Dec/16**
Operating income	2 804 942	2 704 418
Operating costs	-2 719 008	-2 638 189
Net financing cost	-32 415	-28 230
Pre-tax income	53 519	37 999
Income tax	-48 009	-38 520
Net profit	5 510	-521

Cash flows statement	2017	2016
Flows from operating activities	323 561	129 369
Flows from investment activities	-158 934	-330 613
Flows from financing activities	-160 134	99 487
Change in cash & cash equivalents	4 493	-101 757

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-16	Dec-15
Available-for-sale financial assets	440.541	402.591
	440.541	**402.591**
Accumulated impairment losses	-	-
	440.541	**402.591**

11. OTHER FINANCIAL ASSETS

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

11.1. Non-current

	Dec/17	Dec/16
Treasury bonds	17 823 906	10 438 768
	17 823 906	**10 438 768**

Issue data	12/09/2017	07/11/2017	30/11/2017	14/12/2017	18/12/2017
Due date	05/09/2020	30/10/2020	27/11/2020	12/12/2020	12/12/2020
BNA exchange rate	165,096	165,097	165,098	165,098	165,098
Amount	603	725	500	2000	900
Value on 31/12/2017	673 395	809 642	558 377	2 233 509	1 005 079
Gross annual return	7%	7%	7%	7%	7%

Issue data	17/02/2017	15/05/2017	10/08/2017	24/10/2017	07/11/2017
Due date	16/12/2019	26/07/2019	08/08/2020	24/10/2020	01/07/2020
BNA exchange rate	165,082	165,088	165,094	165,097	165,097
Amount	72	746	830	821	500
Value on 31/12/2017	76 314	871 752	926 906	916 850	558 374
Gross annual return	5%	7%	7%	7%	7%

Issue data	21/11/2017	15/12/2017	28/12/2017	28/11/2017	
Due date	20/11/2020	12/12/2020	27/12/2020	06/10/2020	
BNA exchange rate	165,098	165,098	165,098	165,098	
Amount	830	1 500	82	615	
Value on 31/12/2017	926 906	1 675 131	91 574	711 776	
Gross annual return	7%	7%	7%	7%	

Issue data	22/01/2016	16/02/2016	17/03/2016	11/04/2016	11/04/2016
Due date	16/09/2022	19/02/2019	15/03/2021	16/12/2019	13/02/2020
BNA exchange rate	154,84	157,092	158,155	162,082	162,082
Amount	975	1 659	857	1 308	812
Value on 31/12/2017	887 547	1 747 067	956 977	1 363 125	833 605
Gross annual return	5%	5%	7,75%	5%	5%

11.2. Current

	Dec/17	Dec/16
Treasury bonds	5 162 755	7 041 574
	5 162 755	**7 041 574**

Issue data	24/05/2016	10/06/2016	12/07/2016	09/08/2016	27/09/2016
Due date	17/05/2018	07/06/2018	12/07/2018	09/08/2018	27/09/2018
BNA exchange rate	165,057	165,059	165,061	165,063	165,067
Amount	1135	1400	608	830	650
Value on 31/12/2017	1 267 516	1 563 456	678 987	926 906	725 890
Gross annual return	7%	7%	7%	7%	7%

12. OTHER NON-CURRENT ASSETS

The details on other non-current assets on 31 December 2017 and 2016 are as follows:

	Dec/17	Dec/16
Other debtors:		
Deposits (1)	5 772 495	5 853 001
Credits granted (2)	562 890	641 326
Other non-current assets	**6 335 385**	**6 494 327**
Accumulated impairment losses	-	-
	6 335 385	**6 494 327**

(1) balance of long term deposits and securities from Spain subsidiaries, resulting from lease agreements.

(2) Spain franchising debts concerning granted financing in subsidiary Vidisco, with a payment agreement.

The future (contractual) Cash Flows concerning these liabilities on 31 December 2017 are broken down as follows:

	FC 2019	FC 2020	FC 2021	FC 2022	FC 2023/24	FC 2025
Loan	31 371	33 388	35 536	37 822	72 765	8 762
Financial lease	52 110	55 462	59 030	62 826	113 819	-

With no history of non-payment, Ibersol assigned a rating of "compliance with difficulties" to the Vidisco franchisee because the payment period exceed 60 days and there was a renegotiation of payment terms in 2014.

13. STOCKS

On 31 December 2017 and 2016, stocks were broken down as follows:

	Dec/17	Dec/16
Raw material and consumables	11 795 797	11 422 624
Merchandise	369 091	199 568
	12 164 888	**11 622 192**
Accumulated impairment losses	74 981	74 981
Net stocks	**12 089 907**	**11 547 211**

The increase in the value of stocks is essentially the result of the need to supply restaurants in Angola and group Eat Out acquisition (Note 5).

The cost of stocks recognized in 2017 as an expense and included under "cost of sales" amounted to € 102.831.054 (in 2016: € 64.546.632), as shown below:

	Dec/17	Dec/16
Initial balance	11 622 192	7 786 052
Currency conversion	-12 572	-293 950
Perimeter variation	-	2 706 371
Stock purchases	107 338 968	69 051 573
Stock changes	-3 952 646	-3 081 222
Final balance	12 164 888	11 622 192
Cost of sales	**102 831 054**	**64 546 632**

The value of stocks changes mainly relates to staff meals at the workplace and consumer packagings.

14. CASH AND CASH EQUIVALENTS

On 31st December 2017 and 2016, cash and cash equivalents are broken as follows:

	Dec/17	Dec/16
Cash	2 979 988	2 556 736
Bank deposits	31 922 395	37 031 296
Treasury applications	500	500
Cash and bank deposits in the balance sheet	34 902 883	39 588 532
Bank overdrafts	-20 344	-1 805 643
Cash and cash equivalents in the cash flow statement (1)	34 882 539	37 782 889

(1) there are no significant cash and cash equivalents unavailable for use by the Ibersol group. Of this amount 3.502.329 eur (7.692.042 eur in 2016) 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 2017 and 2016 are broken down as follows:

	Dec/17	Dec/16
Clients (1)	7 045 044	8 128 789
State and other public entities (2)	1 821 312	1 542 489
Other debtors (3)	4 797 968	5 206 424
Advances to suplliers	443 940	236 513
Advances to financial investments debt	320 781	2 900 000
Accruals and income (4)	5 060 103	6 695 481
Deferred costs (5)	2 494 073	2 841 775
Other current assets	**21 983 221**	**27 551 471**
Accumulated impairment losses	2 159 659	2 753 877
	19 823 562	**24 797 594**

(1) Current balance arising essentially by the Catering and Franchising activity developed by Ibersol, respectively, from around 3 million eur and 3,1 million eur (3 million and 4,5 million in 2016).

(2) Current balance of recoverable VAT amounts 1.810.044 eur (1.538.802 euros in 2016).

(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/17	Dec/16
Interest	350 662	316 740
Suppliers contracts	3 416 930	5 391 744
Ascendi reimbursement (Note 26)	532 289	415 595
Program "Cartão Continente"	456 216	-
Other	304 006	571 402
	5 060 103	**6 695 481**

(5) Deferred costs are broken down as follows:

	Dec/17	Dec/16
Rents and condominium fees	1 415 687	1 332 440
External supplies and services	290 978	260 517
Expenses with raw material	36 843	80 449
Financing charges	422 631	394 311
Other	327 934	774 059
	2 494 073	**2 841 775**

Financial assets impairment is broken down as follows:

	Dec/17		Dec/16	
	With Impairment	Without Impairment	With Impairment	Without Impairment
Clients c/a	1 912 389	5 132 655	2 506 302	5 622 487
Other debtors	247 270	4 550 698	247 575	4 958 849
	2 159 659	**9 683 353**	**2 753 877**	**10 581 336**

As for clients and other debts without impairment, the amounts are broken down as follows:

	Dec/17	Dec/16
Debt not due	2 050 267	2 857 369
Debt due:		
For less than 1 month	2 438 378	1 664 297
From one to three months	2 019 282	3 233 077
Over three months	3 175 426	2 826 593
	9 683 353	10 581 336

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, 2017 accounts receivable not due without impairment, is presented as follows:

	amount	Default history
Franchise clients	364 876	with default history
Franchise clients	742 533	no default history
Catering clients	21 614	with default history
Catering clients	115 932	no default history
Other clients	286	with default history
Other clients	161 529	no default history
Other debtors c/c	78 436	with default history
Other debtors c/c	565 062	no default history
	2 050 267	

Impairment losses in the year 2017 and 2016 regarding other current assets are broken down as follows:

	Dec/17					
	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

	Dec/16					
	Starting balance	Perimeter variation	Cancellation	Losses in the Year (note 26)	Impairment reversion (note 26)	Closing balance
Clients c/ a	1 023 033	2 038 061	-432 209	33 885	-156 468	2 506 302
Other debtors	419 494	-15 155	-156 764	-	-	247 575
Other debtors (Note 12)	134 342	-	-134 342	-	-	-
	1 576 869	2 022 906	-723 315	33 885	-156 468	2 753 876

16. EQUITY

16.1. Share Capital

On 26th May 2017, the group carried out a capital increase by incorporating free reserves in the amount of 6.000.000 euros, registered in July and admitted to listing on September 06, determining the creation of 6.000.000 new shares, distributed free of charge to shareholders in proportion to a new for each group of 4 shares already held.

In 2016, a capital increase of 20 million euros to 24 million euros was proposed and approved, by incorporation of legal reserve.

On 31st December 2017 and 2016, fully subscribed and paid up share capital was represented by, respectively, 30.000.000 and 24.000.000 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 599.976, additionally acquired 57 in 2017, for the amount of 621 eur. In 2016, also resulting from the capital increase, Ibersol increased its own shares by 399.980, additionally sold 100 shares and acquired 25.

At the end of the year the company held 2.999.938 own shares acquired for 11.179.968 euros.

16.3. Other reserves and retained earnings

The group’s non-available reserves reached 11.179.968 euros and refer to own shares held by the group (11.179.968 euros).

The amounts distributed to shareholders are determined based on the parent individual financial statements, which show the available amount of 144.595.505 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 2017 and 2016, the interests that do not control were as follows:

	%		Dec/17	Dec/16
	Dec/17	Dec/16		
Restmon	39%	39%	-40 177	-33 038
Dehesa	50%	50%	781 360	384 175
Others			-17 738	-17 738
			723 445	**333 399**

Changes in the year in 2017 and 2016 in interests that do not control were as follows:

	2017	2016
1st January	333 399	5 121 687
Increases (1)	390 045	916 408
Decreases (2)	-	-5 704 696
31st December	723 444	333 399

(1) changes in 2017 and 2016 relate to the results of the non-controlling interest year, respectively, 390.046 eur and 47.569 eur, and in 2016 the effect on minorities of the purchase of the Eat Out group (868.839 eur), according to note 5.2.1.
(2) decrease in 2016 resulting from the distribution of dividends by minority shareholders (4.337.233 eur), the purchase of 10% from the subsidiary IBR Imobiliária, SA to interests that do not control (260.522 eur) and the incorporation of Ibersande's 20%, for the acquisition of the group Eat Out, according to note 5.2.1.

On 31st December 2017 and 2016, the consolidated statements of financial position, of comprehensive income and consolidated cash flows statements of subsidiary Dehesa in group Ibersol, were as follows:

Balance sheet	Dec/17	Dec/16
Non-current assets	771 858	943 835
Current assets	1 672 207	1 717 682
Total assets	2 444 065	2 661 517
Equity (1)	1 562 718	768 349
Non-current liabilities	30 895	-
Current liabilities	850 452	1 893 168
Total liabilities	881 347	1 893 168
Total equity and liabilities	2 444 065	2 661 517

Profit and loss account	Dec/17	Dec/16
Operating income	3 828 855	540 687
Operating costs	-2 758 062	-400 935
Net financing cost	-11 715	-1 379
Pre-tax income	1 059 078	138 373
Income tax	-264 709	-29 775
Net profit (1)	794 369	108 598

Cash flows statement	2017	2016
Flows from operating activities	959 295	176 397
Flows from investment activities	-64 861	-168 120
Flows from financing activities	-551 362	-540 410
Change in cash & cash equivalents	343 072	-532 133

(1) reconciliation of equity and profit of the interest that do not control Dehesa, is presented as follows:

	Dec/17	Dec/16
Equity	1 562 718	768 349
	50%	50%
	781 359	384 175
Net profit	794 369	108 598
	50%	50%
	397 185	54 299

17. LOANS

On 31 December 2017 and 2016, current and non-current loans were broken down as follows:

Non-current	Dec/17	Dec/16
Bank loans	33 633 490	36 240 663
Commercial paper programmes	71 750 000	90 500 000
Financial leasing	2 304 269	3 717 050
	107 687 759	**130 457 712**

Current	Dec/17	Dec/16
Bank overdrafts	20 344	1 805 643
Bank loans	7 593 061	25 456 275
Commercial paper programmes	24 250 000	7 250 000
Financial Leasing	1 463 577	1 822 031
	33 326 982	**36 333 949**
Total loans	**141 014 741**	**166 791 662**
Average interest rate	**2,8%**	**3,5%**

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/17	Dec/16
From 1 to 2 years	35 906 411	32 323 409
From 2 to 5 years	69 045 080	94 287 504
> 5 years	431 999	129 749
	105 383 490	**126 740 662**

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 2017 and 2016 in current and non-current loans are as follows:

	2017	2016
Opening balance	159 446 938	42 750 359
Currency translation and other adjustments	118 715	-1 089 137
Receipts	4 702 567	111 767 637
Payments	-27 041 669	-10 874 643
Change in perimeter	-	16 892 722
Final balance	137 226 551	159 446 938

Using the functional currency in which they were subscribed, total loans on 31st December 2017 and 2016 were as follows:

	Dec/17	Dec/16
EUR	125 847 371	142 862 965
USD	1 000 000	1 500 000
AOA	1 981 500 000	2 931 708 333

At the end of the year the Group had 23,2 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** (Company)	**PORTUGAL** (Consolidated)
Debt/EBITDA	**2,5x to 1,5x** *from 2017 to 2021 with reductions of 0.25 per year*	**3,5x or 4,5x**
EBITDA/Financial Cost	**5x**	-
Equity/Assets	-	**30%**

These Covenants are being complied as in 31 December 2017 and 2016.

The liabilities from financial leasing may be broken down as follows:

	Dec/17	**Dec/16**
Outstanding capital:		
Up to 1 year	1 463 577	1 822 031
Over 1 year and until 5 years	2 235 870	3 717 050
5 years	68 399	-
	3 767 846	5 539 081

The future (contractual) Cash Flows concerning the above stated financial liabilities on 31 December 2017 are broken down as follows:

	FC 2018	**FC 2019**	**FC 2020**	**FC 2021**	**FC 2022**	**FC 2023/28**
Bank loans	7 593 061	12 156 411	7 487 608	5 466 078	7 942 027	581 367
Commercial paper programmes	24 250 000	23 750 000	15 000 000	15 000 000	18 000 000	-
Financial Leasing	1 463 577	1 320 024	653 471	259 036	3 339	68 399
Interest	2 058 064	1 551 964	1 082 698	707 684	256 969	5 440

18. INCOMES TAXES AND DEFERRED TAXES

18.1. Income tax

18.1.1. Income tax receivable

On 31st December 2017, income tax receivable amounts to 5.046.070 euros (2.332.391 euros in 2016), presented as follows:

	Dec/17	Dec/16
Eat Out Group (1)	-	2 246 990
Inverpeninsular Group (1)	3 529 741	77 883
RETGS (2)	1 509 961	-
Income tax (Restmon)	6 368	7 518
	5 046 070	2 332 391

(1) in 2017, the Eat Out Group incorporates the income tax group of subsidiaries with headquarters in Spain.
(2) income tax that results from the tax group of subsidiaries in Portugal (RETGS), is presented as follows:

	2017	2016
Special payment on account	11 808	-
Payments on account	3 452 637	-
Withholding taxes	126 103	-
Income tax - parent	-145 299	-
Income tax - subsidiaries (RETGS)	-2 961 158	-
Tax saving (RETGS)	1 025 870	-
Total	1 509 961	-

18.1.2. Income tax payable

Income tax payable in the years ending on 31 December 2017 and 2016 are broken down as follows:

	dez/17	dez/16
RETGS (1)	-	1 541 182
Ibersol Angola	236 446	618 265
Dehesa (2)	87 501	189 328
Other (3)	797	878
	324 744	2 349 654

(1) amounts are detailed as follows:

	dez/17	dez/16
Special payment on account	-	-31 896
Payments on account	-	-2 498 358
Withholding taxes	-	-653 430
Income tax - parent	-	198 720
Income tax - subsidiaries (RETGS)	-	4 526 147
Total	-	1 541 182

(2) subsidiaries fiscal and tax Group, headquarter in Spain;
(3) 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	Income and loss account (Note 28)
Starting balance	8 350 319	12 242 099	
Temporary differences in the year	-1 185 948	-815 719	-370 229
Hyperinflationary Economies (IAS 29)	-	4 870 489 *	-1 731 591
Closing balance	7 164 371	16 296 869	

* of the variation in deferred taxes, 3.138.898 eur were recognized in retained earnings in the consolidated statement of financial position (note 36), for the application of IAS 29, Hyperinflationary economy.

