



IBERSOL – SGPS, SA

Publicly Listed Company

Registered office: Praça do Bom Sucesso, 105/159, 9th floor, Porto

Share Capital Euros 46.000.000

Commercial Registry: Oporto under number 501669477

Fiscal number: 501669477

Consolidated Report & Accounts

3M 2022

(not audited)

- **Consolidated Turnover of 106.5 million Euros**
Increase of 91.3% over 3M of 2021
- **Consolidated EBITDA reached 14.6 million Euros**
Ebitda increased 102.6% over 3M of 2021
- **Consolidated net profit of -1.7 million Euros**
Increase of 89.2% when compared to the 3M of 2021

Consolidated Management Report

Activity

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

After an initial first quarter affected by the Omnicrom variant, which slowed down the pace of recovery from the effects of the Covid-19 pandemic, the quarter was also marked by the outbreak of the military conflict in Ukraine and the worsening of global geopolitical tensions.

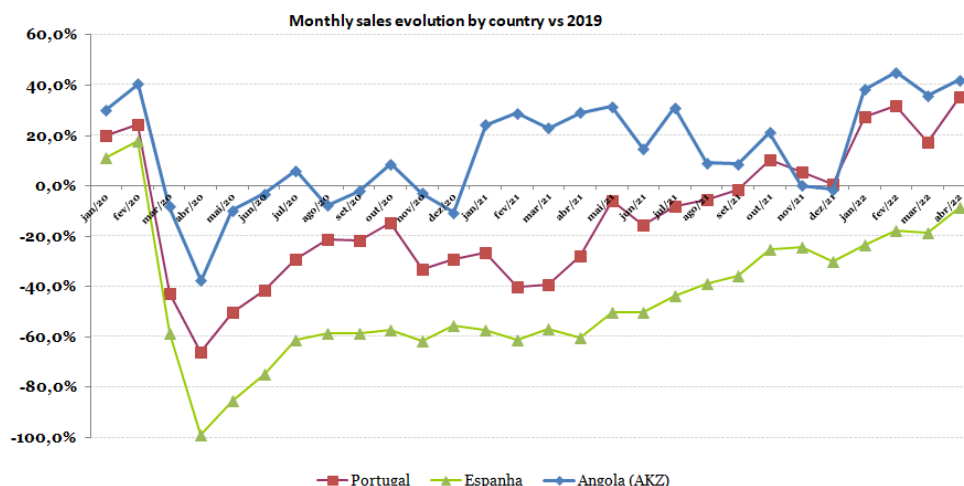
This context of uncertainty and instability led to an acceleration of the escalation of inflation in food products, energy and transport, with a consequent impact on the drop in consumer confidence, evident at the end of February.

Despite the demanding context experienced in the first quarter, the comparable performance with the same period in 2021, affected by the period of lockdown and restrictions on mobility, resulted in a growth of 91.3%.

Consolidated turnover for the three months of 2022 amounted to EUR 106.5 million, compared to EUR 55.7 million in the same period of the previous year.

Turnover (euro million)	3M 2022	3M 2021	Var. 22/21	3M 2019	Var 22/19
Sales of Restaurants	104,4	54,6	91,1%	98,9	5,6%
Sales of Merchandise	1,6	0,8	97,8%	3,0	-47,8%
Services Rendered	0,4	0,2	114,1%	0,8	-46,7%
Turnover	106,5	55,7	91,3%	102,8	3,6%

The sales evolution compared to 2019 shows the effect of the retraction in consumption checked in March. In April, there was a recovery to the highest levels since the beginning of the pandemic – in March 2020 – which coincided with the Easter period, in which there was a growth in mobility and consumption in the operated markets.

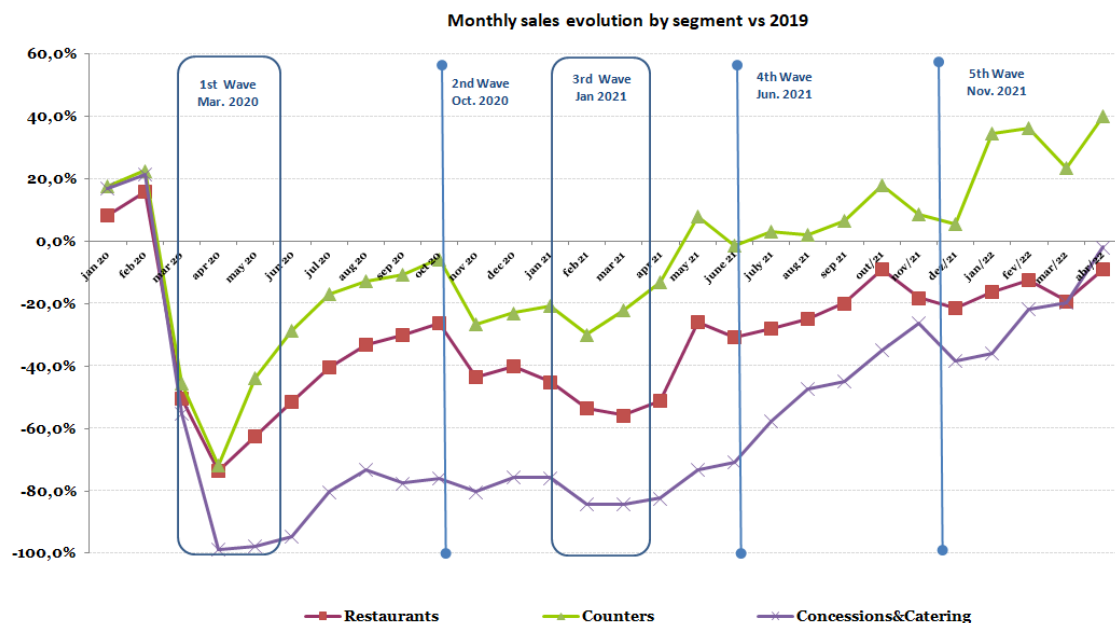


In Portugal, after an initial period of the year with a considerable part of the population at home, by the effect of the increase in the number of infected with the new Omnicrom variant, turnover exceeded that seen in the pre-pandemic period, except for the month of March.

In Spain, there was a reduction in losses to levels below 20%, directly related to the positive evolution of traffic at airports, especially in locations that are more dependent on tourism.

Sales of restaurants located in Angola reflect the evolution in local currency, - which does not include the impacts arising from currency conversion – continuing to be the least penalized by the effect of the pandemic.

In this context, the monthly sales evolution by segment, illustrates the different impacts of the restrictions that have been in the last two years, the respective comparative with the same period of 2019 and the pace of recovery achieved by business area.



The concessions and catering segment – after the slowdown in the recovery at the end of 2021, registered a strong growth pace in this quarter, directly related to the increased traffic passengers at airports.

In Spain, where the group operates restaurants at seven airports, passenger traffic has registered a gradual recovery since February, with losses in the 1st quarter of 31%, when compared to 2019, with urban airports showing a slower pace of recovery. In Portugal, losses were 28%, which reflects an identical level of recovery of passenger's traffic in the airports of Iberia. It should also be noted that in April, as a result of the Easter period, there was an important increase in passenger traffic, reducing losses to 15% at airports in Spain and 9% at airports in Portugal, compare to the same period in 2019.

SALES IN RESTAURANTS (euro million)					
	3M 2022	3M 2021	Var. 22/21	3M 2019	Var 22/19
Restaurants	20,2	11,8	72,1%	24,0	-15,6%
Counters	66,6	38,5	73,0%	51,3	29,9%
Concessions&Catering	17,6	4,4	302,8%	23,6	-25,6%
Total Sales	104,4	54,6	91,1%	98,9	5,6%

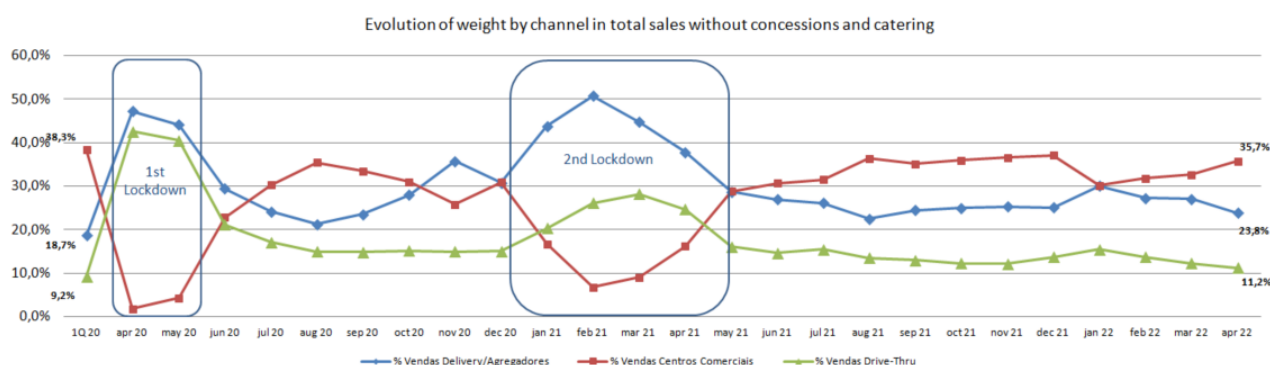
The pace of activity recovery in restaurants, with dine-in service, that had taken place since the beginning of the year was interrupted in March, having not yet reached pre-pandemic sales levels.

