



**REPORT  
AND ACCOUNTS**

**2019**

Cover photo



#### **D. CARLOS I BUILDING IN LISBON**

The emblematic D. Carlos I building on the intersection of Av. D. Carlos I with Rua. D. Luís I in Lisbon was completed during 2019 for the real estate developer REFORMOSA. The result was a comprehensive conversion of a 20th century office building into a high quality and comfortable housing development, with a total of 52 apartments.

# REPORT AND ACCOUNTS

## **2019**



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## Identification of the company

### **Teixeira Duarte, S.A.**

Head Office: Lagoas Park, Edifício 2 – 2740-265 Porto Salvo

Share capital: € 210,000,000

Single Legal Person and Registration number 509 234 526 at Cascais (Oeiras) Commercial  
Register 500 234 526

# INTRODUCTION

## The Consolidated Management Report

The Board of Directors of "Teixeira Duarte, S.A." (TD,SA), in compliance with the regulatory and legal provisions for publicly traded companies, hereby presents its management report for the financial year of 2019.

This Report will analyse in a consolidated manner the activity carried out by the subsidiaries of TD,SA and will also address some aspects of the Company on an individual basis, specifically regarding the proposed distribution of results, thus applying the option provided for in Article 508-C(6) of the Commercial Companies Code, to submit a single report.

Since each of these units has its own management bodies, which report on their individual activities, this document will provide only some observations for the purpose of allowing for a perspective of the Group as a whole.

Under the terms of the applicable legislation, attached to this document can be found maps with a range of information relating to stakes in the capital of TD,SA (specifically according to the provisions of article 447 of the Commercial Companies Code and in CMVM regulation no. 5/2008, in its version amended by Regulation no. 7/2018).

## Non-Financial Information Report

In compliance with applicable legislation (Decree-Law no. 89/2017, of 28 July), a separate chapter is included within the scope of the Management Report, to provide reporting of "Non-Financial Information".

## Corporate Governance Report

Also submitted in this set of documents is a detailed report on the corporate governance structure and practices in 2019 (drawn up in accordance with article 245-A of the Securities Code and with Securities and Exchange Commission (CMVM) Regulation no. 4/2013), taking as a basis the new Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG), in force since 1 January 2018.

## Individual and Consolidated Financial Statements

Moreover, this report also includes the individual and consolidated financial statements with the respective notes, where the former were prepared in accordance with the Accounting Standardisation System (SNC) and the latter pursuant to the International Financial Reporting Standards as adopted in the European Union, as well as the respective Reports and Opinions of the Audit Bodies, the Legal Certification of Accounts and the Audit Report produced by an auditor registered at the Portuguese Securities Market Commission (CMVM).

## Compliance Statement

Under the terms and for the purposes of subparagraph c) of paragraph 1 of Article 245 of the Securities Market Code, the undersigned state that, to the best of their knowledge, the Management Report, the annual accounts, and all other documents presenting the accounts were prepared in accordance with the applicable accounting standards, conveying a true and fair view of the assets and liabilities, the financial position and results of TD, S.A. and of the companies included in its consolidation perimeter, and also faithfully reflect the business development, performance and position of each company, containing a description of the main risks and uncertainties they face.

As a supplement to this declaration, and specifically to the contents of the final paragraph, it should be noted that both the Board of Directors of TD,SA and the boards of the other Teixeira Duarte Group entities are monitoring the development of the Covid-19 pandemic situation and are acting in accordance with recommendations issued by the World Health Organization and public entities responsible for health in the respective countries where Group companies operate.

Within this framework, contingency and preventive measures have been taken to follow the guidelines of these entities and to mitigate and contain the public health risk, and to balance these intentions with the steps necessary to safeguard the continuity of the business and the impact of the situation on all of its *stakeholders*.

Finally, it should be noted that due to the direct and indirect nature of the possible impacts of this situation, as well as the unpredictability of its scale and duration, it is not possible for this Board of Directors to describe all of the possible resulting risks.