18.2.1 Deferred tax assets

Deferred tax assets on 31st December 2017 and 2016, according to the temporary differences that generate them, are broken down as follows:

Deferred tax assets	Dec/17	Dec/16
Reportable fiscal losses	1 068 362	1 359 554
Reportable fiscal benefits	1 182 596	-
Tangible fixed assets and intangible asset impairment losses	3 408 913	4 520 447
Other temporary differences (1)	1 504 500	2 470 318
	7 164 371	**8 350 319**

(1) amount related essentially to the value of the goodwill generated on the sale of a subsidiary in 2015, and other temporary differences, by the group Eat Out.

For use in subsequent years (by 2018) there are 1.066.980 eur of tax benefits (RFAI) on December, 31st 2017.

Fiscal reports and its deferred tax assets by jurisdiction are as follows:

Limit year of use	2018	2021	2022	2026	2027	unlimited	Total
Start year	2013	2016	2017	2014	2015		
Portugal							
with deferred tax (21%)							-
without deferred tax	66 878	16 546	16 382	28 523	22 080	-	150 410
Spain							
with deferred tax (28%)						4 273 451	4 273 451
without deferred tax							
	66 878	16 546	16 382	28 523	22 080	4 273 451	4 423 860
Deferred tax assets							
Portugal							-
Spain						1 068 362	1 068 362
						1 068 362	1 068 362

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.
(b) the entity has suffered a tax loss in either the current period or the preceding period in the tax jurisdiction to which it relates the active deferred tax.

18.2.2 Deferred tax liabilities

Deferred tax liabilities on 31st December 2017 and 2016, according to the temporary differences that generated them, are broken down as follows:

Deferred tax liabilities	**Dec/17**	**Dec/16**
Amortization and depreciation standardization (1)	7 700 271	8 204 190
Temporary differences in Spain (2)	3 398 116	3 707 552
Hyperinflationary Economies (IAS 29)	4 870 489	-
Other temporary differences	327 993	330 357
	16 296 869	**12 242 099**

(1) the deferred tax homogenization depreciation corresponds to the difference in depreciation between the individual and consolidated accounts which by 2010 were prepared on different criteria. This value will reduce over the years.
(2) relate mainly to UTE income of the year, with the incorporation in its subsidiaries carried out with the postponement of a year, in compliance with the regulations in force in Spain.
Additionally in 2017, it includes the deferred tax effect of the recognition of the Pans and Ribs brands (Eat Out group) in the amount of 5.500.000 eur, less deferred tax assets of the goodwill tax depreciation allocated to the Ribs business, amounting to 3.400.000 eur. This compensation was made because the taxable temporary differences are reversed in the same time frame as the deductible temporary differences.

19. PROVISIONS

On 31 December 2017 and 2016, provisions were broken down as follows:

	Dec/17	**Dec/16**
Legal processes	5 257	5 257
Income tax (1)	3 211 467	2 028 871
Compensation (2)	1 245 000	1 350 000
Other	28 000	28 000
Provisions	**4 489 724**	**3 412 128**

(1) provision concerning 2014 and 2015 income tax calculation for tax benefits in the process of confirmation of their implementation.
(2) provision of 245.000 eur in 2017 and 350.000 in 2016 related to the legal process concerning the former Madeira Airport concessionaire employees, and 1.000.000 eur related to contractual investment commitments that may be claimed by the grantor at the end of the contracts.

20. DERIVATIVE FINANCIAL INSTRUMENT

On December 31, 2017 and 2016 the detail of Ibersol derivative financial instruments is presented as follows:

	Dec/17	**Dec/16**
Swap	235 455	114 935
Derivative financial instruments	**235 455**	**114 935**

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 2017	24 000 000	8 000 000	5 000 000

(*) 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, its changes in fair value are reflected in the income of the year (120.519 eur in 2017 and 66.666 euros in 2016, Note 27).

21. OTHER NON-CURRENT LIABILITIES

On 31st December 2017 and 2016, the item “Other non-current liabilities” may be broken down as follows:

	Dec/17	Dec/16
Other creditors (1)	179 192	208 040
Other non-current liabilities	179 192	208 040

(1) includes 168.280 eur (197.128 eur in 2016) referring to the debt for the purchase of subsidiary Vidisco, S.L..

On 31 December 2017 the future (contractual) Cash Flows associated to these liabilities are broken down as follows:

	FC 2018	FC 2019	FC 2020	FC 2021	FC 2022	FC 2023
Other creditors	39 760	28 848	28 848	28 848	28 848	24 040

22. ACCOUNTS PAYABLE TO SUPPLIERS AND ACCRUED COSTS

On 31st December 2017 and 2016, accounts payable to suppliers and accrued costs were broken down as follows:

	Dec/17	Dec/16
Suppliers c/ a	27 049 455	27 255 349
Suppliers - invoices pending approval	6 141 905	5 662 335
Suppliers of fixed assets c/ a	12 692 845	15 521 698
Total accounts payable to suppliers	45 884 205	48 439 382

	Dec/17	Dec/16
Accrued costs - Payable insurance	103 862	127 157
Accrued costs - Payable remunerations	6 802 163	6 108 273
Accrued costs - Performance bonus	1 773 323	1 986 314
Accrued costs - Payable interest	455 734	384 271
Accrued costs - External services	9 935 558	7 437 232
Accrued costs - Other	2 567 494	1 017 591
Total acrrued costs	21 638 134	17 060 838
Total accounts payable to suppl.and accrued costs	67 522 339	65 500 220

23. OTHER CURRENT LIABILITIES AND INCOME TAX PAYABLE

On 31st December 2017 and 2016, the item “Other current liabilities” may be broken down as follows:

	Dec/17	Dec/16
Other creditors (1)	9 900 301	10 933 132
State and other public entities (2)	7 677 912	7 035 937
Deferred income (3)	691 832	657 354
	18 270 045	18 626 423

(1) This amount relates mainly to services rendered by a third party, debt to grantor and amounts payable to staff (in the meantime settled in January of the following year).

(2) balance due mainly to payable VAT amounts (3.063.697 euros) and Social Security (3.453.936 euros).

(3) the Deferred Income item includes the following amounts:

	Dec/17	Dec/16
Contracts with suppliers (1)	409 457	325 633
Franchising rights	2 211	5 211
Investment subvention	272 980	318 441
Other	7 184	8 069
	691 832	657 354

(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 2017 and 2016 are broken down as follows:

	2017	2016
Subcontracts	1 182 399	-
Electricity, water, fuel and other fluids	13 547 336	10 399 741
Rents and rentals	67 885 000	26 408 792
Condominium	4 561 439	3 873 759
Communications	1 220 255	596 727
Insurance	857 083	544 080
Short-lasting tools and utensils and office materials	1 810 399	1 516 094
Royalties	13 823 833	10 755 451
Travel and accommodations and merchandise transport	2 370 731	1 917 857
Services fees	799 559	1 045 655
Conservation and repairs	8 377 923	5 752 461
Advertising and propaganda	16 046 275	9 236 340
Cleaning, hygiene and comfort	3 775 178	2 540 421
Specialised works	10 000 643	6 797 765
Other ESS'	3 244 124	2 494 539
	149 502 177	83 879 682

Costs increase is primarily associated with increased activity (+66%) as a result of organic growth and especially the purchase of Eat Out in the last quarter of 2016 (Note 5.2.1). Additional increases are the result of: "Rents and Rentals" for the annual contribution (in 2016, only two months) of the Travel segment of EOG characterized by incomes much higher than the retail average; "Advertising" for a greater effort in marketing campaigns and adhesion to the Continent Card. And subcontracts (amount detached in 2017) by the expenses resulting from the increase in the activity of Catering.

25. PERSONNEL COSTS

Employee expense in the years ending on 31st December 2017 and 2016 are broken down as follows:

	2017	2016
Salaries and wages	102 871 527	60 823 862
Social security contributions	27 102 263	15 072 140
Work accident insurance	716 318	554 241
Social action costs	8 511	8 523
Personnel meals	3 936 196	2 902 329
Other personnel costs (1)	683 926	607 026
	135 318 741	79 968 121
Average number of employees	9 207	6 609

(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 2017 and 2016 are broken down as follows:

	2017	2016
Direct/indirect taxes not assigned to operating activities	1 353 164	1 300 700
Losses in fixed assets	1 622 113	1 167 528
Currency exchange differences	861 543	383 510
Membership fees, donations samples and inventory offers	102 422	132 920
Impairment adjustments (debts receivable) (Note 15)	702 271	33 885
Impairment adjustments (financial investments) (Note 10)	264 000	-
Indemnification	-	350 000
Other operating costs	274 644	50 375
	5 180 157	3 418 918

Other operating income in the years ending on 31 December 2017 and 2016 are broken down as follows:

	2017	2016
Supplementary income (1)	8 005 191	5 876 673
Indemnification (2)	-	2 397 758
Compensations (3)	532 289	415 595
Gains in fixed assets	734 570	1 752
Operating grants	120 836	154 367
Impairment adjustments reversion (debts receivable)	119 940	156 468
Reduction of provision (Note 19)	105 000	-
Investment grants	45 461	79 507
Other operating gains	117 749	7 850
	9 781 036	9 089 970

(1) mainly from revenues from contracts with franchisees (Eat Out Group) and suppliers and, in 2016, there is an additional amount of € 951 thousand, from non-recurring services rendered to third parties.
(2) as a result of the formalization of the agreement entered into with Ascendi, non-recurring income of € 2.397.758 was recorded in operating income corresponding to compensation for loss of traffic in former scuts (free highways).
(3) traffic loss compensation for the 2017 and 2016 financial years, as in the agreement referred to in (2).

27. NET FINANCING COST

Net financing cost in the years ending on 31st December 2017 and 2016 are broken down as follows:

	2017	2016
Interest paid	4 733 959	2 786 616
Interest earned (1)	-1 356 240	-2 554 156
Currency exchange differences	-66 524	-95 540
Payment discounts obtained	-10 751	-10 625
Other financial costs and income	2 097 166	1 069 130
	5 397 610	1 195 425

(1) in 2017 and 2016, essentially related to:
(a) interest on treasury bonds and term deposits.
(b) in addition Aenor's compensation interest. It was agreed not to install the Service Areas of Guimarães, Fafe and Paredes and the respective concession rights that gave rise to the receipt of contractual interest in the amount of 1.570.323.

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

	2017	2016
Bank services (1)	1 228 783	790 990
Financial instruments - cash flow hedge (Note 20)	120 519	-66 666
Commercial paper programmes charges	698 732	325 608
Other commissions	78 819	96 830
Other financial cost and gains	-29 687	-77 632
	2 097 166	1 069 130

(1) amount referring essentially to bank commissions on guarantees and commissions on treasury bonds transactions in Angola.

28. INCOME TAX

Income tax recognised in the years 2017 and 2016 are broken down as follows:

	Dec/17	Dec/16
Current taxes	2 124 336	5 730 030
Income tax provisions (Note 19)	1 182 596	1 200 166
Insufficiency (excess) of income tax	-2 707 163	-1 254 493
Deferred taxes (Note 18)	2 101 820	161 850
	2 701 589	5 837 553

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:

	2017	2016
Pre-tax profit	**33 941 094**	**29 135 093**
Tax calculated at the appliacble tax rate in Portugal (22,5%)	**7 636 746**	**6 555 396**
Fiscal effect caused by:		
Income tax provisions	1 182 596	1 200 166
Insufficiency (excess) of income tax	-2 707 163	-1 254 493
Tax benefits (CFI)	-3 021 307	-1 215 057
Deferred tax benefit	-1 066 980	-
Credit tax investment (CFEI) effects	-7 483	-20 365
Special tax (independent)	357 463	275 580
Tax pours	149 654	136 934
Write-off deferred tax	21 407	8 237
Other effects	156 656	151 155
Income Tax Expenses	2 701 589	5 837 553

In 2017 and 2016, the income tax rate on profits was of 8% and 20%, respectively, lower than the nominal rate, mainly due to the tax benefits obtained under the terms of the Investment Tax Code (CFI), as in the "Decreto –Lei" no. 162/2014, of 31 October.

29. INCOME PER SHARE

Income per share in the years ending on 31st December 2017 and 2016 was calculated as follows:

	Dec/17	Dec/16
Profit payable to shareholders	30 849 460	23 249 971
Mean weighted number of ordinary shares issued (1)	30 000 000	30 000 000
Mean weighted number of own shares	-2 999 938	-2 999 938
	27 000 062	27 000 062
Basic earnings per share (€ per share)	1,14	0,86
Earnings diluted per share (€ per share)	1,14	0,86
Number of own shares at the end of the year	2 999 938	2 999 938

(1) in 2016 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 2017 and 2016, financial assets and liabilities were broken down as follows:

Financial Assets	Category	Accounting Value 2017	Accounting Value 2016	Valuation Method
Other non-current assets	Loans and accounts receivable	6 335 385	6 494 327	Amortized cost
Other financial assets	Loans and accounts receivable	22 986 661	17 480 341	Amortized cost
Financial assets available for sale	Available for sale	497 108	440 541	Cost
Cash and cash equivalents	Loans and accounts receivable	34 902 883	39 588 532	Amortized cost
Clients	Loans and accounts receivable	7 045 044	8 128 789	Amortized cost
Other debtors	Loans and accounts receivable	4 797 968	5 206 424	Amortized cost
		76 565 049	77 338 954	

Financial Liabilites	Category	Accounting Value 2017	Accounting Value 2016	Valuation Method
Loans	Other liabilities	137 246 895	161 252 580	Amortized cost
Financial leasing	Other liabilities	3 767 846	5 539 081	Amortized cost
Suppliers	Other liabilities	45 884 205	48 439 382	Amortized cost
Cost accruals	Other liabilities	13 062 648	8 966 251	Amortized cost
Other creditors	Other liabilities	10 079 493	11 141 172	Amortized cost
Derivative financial instruments	Other liabilities	235 455	114 935	Fair value
		210 276 542	235 453 402	

Only Financial Assets (such as Clients and Other Debtors) presents impairment losses, as Note 15. On 31st December 2017 and 2016, gains or losses related with these financial assets and liabilities were as follows:

	Profit/ (Loss) Dec/17	Profit/ (Loss) Dec/16
Accounts receivable	-582 330	122 583
Assets available for sale	-	-
Assets at amortised cost	-	-
	-582 330	**122 583**

The interest of financial assets and liabilities were as follows:

	Interest Dec/17	Interest Dec/16
Accounts receivable	-	-
Assets available for sale	-	-
Liabilities at amortised cost	4 733 959	2 786 616
	4 733 959	**2 786 616**

The exchange rate differences of financial assets and liabilities were as follows:

	Exchange rate Dec/17	Exchange rate Dec/16
Accounts receivable	-	-
Assets available for sale	-	-
Liabilities at amortised cost	-66 524	-95 540
	-66 524	**-95 540**

31. DIVIDENDS

At the General Meeting of 26th May 2017, the company decided to pay a gross dividend of 0,10 euro per share (0,10 euro in 2016), representing a total value of 2.160.010 euro for outstanding shares (1.800.000 euro in 2016), settled on June 23th, 2017.

In the year 2016, 3.798.270 euro of dividends were also paid to Pansfood, a minority shareholder of the subsidiary Ibersande.

32. CONTINGENT ASSETS AND LIABILITIES

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

On 31st December 2017, responsibilities not recorded by the companies and included in the consolidation consist mainly of bank guarantees given on their behalf, as shown below:

	Dec/17	Dec/16
Bank guarantees	25 753 064	18 424 430

On type of coverage, bank guarantees are as follows:

Leases and rents	Other supply contracts	Fiscal and legal proceedings	Other	Other legal claims
24 561 786	1 005 941	109 090	67 516	8731

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).