The counter segment once again showed a good performance, with strong growth compared to the same period of 2021, (a growth of 73%), as well as a high pace of recovery compared to 2019 of 30%, to which contributed decisively three factors:

- the impact of the expansion which occurred in 2020 and 2021, namely with the Burger King, KFC and Taco Bell brands;
- the generalized extension to a significant number of restaurants with delivery and take-away services;
- the positive performance of restaurants with drive-thru services (operated by Burger King and KFC brands) which helped overcome the losses registered in the eat-in services.

Delivery sales, which partially offset the impact of the operation's limitations in the restaurant and counter segments in the lockdown period, with the gradual return to normality tends to reduce its weight, representing, however, in the first quarter 28% of sales - excluding sales in the concessions and catering segment - around 10 p.p. higher than in the first quarter of 2020, the previously period to the impact of the pandemic.

With the gradual resumption of normality in consumer habits, there is a reduction in the relative weight of sales in the drive and delivery channels, as opposed to an increase in the weight of sales in restaurants, namely those located in shopping centers.



During the first quarter, 7 restaurants were definitively closed, 5 of which were franchised, with the opening of three new KFC restaurants in Portugal and the conversion of a Pans franchised restaurant in Spain into a equity one.

The closure of the two equity restaurants resulted from the option of not renewing the lease contracts of two Pizza Móvil restaurants.

At the end of the quarter, the total number of restaurants was 618 (546 equity and 72 franchises), as shown below:

Nº of Restaurants	31.12.2021	Q1	Closures 2022	31.03.2022
PORTUGAL	383	3	0	386
Equity Restaurants	382	3	0	385
Pizza Hut	100			100
Okilo+MIT+Ribs	4			4
Pans	40			40
Burger King	119			119
KFC	41	3		44
Pasta Caffé	2			2
Quiosques	8			8
Taco Bell	11			11
Coffee Shops	25			25
Catering	9			9
Concessions & Other	23			23
Franchise Restaurants	1			1
SPAIN	225	1	6	220
Equity Restaurants	152	1	2	151
Pizza Móvil	14		2	12
Pizza Hut	3			3
Burger King	38			38
Pans	28	1		29
Ribs	13			13
Fresco	2			2
KFC	2			2
Concessions	52			52
Franchise Restaurants	73	0	4	69
Pizza Móvil	5		1	4
Pans	42		1	41
Ribs	17		1	16
Fresco	4			4
SantaMaria	5		1	4
ANGOLA	10		0	10
KFC	9			9
Pizza Hut	1			1
Other Locations - Franchise	3	0	1	2
Pans	3		1	2
Total Equity Restaurants	544	4	2	546
Total Franchise Restaurants	77	0	5	72
TOTAL	621	4	7	618

Consolidated Financial Performance

As a result of the application of Ley 13/2021, since October 1st 2021, rents at airports in Spain are no longer relevant for the purposes of applying IFRS16 until passenger traffic per airport returns to 2019 levels.

For this purpose, and in order to allow a correct comparability of results in the first quarter of 2022, the comparison with the results of the first quarter of 2019 is highlighted, if the derecognition was also in force in the same period.

The consolidated operating income at the end of the first three months amounted to 1.4 million Euros, which compares with the same period of 2019 corrected, in the amount of 4.4 million Euros.

(million euros)	3M 2022		3M 2021 with Ley 13/2021 AENA		3M 2019 with Ley 13/2021 AENA		var. 22 vs 19
Turnover	106,5		55,7		102,8		3,6%
Cost of sales	26,5	24,8%	14,4	13,5%	24,9	24,2%	6,2%
gross margin %	75,2%		74,1%		75,8%		-0,6 p.p.
External supplies and services	31,4	29,5%	16,4	15,4%	28,6	27,8%	9,8%
Personnel costs	35,0	32,9%	21,1	19,8%	34,3	33,4%	1,9%
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	13,2	12,4%	13,5	12,7%	11,1	10,8%	19,1%
Other income/operating costs	-1,0	-0,9%	-2,5	-2,3%	-0,6	-0,6%	63,1%
Operating Income	1,4	1,3%	-7,2	-6,8%	4,4	4,3%	68,8%
margin	1,3%		-12,9%		4,3%		-3,0p.p.
Ebitda	14,6	13,7%	6,3	5,9%	15,6	15,1%	-6,0%
margin	13,7%		11,3%		15,1%		-1,4p.p.

Turnover amounted to 106.5 million Euros, 3.6% higher than the 102.8 million Euros in the same period of 2019, with more 5.6% directly operated restaurants.

Gross margin was 75.2% of turnover, 0.6 p.p. lower than in the first quarter of 2019 (3M19: 75.8%), evidencing the increased pressure on raw material prices

Compared to 2021, the increase in the margin in the first quarter highlights the recovery of operations of less aggressive promotional concepts, and thereby with higher margins.

Staff costs increased 1.9%, with the weight of this cost representing 32.9% of the turnover (3M19: 33.4%).

During this period, and in order to reconcile the still reduced activity at airports in Spain and the protection of jobs, the subsidiary Pansfood joined the ERTE, under which 237 employees remained at the end of March.

External Supplies and services costs increased 9.8%, representing 29.5% of turnover, which represents an increase of 1.7 p.p. compared to the same period of 2019 with Ley 13/2021 (3M 2019 with Ley 13/2021: 27.8%).

The commissions paid to aggregators contributed to this increase with the expansion of this channel to all brands and the consequent increase in the weight of delivery sales, as well as the increase in energy costs in Spain.

Other operating income and costs in the total amount of 1.0 million Euros, represent a decrease of 0.4 million Euros compared to the same period of 2019, a difference that mainly results by the reduction of revenue related to contracts with suppliers.

Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA in the first quarter amounted to 13.2 million Euros, which compares with 11.1 million euros of the same period of 2019 corrected by the application of Ley 13/2021, of which 5.3 million correspond to amortization of rights of use.

Therefore **EBITDA** in the first quarter amounted to 14.6 million Euros, a decrease of 6.0% compared to the same period of 2019 corrected with Ley 13/2021.

Consolidated **EBITDA** margin stood at 13.7% of turnover, which compares with 15.1% in the same period in 2019, if Ley 13/2021 had been in force.

Consolidated **Financial Results** in the first three months of the year were negative by 2.3 million Euros, which compares with identical amount in the first quarter of 2019 with Ley 13/2021.

(million euros)	3M 2022		3M 2021 with Ley 13/2021 AENA		3M 2019 with Ley 13/2021 AENA		var. 22 vs 19
Financial Results	2,3	2,2%	2,5	2,3%	2,2	2,2%	5,0%
Financial expenses and losses	2,7	2,6%	2,7	2,5%	2,3	2,2%	19,0%
Financial income and gains	0,4	0,4%	0,2	0,2%	0,1	0,1%	395,4%

Financial expenses and losses totalled 2.7 million Euros, which represents an increase of 0.4 million Euros compared to the corrected first quarter of 2019. A part of these expenses and losses corresponds to interest with leases in the amount of 1.8 million Euros (1.2 million Euros in the first quarter of 2019 with Ley 13/2021).

Net interest supported and commissions related to financing reached a total of 0.8 million Euros, which equals an average debt cost of 2.0%.

Financial Situation

Total Assets amounted to 602.0 million Euros and Equity stood at 229.3 million Euros, representing 38.1% of total assets.

CAPEX amounted to 5.2 million Euros, essentially in the expansion program in Portugal.

Current liabilities amount to 113.2 million Euros, of which 21.2 million correspond to liabilities for leases and 28.6 million Euros to current loans. Regarding to current loans, the Group has 47 million Euros related to commercial paper and unused contracted credit lines.

Consolidated liabilities reached 372.7 million Euros on March 31, 2022, which represents a reduction of 31.0 million Euros compared to the final result in 2021.

On March 31, 2022, Equity stood at 229.3 million Euros, identical to the amount at the end of 2021.