Construction of the New Headquarters of Gulf Bank Algeria  
ALGIERS - ALGERIA



**Teixeira Duarte**

Reports and accounts 2019

# Management Report of the Board of Directors 2019

## I. TEIXEIRA DUARTE GROUP IN 2019

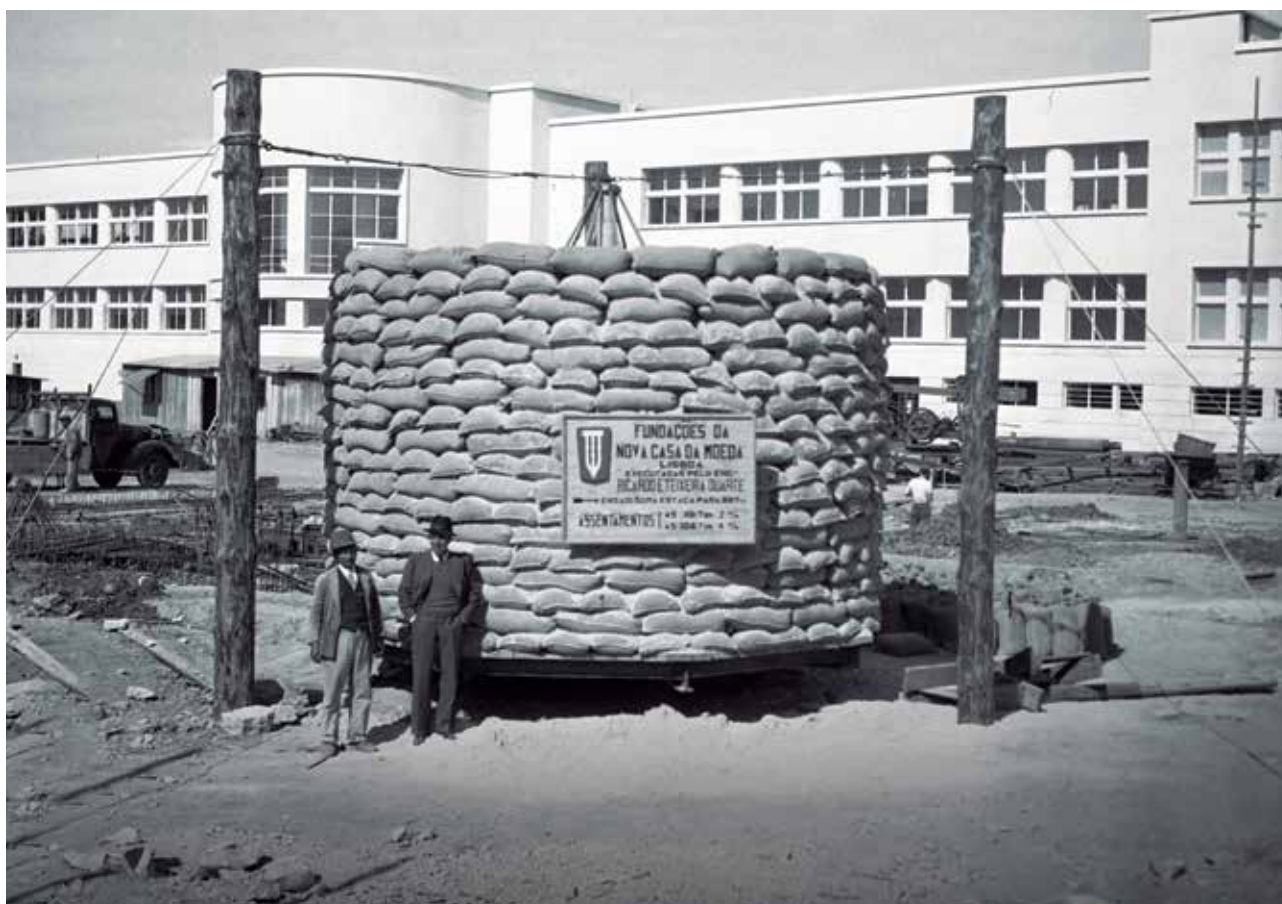
# A PORTUGUESE GROUP FOUNDED IN AN ENGINEERING COMPANY

Teixeira Duarte is the identity of a business Group that presents itself through its brand image: a Portuguese Group originally founded as an engineering company. Its engineering roots came