33. COMMITMENTS

The December 31, 2017 there are no significant commitments for contracted investments not included in these financial statements.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties of Ibersol group are:

- António Carlos Vaz Pinto de Sousa – 2.100 shares (*)
- António Alberto Guerra Leal Teixeira – 2.100 shares (*)
- ATPS, SGPS, SA – 16.472.549 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, 601.967 and 2.681.243 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 (800.000 euros in 2016), 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 2017 and 2016, under the heading of asset impairment losses were as follows:

	Dec/17								
	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
Goodwill	1 861 678	-	-	-	-		-		1 861 678
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	(2)	-119 940	(3)	2 159 669
	19 868 171	305	-1 176 843	-730 792	871 905		-119 940		18 712 805

	Dec/16								
	Starting balance	Perimeter variation	Cancellation	Impairment assets disposals	Impairment in the year		Impairment reversion		Closing balance
Tangible fixed assets	9 633 672	2 772 246	-	-1 665 589	817 744	(1)	-90 976	(1)	11 467 097
Goodwill	1 861 678	-	-	-	-		-		1 861 678
Intangible assets	3 700 917	40 836	-	-31 215	-		-		3 710 538
Stocks	74 981	-	-	-	-		-		74 981
Other current assets	1 442 527	2 022 906	-588 973	-	33 885	(2)	-156 467	(3)	2 753 877
Other non current assets	134 342	-	-134 342	-	-		-		-
	16 848 116	4 835 988	-723 315	-1 696 804	851 629		-247 443		19 868 171

(1) amortisation, depreciation and impairment losses of TFA and IA;
(2) other operating income;
(3) other operating costs.

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 2016		
	Tangible fixed assets	Intangible assets	Total
Pasta caffe (1 unit)	110 000	-	110 000
Pans (1 unit)	169 966	-	169 966
Pizza Móvil (3 units)	178 167	-	178 167
Okilo (1 unit)	172 219	-	172 219
Pans & C.ª (10 units)	187 392	-	187 392
	817 743	-	817 743

Instatement of assets associated impairment losses are detailed as follows:

	Year 2016		Year 2017
Pizza Hut (1 unit)	192 921	Burguer Kingt (1 unit)	1 791
Pans (2 units)	127 174	Pans (2 units)	446 783
Pasta Caffe (1 units)	301 204	Pasta Caffe (1 units)	110 000
Miit (1 unit)	119 873	Okilo (1 unit)	172 219
Multimarca (2 units)	676 834		
Sol (1 unit)	278 798		
	1 696 804		730 792

36. GAINS (LOSSES) IN THE NET MONETARY POSITION

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:

36.1 Impact on the consolidated statement of comprehensive income:

	Dec/17
Restatement of costs and income	479 395
Restatement of non-monetary items (*)	5 501 029
Gains (losses) on Net monetary position	5 980 424

Of the value above taxes were recorded in the amount of 1.738.712 euros recognized in the item income tax

The restatement of non-monetary items in the consolidated statement of comprehensive income is presented as follows:

	Dec/17
Tangible Fixed Assets (Note 8)	5 403 450
Intangible Assets (Nota 9)	368 523
Stocks	25 540
Other reserves and retained earnings	-296 484
	5 501 029

36.2 Impact on the Consolidated Statement of Financial Position as at 01 January 2017:

Restatement of non-monetary items as of January 1, 2017 (*)	10 766 593
Deferred tax liabilities	3 138 898
Impact on retained earnings	7 627 695

(*) essentially, intangible and tangible fixed assets.

The general price index used was that of the IMF.

37. IFRS STANDARDS ALREADY ISSUED OR REVIEWED AND FOR FUTURE APPLICATION

1) The impact of the adoption of the amendments to standards that became effective as of 1 January 2016 is as follows:

Standards:

a) IAS 7 (amendment), 'Cashflow statement – Disclosure initiative' (effective for annual periods beginning on or after 1 January 2017). This amendment introduces an additional disclosure about the changes in liabilities arising from financing activities, disaggregated between cash changes and non-cash changes and how it reconciles with the reported cash flows from financing activities, in the Cash Flow Statement. This change had an impact on the entity, having been disclosed the required information in Note 17.

b) IAS 12 (amendment),'Income taxes – Recognition of deferred tax assets for unrealised losses' (effective for annual periods beginning on or after 1 January 2017). This amendment clarifies how to account for deferred tax assets related to assets measured at fair value, how to estimate future taxable profits when temporary deductible differences exist and how to assess recoverability of deferred tax assets when restrictions exist in the tax law. This amendment had no impact on the entity.

2) Standards (new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1 January 2018, endorsed by the EU:

a) IFRS 9 (new), 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and recognition. It is not expected that its application has significant impacts.

b) IFRS 15 (new), 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach. It is not expected that its application has significant impacts.

c) IFRS 16 (new), 'Leases' (effective for annual periods beginning on or after 1 January 2019). This new standard replaces the IAS 17 with a significant impact on the accounting by lessees that are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". It is estimated that its application has relevant impacts, Ibersol will determine the respective amounts.

d) IFRS 4 (amendment), 'Insurance contracts (Applying IFRS 4 with IFRS 9)' transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment allows companies that issue insurance contracts the option to recognise in Other Comprehensive Income, rather than Profit or Loss the volatility that could rise when IFRS 9 is applied before the new insurance contract standard is issued. Additionally, it is given an optional temporary exemption from applying IFRS 9 until 2021, to the companies whose activities are predominantly connected with insurance, not being applicable at consolidated level. It is not expected that its application has significant impacts.

e) Amendments to IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). These amendments refer to additional guidance for determining the performance obligations in a contract, the timing of revenue recognition from a license of intellectual property, the review of the indicators for principal versus agent classification, and to new practical expedients to simplify transition. It is not expected that its application has significant impacts.

3) Standards (new and amendments) and interpretations that have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, but are not yet endorsed by the EU:

a) Annual Improvements 2014 - 2016, (generally effective for annual periods beginning on or after 1 January 2017). The 2014-2016 annual improvements impacts: IFRS 1, IFRS 12 and IAS 28. It is not expected that its application has significant impacts.

b) IAS 40 (amendment), 'Transfers of Investment property' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies when assets are transferred to, or from investment properties, the evidence of the change in use is required. A change of management intention in isolation is not enough to support a transfer. It is not expected that its application has significant impacts.

c) IFRS 2 (amendment), ‘Classification and measurement of share-based payment transactions’ (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications to a share-based payment plan that change the classification an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. It is not expected that its application has significant impacts.

d) IFRS 9 (amendment), ‘Prepayment features with negative compensation’ (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit or loss. It is not expected that its application has significant impacts.

e) IAS 28 (amendment), ‘Long-term interests in Associates and Joint Ventures’ (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment clarifies that long-term investments in associates and joint ventures (components of an entity’s investments in associates and joint ventures), that are not being measured through the equity method, are to be measured in accordance with IFRS 9, being subject to impairment expected credit loss model, prior to any impairment test of the investment as a whole. It is not expected that its application has significant impacts.

f) Annual Improvements 2015 - 2017, (generally effective for annual periods beginning on or after 1 January 2019). These improvements are still subject to endorsement by the European Union. The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3 and IFRS 11. It is not expected that its application has significant impacts.

g) IFRS 17 (new), ‘Insurance contracts’ (effective for annual periods beginning on or after 1 January 2021). This standard is still subject to endorsement by European Union. This new standard replaces IFRS 4 and applies to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or "premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective application. It is not expected that its application has significant impacts.

Interpretation

a) IFRIC 22 (new), ‘Foreign currency transactions and advance consideration’ (effective for annual periods beginning on or after 1 January 2018). This interpretation is still subject to endorsement by European Union. An Interpretation of IAS 21 ‘The effects of changes in foreign exchange rates’ it refers to the determination of the “date of transaction” when an entity either pays or receives consideration in advance for foreign currency denominated contracts”. The date of transaction determines the exchange rate used to translate the foreign currency transactions. It is not expected that its application has significant impacts.

b) IFRIC 23 (new), ‘Uncertainty over income tax treatment’ (effective for annual periods beginning on or after 1 January 2019). This interpretation is still subject to endorsement by European Union. This is an interpretation of IAS 12 - 'Income tax', referring to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of an income tax treatment by the tax authorities. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, and not under IAS 37 - "Provisions, contingent liabilities and contingent assets ", based on the expected value or the most probable value. The application of IFRIC 23 may be retrospective or retrospective modified. It is not expected that its application has significant impacts.

37. SUBSEQUENT EVENTS

At the beginning of this year of 2018, Angola's foreign exchange policy for payments to foreign countries changed considerably, becoming available through sale to banks in the auction mode. The first auctions resulted in a currency devaluation for major currencies of around 40%. As mentioned in note 3.1.a.i, the subsidiaries in Angola have the currency liabilities hedged by USD-indexed assets as a way to minimize the devaluation impacts of the AKZ.

As of the date of approval of this report, the last stage of the tendering procedure for the catering area at Barcelona airport took place in February in which Pansfood won the allocation of 4 lots corresponding to a share of 39,21%. which allows it to continue to be the largest restaurant operator at that airport.

On March 1, 2018, draft investment tax contracts between the Portuguese State and Iber King and Iberusa subsidiaries were approved by the Council of Ministers (resolution no. 32/2018, published in Diário da República on 13/03/2018), which attribute Income tax credits. Impacts at Income tax level have already been considered in the 2017 accounts.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 05th April 2018.

Shareholders are entitled not to approve the accounts authorized for issue by the Board of Directors and propose their amendment.

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the 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 2017 (which shows total assets of Euro 436,953,302 and total shareholders' equity of Euro 188,620,193 including a net profit of Euro 30,849,460), the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Ibersol, S.G.P.S., S.A. as at 31 December 2017, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

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 judgement, 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
o'Porto Bessa Leite Complex, Rua António Bessa Leite, 1430 - 5º, 4150-074 Porto, Portugal
Tel +351 225 433 000 Fax +351 225 433 499, www.pwc.pt
Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Key Audit Matter	*Summary of the Audit Approach*
Recoverability of fixed assets, intangible assets and Goodwill In 31 December 2017 fixed assets and intangible assets (excluding goodwill) recognized in consolidated financial statements amount to 197,9 and 35,1 million of euros, respectively, being done impairment tests to the respective cash generating units identified, whenever there is indicators that the respective recoverable amount may be lower than the amount registered. In result of the impairment tests impairment losses of 169,635 euros were registered in 2017. Additionally, in 31 December 2017, Goodwill recognized in consolidated financial statements amounts to 92,8 million euros and respect mainly to acquisition in previous years of 2 subsidiaries (Lurca and Vidisco) and of Eat Out Group, being done impairment tests using the discounted cash flow model. Considering the materiality of the amounts, the complexity of the assessment model and the elevated level of judgement, related to the assumptions used in impairment tests, the matter is a key audit matter for the issuance of our opinion. The calculation of the value in use requires that management defines a set of estimatives and assumptions based on economic and market forecasts, namely in what concerns projections of future cash flows, growth rates in perpetuity and discount rates to be used. Disclosures related to fixed assets, intangible assets and goodwill are presented in notes 8, 9 and 35 of the consolidated financial statements.	In the specific case of fixed assets and intangible assets, we analyse the EBITDA of the cash generating units in order to identify the units that present indicators of impairments. For the situations that require the performance of impairment tests, the audit procedures that we developed consisted in the following: - Assessment of the adequation of the impairment model used by management and respective calculations therein; - Appreciation of the reasonability of assumptions used inherent to the impairment model, namely those that present more sensibility in the determination of the value in use, namely evolution of revenues, margin EBITDA, discount rate and growth rate in perpetuity; - Assessment of the reasonability of projections of future cash flows, compared with historic performance, in particular the following: (i) Assessment of growth rates of sales by their comparation to historic and forecasted values for the economy and business sector; (ii) in the specific case of foods beverage business in retail service areas, we tested the reasonability of assumptions of management, relatively to the evolution of traffic in SCUT's through analysis of the report of the Institute of Mobility and Transports (IMT); - Obtaining information of PwC specialists in relation to discount rates used, considering comparable data from other companies in the sector of food & beverage in order to assess the reasonability of the discount rate; - Making meetings with management to understand and assess the assumptions used and their coherence with budget approved for 2018; - Performing a sensibility analysis to main

Key Audit Matter	*Summary of the Audit Approach*
	assumptions of the model. We also reviewed the compliance of disclosures considering the accounting standards applicable, namely IAS 36.
Business Combinations As disclosed in financial statements during 2016, Ibersol acquired Eat Out Group, having recognized a Goodwill of 70,6 million euros as of 31 December 2016. in the context of the acquisition process of the control of Eat Out Group, brands were identified which as at 31 December 2016 were in process of valuation at fair value through a set of relevant estimatives and judgements, based in economic and market indicators, namely, the definition of future cash flows and discount rate to be used, among others. For that reason goodwill was registered on a provisory basis in the 2016 financial statements. In 2017 this process was finished and the amount attributed to brands was 22 million euros, which implied a reduction of goodwill by the same amount. The accounting of this business combination is complex, due to judgements made in the application of accounting standards, namely valuation of assets and liabilities identified and consequent calculation of Goodwill. The expression of the amounts involved and the level of judgement associated to the valuation of assets and liabilities acquired, require the definition of a set of complex estimatives and assumptions by management, which justifies that this matter was considered by us as a key audit matter. Disclosures related with business combinations are presented in note 5 of consolidated financial statements.	The audit procedures that we performed related to this matter were, namely, the following : - Analyse of assessment model prepared by management with the objective of valuation of the acquired brands; - The involvement of ours specialists in capital markets in order to assess the assumptions and methodologies used by management; - Analyse of inputs included in assessment model, including growth rates forecasted and discount rates; We also reviewed disclosures made, in accordance with accounting standards applicable.

Key Audit Matter	Summary of the Audit Approach

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's 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 misstatement, whether due to fraud or error, and to issue an auditor's 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 scepticism throughout the audit. We also:

a) 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;

b) 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;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) 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;

f) 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;

g) communicate with those charged with governance, including the supervisory board, 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;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Non-financial information set forth in article No. 508-G of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity prepared a separate report of the Director's report that includes the non-financial information set forth in article No. 508-G of the Portuguese Company Law, which was published together with the Director's report.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Ibersol, S.G.P.S., S.A. in the Shareholders' General Meeting of 13 April 2004 till end of the period 2001 to 2004, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 26 May 2017 for the year 2017.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 9 April 2018.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

9 April 2018

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Hermínio António Paulos Afonso, R.O.C.

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 2017 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, 11th April 2018

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(President)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-President)

Dr. Eduardo Moutinho Ferreira Santos
(Vogal)

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 2017.

1. Supervision:

The Fiscal Board accompanied, within the scope of its competencies and mandate, during the 2017 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, ***Pricewaterhouse Coopers & Associados-SROC***, who is also the Statutory Auditor of the company, who proposed to the Fiscal Board, 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, the External Auditor/Statutory Auditor provided 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 a previous moment to its disclosure. The Fiscal Board did not come across any constraint during their supervision action and not received any occurrence or denouncement of irregularities by shareholders, collaborators of the Company, External Auditor or others.

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 its independence was safeguarded, its remuneration was 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 reach the threshold of 30% of the total value of provided Services.

There were no reports to the Fiscal Board of any kind of transactions between the society and its shareholders or related parties, in the sense of the CMVM Recommendation V.2 that should be submitted to its prior opinion if they reached the level of significance established by this body.

The Fiscal Board examined the individual and consolidated management report and the individual and consolidated financial statements, its respective attachments, including the 2017 Corporate Governance Report presented by the Board of Directors. As well having examined the Legal Certification of Accounts and its Opinion issued by the Chartered Accountant and has also considered the Audit Report submitted by ***Pricewaterhouse Coopers & Associados, SROC.,*** attached to the "Additional Report of the External Auditor to the Supervisory Body", produced by it and referring to the 2017 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 contains the scope of the audit, the partners and employees of the External 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 PwC, materiality, Independence and the additional services provided, as well as, among others, the results of the analysis of Internal Control that answers 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 it's 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 2017 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, 11th April 2018

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(President)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-President)

Dr. Eduardo Moutinho Ferreira Santos
(Effective Member)

IBERSOL – SGPS, S.A.