Consolidated Financial Position (million euros)	31/03/2022	31/12/2021	Var.
Total Assets	602,0	632,4	-30,3
Total Equity	229,3	228,7	0,6
Loans	150,8	167,0	-16,2
Liability for leases	141,7	143,1	-1,4
Other liabilities	80,2	93,6	-13,4
Total Equity and Liabilities	602,0	632,4	-30,4

At the end of the first quarter of 2022, net debt amounted to 225.7 million Euros, 14.7 million Euros higher than the amount outstanding at the end of 2021 (211.0 million Euros), with an increase in the "Gearing" to 50% (48% in 2021).

(million euros)	31/03/2022	31/12/2021	var.
Total loans	150,8	167,0	-16,2
Cash and bank deposits	-64,3	-97,0	-32,7
Other current and non-current liabilities	-2,5	-2,2	0,4
Net Bank Debt	84,0	67,9	16,1
Liability for leases	141,7	143,1	-1,4
Net Debt	225,7	211,0	14,7
Equity	229,3	228,7	0,6
Gearing (Net Debt/Net Debt + Equity)	50%	48%	

On March 31, 2022, the total Net Bank Debt amounted to 84.0 million Euros.

Glossary

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

Outlook

Recent IMF forecasts for 2021 point to a 4.0% growth of GDP in Portugal and 4.8% in Spain, which indicates a slower recovery than previously expected.

The uncertainty associated with the recovery from the pandemic, in parallel with global geopolitical tensions and the military conflict in Ukraine, led to a worsening of inflation and could compromise consumer confidence levels and the pace of the recovery.

However, there is a return to prior habits and a sharp increase in population mobility which foreshadows a swifter recovery in regions with high tourism demand.

In addition to the openings carried out to date, we will continue with plans to expand Pizza Hut, KFC and Taco Bell brands.

Subsequent Events

1 - Nonbinding proposal for the acquisition of Burger King branded restaurants

In May, within the scope of negotiations on an exclusive basis, regarding a potential acquisition of the subsidiaries that operate the Burger King restaurants, in Portugal and Spain, for an Enterprise Value of 250 million euros, on a cash and debt-free basis , which may be increased by up to 7 million euros, related to the potential use of tax credits, the group said it had agreed to extend the exclusivity period until June 3, 2022.

.

Porto, 31th May 2022

António Alberto Guerra Leal Teixeira

António Carlos Vaz Pinto de Sousa

Maria do Carmo Guedes Antunes de Oliveira

Juan Carlos Vázquez-Dodero de Bonifaz

Maria Deolinda Fidalgo do Couto

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

Condensed Interim Consolidated Financial Statements

31 March 2022

IBERSOL S.G.P.S., S.A.
CONDENSED STATEMENT OF INTERIM CONSOLIDATED FINANCIAL POSITION
ON 31 MARCH 2022
(values in euros)

ASSETS	Notes	31/03/2022	31/12/2021
Non-current			
Property, plant and equipment	7	212 873 748	214 373 712
Rights of use	6	136 535 442	138 871 151
Goodwill	8	79 032 821	79 032 821
Intangible assets	8	36 148 781	35 870 696
Financial investments - joint controlled subsidiaries and associated	5	2 948 935	2 940 318
Non-current financial assets	5	1 019 794	978 965
Other financial assets	9	869 899	841 165
Other non-current assets	10	7 524 150	7 524 331
Deferred tax	5 and 16	11 156 786	11 088 442
Total non-current assets		488 110 356	491 521 600
Current			
Inventories		15 355 718	15 717 458
Income tax receivable	5 and 16	135 222	110 222
Other financial assets	9	1 671 359	1 338 791
Other current assets	12	32 457 149	26 698 358
Cash and cash equivalents	11	64 276 047	96 968 003
Total current assets		113 895 496	140 832 831
Total Assets		602 005 852	632 354 431
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to shareholders			
Share capital		46 000 000	46 000 000
Own shares		-11 180 516	-11 180 516
Share premium		29 900 789	29 900 789
Legal reserves		1 751 081	1 751 081
Translation reserve		-9 023 271	-11 331 432
Other Reserves & Retained Earnings		173 603 424	142 053 271
Net profit for the period		-1 697 855	31 379 907
		229 353 652	228 573 100
Non-controlling interests		-79 783	90 482
Total Equity		229 273 869	228 663 582
LIABILITIES			
Non-current			
Loans	13	122 231 221	140 439 066
Lease liabilities	13	120 475 792	121 422 685
Deferred tax	5 and 16	3 127 270	3 376 658
Provisions	5	2 338 023	2 428 023
Derivative financial instrument	5	18 976	18 976
Other non-current liabilities		4 176	4 176
Total non-current liabilities		248 195 457	267 689 584
Current			
Loans	13	28 609 857	26 593 284
Lease liabilities	13	21 182 722	21 645 649
Accounts payable to suppliers and accrued costs	14	60 774 805	72 507 391
Income tax payable	16	1 038 799	456 400
Other current liabilities	15	12 930 342	14 798 541
Total current liabilities		124 536 526	136 001 265
Total Liabilities		372 731 983	403 690 849
Total Equity and Liabilities		602 005 852	632 354 431

Porto, 31st May 2022

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONDENSED STATEMENT OF RESULTS AND OTHER INTERIM CONSOLIDATED COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH, 2022 AND 2021
(values in euros)

	Notes	3 months ended 31/03/2022	3 months ended 31/03/2021
Sales	5	106 036 373	55 449 235
Rendered services	5	448 163	209 337
Cost of sales		-26 452 326	-14 428 494
External supplies and services		-31 378 872	-15 434 499
Personnel costs		-34 991 642	-21 075 218
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	6, 7 and 8	-13 242 495	-21 312 868
Other operating gains (losses)	17	968 815	2 502 344
Operating Income		1 388 016	-14 090 163
Financial expenses and losses	18	-2 737 271	-4 924 767
Financial income and gains	18	408 733	245 749
Gains (losses) in subsidiary, associated and joint controlled subsidiaries		-331 873	-198 624
Profit before tax		-1 272 395	-18 967 805
Income tax	19	-425 480	3 228 856
Net profit		-1 697 875	-15 738 949
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		2 308 161	501 677
TOTAL COMPREHENSIVE INCOME		610 286	-15 237 272
Net profit attributable to:			
Owners of the parent		-1 697 855	-15 726 604
Non-controlling interest		-20	-12 345
		-1 697 875	-15 738 949
Total comprehensive income attributable to:			
Owners of the parent		610 306	-15 224 927
Non-controlling interest		-20	-12 345
		610 286	-15 237 272
Earnings per share:	20		
Basic		-0,04	-0,49
Diluted		-0,04	-0,49

Porto, 31st May 2022

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONDENSED STATEMENT OF CHANGES IN INTERIM CONSOLIDATED EQUITY
for the three months period ended 31 March, 2022 and 2021
(value in euros)

Note	Assigned to shareholders						Net Profit		Total parent equity	Non-controlling interests	Total	Equity
	Share Capital	Own Shares	Share Premium	Legal Reserves	Translation Reserve	Other Reserves & Retained Earnings						
Balance on 1 January 2021	36 000 000	-11 180 516	469 937	1 629 598	-12 821 109	197 372 003	-55 197 249		156 272 663	133 241		156 405 905
Changes in the period:												
Application of the consolidated profit from 2020:												
Transfer to reserves and retained results						-55 197 249	55 197 249		-			-
Conversion reserves - Angola					501 677				501 677			501 677
Net consolidated income for the three months ended on 31 March, 2021							-15 726 604		-15 726 604	-12 345		-15 738 949
Total changes in the period	-	-	-	-	501 677	-55 197 249	39 470 645		-15 224 927	-12 345		-15 237 272
Net profit							-15 726 604		-15 726 604	-12 345		-15 738 949
Total comprehensive income									-15 224 927	-12 345		-15 237 272
Transactions with capital owners in the period												
Application of the consolidated profit from 2020:									-			-
Paid dividends	-	-	-	-	-	-	-	-	-	-		-
Balance on 31 March 2021	36 000 000	-11 180 515	469 937	1 629 598	-12 319 432	142 174 754	-15 726 604		141 047 735	120 896		141 168 633
Balance on 1 January 2022	46 000 000	-11 180 516	29 900 789	1 751 081	-11 331 432	142 053 271	31 379 907		228 573 100	90 482		228 663 582
Changes in the period:												
Application of the consolidated profit from 2021:												
Transfer to reserves and retained results						31 379 907	-31 379 907		-			-
Liquidation of subsidiary Cortsfood						170 245			170 245	-170 245		-
Conversion reserves - Angola					2 308 161				2 308 161			2 308 161
Net consolidated income for the three months ended on 31 March, 2022							-1 697 855		-1 697 855	-20		-1 697 875
Total changes in the period	-	-	-	-	2 308 161	31 550 152	-33 077 762		780 551	-170 265		610 286
Net profit							-1 697 855		-1 697 855	-20		-1 697 875
Total comprehensive income									610 306	-20		610 286
Transactions with capital owners in the period												
Application of the consolidated profit from 2021:									-			-
Paid dividends	-	-	-	-	-	-	-	-	-	-		-
Balance on 31 March 2022	46 000 000	-11 180 516	29 900 789	1 751 081	-9 023 271	173 603 423	-1 697 855		229 353 652	-79 783		229 273 869