from its founder who, with an entrepreneurial spirit and with support from its human resources and technical equipment, several decades ago expanded the company's activities to other sectors and markets, with a marked identity upheld by all involved over almost one hundred years of business.

The Engineer Ricardo Esquível Teixeira Duarte started the Teixeira Duarte Group's business in 1921. The company, now called "Teixeira Duarte - Engenharia e Construções, S.A.", was also incorporated by him in 1934 before later taking on the role of the Group's parent entity in 2010. It opened up its capital to employees and became a limited liability company in 1987, and was listed on what was then the Lisbon Stock Exchange in 1998.

In 2010, "Teixeira Duarte, S.A.", incorporated in 2009, acquired all of the share capital of "Teixeira Duarte - Engenharia e Construções, S.A." under the scope of a Public Exchange Offer, and became the listed company at the head of the Teixeira Duarte Group, which today consists of a group of entities that lie within its consolidation perimeter.



## I.1 PROFILE

**11.000  
EMPLOYEES**

**OVER  
175 COMPANIES**

### ACTIVITY SECTORS

#### CONSTRUCTION

SINCE 1921

#### CONCESSIONS AND SERVICES

SINCE 1984

#### REAL ESTATE

SINCE 1973

#### HOSPITALITY

SINCE 1992

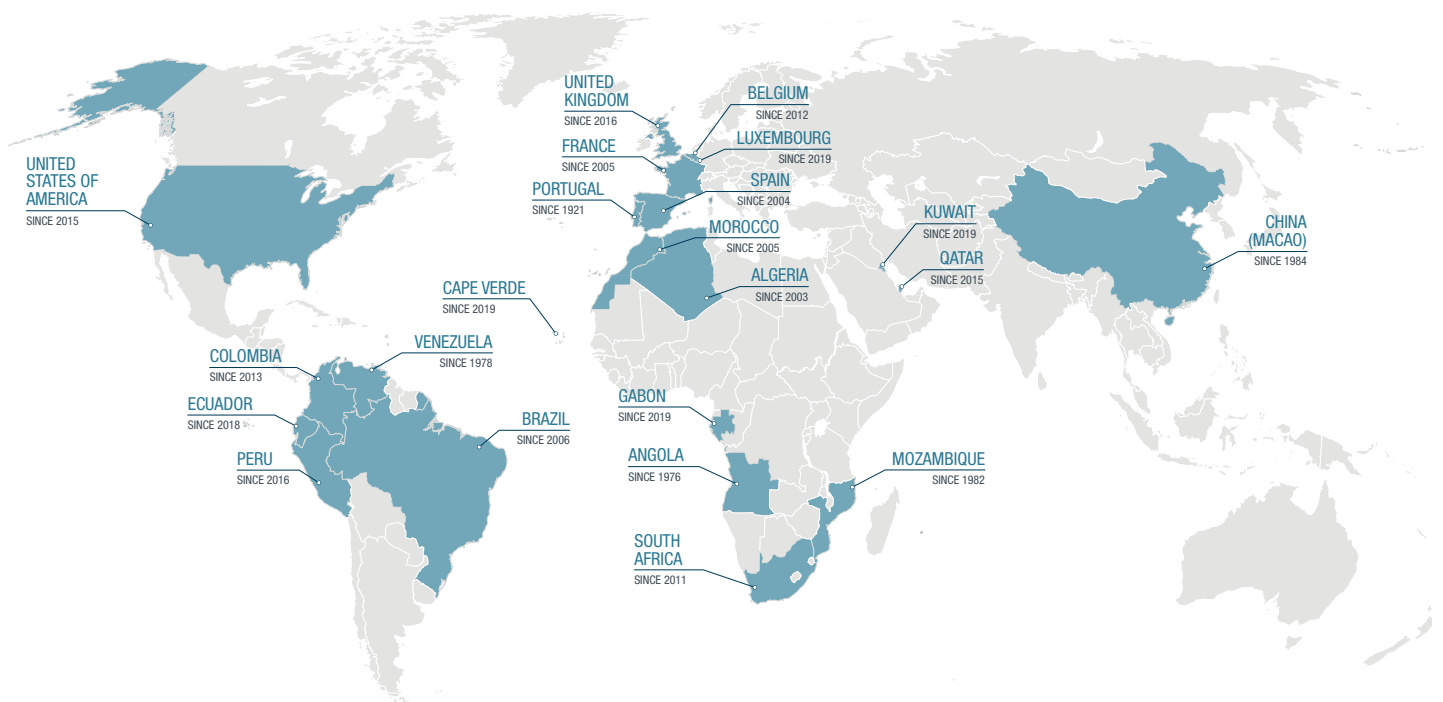
#### DISTRIBUTION

SINCE 1996

#### AUTOMOTIVE

SINCE 1991

**22 COUNTRIES  
4 CONTINENTS**



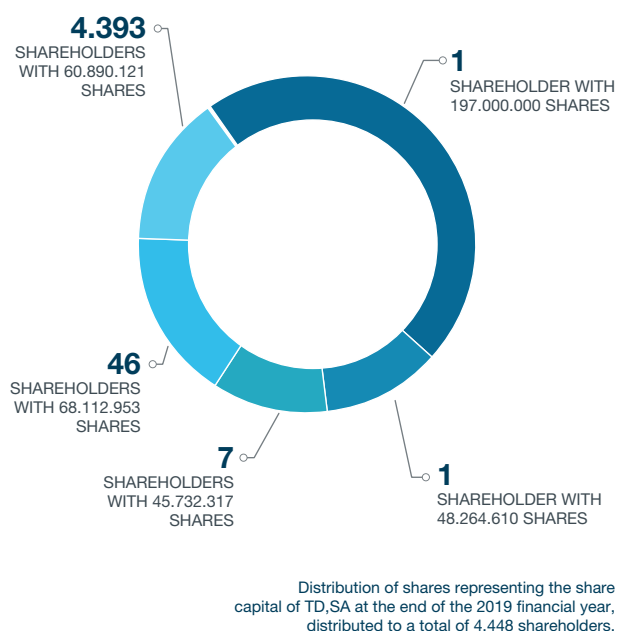


EDP - Carrapatelo Power Plant - Improvement of Navigation Lock Equipment  
CARRAPATELO - PORTUGAL

## SHAREHOLDERS

"Teixeira Duarte, S.A." has been listed on Euronext Lisbon since 2010 and, since then its majority shareholder has been the Teixeira Duarte family, specifically through "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.".

On December 31, 2019, the capital of "Teixeira Duarte, S.A." was distributed among 4,448 shareholders as follows:



## CORPORATE MODEL

The top listed company of the Teixeira Duarte Group follows the corporate model commonly known as the one-tier model: it has a single management body (the Board of Directors), currently with five members and (since 2008) two supervisory bodies: An Audit Committee (with three members) and an official accounts auditor company. This is the structure of the corporate bodies of "Teixeira Duarte, S.A.", which have the following members:

### Presiding Board of the Shareholder's Meeting:

Chairman  
José Luciano Vaz Marcos  
Vice-Chairman  
José Mário Ferreira de Almeida  
Secretary  
José Pedro Poiars Cobra Ferreira