Sociedade Aberta

Headquarters: Edifício Península, Praça do Bom Sucesso, n.º 105 a 159 – 9.º andar,

4150-146 Porto

Share capital: 30.000.000 €

Registered at the Porto Companies Registration Office under unique corporate registration and taxpayer number 501669477

Sustainability Report 2017

(Proposal 2 of the Shareholders' General Meeting)

TABLE OF CONTENTS

1. MESSAGE FROM THE BOARD OF DIRECTORS

1.1. Commitment to Social Responsibility

Sustainability, a mission we fulfil every day

At the Ibersol Group, ensuring sustainability is a mission that we fulfil every day, as regards the economic, social and environmental dimensions thereof. To always do better and act in these areas is the maxim that guides us.

As such, and in compliance with the provisions of article 508(G) of the Commercial Companies Code, with the wording introduced by Decree-Law No. 89/2017, of 28 July, we hereby present the 11th edition of our Sustainability Report describing the practices implemented during the 2017 financial year with regard to sustainability and includes all necessary information on the development, performance, position and impact of the Group's business when it comes to economic, social and environmental issues.

As regards economic issues, the work we carried out with our customers is particularly of note, where we sought to always meet and exceed their expectations, anticipating trends, satisfying needs and offering increasingly more sound and differentiated value propositions.

The year was marked by adherence to the Continente Hypermarket Card Loyalty Programme, in Portugal. The programme is a pioneering project in the modern catering sector given the size of the offer and population it encompasses.

In Spain, in addition to managing a new operation resulting from the acquisition of the Eat Out Group and the inherent challenges that come with integration, we continued to pursue the Pizza Hut expansion project in Galicia, which began in 2016.

With regard to environmental issues, we endeavoured to consolidate and broaden the programmes implemented over recent years to reduce the Group's ecological footprint, recycle used cooking oil and manage electrical energy, gas and water usage.

From a social perspective, the work carried out by the brands with local communities which led to several different types of initiatives is noteworthy, such as, for example, in education and sport, Pizza Hut's partnership with the *Federação de Desportos de Inverno de Portugal* (Winter Sports Federation of Portugal) "Ski 4 All", and the partnership with the Pauleta Foundation in the Azores. With the purpose of helping underprivileged populations, among other initiatives, uneaten meals and food from Catering events were donated to associations, such as *Casa da Sopa Mãe Maria de Nazaré* (Mother Maria de Nazaré's Soup Kitchen), in Lisbon, *Associações Coração da Cidade* (Heart of the City Associations), *Associação Nacional de Ajuda aos Pobres* (Portuguese Association to Help the Poor) and Associação Protetora da Criança (Child Protection Association), these located in Porto.

In Portugal, the ongoing national campaign "*Graças a Muitos*" ("With the Help of Many"), led Ibersol, in collaboration with all employees and brands, to challenge customers to participate in the Fight against Hunger. Over 24,500 euros in donations were collected, with the Group donating more than 30,000 euros to the Portuguese Federation of Food Banks, to be converted into food products.

In Angola, KFC and Pizza Hut held the 4th edition of the “Add Hope” campaign, collecting 3 million kwanzas in donations from customers, which Ibersol then doubled and donated to Caritas Angola. The 6 million kwanzas (22 million euros) were used to help people in need.

These are, without a doubt, initiatives to be continued so that we can exceed the results achieved thus far, with the team spirit and engagement that we are known for!

1.2. Acknowledgements

None of this would have been possible without the tireless work of our employees, who deserve all the praise and appreciation from the Board of Directors for their professionalism and commitment.

To our shareholders, suppliers, franchisees, banks, partners and customers, our sincere gratitude, not only for the trust you have placed in us, but for your loyalty, which helps us grow, evolve and look to the future with confidence.

To the Audit Committee, Auditors and Statutory Auditor go our thanks for the cooperation and dedication in the consulting and review process of Ibersol management.

Porto, April 5th, 2018

The Board of Directors

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero de Bonifaz

2. ORGANISATIONAL PROFILE

2.1. Mission

Ibersol is a multi-brand group established in the Iberian Peninsula and in Portuguese-speaking countries, positioned in the organised food service business. It respects the values associated to quality, safety and the environment, based on qualified and motivated personnel committed to fully meeting consumer needs, thereby assuring a suitable return for its shareholders’ investments.

2.2. Vision

To lead the commercial food service business in the Iberian Peninsula and in Portuguese speaking markets, driven by motivated service-oriented personnel.

2.3. Values

- We believe in and value our people

- We are customer-centric
- We are happy to share
- We always do better
- We are enthusiastic in our undertakings

2.4. Business Portfolio

2017 was marked by further growth as a result of increased transactions, driven by improved market conditions, the refurbishment and opening of new stores, and the impact of the Eat Out Group acquisition, underpinned by our continued focus on the capacity-building and development of our personnel.

In Portugal, Ibersol continued to focus on implementing its strategic growth plans for the Burger King, Pizza Hut and KFC brands and refurbishing the restaurants of several brands, such as Burger King; Pizza Hut, KFC, Pans & Company, Pasta Caffé, MiiT and some coffee kiosks.

In Spain, following the acquisition of the Eat Out Group in 2016, the Group faces the challenges that come with merger and integration and continues to readjust its portfolio of food service units, based on contractual conditions, return and strategic interests.

In Angola, expansion has been put on hold and the Group is focusing its energy on sustaining and enhancing its KFC and Pizza Hut operations, while it waits for political and market conditions to improve.

The assessment of the Business portfolio led to a decision to close 46 units, 21 owned and 25 franchised.

With the Iberian market developing positively, the selective expansion plan continued to be implemented, which saw the Group opening 25 new units, 19 owned and 6 franchised.

The Ibersol Group closed the 2017 financial year with a total of 646 stores, of which 410 are owned brands and 236 are franchised brands. There are 316 stores located in Portugal, 312 in Spain, 10 in Angola and 8 in Italy. As regards owned stores, at the end of the year, we were operating 315 units in Portugal, 177 in Spain and 10 in Angola.

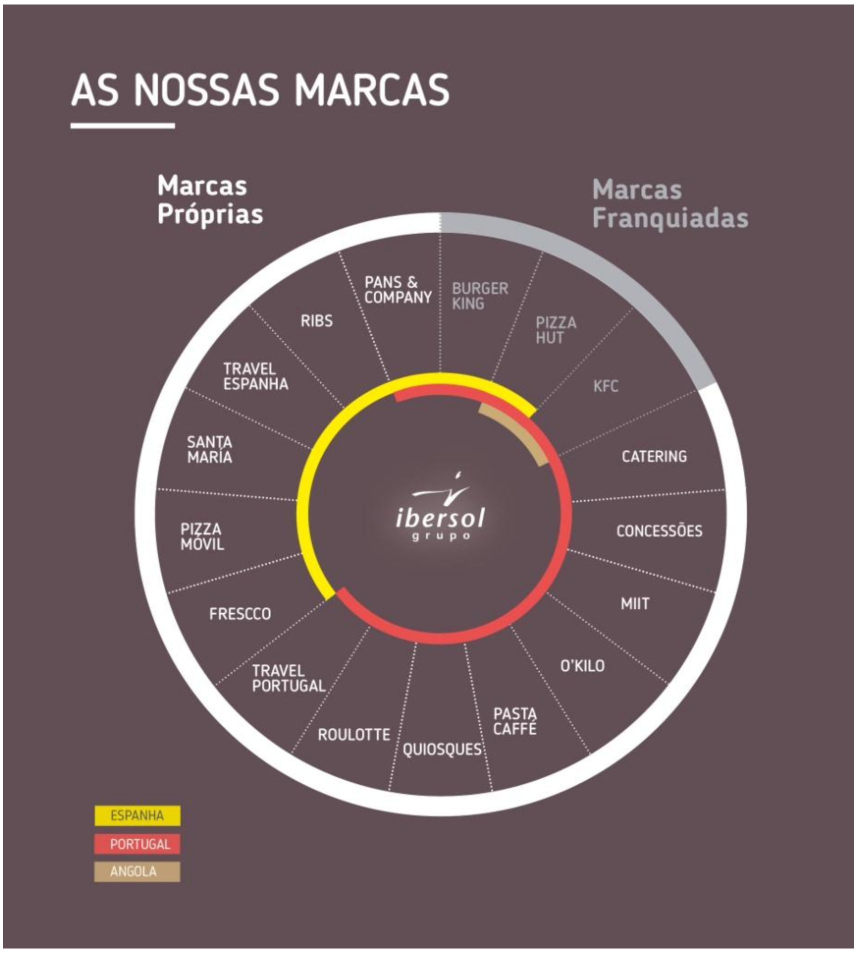


Figure: Business Portfolio

2.5 Governance and Operational Structure

Ibersol – SGPS, S.A., is a publicly traded company with a share capital of EUR 30,000,000, with registered offices at Edifício Península, Praça do Bom Sucesso, no. 105 to 159 – 9th floor, 4150-146 Porto. It is registered at the Porto Companies Registration Office under unique corporate registration and taxpayer number 501669477.

The company is governed by the following Governing Bodies:

- Shareholders' General Meeting;
- Board of Directors, comprising three directors, two of which hold a seat on the Executive Committee;
- Audit Committee;
- Statutory Auditor.

The Shareholders' General Meeting convenes annually to discuss the financial statements of the year and the performance of management and audit bodies.

The company's business strategy and goals are defined by the Executive Committee, in collaboration with the Central Departments and the departments of each business as well as those of Shared Services. Results are assessed every quarter. Similarly, major decisions are taken monthly by the

Executive Committee, together with the Ibersol Group's Operating Departments.

Functional Structure of the Ibersol Group

Ibersol's management is results-oriented, by monitoring indicators and objectives, and is based on action programmes and plans aimed at continuous improvement to increase the efficiency and effectiveness of key processes and operations, in order to keep costs down, minimise waste and increase productivity, return and satisfaction.

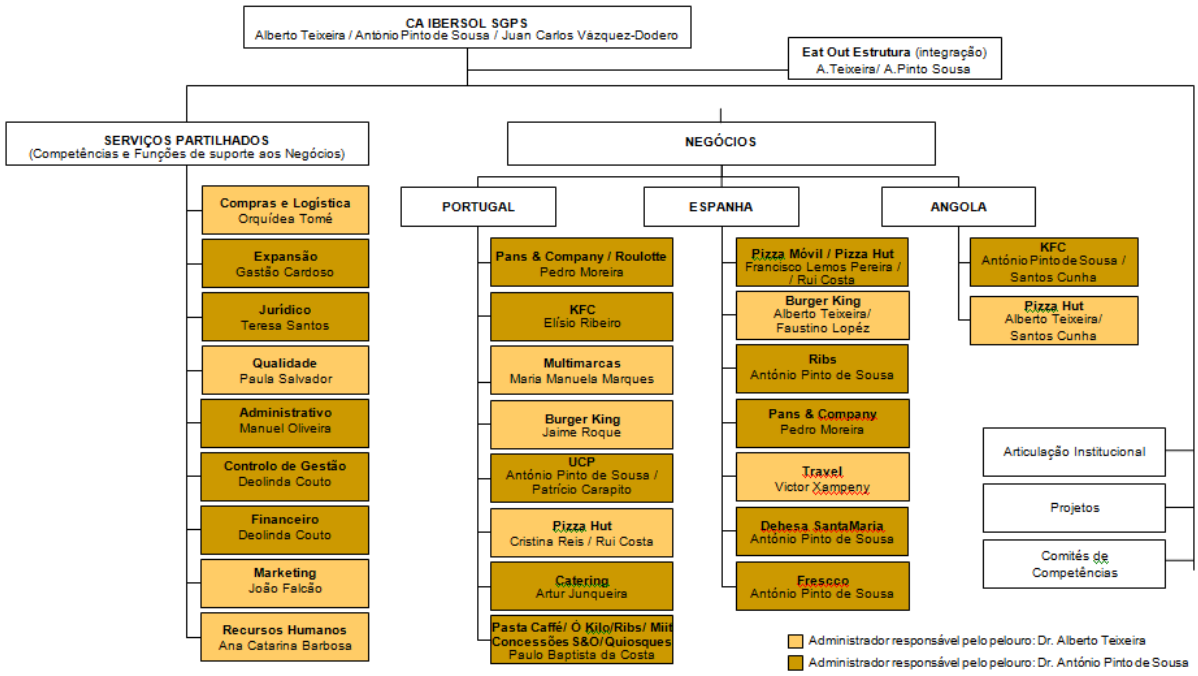


Figure: Ibersol Group's Operating Structure. The integration of structural roles is yet to be finalised at Eat Out.

2.6. Sustainability Principles

Building Trust-based Relationships

We walk side by side with our stakeholders. With them, we establish trust-based relationships built on an ethical commitment, loyal and transparent communication, and by genuinely striving to always accomplish the best for the partnership and its future, seeking to ensure return for everyone involved.

Providing Pleasant Experiences to our Customers

We take an interest in, are inspired by and create with our customers in mind. We aim at providing them with an enjoyable, safe, healthy and surprising experience during every visit. Our teams are continuously driven by a genuine interest in wanting to get to know our current customers as well as those we hope to win over.

Being a School for Life

Ibersol believes and engages, transforms and enhances value, discovers talents and sets them challenges.

We endeavour to give all our employees the same opportunities, so they can grow and progress in a challenging, ambitious and confident manner. We foster a learning environment and provide all the tools needed to build know-how, enhance value and encourage autonomy.

Establishing a Connection with each Customer through our Restaurants

Our aim is for our employees to represent our corporate values in their daily tasks, by instilling a cost-effective and efficient mindset at management level, where processes create value, ensure food quality and safety, with minimal waste and environmental impact, through happy, focused, competent and responsible teams, dedicated to offering each Customer a pleasant and engaging experience.

Respecting and Improving the World Around Us

Increasingly more aware of the environment, we strive to support, protect, act and engage with the community to make the world a better place. To replenish what the world gives us every day, the Ibersol Group participates and contributes so that the community and environment can develop positively and sustain its wealth of resources for this and future generations.

Social Responsibility Policy and Values

[Image representing Ibersol Sustainability Vectors and Stakeholders]

Impact Management

<u>Environmental</u> – Environment, Suppliers, Franchisors

<u>Economic</u> – Shareholders, Franchisees, Regulatory Authorities

<u>Social</u> – Our Customers, Society, State, Our People

2.7. Risk Management

Given the nature of our business, our corporate reality is highly volatile, permanently exposed to challenges, transformations and changes, which implies accelerated management.

Only by anticipating risks systematically and which cut across all business areas will we be able to define suitable strategies to prevent adversity and create an environment conducive to sustainable and continuous improvement.

The Ibersol Group has risk control mechanisms in place which are duly supported by internal procedures and standards. The information available - namely consolidated Financial and Accounting, Human Resources, Quality, Procurement, Logistics and Marketing plans, objectives, processes, procedures and indicators - allow us to conduct real-time assessments in different risk scenarios. Concurrently, the Group is prepared to reassess and redefine established strategies and implemented plans, at any time.

We are aware of the risks inherent to the different activities we carry out, and that's why some business areas are managed directly by operating departments, taking their particularities into account.

2.7.1. Food Quality and Safety

It is incumbent upon the Quality Department to ensure that preventive and control measures are implemented across the Ibersol Group's various business areas, in particular:

- Qualification and selection of suppliers and products and schedule for periodic control of suppliers, products and services;
- Guarantee of the implemented tracking system;
- Control of unit production processes through the HACCP (Hazard Analysis & Critical Control Points) system;
- Food Safety Skills Development System;
- Maintenance and Monitoring of Measurement Device Systems;
- Food Crisis Management System, which enables existing food warning systems to be constantly monitored and immediate action to be taken, if necessary;
- Continuous Improvement System, supported, among other instruments, by: external audit programmes in all group units; microbiological end product sample analysis programme, conducted by an accredited external body; complaints handling system; mystery customer programme; and an internal audit programme related to food safety indicators;
- 'Viva Bem' (Live Well) programme, whereby the Group informs consumers about its Food Safety System and healthy eating habits, ensuring that they receive the necessary information in a transparent manner, so they can make the appropriate lifestyle choices.