Porto, 31st May 2022

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Condensed Statement of Interim Consolidated Cash Flows
for the three months period ended 31 March, 2022 and 2021
(value in euros)

	Note	3 months ended 31/03/2022	3 months ended 31/03/2021
Cash Flows from Operating Activities			
Receipts from clients		106 239 325	56 338 432
Payments to suppliers		61 347 647	30 267 810
Staff payments		33 514 159	16 475 289
Flows generated by operations		11 377 519	9 595 333
Payments/receipt of income tax		-51 448	15 391
Other paym./receipts related with operating activities		-4 856 778	-6 429 705
Flows from operating activities (1)		6 572 189	3 150 237
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		55 929	54 926
Tangible fixed assets			
Investment benefits			
Interest received		461 114	245 991
Other financial assets		44 782	1 749 987
Payments for:			
Financial Investments		244 344	58 642
Other financial assets			612 520
Tangible fixed assets		11 259 911	7 734 076
Intangible assets		1 766 841	1 526 281
Flows from investment activities (2)		-12 709 271	-7 880 615
Cash flows from financing activities			
Receipts from:			
Loans obtained		4 213 103	3 458 642
Payments for:			
Loans obtained		20 691 505	547 809
Leases agreements		5 115 463	4 442 104
Interest and similar costs		2 832 817	3 054 132
Interest on lease agreements		1 804 006	1 829 783
Flows from financing activities (3)		-26 230 688	-6 415 185
Change in cash & cash equivalents (4)=(1)+(2)+(3)		-32 367 770	-11 145 563
Change in the perimeter		-324 186	
Cash & cash equivalents at the start of the period		96 968 003	50 549 377
Cash & cash equivalents at end of the period	11	64 276 047	39 403 814

Porto, 31st May 2022

The Board of Directors,

IBERSOL SGPS, S.A.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA (Group or Ibersol) with head office at Praça do Bom Sucesso, Edifício Península n.º 105 a 159 – 9º, 4150-146 Porto, Portugal. Ibersol's subsidiaries (jointly called "the Group"), operate a network of 618 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Ribs, FresCo, SantaMaria, Kentucky Fried Chicken, Burger King, O' Kilo, Quiosques, Pizza Móvil, Miit, Taco Bell, Sol, Silva Carvalho Catering e Palace Catering, coffe counters and other concessions. The group has 546 units which it operates and 72 units under a franchise contract. Of this universe, 386 are based in Portugal, of which 385 are owned and 1 franchised, and 220 are based in Spain, spread over 151 own establishments and 69 franchisees, and 10 in Angola and 2 in other locations.

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

Ibersol SGPS parent company and ultimate parent entity is ATPS - SGPS, S.A..

Rentals at Airports managed by AENA

In Spain, on 2 October 2021, Law 13/2021 of October 1st was published, which established the new rules to apply to the minimum rents of lease contracts for restaurants and retail establishments located at airports managed by AENA.

This diploma determines that the guaranteed minimum annual income provided for in these contracts for the period between March 15, 2020 and June 20, both included, be eliminated and from June 21, 2020 and until the annual traffic of each Airport reach the values recorded in 2019, the minimum guaranteed annual rents of existing contracts are reduced in direct proportion to the variation in passenger traffic compared to those verified in 2019.

As a result, and given that traffic in 2022 has not yet reached those recorded in 2019, the lease contributions associated with the contracts with AENA in the first 3 months of 2022 are recognized as rent and rental expenses, which impairs comparability with the same period in 2021 in terms of operating costs, amortization and financial expenses.

2. MAIN ACCOUNTING POLICIES

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

2.1 Presentation bases

These consolidated interim financial statements were prepared according to the international standard nº. 34 – Interim Financial Report, and therefore do not include all the information required by the annual financial statements, and should be read together with the company's financial statements for the period ended 31 December 2021.

The consolidated interim financial statements have been prepared in accordance with the historical cost principle.

The Consolidated Financial Statements of the Group were prepared in accordance with the same accounting principles and policies adopted by the Group in the preparation of the annual financial statements, except for the adoption of new standards, amendments and interpretations with mandatory application from 1 January 2022, and essentially including an explanation of the events and changes relevant to understanding the changes in the Group's financial position and performance since the date of the annual report. In this way, the accounting policies, as well as a part of the notes contained in the 2021 financial statements, are omitted, either because they have not changed, or because they are not materially relevant to the understanding of these interim financial statements.

These financial statements were approved by the Board of Directors and authorised for emission on 31 May 2022.

2.2. Change in accounting policies and presentation bases

In June 2021, Regulation No. 1080/2021 was issued by the EU, which was adopted by the Group with effect from 1 January 2022:

- Amendments to IFRS 3 Business Combinations: References to the Conceptual Framework
- IAS 16 Tangible fixed assets: Income prior to expected use (changes)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Costs of fulfilling onerous contracts (amendments)
- 2018-2020 cycle of improvement to IFRS standards: IFRS 1 First-time adoption of international financial reporting standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture. These improvements are prospectively applicable.)

The Group implemented the above changes, with no materially relevant impact on its Consolidated Financial Statements.

The EU adopted and approved in 2022 a set of amendments issued by the IASB, Regulation no.

- IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies (amendments)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (changes)

The group has not yet implemented these changes.

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 Board of Directors provides principles for managing the risk as a whole and policies that cover specific areas, such as the currency exchange risk, the interest rate risk, the credit risk and the investment of surplus liquidity.


a) Market risk

i) Currency exchange risk


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

The Group's main source of exposure comes from investment outside the Euro zone, namely from the operation it is being developed in Angola, which is still small. The imbalances of the Angolan economy give rise to significant exchange rate variations of the kwanza, so it is to be considered that there is an exchange rate risk. Financing contracted by Angolan subsidiaries is denominated in the local currency, the same currency in which income is generated.

The exchange rate used in the financial statements for the conversion of transactions and balances expressed in Kwanzas was, respectively:

Mar/22			
Euro exchange rates foreign currency per 1 Euro)	(x	Rate on March, 31 2022	Average interest 1st Trimester 2022
 Kwanza de Angola (AOA)		488,520	557,724

Dec/21

Euro exchange rates foreign currency per 1 Euro)	(x Rate on December, 31 2021	Average interest rate year 2021
 Kwanza de Angola (AOA)	635,728	705,219

ii) Price risk

The Group is not greatly exposed to goods price risk, despite the fact that the raw materials market is experiencing a period of disruption.

iii) Interest rate risk (cash flow and fair value)

The Group's interest rate risk follows its liabilities, in particular long-term loans.

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 6.4 million Euros are subject to interest maturities and repayment plans identical to the terms of the loans. A loan of 33 million Euros with fixed rate debt is contracted.

Based on simulations performed on 31 March 2022, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 116,000 Euros (522,000 Euros in December 2021).

b) Credit risk

Regarding customers, the risk is limited to the Catering business and sales of merchandise to franchisees representing less than 3.5% of the consolidated turnover. The Group has policies to ensure that credit sales are made to customers with an appropriate credit history.

The Group's cash and cash equivalents include mainly deposits resulting from cash provided by sales and its deposits in current accounts. Excluding these amounts, the amount of financial investments at 31 March 2022, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 2.7 million Euros, subject to country risk.

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

c) Liquidity risk

On 31 March 2022, current liabilities reached 125 million Euros, compared with 114 million Euros in current assets. The Group presents a situation of current liabilities greater than current assets, a financial characteristic of this business, it is important to note that current liabilities include some Commercial Paper programs, with termination clauses, in which reimbursement on the termination date is considered regardless of the terms for which they are contracted. On the other hand, circumstantially the option for issuance under contracts of lesser maturity at the expense of other programs of greater maturity that are left unused and consequently with amounts available for coverage.

The Group considers the expected operating cash flows and, if necessary, the commercial paper and the contracted credit lines, the amounts of which have not yet been used, are sufficient to settle all current liabilities.

On 31 March 2022, the Group had Commercial Paper Programs and unused medium and long-term lines of 38 million Euros and unused short term liquidity cash flow amounted to 13 million Euros. Investments in term deposits and other application of 63 million Euros, match 38% of liabilities paid.