### Board of Directors:

Chairman:  
Pedro Maria Calainho Teixeira Duarte  
Directors  
Manuel Maria Calainho de Azevedo Teixeira Duarte  
Carlos Gomes Baptista  
Maria da Conceição Maia Teixeira Duarte  
Diogo Bebiano Branco de Sá Viana Rebelo

### Supervisory Board:

Chairman:  
Óscar Manuel Machado de Figueiredo  
Member  
Ana Cristina Louro Ribeiro Doutor Simões  
João Salvador dos Santos Matias  
Deputy:  
Rui Pedro Ferreira de Almeida

### Chartered Accountant:

"Moore Stephens & Associados, SROC S.A."  
represented by Dr. António Gonçalves Monteiro

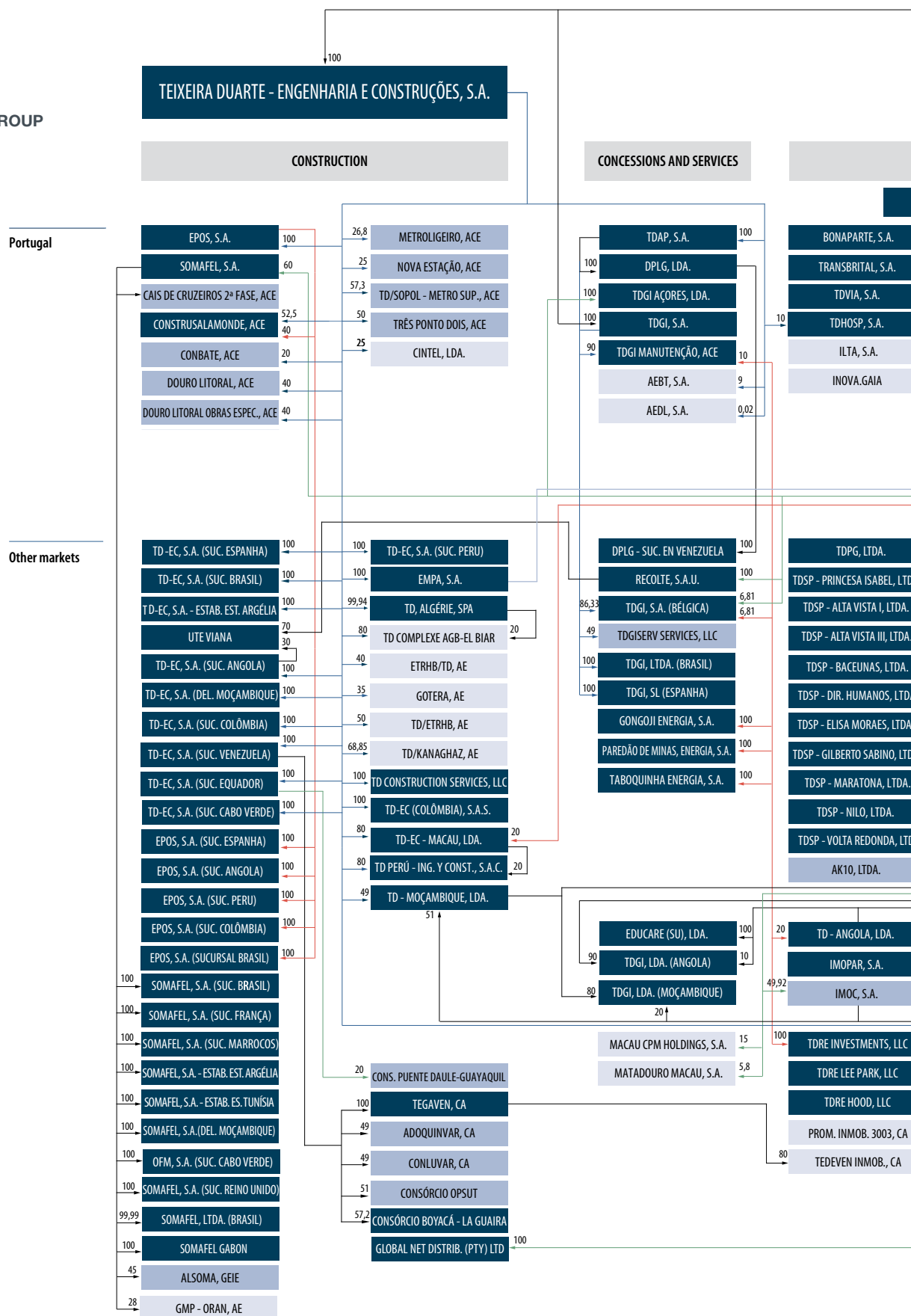
### Secretary of the Company:

Permanent  
José Pedro Poiars Cobra Ferreira  
Alternate  
Filipe Manuel Cavaco Bismarck

### The Market Relations Representative:

José Pedro Poiars Cobra Ferreira



**TEIXEIRA DUARTE GROUP  
2019**


TEIXEIRA DUARTE, S.A.



## ORGANIZATIONAL MODEL

In addition to the corporate bodies of "Teixeira Duarte, S.A." emphasis should be placed on the Boards of Directors of "Teixeira Duarte - Engenharia e Construções, S.A." and "Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A.", the former operating in the construction sector and the latter in the Concessions and Services, Real Estate, Hospitality, Distribution and Automotive sectors.

Following on from these are the management bodies of the other entities that form part of the consolidation perimeter of "Teixeira Duarte, S.A." and the organizational structure of "Teixeira Duarte - Engenharia e Construções, S.A." which, as the first company integrated into the Group, carries out its activity in different business areas of the construction sector that all share production resources and are essential for management staff training and career monitoring. This subsidiary also has a group of construction sector specific support structures, particularly the areas of Formwork and Pre-Stressing, Equipment Management, Bid Logistics and a Materials Laboratory.

"Teixeira Duarte – Engenharia e Construções, S.A." also includes another two structures that, although more focused on the construction activity, also support other Group sectors in the area of Management and Technology Systems and Supplies.

In addition to all of the structures that are most directly linked to the Group's Sectors of Activity, there is a set of structures with special responsibilities for providing intra-group support for all of the actions that are carried out. These structures are known as the Corporate Area.

Thus, there are several outstanding qualified employees within the different entities that make up the Teixeira Duarte Group, forming part of the Senior Management, who are responsible for different companies, sectors, business area and other organizational structures, identified on the following organizational chart below:

## TEIXEIRA DUARTE ORGANISATIONAL CHART

### CORPORATE AREA

#### Internal Audit

Mário Faria

#### Accounting

Alexandre de Jesus  
Sérgio Castro

#### Finance

Sérgio Pereira

#### Legal

Maria António Ambrósio

#### Human Resources

Isabel Amador

#### Corporate Affairs

José Pedro Cobra Ferreira

#### Sustainability

Erica Torres Silva

#### Information Technologies

Rui Pedroso  
Rui Miranda

### ACTIVITY SECTORS

## Construction

#### Geotechnics and Rehabilitation

#### Marine Works

Hélder Matos  
João Pedro Lopes  
António Diniz  
Pinto Guedes

#### Projects

Laura Esteves

#### Buildings

Carlos Timóteo  
Fernando Martins  
Luís Mendonça  
Luís Santos  
Carlos Guedes  
Luís Carreira  
Pedro Nunes  
Pedro Ferreira

## Teixeira Duarte - Engenharia e Construções, S.A.

### Board of Directors

Manuel Maria Teixeira Duarte  
Viana de Lemos  
Pedro Costa  
Sérgio Pereira  
Paulo Serradas

## Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.