2.7.2. Occupational Health and Safety

The Human Resources Department manages the occupational risks to which employees could be exposed. The risks of accidents at work or occupational diseases occurring are managed using the following programmes and measures:

- Risk assessment in the workplace and inquiry into accidents at work;
- Information on occupational risks and daily preventive measures which should be adopted to prevent incidents;
- Training on safety principles and health promotion during employee onboarding, recertification and the assignment of new roles;
- Implementation of self-protection measures in all units;
- Health promotion and safety best practices awareness and recognition programmes;
- Audit programmes to monitor principles and practices.

2.7.3. Financial

It is incumbent upon the Financial Department to manage the various financial risks, to which the Group is exposed, inherent to the unpredictability of the markets, namely foreign exchange risk, interest rate risk, credit risk, liquidity risk and capital risk. The efforts made by the Financial Department aim at minimising the adverse effects of these potential risks.

Foreign exchange risk

In this regard, the Ibersol Group follows a natural hedge policy, obtaining financing in local currency. Given that we operate essentially in the Iberian market, bank loans are mostly in euros and purchase volumes, outside of the euro area, do not have a significant weight.

Our main source of exposure stems from investment in the Angolan operation, which is still small in size. The drop in the price per barrel of oil is causing a shortage of foreign currency in Angola and, therefore, the devaluation of the Kwanza is a risk to be taken into account. Funding the Angolan subsidiary in foreign currency (in the amount of USD 1,000,000) does not expose us too much given that the amount is not very large. Other borrowings by Angolan subsidiaries are denominated in local currency, the same currency in which income is generated. In light of the current limitations to foreign payments, the Group has adopted a policy to monitor credit balances in foreign currency on a monthly basis and by fully hedging the risk by purchasing Angolan treasury bonds, indexed to the US dollar.

Interest rate risk

With the exception of the Angolan Treasury Bonds, the Ibersol Group does not have any significant interest-bearing assets. Thus, profit and cash flows from investment are largely independent of fluctuations in the market interest rate. As regards the Angolan Treasury Bonds, which are indexed to the US dollar, they also do not present a risk as they have a fixed interest rate.

The Ibersol Group's main interest rate risk stems from liabilities, namely long-term loans. Variable-rate loans expose the Group to cash flow risks associated with the interest rate. Fixed-rate loans expose the Group to fair value risk associated with the interest rate.

With current interest rate levels, the Group’s policy is to set interest rates for, at least, 50% of the amount owed, for long-term financing.

Credit Risk

The Ibersol Group’s main activity is sales paid in cash or by credit/debit card, which means there are no relevant credit risk concentrations.

As regards Accounts Receivable, risk is limited to the Catering and Franchising business areas, which account for approximately 5% of consolidated turnover. The Group began monitoring accounts receivable more regularly in order to:

- Control credit granted to customers;
- Analyse the ageing and recoverability of accounts receivable;
- Analyse the risk profile of customers.

Liquidity risk

Liquidity risk management implies maintaining a sufficient amount in cash and bank deposits, the feasibility of consolidating floating debt by using a suitable amount of credit facilities and the ability to liquidate market positions. Cash flow needs are managed based on annual planning, which is reviewed every quarter and adjusted on a daily basis. In accordance with the dynamics of the underlying businesses, the Ibersol Group flexibly manages commercial paper and negotiates credit lines available at all times.

Capital Risk

The Ibersol Group seeks to maintain a level of equity capital suited to the characteristics of its main business (cash sales and supplier credit) and to ensure continuity and growth. The balance of the capital structure is monitored based on the financial leverage ratio (defined as: net remunerated debt/net remunerated debt + equity capital), with the purpose of situating it in the 35%-70% bracket.

2.7.4. Environmental

Environmental risk management falls under the purview of the Quality Department, which implements and reinforces sustainability concepts encouraging the adoption of more sustainable and efficient practices in all of the Ibersol Group's areas of operation.

In this regard, several measures have been implemented to encourage responsible and proactive behaviour and procedures which provide shared value for the business, the environment and society, in priority areas, namely waste management, conservation of natural resources and reduction of our environmental footprint.

2.7.5. Legal

The Ibersol Group and its businesses are supported by a permanent legal department dedicated entirely to the area, which works in collaboration with the other central and business departments, in order to pre-emptively safeguard the Group’s interests whilst complying with legal duties and obligations. Legal counsel is also provided, both nationally and internationally, by recognised external experts.

2.7.6. Sectoral

When it comes to strategic planning, the risks of the business portfolio are identified and assessed, new business developments and major projects are assessed, and the methods to manage those risks are then defined.

At an operational level, the risks associated with the management objectives of each business are identified and assessed, and the actions to manage those risks are planned. These actions are included in and monitored by the business plans and operating units.

By exploiting several international brands through franchising, the Group executes long-term contracts which have been renewed, although there is no obligation to do so. To maintain a continued partnership with franchisees, Ibersol endeavours to cultivate and maintain good relations, based on transparency and mutual trust, and seeks to strictly comply with all its contractual obligations and defined standards, in order to run an operation of excellence.

With its acquisition of the Eat Out Group, Ibersol now holds a significant portion of its turnover in airport space concessions, which are granted through fixed-term tenders, the renewal of which is not ensured.

Finally, operations in the food service sector can be impacted by potential food crises or raw material market distortions, and by possible changes in the consumption patterns, which may significantly impact financial statements, and, thus, also require an equally vigilant and preventive attitude.

2.8. Key Indicators

Economic Indicators

Distribution of Value per Stakeholder (M€)	2017*	2016	2015	2014
Customers	442.8	269.9	213.7	187.7
Employees	115.7	61.6	49.4	44.0
Shareholders	2.2	2	1.0	1.0
Franchisors	13.8	10.8	8.7	7.1
State (Corporate Income Tax/SS/Other taxes)	2.5/32.4/1.3	3.9/15.1/1.3	2.8/11.6/0.6	1.6/10.8/0.6
Suppliers	249.6	178	131.9	121.9
Financial Entities				
Interest	6.5	3.8	1.9	2.0
Loans	-22.5	102	4.2	-7.4

EBITDA (M€)	65.3	47.1	32.7	25.4
Euros in sales (M€)	448.3	269.8	213.7	187.5
Transactions	54,305,000	32,900,000	26,800,000	24,500,000

* Effect of Eat Out Goup integration.

	2017	2016	2015	2014
Number of Units	646	667	377	371
Ibersol’s brands	410	447	122	127
Franchises’ brands	236	220	255	244
Owned stores	502			
Franchised stores	144			

Environmental Indicators

100% Selective separation of waste material and cooking oils

432 Tonnes of cooking oil for biodiesel

12,423 Tonnes of CO_2 avoided

Product Liability Indicators (Portugal)

	2017
Restaurant units certified under NP EN ISO 22000:2005	30
Concepts represented in NP EN ISO 22000:2005 certification	100%
External food hygiene and safety audits	+1,000
Internal food hygiene and safety audits	+3,600
Customer complaints per 100,000 transactions	3.41
Laboratory product controls	+2,000
Views of the Viva Bem blog	+39,000
Raw materials and products with nutritional information	+ 3,000
Mystery customer audits	250
Guest Experience Survey (GES)	+ 130,000

Social Indicators

	2017
Employees	9,763
Female	5,029
Male	4,734
Female	52%
Men	48%

Training	2017
Employees in training	9,398
Total training hours	447,142
Average training hours per employee	48
Training hours in Occupational Health and Safety	25,992
Training hours in Food Safety	32,881

3. ECONOMIC PERFORMANCE

Detailed information on the Ibersol Group's economic performance is presented in the 2017 Annual Report and Consolidated Financial Statements of Ibersol – SGPS, S.A., available at www.ibersol.pt.

4. ENVIRONMENTAL PERFORMANCE

WE ARE COMMITTED TO THE ENVIRONMENT

The Ibersol Group has always systematically searched for environmentally responsible solutions throughout its business chain, which has led to the pursuit of strict environmental management practices, from waste to energy.

In this regard, every day the Ibersol Group strives to reduce the environmental impact of its:

- Production of packaging waste;
- Production of used cooking oils;
- Energy consumption;
- CO_2 Emissions;
- Water usage.

As a result, in 2017, the Group's NP EN ISO 14001:2015 – Environmental Management Systems certification was renewed. This certification attests to our commitment to improving our environmental performance by managing the impact of our operations, namely by optimising the use of natural resources, protecting the environment and reducing pollution.

4.1. Packaging Waste

The production of packaging waste – service packages delivered to customers and packages of all imported raw materials – is inevitable in our line of business. Therefore, and in order to correctly handle this kind of waste, we renewed our contract for the Packaging Waste Management Integrated System coordinated by the Sociedade Ponto Verde, thus ensuring the cycle of take-back, recovery and recycling, and also the reduction of the volume of landfill-deposited waste. Equally important is the fact that all Group units play an active role in the selective separation of waste (paper/cardboard, plastic/metal and glass), a task performed on a daily basis and without exception, in all restaurants and in every office.

In 2017, we generated nearly 1,300 tonnes of packaging waste, up 22% compared to 2016, but which is proportional to the Group's business growth.

	Service Packaging (kg)	Packaging of Imported Products (kg)	Total (kg)	Year-on-Year variation
Plastic	105,812	134,633	240,445	57%
Paper/Cardboard	714,643	355,257	1,069,900	18%
Steel	--	16,101	16,101	-16%
Aluminium	1,065	1,117	2,182	-31%
Total	**821,520**	**507,108**	**1,328,628**	**22%**

4.2. Cooking Oils

The production of cooking oil waste continues to be closely managed and monitored, ensuring that 100% of waste produced is routed, recycled and recovered.

In 2017, approximately 432 tonnes of used cooking oil were sent to biodiesel production.

4.3. Energy

Raising awareness for the rational use of energy improves energy efficiency performance and the environment. This awareness is reflected in a culture that encourages everyone to do their part to save energy, without affecting the well-being of customers and employees and increased productivity.

How we manage energy in "on-peak times"

In order to reduce power consumption, namely during what are considered "on-peak times", and the associated added costs, we continued to pursue the On/Off plan. The plan aims at improving energy efficiency by managing operations to turn on and turn off electrical equipment and appliances during the day and according to operational needs. As such, in 2017, some adjustments were made in the restaurants which have already implemented the system and studies were conducted at new facilities.

How we capitalise on lighting

- Uplamping programme, aimed at replacing energy efficient lighting with LED bulbs and lamps (with a lifespan of up to 10 to 50 times more), has helped us save nearly 85% energy.
- We installed occupancy sensors in changing rooms, toilets, warehouses and resting areas, thus avoiding having lights on when nobody is around.
- We also placed LED technology in emergency lighting, which has helped us save up to 80% energy and increase the lifespan of internal batteries.
- Whenever possible, sunlight is harnessed by opening the curtains of windows which receive sunlight in the winter. The opposite is done in summer.

How we reduce reactive power

We installed capacitor banks in the units that didn't have reactive power compensation and verified the parameters of capacitor banks which were already operational.

How we harness solar energy

Several proposals were analysed for an investment in Solar Photovoltaic Energy for self-consumption. This project aims at supplying electrical energy through solar energy, to reduce power consumption in peak and on-peak hours, reducing the emission of carbon dioxide.

As regards the already installed photovoltaic units, 12,198 KWh of consumption were logged, thus avoiding the emission of four tonnes of carbon dioxide.

Analysis of consumption

Points of consumption vary annually, due to store openings and closings, equipment changes or the number of units where such information can be collected.

In 2017, the Ibersol Group opened 9 Burger King Drive Thrus, 3 Pizza Hut Delivery units and 3 KFC units, which have an average consumption above that which was recorded at traditional stores, partially due to operating hours. With the implementation of energy saving measures, a 1.2% year-on-year decrease was recorded in power consumption.

	2017	2016	2015	2014
Electricity Consumption				
Electricity consumption points	310	299	270	258
Consumption (KWh)	35,482,475	35,042,964	34,219,605	29,576,990
Average consumption per point (KWh/store)	114,460	117,201	126,739	114,639
Consumption Decrease (same universe) (KWh)	1,056,929	1,842,325	23,85,714	26,97,442
Gas Consumption				
Gas consumption points	168	158	144	136
Consumption (KWh)	13,857,226	13,265,482	12,242,638	84,47,958
Average consumption per point (KWh/store)	82,483	83,959	85,018	62,177

Care taken when constructing buildings

At the new Drive Thru facilities, we implemented measures that led to energy savings, whilst ensuring thermal comfort, particularly with:

- South-facing façades, thus benefiting from sunlight in the winter and shade in summer;
- Continuous exterior insulation of the building envelope, which helps reduce thermal loss (including critical thermal bridges), enabling a reduction in the infiltration that leads to heat loss due to uncontrolled air renewal;
    - Opaque simple wall façades (20 cm thick), with 5 cm expanded polystyrene external cladding;
    - Laying of insulation sheets on the top of ceiling slabs;

- Installation of double-glazed windows;
- Careful treatment of all thermal bridges, particularly window and door frames and joints;

During the summer, measures are also taken to provide increased comfort. For instance:

- East and west-facing windows are opened less, where it is difficult to control sunlight, by using portable shaders (curtains);
- Use of sun protection systems by placing outdoor portable or permanent shaders (blinds that ensure suitable shading of south-facing façades).

4.4. CO_2 Emissions

We continue to be committed to reducing CO_2 emissions by seeking solutions which help minimise the impact greenhouse gases have on the environment. Compared to last year and considering the same number of stores, we, directly and indirectly, prevented 12 thousand tonnes of carbon dioxide (12,423) from polluting the atmosphere.

	2017	2016	2015	2014
Indirect CO_2 emissions				
Specific CO_2 emissions (kg/kWh)	0,35	0,33	0,321	0,35
CO_2 emissions avoided in consumption (tonne)	12,419	11,564	10,984	955
Production with renewable energies (kWh)	12,198	11,687	11,945	11,240
CO_2 emissions avoided production with renewable energies (tonne)	4	4	5,6	3,97
CO_2 emissions avoided - total (tonne)	12,423	11,568	10,990	959
Direct CO_2 emissions				
CO_2 emissions produced in gas consumption (tonne)	2,345	2,242	2,191	1,545
CO_2 emissions produced in gas (tonne CO_2/store)	14	14	15	11,36

4.5. Water

Water usage could become a critical point for any company or organisation and the environment, if it is not carefully managed. For the Ibersol Group, a resource as precious and vital as water is seen as a priority, and efficient management thereof as bringing added value.

Pre-rinse spray taps

The installation of high-efficiency pre-rinse spray taps has made a significant contribution to efficient water management, given that they are incredibly effective in removing traces of food, thus reducing washing time in dishwashers and the subsequent use of hot water, with the inherent water and electricity savings.

Dishwashers

In our kitchens, dishwashers are preferably used with full loads and, whenever possible, using pre-heated water from solar thermal collectors. This allows us to, on the one hand, reduce the number of wash cycles and, on the other, decrease the boiler's water heating time, which leads to a significant decrease in water and power consumption.

	2017	2016	2015	2014
Water				
Overall consumption (m^3)	189,879	189,234	188,600	181,264

4.6. Energy Certification and Indoor Air Quality

Electricity is the vector with the most weight on overall energy consumption. Due to the nature of its business – and that kitchen and catering equipment are major power users –, investing in energy efficiency is a top priority for the Ibersol Group. As such, during 2017, several measures were implemented at the Group's units.

In general, and whenever the domestic network allows, we favour natural gas (with less consumption and less environmental impact).

Total power consumption at the Ibersol Group's facilities in 2017 was 49,339,701 GWh, which reflects an energy capitation of 72% in power consumption and 28% in gas (propane and natural gas).

We've made our equipment more efficient

- We purchased class A, A+ and A++ equipment, which are the most energy efficient.
- We've reduced power/temperature loss by eliminating joints between refrigeration equipment.
- We recalibrated equipment to make it more efficient, such as thermostats and the monitoring systems of cooling equipment, dishwashers, ovens and hot water cylinders.
- We implemented *eCube*, a device which enables a reduction of around 60% in cooling cycles, and 10% to 20% energy savings. Placed on thermostat probes, eCube takes an accurate reading of food temperature, thereby reducing the need for the cooling system to kick in.

We continue to invest in energy efficiency

- **Deep fryers** – frying using energy saving means shorter cooking times, faster recovery times and increased production due to the use of advanced heat exchangers and burners.
- **Combi ovens** – more versatile than traditional ovens, combi ovens are also self-cleaning, and the most efficient models use approximately half the power and water than the other models. And to properly control the different cooking programmes and maximise energy efficiency and cost savings, we also expanded our programming parameters.
- **Ice machines** – those with greater capacity are generally more efficient, and produce twice as much ice, at half the energy cost per kilo of ice. By installing a time controller, we are able to produce ice during off-peak hours.