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

	<u>until 31 March 2023</u>	<u>> 1 year</u>
Bank loans and overdrafts	28 609 857	122 231 221
Lease liabilities	21 182 722	120 475 792
Other non-current liabilities	-	4 176
Accounts payable to suppliers and accrued costs (*)	50 129 593	-
Other current liabilities (**)	4 759 113	-
Total	<u>104 681 286</u>	<u>242 711 188</u>

(*) amount excluding remunerations to be paid (note 14).

(**) amount excluding balances with the state and deferred income (note 15).

3.2 Capital risk

a) Gearing ratio

The capital structure balance is monitored based on the gearing ratio (defined as: (net remunerated debt / net remunerated debt + equity)) in order to place the ratio within a 50%-75% range.

As at 31 March 2022 and 31 December 2021 the gearing ratio was of 50% and 48%, respectively, as follows:

	<u>mar/22</u>	<u>Dec-21</u>
Lease liabilities	141 658 514	143 068 334
Bank loans	150 841 078	167 032 350
Other financial assets	-2 541 259	-2 179 955
Cash and bank deposits	<u>-64 276 047</u>	<u>-96 968 003</u>
Net indebtedness	225 682 285	210 952 726
Equity	<u>229 273 869</u>	<u>228 663 582</u>
Total capital	<u>454 956 154</u>	<u>439 616 308</u>
Gearing ratio	50%	48%

b) Risk of franchise agreements

In restaurants where it operates with international brands, the group enters into long-term franchise agreements: 20 years for Burger King and 10 years for Pizza Hut, Taco Bell 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 "Renewal 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 and the obligation to open new restaurants. In case of non-compliance with the opening plans provided for in these contracts, franchisors may terminate their development contracts.

The group has signed development contracts with Taco Bell and KFC (Portugal and Spain) and Burger King (Portugal and Spain). In unusual circumstances, such as the current pandemic crisis, readjustments to the development programs with the different brands Taco Bell and KFC were agreed. In the case of Burger King for Portugal, an amendment to the contract was being negotiated, but Burger King decided to terminate it. On the grounds that two restaurants were not built and three renovations weren't carried out, in addition to the 12 open restaurants and the 7 renovations made.

4. INFORMATION ABOUT THE COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER AND OTHER COMPANIES

4.1. The following Group companies were included in the consolidation perimeter as at 31 March 2022 and 31 December 2021:

Company	Head Office	% Shareholding	
		Mar/22	Dec/21
<u>Parent company</u>			
Ibersol SGPS, S.A.	Porto	mãe	mãe
<u>Subsidiary companies</u>			
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%
Asurebi SGPS, S.A.	Porto	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%
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%
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%
Dehesa de Santa Maria Franquicias, S.L.	Barcelona - Espanha	100%	100%
(c) Cortsfood, S.L.	Barcelona - Espanha	-	50%
Volrest Aldaia, S.L	Vigo - Espanha	100%	100%
Volrest Alcala, S.L	Vigo - Espanha	100%	100%
Volrest Alfafar, S.L.	Vigo - Espanha	100%	100%
Volrest Rivas, S.L.	Vigo - Espanha	100%	100%
Voesmu Restauracion, SL	Vigo - Espanha	100%	100%
<u>Associated companies</u>			
Ziaicos - Serviços e gestão, Lda	Porto	40%	40%
<u>Companies controlled jointly</u>			
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) Subsidiary liquidated in February 2022..

The above entities develop their business in the countries where they are based.

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

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

4.2. Changes to the consolidation perimeter

4.2.1. Acquisition of new companies

In the three month period ended in 31 March 2022 and in 31 December 2021 there were no acquisitions of subsidiaries.

4.2.2. Disposals

In the three month period periods ended in 31 March 2022 and in 31 December 2021 there were no disposals of subsidiaries.

5. REVENUE FROM CONTRACTS WITH CLIENTS AND INFORMATION PER SEGMENT

5.1. Revenue from contracts with clients

Revenue from contracts with customers is presented as follows:

	2022	2022
Turnover	106 484 536	55 658 572
Restaurant activity sales	104 449 720	54 647 135
Restaurants sales	101 170 011	54 171 334
Event catering sales	1 852 301	241 936
Catering sales in concessions	1 427 407	233 865
Merchandise sales	1 586 653	802 100
Rendered services	448 163	209 337
Franchised Royalties	417 207	178 942
Others	30 956	30 395

In 31 March 2022, sales through Aggregator platforms amounted to 13.4 million Euros.

5.2. Information per segment

Ibersol Administration monitors the business based on the following segmentation (Note 2.5):

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

DETAILED INFORMATION CONCERNING THE OPERATING SEGMENTS

	Restaurants		Counters		Concessions, Travel and Catering		Other, write off and adjustments		Total Group	
	mar/22	mar/21	mar/22	mar/21	mar/22	mar/21	mar/22	mar/21	mar/22	mar/21
Turnover	21 302 989	12 315 758	67 465 690	38 931 701	17 649 069	4 381 461	66 788	29 652	106 484 536	55 658 572
Operating income net of Amortization, deprec. and impairment losses	3 021 945	755 734	11 383 764	6 101 915	246 889	293 864	-22 087	71 192	14 630 511	7 222 705
Amortization, depreciation and impairment losses	-2 559 666	-3 069 137	-8 186 859	-7 972 551	-1 720 036	-9 966 103	-775 934	-305 077	-13 242 495	-21 312 868
Operating income	462 279	-2 313 404	3 196 905	-1 870 635	-1 473 147	-9 672 239	-798 021	-233 885	1 388 016	-14 090 163
Financial gains (losses)									-2 328 538	-4 679 018
Financial gains (losses)									-331 873	-198 624
Income tax									-425 480	3 228 856
Net profit									-1 697 875	-15 738 949
Total assets allocated	117 247 542	110 057 174	360 845 002	290 847 553	94 221 015	265 497 415	11 890 298	10 205 301	584 203 856	676 607 443
Total liabilities allocated	40 043 676	33 849 269	153 226 323	127 595 262	23 690 304	224 373 971	745 557	377 175	217 705 860	386 195 677

Unallocated assets and liabilities arising from investment, financing and tax activities are presented as follows:

	Mar/22		Dec/21	
	Assets	Liabilities	Assets	Liabilities
Deferred taxes	11 156 786	3 127 270	11 088 442	3 376 658
Current taxes	135 222	1 038 799	110 222	456 400
Current bank loans	-	28 609 857	-	26 593 284
Non current bank loans	-	122 231 221	-	140 439 066
Derivative financial instrument	-	18 976	-	18 976
Non-current financial assets	1 019 794	-	978 965	-
Financial investments - joint controlled subsidiaries	2 948 935	-	2 940 318	-
Other financial assets	2 541 259	-	2 179 955	-
Total	17 801 995	155 026 123	17 297 902	170 884 384

	Mar/22		Dec/21	
	Assets	Liabilities	Assets	Liabilities
Allocated by segment	584 203 856	217 705 860	615 056 529	232 806 465
Not allocated	17 801 995	155 026 123	17 297 902	170 884 384
	602 005 852	372 731 984	632 354 431	403 690 850

INFORMATION BY GEOGRAPHY

As at 31 March 2022 income and non-current assets by geography is presented as follows:

31 MARCH 2022	Portugal	Angola	Spain	Group
Turnover	69 716 884	2 914 773	33 852 879	106 484 536
Property, plant and equipment and intangible assets	184 717 633	16 762 639	47 542 257	249 022 529
Rights of use	74 200 436	588 843	61 746 163	136 535 442
Goodwill	7 474 768	130 714	71 427 339	79 032 821
Deferred tax asset	4 930 340	-	6 226 445	11 156 786
Financial investments - joint controlled subsidiaries	2 948 935	-	-	2 948 935
Non-current financial assets	619 794	-	400 000	1 019 794
Other financial assets	-	869 899	-	869 899
Other non-current assets	-	-	7 524 150	7 524 150
Total non-current assets	274 891 906	18 352 095	194 866 354	488 110 356

6. RIGHTS OF USE

During the three month period ended on 31 March 2022, rights of use, as well as in the respective accumulated amortizations and impairment losses, were as follows:

	Stores and Commercial Spaces	Buildings	Equipment	Other assets	Total
1 January 2022					
Initial net amount	128 125 587	5 881 809	4 496 619	367 138	138 871 152
Currency conversion	155 011	-	-	-	155 011
Increases	3 003 726	10 423	997 765	62 218	4 074 132
Decreases	-367	0	-	-	-367
Depreciation in the year	-5 263 542	-803 323	-472 025	-25 597	-6 564 487
Final net amount	126 020 415	5 088 910	5 022 359	403 759	136 535 442
31 March 2022					
Cost	187 548 141	14 615 260	8 129 990	533 152	210 826 542
Accumulated depreciation	-61 527 727	-9 526 350	-3 107 630	-129 394	-74 291 101
Net amount	126 020 415	5 088 910	5 022 359	403 759	136 535 442

The value of the increases corresponds to 9 new leases (4 of spaces and 5 of equipment) and also the effect of remeasurement of contracts by the rent updates by the Price Index in the Consumer and other changes to expected lease payments (eg in cases of lease term reassessment).

7. PROPERTY, PLANT AND EQUIPMENT

During the three month period ended 31 March 2022, property, plant and equipment, as well as in the respective depreciation and accumulated impairment losses, were as follows:

	Land	Buildings	Equipment	Other property, plant and equipment	Property, plant and equipment in progress	Total
1 January 2022						
Initial net amount	19 497 339	153 238 101	31 204 592	9 664 958	768 719	214 373 711
Currency conversion	243 808	155 417	-47 030	-25 527	836	327 504
Charge-off	-	2 672 554	825 299	502 378	57 226	4 057 458
Decreases	-	-79 966	-2 033	-1 709	-979	-84 686
Transfers	-	55 229	35 409	3 126	-93 768	-4
Depreciation in the year	-12 632	-3 236 308	-1 950 829	-600 466	-	-5 800 235
Impairment in the year	-	-	-	-	-	-
Final net amount	19 728 515	152 805 027	30 065 408	9 542 760	732 034	212 873 748
31 March 2022						
Cost	20 113 978	293 485 753	145 468 451	33 740 730	732 035	493 540 948
Accumulated depreciation	-376 464	-129 763 534	-114 647 761	-24 146 611	-	-268 934 371
Accumulated impairment	-9 000	-10 917 191	-755 280	-51 359	-	-11 732 830
Net amount	19 728 514	152 805 028	30 065 409	9 542 762	732 034	212 873 748

In 2022, investment essentially refers to the opening of three KFC.

8. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	<u>Mar/22</u>	<u>Dec/21</u>
Goodwill	79 032 821	79 032 821
Intangible assets	36 148 781	35 870 696
	<u>115 181 602</u>	<u>114 903 517</u>

During the 3 month period ended 31 March 2022, intangible assets, amortization and accumulated impairment losses were as follows:

	Goodwill	Brands	Industrial property	Other intangible Assets	Assets in progress	Total
1 January 2022						
Initial net amount	79 032 821	16 316 667	16 912 142	1 411 652	1 230 241	114 903 517
Currency conversion	-	-	4 376	-	31 189	35 565
Charge-off	-	-	180 269	-	997 607	1 177 876
Decreases	-	-	-4 822	-	-	-4 822
Transfers	-	-	2 673	-	-2 673	-
Amortization in the year	-	-275 000	-575 822	-79 713	-	-930 535
Impairment in the year	-	-	-	-	-	-
Final net amount	79 032 821	16 041 667	16 518 816	1 331 939	2 256 364	115 181 602
31 March 2022						
Cost	93 984 684	22 000 000	53 115 572	12 232 629	2 256 365	183 589 250
Accumulated amortization	-	-5 958 333	-32 268 475	-10 868 396	-	-49 095 204
Accumulated impairment	-14 951 863	-	-4 328 280	-32 296	-	-19 312 439
Net amount	79 032 821	16 041 667	16 518 817	1 331 939	2 256 364	115 181 602

Intangible assets in progress mostly relate to territorial rights to open units, which are paid in advance to brands at the time when joint agreements are made to open units between Ibersol and the franchisors.

8.1 Goodwill

Goodwill is allocated to each of the groups of homogeneous cash-generating units as follows:

	<u>Mar/22</u>	<u>Dec/21</u>
Restaurants	7 147 721	7 147 721
Counters	37 199 991	37 199 991
Concessions, Travel and Catering	34 505 388	34 505 388
Other, write off and adjustments	179 721	179 721
	<u>79 032 821</u>	<u>79 032 821</u>

9. OTHER FINANCIAL ASSETS

The amount of financial assets refers to investments in Angolan State Treasury Bonds. The separation by maturity is as follows:

	<u>Mar/22</u>			<u>Dec/21</u>		
	<u>Current</u>	<u>Non current</u>	<u>Total</u>	<u>Current</u>	<u>Non current</u>	<u>Total</u>
Treasury bonds	1 761 722	996 949	2 758 672	1 429 154	968 215	2 397 368
Sub-total	<u>1 761 722</u>	<u>996 949</u>	<u>2 758 672</u>	<u>1 429 154</u>	<u>968 215</u>	<u>2 397 368</u>
Accumulated impairment losses	90 363	127 050	217 413	90 363	127 050	217 413
TOTAL	<u>1 671 359</u>	<u>869 899</u>	<u>2 541 259</u>	<u>1 338 791</u>	<u>841 165</u>	<u>2 179 955</u>

As there was no significant increase in credit risk since the initial recognition of Treasury Bonds, expected losses within a period of 12 months were considered.

Indices used for Probability of Default and Loss Given Default are in accordance with the publication of Moodys and S&P, the probability of default considered was 7.9% and the loss given default considered to be 59%.

9.1. Non-current

Treasury bond securities held by the group on 31 March 2022 with a maturity of more than 12 months are as follows:

Non-current

Issue date	08/07/2020	31/08/2017
Acquisition date	25/05/2021	06/05/2021
Due date	08/07/2023	31/08/2024
BNA exchange rate	n/a	645
Amount	1 350	250
Amount as at 31/03/2022	251 474	344 550
Gross annual return	16,25%	7%

Non-current

			TOTAL
Issue date	21/04/2021	31/07/2020	-
Acquisition date	04/10/2021	24/11/2021	-
Due date	21/04/2023	31/07/2024	-
BNA exchange rate	n/a	n/a	-
Amount	1 200	1 000	-
Amount as at 31/03/2022	227 954	172 972	996 949
Gross annual return	16%	16,50%	-

9.2. Current

Treasury bond securities held by the group as at 31 March 2022 with a maturity of less than 12 months are presented as follows:

Current

Issue date	26/10/2017	16/04/2021	28/02/2019
Acquisition date	07/04/2021	25/05/2021	05/05/2021
Due date	26/10/2022	16/10/2022	28/02/2023
BNA exchange rate	n/a	n/a	n/a
Amount	600	2 000	1 000
Amount as at 31/03/2022	108 647	393 024	189 327
Gross annual return	12%	15,75%	16,5%

Current

			TOTAL
Issue date	16/09/2015	29/09/2017	-
Acquisition date	22/01/2016	16/03/2021	-
Due date	16/09/2022	29/09/2022	-
BNA exchange rate	154,84	n/a	-
Amount	975	250	-
Amount as at 31/03/2022	1 025 215	45 510	1 761 722
Gross annual return	5%	12%	-

10. OTHER NON-CURRENT ASSETS

Other non-current assets breakdown is presented as follows:

	Mar/22	Dec/21
Other non-current assets	7 524 150	7 524 331
	7 524 150	7 524 331

Balance of other non-current debtors is mainly comprised of deposits and securities in Spain resulting from lease agreements. Trade accounts receivable from other debtors are initially recognized at fair value and, in the case of medium and long-term debt, are subsequently measured at amortized cost using the effective interest method, less impairment.

The Group considers that this asset is not exposed to significant credit risk, since in general these assets are directly associated with rent payment obligations.

These guarantees may be enforced by the beneficiaries in the event of breach of contract by Ibersol, for example in cases where the rent is not paid.

11. CASH AND CASH EQUIVALENTS

As at 31 March 2022 and 31 December 2021, Cash and cash equivalents were as follows:

	Mar/22	Dec/21
Cash	1 053 141	1 029 212
Bank deposits	63 222 406	95 938 291
Treasury applications	500	500
Cash and bank deposits in the balance sheet	64 276 047	96 968 003
Bank overdrafts	-	-
Cash and cash equivalents in the cash flow statement	64 276 047	96 968 003

12. OTHER CURRENT ASSETS

As at 31 December 2021 and 2020 Other current assets were as follows:

	Mar/22	Dec/21
Clients	6 780 161	6 369 453
State and other public entities	6 268 914	5 803 060
Other debtors (1)	16 486 483	10 895 308
Advances to suppliers	359 870	202 341
Advances to fixed suppliers	1 649 011	225 008
Accruals and income	2 344 299	4 386 985
Deferred costs	1 512 970	1 698 608
Other current assets	35 401 708	29 580 764
Accumulated impairment losses	2 944 559	2 882 406
	32 457 149	26 698 358

(1) As at 31 March 2022 and 31 December 2021, the balance in Other debtors includes aggregators, other debtor balances from suppliers c/c, debts to suppliers for the recovery of charges for marketing and rappel co-payments, meal vouchers (delivered by customers), short-term bails and various advances, reflection of a growth in activity in the last 2 months.