- **Refrigerated cabinets** – we purchased new equipment with high-efficiency compressors and double insulation. We adjusted the programming parameters of existing equipment and replaced insulation seals on doors.

We also opted to use certified LED lighting bulbs, which will help us save 75% energy.

Finally, we installed strip curtains and door locks, which has allowed us to reduce air infiltration by 75%, thus decreasing the number of operating hours of the compressors.

We improved our air conditioning systems

In general, air conditioning systems have a considerable weight on consumption. Energy efficient fans, equipment which is key to ensuring air quality in kitchens and restaurants, were installed, leading to an estimated energy savings of 70% compared to standard fans.

Variable speed drives

Exhaust and extraction fans work at nominal speed, and mechanical valves or deflectors are used to control flow. This strangulation in flow leads to significant pressure loss and reduced efficiency. To change this inefficient form of controlling flow, we placed electronic variable speed drives in the exhaust and extraction fans. By varying the speed - and the consumption of the fan motor -, flow can be adjusted without using any mechanical elements, resulting in significant energy savings.

Main advantages of variable speed drives:

- Extension of the fan motor lifecycle, as a result of a reduction in mechanical shocks and of the prolonged life of mechanical parts;
- No need to control the power factor due to the reduction of energy;
- Can be bypassed when variable speed drive fails;
- Wide range of speed, torque and power;
- Less maintenance thanks to a reduction in mechanical stress;
- The use of electronic variable speed drives as high-efficiency electric fan motors results in an energy savings rate of up to 50%.

5. SOCIAL PERFORMANCE

Our employees are also our customers. They are our internal customers, the actions of which reflect on the performance of each unit, on the success of each brand and on the performance of the Ibersol Group.

Ibersol continues to focus on being a good place to work, knowing how to develop the growth potential of each employee, individually. It is based on this premise that the Group invests in various areas, such as training, occupational health and safety and in implementing tools in order to obtain feedback from and gain insight into the expectations of employees.

The Ibersol Group’s social responsibility actions also extend to the surrounding community and, therefore, this chapter also includes some of the activities implemented during the year in this regard.

5.1. Employee Profile

WE VALUE PEOPLE AND OUR TIES TO THE COMMUNITY

Portugal

Change in the number of employees per gender

	2017		2016		2015		2014	
No. of employees	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Women	2,902	53.4%	2,706	54.5%	2,370	54.0%	2,188	54.9%
Men	2,534	46.6%	2,256	45.5%	2,020	46.0%	1,796	45.1%
Total	**5,436**	**100%**	**4,962**	**100%**	**4,390**	**100%**	**3,984**	**100%**

Change in the number of employees by age group

	2017		2016		2015		2014	
Age group	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
< 18 years of age	131	2.41%	65	1.31%	45	1.03%	25	0.63%
18 to 25	2,564	47.17%	2,332	47.00%	1,943	44.26%	1,738	43.62%
26 to 30	989	18.19%	957	19.29%	928	21.14%	828	20.78%
31 to 35	631	11.61%	603	12.15%	572	13.03%	561	14.08%
> 35	1,121	20.62%	1,005	20.25%	902	20.55%	832	20.88%
Total	**5,436**	**100%**	**4,962**	**100%**	**4,390**	**100%**	**3,984**	**100%**

Employee profile according to academic qualifications

	2017		2016		2015		2014	
Academic qualifications	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
< Year 12	2,335	42.95%	2,220	44.70%	2,087	47.54%	1,946	48.85%
≥ Year 12	3,101	57.05%	2,742	55.30%	2,303	52.46%	2,038	51.15%
Total	**5,436**	**100%**	**4,962**	**100%**	**4,390**	**100%**	**3,984**	**100%**
Higher Education	503	9.25%	456	9.20%	418	9.52%	377	9.46%

Evolution of turnover rate

	2017	2016	2015	2014
Employee Turnover	**%**	**%**	**%**	**%**
Total	89.00%	79.00%	71.04%	61.80%
Units	92.00%	81.00%	73.11%	63.80%
Business Structure/ Central Roles	10.00%	23.00%	24.61%	17.60%
Management Teams	27.00%	21.00%	21.91%	16.70%

Employee profile according to career stage and gender (Portugal excl. SGPS)

	Females	Males
Career Stage	**%**	**%**
Operation	52%	48%
Shift Management	62%	38%
Unit Management	50%	50%
Business Structure/ Central Roles	56%	44%

Employee profile according to career stage and age group

	Age Group				
Career Stage	**< 18 years of age**	**18 to 25**	**26 to 30**	**31 to 35**	**> 35**
Operation	3%	57%	16%	9%	15%
Shift Management	0%	24%	33%	21%	22%
Unit Management	0%	2%	13%	24%	60%
Business Structure/Central Roles	0%	7%	7%	13%	73%

Employee profile according to career stage and academic qualifications

	Academic qualifications			
Career Stage	**< Year 9**	**Year 9**	**High School**	**Higher Education**
Operation	8%	38%	48%	6%
Shift Management	4%	33%	49%	14%
Unit Management	1%	27%	49%	22%
Business Structure/Central Roles	1%	8%	31%	60%

Employee profile according to career stage and seniority

	Seniority				
Career Stage	**< 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 4 years**	**> 4 years**
Operation	40%	15%	17%	13%	15%
Shift Management	6%	5%	12%	32%	45%
Unit Management	2%	1%	2%	12%	83%
Business Structure/Central Roles	9%	6%	11%	6%	68%

5.2. Training and Education

Ibersol School Principles

1. At Ibersol, we believe in the potential and skills of our employees!

As such, we create development opportunities based on personalised training plans, enabling employees to acquire new knowledge and advance in their careers.

2. At Ibersol, we want everyone to progress with confidence!

For every career stage, there is a training programme in which people identified as having growth potential are able to develop skills for new roles, thus ensuring that everyone knows what is expected of them at all times and the challenges they may face.

3. We invest in training our managers!

If everyone in each role is guaranteed to be certified as per the programmes associated to their current and past roles, then all managers will surely be prepared to support the development of their respective teams. All managers must possess training/coaching skills to ensure effective top-to-bottom transmission of know-how and best practices.

4. At Ibersol, we want people to truly learn!

To this end, classroom training is combined with on-the-job training, thereby ensuring acquisition and consolidation of what is learned. Constant follow-up by managers and on-the-job training are key ingredients to achieve good results.

5. At Ibersol, we value people who invest in their careers!

Minimum qualification levels for each career development programme have been determined and aim at ensuring that the best people have access to opportunities, along with those who try hard to achieve their goals. Special training is also funded for those with further ambitions.

6. We invest in the development of our employees through qualification!

We aim to continually increase employee skill and qualification levels, and foster that a job at Ibersol is synonymous with an opportunity for growth and enhanced value. For this reason, protocols have been implemented with Novas Oportunidades (New Opportunities) career centres nationwide, so that everyone can progress with confidence and see their skills formally recognised.

7. At the Ibersol School, training is certified!

Ibersol's goal is for all its training programmes to achieve industry recognition, and for the career paths it helps build to effectively enhance people's value. To this end, Ibersol's certification by DGERT (General Directorate for Employment and Labour Relations) is guaranteed and best training practices have been identified and developed. Partnerships have also been established with other entities that enable recognition of the Group's training programmes.

DGERT
ENTIDADE FORMADORA CERTIFICADA

CIÊNCIAS EMPRESARIAIS
• Gestão e administração
INDÚSTRIAS TRANSFORMADORAS
• Indústrias alimentares
SERVIÇOS PESSOAIS
• Hotelaria e restauração
SERVIÇOS DE SEGURANÇA
• Segurança e higiene no trabalho

Training provided

Occupational Health and Safety		
Course content	**Training hours**	**No. of Participants**
Accident Prevention Accidents at Work Accidents with Customers Organisation of Fire Safety First Aid Occupational Health	**21,360**	**9,076**
Food Safety		
Course content	**Training hours**	**No. of Participants**
Food Safety Different types of Contamination Food Microbiology Hygiene of Food Handlers Hygiene of Facilities, Equipment, Tools and Surfaces ISO 22:000 standard	**29,148**	**14,228**
Other Training Programmes	**Training hours**	**No. of Participants**
Onboarding/Integration	12,089	2,926

Operational Training	240,805	6,390
Other areas	8,787	2,894
Operational Programme for Management Teams	78,613	976
Total	**340,294**	**13,186**

Professional development of our employees

Because we continue to believe that the training and development of our people adds value to personal and collective success, in 2017, the Ibersol Group held several initiatives in this area, particularly:

- Review of training methodologies in the Pizza Hut and KFC business areas. New training materials were made available on the Learning Zone platform, thus ensuring the recertification of all teams in the operational contents of the brands;
- Adaptation of the “Leading a Restaurant” (LAR) Training Programme for the Learning Zone Platform, run by the Unit Directors (also related to these banners);
- Roll-out of the e-Learning platform for the Burger King brand, called BKLink;
- Preparation of the launch of the e-Learning Moodle platform for the other Group brands;
- Continuation of the Clean2Safe training programme (improving the efficiency and safety of the cleaning processes at the restaurants) as part of cross-cutting training for all Group brands and which has an impact on food safety, product quality and occupational safety;
- Implementation of the “Employee Portal – Self Service”, a tool which gives employees direct and immediate access to information relevant to them related to management processes of structural roles;
- Finalisation of the implementation of the new Potential and Performance Assessment System for Structural roles, with the purpose of simplifying the tools that support the system and increasing the continuous improvement of employee performance.

Internships in 2017

This past year, the Ibersol Group welcomed a total of 30 interns: 20 curricular internships, totalling 5,333 hours of on-the-job training and 10 professional internships, corresponding to 15,600 hours of work.

Internships	2017		2016		2015		2014	
	No.	Training hours	No.	Training hours	No.	Training hours	No.	Training hours
Curricular	20	5,333	25	7,507	25	6,320	34	19,672
Professional	10	15,600	26	31,778	36	48,344	28	16,672

“Ibersol in Motion”

In order to improve the well-being and sense of belonging of employees, the Ibersol Group designed the “Ibersol em Movimento” (“Ibersol in Motion”) programme, as part of the various initiatives and challenges it promotes to encourage interaction between colleagues outside of work.

“FutIbersol”

A football tournament that is held every year, contested by 12 teams made up of 115 Group employees. This year, the winning team was Burger King United, in a competition contested in two regional rounds, Lisbon and Porto, with the final being held in Porto.

Women's Marathon

Ibersol once again supported initiatives in the fight against cancer, by bearing the costs for 30 participations in *Corrida da Mulher* (Women's Marathon), in Porto and in Lisbon, in May.

“i-Office Break”

At the offices, Ibersol continued its “i-Office Break” programme in 2017, an initiative started in 2015, which comprises lunch or tea offered by the various business units to present the new range of products of the different Group brands and to encourage monthly gatherings and opportunities to share between employees.

Christmas Dinner

The Porto Customs Centre opened its doors to 460 guests for the Group’s Christmas dinner, where employees who have been working at Ibersol for over 20 years were honoured. The Group also distinguished 44 employees who had outstanding performance in the various areas of activity.

Children's Activities

As part of the festivities, and as per usual, Ibersol offered 440 Christmas at the Movies tickets to the children of its employees. During the initiative, snacks and gifts were offered to all the children and they all got the chance to participate in the “Drawings and Christmas tales” competition, which recorded 41 submissions, with the winners of each category receiving a gift.

As regards in-house competitions, 75 submissions were received for the “Our Best Carnival Masks” competition and 36 submissions for the “Christmas Drawings and Writings” contest.

5.3. Occupational Health and Safety

Occupational Health and Safety are two key stability pillars in any organisation, which have an impact on both individual well-being and collective balance.

Ensuring a culture of safety across all quadrants of the company is, therefore, a mission the Ibersol Group strives to fulfil every day to encourage the participation of all employees in pursuit of the same goal.

With such a diverse pool of employees, distributed across such different countries, investing in prevention and safety, by raising awareness as regards best practices for individual behaviour, is the most efficient formula to achieving the desired outcomes.

Based on these principles of awareness, in 2017, we:

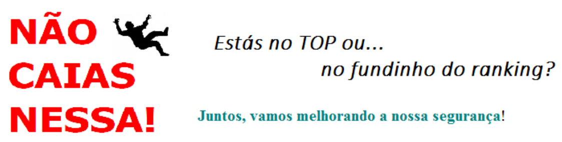
- Conducted over 800 audits to monitor principles and practices.
- Reviewed and enhanced training tools for employees and visitors.
- Designed a best practices recognition programme, with the following initiatives:
  - *'Não Caias Nessa!*' (Don't Fall For It!) teaser, sharing the ranking of the safest units to promote the prevention of accidents at work;
  - Reinforcement of the '*Venha Acompanhar Uma Auditoria de Segurança Connosco'* (Come with Us and Take Part in a Safety Audit) initiative, aimed at improving the knowledge of Safety Monitors and Coordinators on Occupational Health and Safety in their units;
  - *"Apanha a Tarefa Segura*" (Snatch the Safety Task) Competition, to celebrate World Day for Safety and Health at Work. This year, we challenged all those in charge to: "Take your team and discover the Safety Super Hero in you! Create a comic strip, an episode of your favourite tv series, Super Hero or YouTuber, and use it to share best safety practices". In 2017, we recognised 48 Super Heroes;
  - Awareness campaigns "Conversations with Coordinators" and "Conversations with Safety Monitors", which are platforms to share practices for enquiries into incidents, determining causes, defining corrective measures and sharing best practices to structure the businesses;
  - Three partial simulations supplemented with workplace exercises;

  - Sharing of suggestions made by employees during employee consultation regarding Occupational Health and Safety, which recorded an overall participation rate of 18%.

2017 also marks the re-certification of the Occupational Health and Safety Management System as regards management of the Ibersol Group's food service operations, as well as food service provision at VOG - Tecmaia: OHSAS 18001:2007/NP 4397:2008.

Excuses should be avoided and accidents at works should be too! How?

Days without accidents at work 2017



5.4. Employee Well-being

Employees drive our success. It's our employees who deal with and address real issues, challenges and situations on a daily basis. Understanding their concerns, needs and expectations is, in fact, a goal of ours and could boost continued and sustainable improvement, bringing clear benefits for all.

HAVE A SAY

It is with this in mind that the Ibersol Group continues to focus on its "Have a Say" initiative, an annual organisational climate survey in which employees get the chance to have their say and make suggestions, thus playing an active role in finding solutions and consolidating sustainable and continuous improvement processes.

We are very pleased to announce that, in 2017, the "Have a Say" initiative recorded a 28% increase in response compared to the previous year, with a total of 3,327 questionnaires answered in Portugal.

"Training" and "Engagement, particularly with Leaders" were the parameters that received the highest score. "Working Conditions" was the area with the most opportunity for improvement.

Comments were also made by employees, which reflects their openness to communication and sharing of ideas related to issues which impact on their well-being.

Ranking of 2017 Development Areas

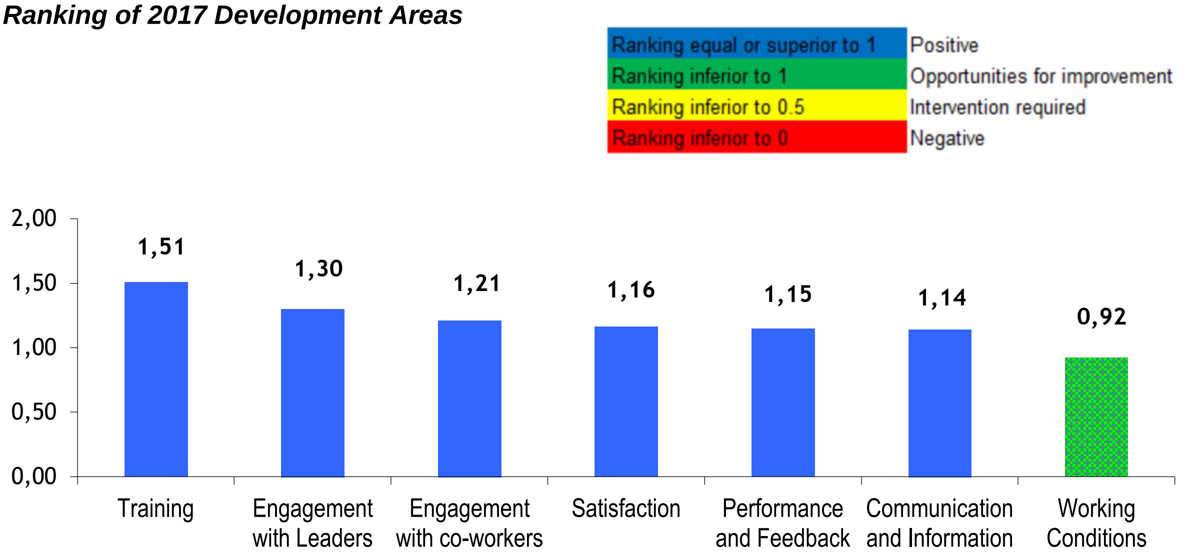


Figure: “Have a Say” survey indicators for Portugal.