13. LOANS AND LEASE LIABILITIES

13.1 Loans

As at 31 March 2022 and 31 December 2021, current and non-current loans were as follows:

Non-current	Mar/22	Dec/21
Bank loans	77 381 221	75 839 066
Commercial paper programmes	44 850 000	64 600 000
	122 231 221	140 439 066
Current	Mar/22	Dec/21
Bank overdrafts	-	-
Bank loans	15 310 327	13 325 470
Commercial paper programmes	13 299 530	13 267 814
	28 609 857	26 593 284
Total loans	150 841 078	167 032 350

Movements in 31 March 2022 and 31 December 2021 in current and non-current loans, except financial leases and bank overdrafts, are as follows:

	<u>mar/22</u>	<u>Dec/21</u>
1st January	167 032 350	165 068 581
Loan receipts obtained	4 213 103	34 298 753
Financial debt payments	-20 691 505	-32 227 604
Variation effect of bank overdrafts (note 11)	-	-916
Financing assembly costs	19 799	-344 259
Capitalized interest and others	267 330	237 793
	<u>150 841 078</u>	<u>167 032 350</u>

13.2 Lease liabilities

As at 31 March 2022 and 31 December 2021, the company has commitments made to third parties, arising from lease contracts, namely real estate contracts. The breakdown of future payments of lease payments, given their maturity, can be analyzed as follows:

	<u>mar/22</u>			<u>dez/21</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Leases	21 182 722	120 475 792	141 658 514	21 645 649	121 422 685	143 068 334
TOTAL	<u>21 182 722</u>	<u>120 475 792</u>	<u>141 658 514</u>	<u>21 645 649</u>	<u>121 422 685</u>	<u>143 068 334</u>

The movements in the first 3 months 2022 in liabilities with leases are presented as follows:

	<u>mar/22</u>	<u>Dec/21</u>
1st January	143 068 335	329 014 533
Financial debt payments	-6 919 469	-34 031 830
Update of liabilities with leases	1 804 006	13 361 651
Lease contract increases	4 074 132	35 106 030
Contract terminations / store closings	-367	-276 893
Write-off Liabilities lease contracts AENA (1)	-	-195 183 511
Income concessions resulting from the COVID-19 pandemic	-459 184	-4 681 174
Others	91 059	-240 474
	<u>141 658 514</u>	<u>143 068 335</u>

(1) the debt of concession contracts at airports in Spain managed by AENA was derecognised, pursuant to the application of Law 13/2021 (introductory note). This diploma determines the reduction of the minimum guaranteed annual rents of the contracts, in direct proportion to the reduction of annual passenger traffic compared to those verified in 2019, until the annual volume of passengers at the airport resumes the traffic of the same year, thus making it impossible for the future responsibilities of these same contracts are determined.

During the first three months of 2022, the Group obtained discounts on rent payments with the amount of 459,184 Euros that led to the respective decrease in liabilities without outflow of funds.

14. ACCOUNTS PAYABLE TO SUPPLIERS AND ACCRUED COSTS

As at 31 March 2022 and 31 December 2021, accounts payable to suppliers and accrued costs were broken down as follows:

	<u>Mar/22</u>	<u>Dec/21</u>
Suppliers c/ a	32 184 879	38 501 025
Suppliers - invoices pending approval	2 244 313	3 196 603
Suppliers of fixed assets c/ a	4 330 053	10 063 593
Total accounts payable to suppliers	<u>38 759 245</u>	<u>51 761 221</u>

	<u>mar/22</u>	<u>dez/21</u>
Acréscimos de custos - Seguros a liquidar	131 799	108 056
Acréscimos de custos - Remunerações a liquidar	10 645 212	8 987 232
Acréscimos de custos - Rendas e alugueres (1)	3 308 902	5 583 055
Acréscimos de custos - Fornec.Serviços Externos	5 988 833	5 583 485
Acréscimos de custos - Outros	1 940 814	484 342
Total acréscimos de custos	<u>22 015 560</u>	<u>20 746 170</u>
Total contas a pagar a fornec. e acréscimos de custos	<u>60 774 805</u>	<u>72 507 391</u>

(1) accrued costs- rent and lease include only the amount related to variable rents that are not included in the lease liability.

15. OTHER CURRENT LIABILITIES AND INCOME TAX PAYABLE

As at 31 March 2022 and 31 December 2021, "Other current liabilities" may be broken down as follows:

	<u>Mar/22</u>	<u>Dec/21</u>
Other creditors	4 759 113	5 536 323
State and other public entities	7 255 194	8 480 036
Deferred income	916 035	782 182
	<u>12 930 342</u>	<u>14 798 541</u>

16. INCOMES TAXES AND DEFERRED TAXES

16.1. **Income tax**

16.1.1. Income tax receivable

As at 31 March 2022, income tax receivable amounts to 135,222 Euros (2021: 110,222 Euros), presented as follows:

	<u>Mar/22</u>	<u>Dec/21</u>
Inverpeninsular Group (1)	39 490	35 614
Ibersol Angola	91 224	70 100
Others	4 508	4 508
	<u>135 222</u>	<u>110 222</u>

(1) tax amount resulting from the tax group of subsidiaries in Spain.

16.1.2. Income tax payable

Income tax payable in the periods ended 31 March 2022 and 31 December 2021 is broken down as follows:

	<u>Mar/22</u>	<u>Dec/21</u>
RETGS (1)	937 004	444 395
Ibersol Angola	89 789	-
Others (2)	12 006	12 006
	<u>1 038 799</u>	<u>456 401</u>

(1) amount of tax resulting from the tax group of subsidiaries in Portugal (RETGS).

(2) excluded from RETGS, income tax to be paid by subsidiary Iberusa ACE.

16.2. Deferred tax

Changes in deferred taxes in the period are:

Deferred taxes	31.03.2022	31.12.2021	Movement in the year (1)
Assets	11 156 786	11 088 442	68 344
Liabilities	-3 127 270	-3 376 658	249 388
Total	8 029 516	7 711 784	317 732

(1) tax for the year in the amount of 161,260 euros (note 19) and 156,472 euros of currency exchange conversion recognized in reserves.

Nominal tax rates of the jurisdictions in which the Group is present are as follows:

Portugal	21%
Spain	25%
Angola	25%

16.2.1 Deferred tax assets

As at 31 March 2022 and 31 December 2021 deferred tax assets on, according to jurisdiction and the temporary differences that generate them, are broken down as follows:

	<u>mar/22</u>			<u>Dec/21</u>		
Deferred tax assets	Portugal	Spain	Total	Portugal	Spain	Total
Tax losses carried forward	-	7 025 378	7 025 378	-	7 005 961	7 005 961
Ded. temporary differences (IFRS16) (1)	-	792 929	792 929	-	744 265	744 265
Taxable temporary differences	-33 859	-1 572 089	-1 605 947	-33 859	-1 572 089	-1 605 947
Homogenization of property, plant and equipment and intangible assets (2)	-5 034 604	-708 707	-5 743 312	-5 065 885	-677 689	-5 743 575
Other temporary differences (3)	9 998 803	688 934	10 687 737	9 998 803	688 934	10 687 737
	<u>4 930 340</u>	<u>6 226 445</u>	<u>11 156 786</u>	<u>4 899 059</u>	<u>6 189 382</u>	<u>11 088 442</u>

(1) deferred taxes resulting from a temporary difference due to the application of IFRS16 in the Group's consolidated accounts, not applicable in the statutory accounts of subsidiaries in Spain.

(2) deferred taxes that correspond to the difference in the net amount considered in the individual financial statements of the subsidiaries and the net amount to which they contribute in the consolidated financial statements.

(3) amount referring, essentially to tax benefits. As at 31 December 2021, there are 147,000 euros of tax benefit associated with the capital increase and 9,847,534 euros of tax benefits not deducted, to be used in subsequent years, 1,337,879 euros of RFAI for 2019, 2,066,044 euros of 2020 RFAI, 4,731,689 euros from 2021 RFAI and 1,711,922 euros from CFEI II (1,142,477 euros deductible until 2025 and 569.45 euros until 2026, inclusive). It should be noted that these credits have a reporting period of 10 tax periods, a period whose count was suspended during 2020 and during the following tax period, according to Law No. 21/2021, of 21 of April.

16.2.2 Deferred tax liabilities

As at 31 March 2022 and 31 December 2021, Deferred tax liabilities, according to jurisdiction and the temporary differences that generated them, are broken down as follows:

	<u>mar/22</u> <u>Angola</u>	<u>Dec/21</u> <u>Angola</u>
Deferred tax liabilities		
Homogenization of property, plant and equipment and intangible assets (1)	-641 577	-450 931
Hyperinflationary Economies (IAS 29)	3 882 097	3 927 202
Deductible temporary differences (IFRS16)	-58 896	-45 259
Other temporary differences	-54 354	-54 354
	<u>3 127 270</u>	<u>3 376 657</u>

(1) deferred taxes corresponding to the difference of the net value as in the individual financial statements of the subsidiaries and the net amount that they contribute in the consolidated.