5.5. Ties to the Community

In pursuit of our own sustainability values and principles, the Ibersol Group continues to play an active role in promoting initiatives that include the communities we are a part of. As a precursor to the concept of modern food service, driven by a commitment to customer service excellence and continued employee development, the Ibersol Group has never forgotten its responsibility as a participatory agent in the society it is a part of. Thus, and as always, its policy is to be present in the various sectors of society through charity events, donations, training and other kinds of initiatives.

PORTO de FUTURO

PORTO DE FUTURO

Launched by the Porto City Council to bring civil society and the school community together, the "Porto de Futuro" programme has had the Ibersol Group as its partner from the outset. As part of this partnership, several initiatives have already been held with various partner companies, children and adolescents from the school groupings in the northern region included in the programme.

Education and Training

The Ibersol Group is in charge of the technological component of the Technical Catering Course taught at the António Nobre School Grouping. In 2017, the Ibersol course team provided 623 hours of training, many of which on-the-job training, namely at Burger King, KFC, Pans & Company, Pasta Caffé and Pizza Hut restaurants. Ibersol was responsible for training, monitoring and the performance assessment of seven trainees. At the end of the course, four pupils from the group were integrated at the Ibersol Group, including one with special needs.

Junior Achievement

As part of the “Porto de Futuro” project, the Junior Achievement Portugal Association challenges schools in the region by holding training programmes focused on entrepreneurship with the support of partner companies, that provide training for first and second cycle classes.

In 2017, eight volunteers from Ibersol trained 81 pupils from schools in the António Nobre School Grouping on “Family” and “It’s My Business”.

Innovation Challenge

The Innovation Challenge challenges pupils to solve real-life problems that companies are usually faced with. During the day, high school pupils are put into teams to work on these challenges, aided by volunteers from various consulting companies.

In 2017, Ibersol was represented by one volunteer, who advised teams participating in the competition.

The “Open Kitchen”

The kitchens of the brands that make up the Ibersol Group continue to welcome visits on a regular basis from groups of children and adolescents, giving them the opportunity to take a closer look at the team dynamic and rigour involved in food preparation procedures. Below are some of the visits conducted in 2017 as part of the “Open Kitchen” initiative.

The Burger King units in Ferreira Borges and Flamenga welcomed approximately 90 adolescents, showing them the inner workings of the unit and teaching them best hygiene and food safety practices. This initiative was so well received by the kids that they made a thank-you poster for the team that showed them around.

As part of the “Learning Hut” initiative, the Pizza Hut brand opened the doors to some of its units, where each participant got the chance to make their own pizza. Pizza Hut Maia Parque welcomed 25 children from the association “*Criança Diferente - Associação de Amigos*” and 20 from “*Fórum da Maia*”. Pizza Hut Foz welcomed 50 children from “Colégio Flori”, and Pizza Hut Setúbal Bocage welcomed 35 children from the Bela Vista school grouping. It should be noted that this programme is open throughout the year at KidZania in the Dolce Vita Tejo Shopping Centre, in Lisbon.

KFC held several initiatives during the year: the KFC team in Lordelo do Ouro, in Porto, welcomed thirty Year 10 students from the Vocational Catering Course (Cookery/Patisserie) to show them how both people and material are organised in a kitchen, help them understand the importance of maintaining a professional attitude, teach them how to move around the various work stations, show them the facilities and equipment, how they work and precautions and teaching them a set of key operations and priorities for preparing and cooking meals. In addition to this initiative, the unit also welcomed forty children from schools in the KFC Lordelo do Ouro’s area of influence, on four different days, and offered the children brand merchandising (children's masks) and “*Pintarolas*” (Portuguese sugar-coated chocolate, similar to Smarties).

In Madeira, during the year, eleven kitchens opened their doors to field trips to Burger King, KFC and Pizza Hut, with approximately fifteen pupils per visit making their own meals; a total of 165 participants.

“Pequenos Grandes Chefes” (Little Big Chefs)

Designed specially to give children and adolescents the chance for an unforgettable visit to our kitchens, meet the teams, see the care that goes into each quality, hygiene and food safety procedure first hand, and prepare meals, the “Little Big Chefs” initiative continues to be a success at the restaurants that participate in the programme.

Ibersol's “Little Big Chefs” programme has partnered with “*Mundo dos Sabores*” (“A World of Flavours”), a project run by the Porto City Council for children in second cycle schools to encourage healthy and safe eating habits. As part of the partnership, the units at Alameda Shopping (Burger King, KFC, Pasta Caffé, Pans & Company and Pizza Hut) welcomed 17 pupils from the basic second stage school EB 2,3 Dr. Leonardo Coimbra (Filho) and showed them the kitchens and how food is prepared. Children were also given the opportunity to make their own meal while working on topics such as “The taste and look of food” and “Food control”.

Field trips							
2017		**2016**		**2015**		**2014**	
Trips	Participants	Trips	Participants	Trips	Participants	Trips	Participants
27	472	16	430	38	858	15	469

Donation of food and equipment

In 2017, the various Ibersol Group brands took part in several social, charity and sports initiatives across the country and in the Autonomous Regions, some of which are highlighted below.

During the year, approximately 11 tonnes of food products that weren’t used at events held by Silva Carvalho Catering were donated to the following charities: *Casa da Sopa Mãe Maria de Nazaré* (Lisbon), *Associação Coração da Cidade* (Porto), *Associação Nacional de Ajuda Aos Pobres* (Porto), and *Associação Protetora da Criança* (Porto).

Pizza Hut donated 3 pieces of equipment: a bread oven, a toaster and a refrigerator to “*Sopa do Bairro*”, a space in Lisbon where food is cooked and distributed in the Campo de Ourique borough, which serves quality meals at affordable prices, and serves soup free of charge to those who are unable to pay for it.

In recognition of the work carried out by Voluntary Firefighters, the brand offered 200 meals through its Burger King Vila do Conde, Burger King Penafiel, Burger King Matosinhos, Burger King Chaves and Burger King Fonte Nova units.

Festive and Charity Events

Burger King Matosinhos offered meals to 15 children from the Santa Catarina Kindergarten, who visited the restaurant.

Burger King on Terceira Island also offered meals to children and adolescents from the Casa do Gaiato, Casa das Laranjeiras and Casa Monte Alegre orphanages, during the summer camp that took these youngsters to Angra do Heroísmo in June.

Burger King Fonte Nova, in Vila Real, offered meals during two field trips to 50 children from the *Associação 2000 de Apoio ao Desenvolvimento* (Association to Support the Development of underprivileged children), who decorated the unit for Halloween.

Through direct contact with YUM, KFC in Albufeira welcomed a little boy suffering from a serious illness who was on holiday in the Algarve and wanted to learn more about the KFC because he is a huge fan of the brand. With great excitement, the unit prepared the restaurant to welcome the child, decorating it with a welcome banner and balloons.

The boy was shown around the kitchen, received brand merchandising and a certificate signed by the entire team in honour of him being their "#1 Fan". KFC also offered meals to the child and his parents, and the employees at the unit said that "*It was simply inspiring to have welcomed 7-year-old Mark and his passion for KFC and zest for life*". "*It was our pleasure to welcome him and his family. Special people, deserve special moments... Mark is now part of the KFC Albufeira team.*"

Pizza Hut was part of several themed programmes during the year, in particular International Women's Day. This year, Pizza Hut Colombo welcomed 20 guests to commemorate the day in a relaxed environment. The brand also took part in the "Mascot Parade", a charity parade, held by *Fundação do Gil* at Parque das Nações, with over 50 mascots from various national and international institutions and brands.

Pizza Hut Vasco da Gama participated in charity concert "Nação Valente" ("Brave Nation"), a nationwide initiative held to support the families who lost loved ones to the devastating fires.

Pizza Hut Telheiras offered meals to 6 children in need, with autism and several disabilities, from the Structured Education Unit of the Samora Correia School Grouping, aimed at encouraging the development of personal and social skills such as eating at the table and behaving in a restaurant.

Pizza Hut Foz offered a meal to participants in the tour of Porto and visit to Sealife promoted by Cercimarante, an Association that holds activities, in several areas, for people with or without disabilities, to protect their individual and citizenship rights. 25 meals were offered.

Pizza Hut Braga Parque offered 21 meals to adolescents from the "Bagos d'Ouro" Association, as part of the exchange included in the project to build English language skills, with a trip to the movies in Braga Parque.

Pizza Hut Fórum Castelo Branco participated in an awareness campaign for children on protecting forests and the environment, offering meals to nearly 450 children from Year 4, from across the country, who came to visit the Living Science Centre of the Forest.

Pizza Hut Espinho supported the initiative to celebrate International Women's Day, in collaboration with the Espinho City Council, as part of the "Learning Hut" initiative, with activities for approximately 30,000 children from the municipality.

Pizza Hut also supported Carnival held by the Gonçalves Zarco School, in Funchal, by presenting the prize for best costume (4 invitations for dinner for two at PH Madeira).

Christmas and New Year

Burger King Famalição offered Christmas Lunch to 19 disabled beneficiaries from the "*Centro Social da Paróquia de Landim*" (Community Centre of the Landim Parish Church).

After going to the Christmas Circus at the Porto Coliseum, 42 children and adolescents from the Bagos d'Ouro Association were invited for lunch at the Burger King restaurant located at the Matosinhos Sul Sol Service Station.

As in previous years, during the festive season, all Pizza Hut units offered meals at the Police and National Republican Guard (PSP/GNR) stations and Fire Brigades near the stores. This social responsibility action not only fosters a positive relationship with these authorities, it also holds our Delivery teams accountable for safety standards and promotes integration with local police forces and fire brigades. It is also a way to thank these authorities for the important work they do throughout the year, and to make the days they can't spend with their families, because they are looking out for our safety, a little easier.

Pizza Hut restaurants also supported the "*Natal das Crianças da Aldeia do Carvalho*" (Christmas for the Children from Aldeia do Carvalho) initiative, by donating meals for the 19 children who spent a different afternoon going to the movies, having a snack at Pizza Hut and receiving gifts from Santa.

Sports

Pizza Hut Matosinhos Sul supported the "Matosinhos Triathlon" by providing meals in the recovery areas for the 400 athletes who participated in the contest.

Pizza Hut Vila do Conde supported the "13th Estela Junior Cup" by offering lunch to the roughly 115 adolescents who participated in the event.

Pizza Hut sponsored and provided uniforms and tracksuits for the 18 members of the Escolhinhas do Sporting Club Linda-a-Velha football teams.

As in previous years, Pizza Hut supported "Ski 4 All", a programme that allows children from all over the country to try out skiing in Serra da Estrela. In this context, the brand offered meals to approximately 2,100 participants.

In 2017, the Burger King unit in Ferreira Borges continued to sponsor the participation of the *Desportivo Domingos Sávio* 'Iniciados' (U15) football team in the championship. The team from Campo de Ourique, Lisbon, played the entire season with the brand's logo on their shirts, and participated in various tournaments.

Similarly, Burger King Colombo supported Sport Futebol Damaiense.

In Funchal, Burger King awarded a meal prize to each player on the winning teal of the Street Football Tournament, one of the stages in the national championship.

The Machico Cup and Pontinha Cup received pizzas for tea time for approximately 500 athletes.

The Marítimo Women’s Football Championship was also supported, with snacks offered at two games for approximately 21 athletes.

We continued to sponsor the Peres Competitions team in 2017, which races with KFC colours in the various national rallies. This also allowed us to offer several co-driving experiences to employees and customers, thereby boosting the brand’s engagement and defiant spirit with the team and fans. In addition to communication through KFC’s digital media of rally driver Fernando Peres’ achievements, his team was present at the inauguration of the KFC Lordelo do Ouro restaurant in Porto, where guests got the opportunity to see the driver’s skills around the restaurant’s Drive Thru circuit. At the brand's annual convention, the KFC team was given the opportunity to experience the adrenaline of drifting on a real rally circuit.

Fundação Pauleta

As in previous years, the collaboration between the Ibersol Group and the Pauleta Foundation continued through support given to various sports activities and charity events.

In 2017, Ibersol supported: the Foundation's Christmas Party by offering snacks/meals (Pizza Hut and KFC) for 350 people; the Pauleta Football Academy / Burger King 1st National Get Together of the Traquinas (U9) Teams, sponsored by Burger King, which offered lunch to all 140 participants at the end of the event; the Pauleta Football Academy Pizza Burger XII U11 Tournament and VI U13 Tournament, with snacks/lunch being offered by Pizza Hut and KFC to all participants; the VI Edition of the Pauleta Azores U13 Soccer Cup, with snacks/lunch being offered by Pizza Hut and KFC. This partnership also included some units offering special conditions for ranks from the Pauleta academy: U5, U7, U9 and U11/13, Benjamins (U11), Infantis (U13), Iniciados (U15) and Juvenis (U17), totalling approximately 20 meals per month.

KidZania

Pizza Hut continues to have a store at and be associate with KidZania in the Dolce Vita Tejo Shopping Centre, in Lisbon. This collaboration allows children (up to the age of 15) from across the country who visit the family theme park to “pretend they are adults” in a realistic setting in a “corporate city” built to scale.

Portuguese Federation of Food Banks Against Hunger

In 2017, we raised over 30,000 euros in a week during the “*Graças a muitos espalhamos sorrisos por quem mais precisa*” (“With the help of many we brought smiles to the faces of those in need”) campaign.

Between 14 and 20 September, another fundraising campaign under the “*Graças a muitos espalhamos sorrisos por quem mais precisa*” initiative was carried out, an initiative by the Ibersol Group in partnership with the Portuguese Federation of Food Banks Against Hunger.

Pizza Hut, Burger King, Pans & Company, Pasta Caffé and KFC customers, as well as those of other Group brands actively participated to help those in need. With this charity event, which saw the engagement of all Group employees, Ibersol raised 24,699 euros from its customers and donated over 30,000 euros to the Portuguese Federation of Food Banks Against Hunger which were converted into food products and distributed among the 21 Food Banks on mainland Portugal and its islands.

This is the 9th year in which the Ibersol Group holds this type of nationwide initiative, in Portugal, donating over 700,000 euros in total through its Social Responsibility campaigns.

Caritas Angola

Ibersol's "Add Hope" Social Responsibility Programme helped raise 6 million kwanzas, equivalent to 22 million euros.

For the fourth consecutive year, the Group launched a campaign to collect donations in its KFC and Pizza Hut stores in Angola, through its "Add Hope" Social Responsibility Programme.

Thus, in the final quarter of 2017, for every kwanza donated by a customer, Ibersol doubled the amount, raising a total of 3,000,000 kwanzas, which Ibersol doubled to 6,000,000 kwanzas. This amount was donated to Caritas Angola at an official ceremony.

It should be noted that Ibersol Angola has supported Caritas Angola since 2012. As part of this collaboration, several projects have been implemented to improve the quality of life of the most vulnerable families in the country's poorest communities.

The Portuguese Red Cross

As benefactor of the Portuguese Red Cross, the Ibersol Group made its usual annual donation to the charity organisation which provides aid and relief, prevents and alleviates human suffering, protects life and health, ensures respect for human beings and promotes understanding, cooperation and peace.

6. PRODUCT LIABILITY

BETTER AND MORE, EVERY DAY

We strive to reliably serve the thousands of customers who visit us every day by delivering a unique experience without room for error. The relationship each brand, each unit has with each customer individually is, thus, an important aspect that has a huge impact on the success of the entire organisation.