17. OTHER OPERATING INCOME AND COSTS

Other operating and income costs in the three months periods ended 31 March 2022 and 31 March 2021 are broken down as follows:

Other operating costs	<u>2022</u>	<u>2021</u>
Direct/indirect taxes not assigned to operating activities	237 987	149 218
Losses in fixed assets	32 877	92 124
Currency exchange differences	317 623	152 217
Membership fees, donations samples and inventory offers	66 294	48 483
Impairment adjustments (debts receivable)	58 526	79 950
Inventories break	127 015	-
Other operating costs	22 129	30 953
	<u>862 451</u>	<u>552 944</u>
Outros proveitos operacionais	<u>2022</u>	<u>2021</u>
Proveitos suplementares (1)	685 022	543 813
Subsídios à exploração (2)	22 591	2 300 212
Diferenças câmbio	469 526	175 895
Indemnizações	618 320	-
Ganhos em imobilizado	-	16 787
Subsídios para investimento	13 516	14 746
Outros ganhos operacionais	22 290	3 835
	<u>1 831 266</u>	<u>3 055 288</u>
Outros proveitos /(custos) operacionais	<u>968 815</u>	<u>2 502 344</u>

(1) arise essentially from revenue from contracts with suppliers and franchisees (Eat Out group);

(2) amount referring, essentially, to government support within the scope of Covid-19.

18. FINANCIAL EXPENSES AND LOSSES AND INCOME AND GAINS

Financial expenses and losses in the three months periods ended 31 March 2022 and 31 March 2021 are broken down as follows:

Financial expenses and costs	2022	2021
Interest on rentals liabilities (IFRS16)	1 804 006	3 884 513
Interest paid	684 889	696 666
Other financial expenses and costs	248 376	343 588
	<u>2 737 271</u>	<u>4 924 767</u>

The reduction in interest on lease liabilities is due to the interest related to lease contracts for restaurants and retail establishments located at airports in Spain, which in 2021 were being considered as a result of the application of IFRS16.

Financial income and gains in the three months periods ended 31 March 2022 and 31 March 2021 are broken down as follows:

Financial income and gains	2022	2021
Interest earned (1)	125 115	117 106
Other financial income and gains	283 618	128 643
	<u>408 733</u>	<u>245 749</u>

(1) essentially interest on treasury bonds and term deposits.

19. INCOME TAX

Income tax recognised in the three months periods ended on 31 March 2022 and 2021 are broken down as follows:

	Mar/22	Mar/21
Current taxes	586 740	12 382
Deferred taxes	-161 260	-3 241 238
	<u>425 480</u>	<u>-3 228 856</u>

The effective tax rate on profits is presented as follows::

	mar/22	mar/21
Profit before tax	-1 272 395	-18 967 805
Income tax expense	-425 480	3 228 856
Effective tax rate	<u>33%</u>	<u>-17%</u>

20. INCOME PER SHARE

Income per share in the three months periods ended 31 March 2022 and 2021 was calculated as follows:

	<u>Mar/22</u>	<u>Mar/21</u>
Profit payable to shareholders	<u>-1 697 855</u>	<u>-15 726 604</u>
Number of shares issued at the beginning of the period	46 000 000	36 000 000
Number of shares issued at the end of the period	<u>46 000 000</u>	<u>36 000 000</u>
Average weighted number of ordinary shares issued (i)	46 000 000	36 000 000
Average weighted number of own shares (ii)	-3 599 981	-3 599 981
Weighted average number of outstanding shares (i-ii)	<u>42 400 019</u>	<u>32 400 019</u>
Basic earnings per share (€ per share)	<u>-0,04</u>	<u>-0,49</u>
Earnings diluted per share (€ per share)	<u>-0,04</u>	<u>-0,49</u>
Number of own shares at the end of the year	<u>3 599 981</u>	<u>3 599 981</u>

Since there are no potential voting rights, the basic earnings per share is equal to earnings diluted per share.

21. CONTINGENT ASSETS AND LIABILITIES

The Group has contingent liabilities related to its business (related to licensing, advertising fees, hygiene and food safety and employees, the success rate of Ibersol in these processes being historically high). It is not expected that there will be significant liabilities arising from contingent liabilities.

An indemnity proceeding was brought against a subsidiary of the Eat Out Group in Spain for alleged non-compliance with non-compete agreements in the amount of approximately 11.7 million Euros. The Board of Directors, supported by the position of the lawyers who accompany the process, considers that this situation represents a contingent liability. Additionally, it should be noted that the process concerns facts that occurred before the acquisition of this subsidiary by the Ibersol Group, and is therefore, under the liability and guarantees clauses provided for in the share purchase and sale agreement of the Eat Out Group, there is a right of return.

22. OTHER COMMITMENTS ASSUMED

As at 31 March 2022 and 31 December 2021, liabilities not recorded by Ibersol's subsidiaries are mainly made up of bank guarantees provided on their account, as follows:

	<u>Mar/22</u>	<u>Dec/21</u>
Bank guarantees	24 835 509	24 929 721

Bank guarantees by hedge type are as follows:

<u>Leases and rents</u>	<u>Other supply contracts</u>	<u>Fiscal and legal proceedings</u>	<u>Other</u>	<u>Other legal claims</u>
24 539 833	185 683	66 263	23 000	20 731

The bank guarantees essentially arise from the concessions and rents of the Group's stores and commercial spaces, and can be executed in the event of non-compliance with the lease contracts, namely due to non-payment of rents.

The relevant amount comes from the guarantees required by the owners of spaces concession (ANA Airports and AENA Airports in Spain) or leased (shopping centres and other places) under concessions and rents, which amounts to 19,713,000 Euros with AENA Airports.

Regarding the precautionary measures requested, aiming at preventing AENA from executing the guarantees and deposits (see Note 12), which has a 24.7 million Euros benefit. On 26 March 2021, the Court ruled in favour of the precautionary measure. In March 2022, the higher court confirmed that Pansfood was right again in relation to the process of precautionary measures, in response to the appeal filed by AENA, regarding the first decision in March 2021. After the hearing on the substantive process, held during the month May 2022, a decision by the court of first instance on the same is expected in the next months..

23. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions with related parties as at 31 March 2022 and 31 December 2021, can be presented as follows:

	Parent entitie		Jointly controlled entitie		Associated entitie		Other entities	
	1ºT 2022	2021	1ºT 2022	2021	1ºT 2022	2021	1ºT 2022	2021
Supplies and services	250 000	1 000 000	759 276	4 174 391	-	-	-	-
Rental lease	-	-	-	-	-	-	550 862	2 200 946
Accounts Payable	-	-	1 049 220	1 395 331	-	-	-	-
Other current assets	-	-	-	-	-	300 000	-	-
Financial investments	-	-	-	-	300 000	-	-	-
Other financial investments	-	-	-	-	-	-	400 000	-

The parent company of Ibersol SGPS S.A. is ATPS - SGPS, SA, holder directly and indirectly of 26.004.023 shares.

Dr. António Carlos Vaz Pinto de Sousa and Dr. António Alberto Guerra Leal Teixeira each hold 2.520 shares of Ibersol SGPS, SA. The voting rights attributable to ATPS are also attributable to António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira according to paragraph 1.b) Article 20, and paragraph 1 Article 21, both of the Portuguese Securities Market Code, by holding the domain of ATPS, in which they participate indirectly in equal parts by their companies, respectively, the companies CALUM - SERVIÇOS E GESTÃO, S.A. with NIPC 513799486 and DUNBAR - SERVIÇOS E GESTÃO, S.A. with NIPC 513799257, which, jointly, hold the majority of the share capital of ATPS.

The other entities refer to entities controlled by other holders of significant influence in the parent company of Ibersol Group. The amounts presented refer to rents paid in the year, which, as a result of the adoption of IFRS16, do not correspond to the amount of lease expenses reflected in the financial statements. As at 31 December 2021, the estimated payment commitments for rents over the term of the respective contracts amount approximately to 17.7 million Euros (31 December 2021: 17.9 million Euros).

24. SUBSEQUENT EVENTS

Non-binding proposal to acquire Burger King restaurants

In May, within the scope of the start of negotiations on an exclusive basis, regarding a potential acquisition of the subsidiaries that operate the Burger King restaurants, in Portugal and Spain, for an Enterprise Value of 250 million euros, on a cash and debt basis-free, which may be increased by up to 7 million euros, related to the potential use of tax credits, the group informed the extension of the exclusivity period until 3 June 2022.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 31 May 2022.