We are, therefore, 100% customer-centric, focused on ensuring customer satisfaction, addressing their needs, and on shifts in consumer behaviour, desires and expectations related to the products and services we offer. This approach allows us to better identify trends to be followed, anticipate concepts and innovate offerings to boost the trust customers place in us.

2017 brought the Ibersol Group new indicators that confirmed that customer-oriented continuous improvement is the right strategy. Proof lies in the several certifications of our Management Systems in Food Safety, Quality, Environment, and Occupational Health and Safety, which is a rewarding achievement.

6.1. Commitment to Customers

We are passionate about our customers. We are passionate about cultivating their loyalty to our brands, by establishing a solid relationship built on quality and trust.

Listening to their opinions, criticism, suggestions and desires regularly is, therefore, important to the Group and is the most efficient way to meet their expectations as much and as best as we can.

We conduct an in-depth study of each customer profile every day, seeking to identify the best strategies to monitor new consumer trends, adapting and changing the various units as regards facilities, products and services and internal procedures, computer systems and new concepts.

Our commitment to our customers and our goal to deliver a unique restaurant experience is what drives us.

We listen to our Customers

In order to closely monitor customer experience at our brands, we need to measure and monitor service quality at our restaurants. To this end, we regularly use several tools that provide important indicators relating to customer satisfaction, namely quality audits, customer satisfaction surveys and management of complaints received.

Mystery Customer Programme

In 2017, in Portugal, over 250 quality audits were carried under this programme.

Guest Experience Survey (GES)

Also in 2017, feedback was received from 130,000 customers through answers to this online satisfaction survey.

Complaints

All complaints received were also carefully reviewed, and provided us with important management indicators, which support corrective and continuous improvement actions.

6.2. Food Quality and Safety

Paying close attention to consumer trends and the desires and expectations of our customers, every year we endeavour to enhance and improve resources and tools and position ourselves to increase the trust that those who visit place in us.

Our mission is to ensure the utmost satisfaction of our stakeholders, both when it comes to quality and food safety, in all markets in which we operate. The Ibersol Group takes an integrated approach to fulfil this principle with the quality and food safety management systems it has implemented throughout the chain.

As a result of our continued efforts, in 2017, certification under NP EN ISO 22000:2005: Food Safety Management Systems, as part of food chain management of the Ibersol Group's restaurant operations, was renewed, as was the ISO 22000:2005 certification of the Angolan operation (which covers KFC and Pizza Hut's entire logistics and operations chain, and its logistics operator based at the Viana's Industrial Hub).

Certification of the Group's Integrated Management System was renewed once again, under:

- ✓ NP EN ISO 9001:2015: Quality Management System,
- ✓ NP EN ISO 14001:2015: Environmental Management Systems, and
- ✓ NP 4397:2008/OHSAS 18001:2007: Occupational Health and Safety Management Systems, as part of the Ibersol Group's food service operations and food service provision at VOG-Tecmaia.

Units Certified under NP EN ISO 22000:2005 (Portugal)

Catering Dragão Football Stadium, Pizza Hut - KFC - Cockpit Drinks & Tapas, Specially - Terminal 1 Lisbon Airport, Burger King Alameda Shop&Spot; Coffee Kiosk Café Alameda Shop&Spot; KFC Alameda Shop&Spot; Pizza Hut Alameda Shop&Spot; Pans & Company Alameda Shop&Spot; Pasta-Caffé Alameda Shop&Spot; Burger King Colombo; Pizza Hut Colombo; Pans & Company Colombo; KFC Colombo; Burger King NorteShopping Centre; KFC NorteShopping Centre; Pasta-Caffé NorteShopping Centre; Pizza Hut NorteShopping Centre; MiiT NorteShopping Centre; Food Truck NorteShopping Centre; Pans NorteShopping Centre; Pizza Hut Foz; Pizza Hut Matosinhos; VOG-Tecmaia; Blu Coffee Shop; KFC CascaisShopping Centre; Burger King Cascais, KFC Vasco da Gama, KFC Fórum Almada.

These internationally recognised certifications guarantee the quality, transparency and safety of all products, and of occupational safety and environmental standards.

Units Certified under NP EN ISO 22000:2005 (Angola)

All Ibersol Group units in Angola were certified under NP EN ISO 22000:2005.

Information on Allergens

In accordance with our principles of transparency in communication with our customers, all restaurants are able to provide information on potential allergens present in the over 3,000 products and raw materials used in our kitchens. This information is also available on the brands' websites and at vivabem.pt.

"Viva Bem" (Live Well) programme: Quality, Food Safety and more

This programmes cuts across all Group brands and aims at providing information on nutrition, food safety, sport and well-being, for a healthier lifestyle.

Customers can explore the various aspects of the programme through the www.vivabem.pt/site website and https://vivabemoblog.wordpress.com/ blog which, in 2017, logged 40,000 views.

7. GLOBAL REPORTING INITIATIVE (GRI) INDEX

GRI Standards		
GRI Standard Number	**Disclosure Number**	**Performance**
GRI 102	**102-1**	Chapter 1
GRI 102	**102-2**	Chapter 2; 2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-3**	Chapter 2 inside back cover; 2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-4**	Chapter 2; 2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-5**	Chapter 2; 2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-6**	Chapter 2; 2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-7**	Chapter 2; 2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-8**	Chapter 5; 2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-9**	2017 Annual Report and Consolidated Financial Statements; Integrated Management System
GRI 102	**102-10**	2017 Annual Report and Consolidated Financial Statements; Integrated Management System
GRI 102	**102-11**	Integrated Quality, Environment, Occupational Health and Safety and Food Safety Policy; www.ibersol.pt
GRI 102	**102-12**	Chapter 5; www.ibersol.pt; www.vivabem.pt; vivabemoblog.wordpress.com
GRI 102	**102-13**	Portugal: AEP - Associação Empresarial de Portugal; AHRESP - Associação da Hotelaria, Restauração e Similares de Portugal; AIP - Associação Industrial Portuguesa; ATC - Associação de Turismo de Cascais; ATL - Associação de Turismo de Lisboa; ATP - Associação de Turismo de Porto e Norte de Portugal; CCILA - Câmara de Comércio e Indústria Luso Alemã; CCILE - Câmara de Comércio e Indústria Luso Espanhola; CCIPA - Câmara de Comércio e Indústria Portugal Angola; COTEC Portugal - Associação Empresarial para a Inovação Spain: AEF - Asociación Española de Franquiciadores; Entidad Urbanística de Conservación de A Granxa; CHP - Câmara de Comércio Hispano Portuguesa; Entidad Urbanística de Conservación de A Granxa Angola: AHORESIA - Associação de Hotéis, Restaurantes, Similares e Catering de Angola
GRI 102	**102-14**	Chapter 1
GRI 102	**102-15**	Chapter 2 (2.7); Integrated Management System; 2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-16**	Chapter 1; Code of Good Conduct to Prevent and Combat Harassment in the Workplace; In-house Training Standards, Procedures and Tools
GRI 102	**102-17**	Chapter 1; Code of Good Conduct to Prevent and Combat Harassment in the Workplace; In-house Training Standards, Procedures and Tools
GRI 102	**102-18**	Chapter 2 (2.5); 2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-19**	Chapter 2 (2.5); 2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-20**	Chapter 2 (2.5); 2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-21**	Customer feedback surveys (GES and feedback cards); Brand positioning and image studies; Shareholders' General Meetings; 'Have a Say' organisational climate survey; Employee Consultation regarding Occupational Health and Safety
GRI 102	**102-22**	2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-23**	2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt

GRI 102	**102-24**	2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-25**	2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-26**	2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-27**	2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-28**	2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-29**	Chapters 2, 4 and 5; 2017 Annual Report and Consolidated Financial Statements; Integrated Management System; NP EN 14001: Environmental Management System certification; NP EN ISO 9001: Quality Management System certification
GRI 102	**102-30**	Chapters 2, 4 and 5; 2017 Annual Report and Consolidated Financial Statements; Integrated Management System; NP EN 14001: Environmental Management System certification; NP EN ISO 9001: Quality Management System certification
GRI 102	**102-31**	Chapters 2, 4 and 5; 2017 Annual Report and Consolidated Financial Statements; Integrated Management System; NP EN 14001: Environmental Management System certification; NP EN ISO 9001: Quality Management System certification
GRI 102	**102-32**	It is incumbent upon the Board of Directors to define and oversee the implementation of the sustainability policy, as well as to validate the Sustainability Report, prior to approval by the Shareholders' General Meeting
GRI 102	**102-33**	Chapters 2, 4 and 5; 2017 Annual Report and Consolidated Financial Statements; Integrated Management System (Review by Management)
GRI 102	**102-34**	Chapters 2, 4 and 5; 2017 Annual Report and Consolidated Financial Statements; Integrated Management System (Review by Management)
GRI 102	**102-35**	Remuneration policies comply with legal and contractual requirements, and internal regulations on such matters
GRI 102	**102-36**	Remuneration is determined in accordance with legal and contractual requirements, internal regulations on such matters and takes into account Performance and Potential Assessments. The performance of the departments to which employees belong and the performance of the Ibersol Group are also taken into consideration
GRI 102	**102-37**	Chapter 5 (5.2); 2017 Annual Report and Consolidated Financial Statements; 'Have a Say' organisational climate survey
GRI 102	**102-38**	Not reported
GRI 102	**102-39**	Not reported
GRI 102	**102-40**	Chapter 2; 2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-41**	Portugal: 100% Spain: 91% Angola: not applicable
GRI 102	**102-42**	Chapter 2; 2017 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-43**	Identifying and listening to stakeholders (survey tools implemented) and developing actions according to expectations and needs; Integrated Management System (ISO 9001:2015)
GRI 102	**102-44**	Chapters 1 and 2; 2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-45**	2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-46**	Integrated Management System
GRI 102	**102-47**	Integrated Management System
GRI 102	**102-48**	Integrated Management System
GRI 102	**102-49**	Integrated Management System
GRI 102	**102-50**	Chapter 1; 2017 Annual Report and Consolidated Financial Statements
GRI 102	**102-51**	2016 Sustainability Report

GRI 102	**102-52**	Calendar Year (2017)
GRI 102	**102-53**	Inside back cover; www.ibersol.pt
GRI 102	**102-54**	Inside back cover; www.ibersol.pt
GRI 102	**102-55**	Chapter 7
GRI 102	**102-56**	Not applicable
GRI 103	**103-1**	Integrated Management System
GRI 103	**103-2**	Integrated Management System
GRI 103	**103-3**	Integrated Management System
GRI 201	**201-1**	2017 Annual Report and Consolidated Financial Statements
GRI 201	**201-2**	2017 Annual Report and Consolidated Financial Statements
GRI 201	**201-3**	Not applicable
GRI 201	**201-4**	2017 Annual Report and Consolidated Financial Statements
GRI 202	**202-1**	Portugal: 1 (W); 1 (M)
GRI 202	**202-2**	Portugal: 99.98% Spain: 99.90% Angola: 99.33%
GRI 203	**203-1**	Chapters 4 and 5; 2017 Annual Report and Consolidated Financial Statements
GRI 203	**203-2**	Chapters 4 and 5; 2017 Annual Report and Consolidated Financial Statements
GRI 204	**204-1**	Not reported
GRI 205	**205-1**	As the risk of corruption was not found to be a priority risk for the businesses and operations, risk assessments in this regard were not carried out. To date, there have been no instances of corruption or attempted bribery.
GRI 205	**205-2**	Non-existent in 2017.
GRI 205	**205-3**	There were no instances of corruption in 2017.
GRI 206	**206-1**	Non-existent
GRI 301	**301-1**	Not reported
GRI 301	**301-2**	Chapter 4
GRI 301	**301-3**	Chapter 4
GRI 302	**302-1**	Chapter 4
GRI 302	**302-2**	The Ibersol Group encourages logistics efficiency by using a logistics partner and state-of-the-art warehouses, and establishing efficient routes, in order to minimise trips made by suppliers.
GRI 302	**302-3**	Chapter 4
GRI 302	**302-4**	Chapter 4
GRI 302	**302-5**	Chapter 4
GRI 303	**303-1**	Chapter 4
GRI 303	**303-2**	Our operations do not significantly affect water sources
GRI 303	**303-3**	Chapter 4
GRI 304	**304-1**	We do not have facilities or operations in protected or adjacent areas
GRI 304	**304-2**	Our operations do not have a significant impact on biodiversity.
GRI 304	**304-3**	We do not have facilities or operations in areas classified as protected or restored habitats
GRI 304	**304-4**	We do not have facilities or operations in areas classified as IUCN Red List Species and national conservation list species habitats
GRI 305	**305-1**	Chapter 4
GRI 305	**305-2**	Chapter 4
GRI 305	**305-3**	Chapter 4

GRI 305	**305-4**	Chapter 4
GRI 305	**305-5**	Chapter 4
GRI 305	**305-6**	Chapter 4
GRI 305	**305-7**	Chapter 4
GRI 306	**306-1**	Not reported
GRI 306	**306-2**	Chapter 4
GRI 306	**306-3**	There were no significant spills
GRI 306	**306-4**	Non-existent
GRI 306	**306-5**	Non-existent
GRI 307	**307-1**	Non-existent
GRI 308	**308-1**	All new suppliers were screened using environmental criteria
GRI 308	**308-2**	Non-existent
GRI 401	**401-1**	Portugal: 5,109; 89%
GRI 401	**401-2**	Non-existent
GRI 401	**401-3**	Pursuant to applicable law
GRI 402	**402-1**	All changes were made in accordance with the law. In the absence of regulations, deadlines were defined on a case-by-case basis based on the change in question, according to the established schedule
GRI 403	**403-1**	Non-existent. However we have an Occupational Health and Safety team that develops and monitors best practices in the sector and includes them in the Ibersol Group standards and training programmes
GRI 403	**403-2**	Chapter 5 (5.3) Portugal: 353 accidents at work; 36 accidents en route; 6.345 days lost due to an accident at work; 1.740 days lost due to accidents en route
GRI 403	**403-3**	Portugal: no workers performed activities deemed as high risk. One declaration of work-related illness was received
GRI 403	**403-4**	Not applicable
GRI 404	**404-1**	Chapter 2 (2.8)
GRI 404	**404-2**	Chapter 5 (5.2)
GRI 404	**404-3**	Portugal: at an operational level, performance is assessed every quarter; As regards management teams, performance is assessed half yearly or annually, depending on the internal level. Central and structural business roles are assessed annually. These processes apply 100% to the organisation.
GRI 405	**405-1**	Not reported
GRI 405	**405-2**	Portugal: the ratio of the fixed remuneration of women and men, for the most significant roles is: 1.0 in Operations; 1.0 in Shift Management; 0.9 in Unit Management; 0.9 in Business Structure and 0.6 in Shared Services, and, overall, is 1.0
GRI 406	**406-1**	Non-existent
GRI 407	**407-1**	Non-existent
GRI 408	**408-1**	Non-existent
GRI 409	**409-1**	Non-existent
GRI 410	**410-1**	Non-existent
GRI 411	**411-1**	Non-existent
GRI 412	**412-3**	Non-existent
GRI 412	**412-2**	Chapter 5 (5.2)
GRI 412	**412-1**	Not reported
GRI 413	**413-1**	Chapter 5
GRI 413	**413-2**	Non-existent
GRI 414	**414-1**	Not reported

GRI 414	**414-2**	Non-existent
GRI 415	**415-1**	Non-existent
GRI 416	**416-1**	Chapters 5 and 6
GRI 416	**416-2**	Portugal: 0.11 complaints per 100,000 transactions /unconfirmed incident following enquiry; 0 non-conformities Laboratory-tested Product Safety (verification plan includes more than 900 randomly collected samples); ISO 22000:2005 - Food Safety Management Systems certification to ensure product safety Spain: Implementation of Quality Management System ongoing Angola: 0.12 complaints per 100,000 transactions /unconfirmed incident following enquiry; 0 non-conformities Laboratory-tested Product Safety conducted particularly on hazardous products (vegetables); ISO 22000:2005 - Food Safety Management Systems certification to ensure product safety
GRI 417	**417-1**	Portugal: 100% compliance confirmed by the approval of products
GRI 417	**417-2**	Non-existent
GRI 417	**417-3**	Portugal: 0.71 complaints per 100,000 transactions Spain: Implementation of Quality Management System ongoing Angola: non-existent
GRI 418	**418-1**	Non-existent
GRI 419	**419-1**	Non-existent