### Board of Directors

Manuel Maria Teixeira Duarte  
Diogo Rebelo  
Viana de Lemos  
Luís Vicente  
Sérgio Pereira  
Rogério Fonseca

Infrastructures  
Rosa Saraiva  
Gustavo Lebreiro  
Amílcar Teresinho

Metalworking  
Henrique Nicolau

Underground Works  
Dias de Carvalho  
Carlos Russo

Railway Works  
Rui Costa

Shuttering and Pre-Stressing  
Caetano Machado

Supplies  
Rosa Almeida

Equipment Management  
Rodrigo Ouro

Management and  
Technology Systems

Innovation  
Ivo Rosa  
Rita Moura

Proposal's Logistics  
Mário Baptista

## Concessions and Services

Facilities Management  
Rodolfo Valentim  
Mariana Coimbra

Education  
Diogo Rebelo

## Real Estate

Alfredo Silva  
Guilherme Silva

## Hospitality

Luís Vicente  
Cláudia Bazílio

## Distribution

Diogo Rebelo  
Hugo Santos

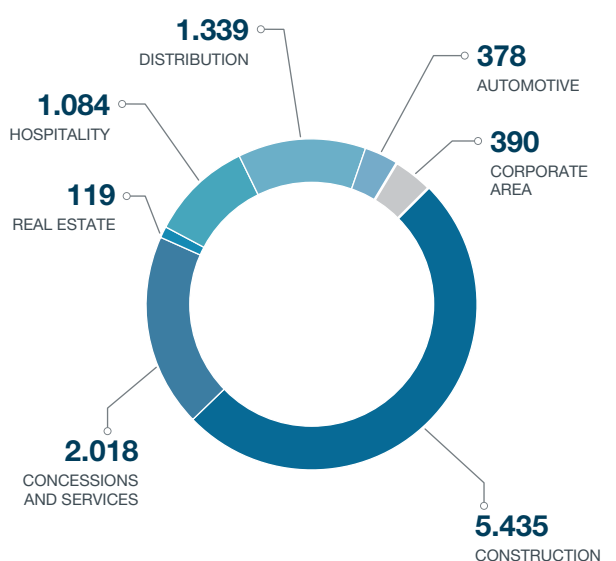
## Automotive

Pedro Medo

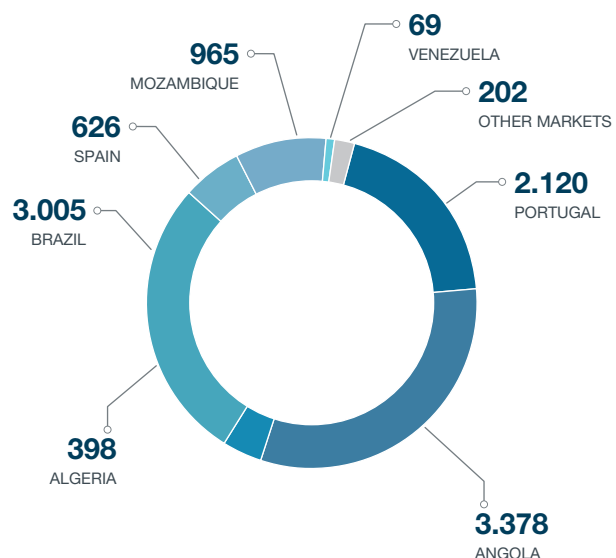
## EMPLOYEES

Employees form the central core of activity of all Teixeira Duarte Group companies and are its greatest asset.

At December 31, 2019, the 10,763 employees were distributed among the following sectors and markets:



Distribution of Employees by Sector



Employees distribution by Market

## MISSION AND VALUES

Over nearly one hundred years of history, the conduct of employees of Teixeira Duarte Group companies has been guided by ethics that are a source of pride and an incentive for the growth of the company. At the central core of this ethic lie its mission and values, which are set out below:

### THE MISSION

## EXECUTE, CONTRIBUTING TOWARDS THE CONSTRUCTION OF A BETTER WORLD

Defines what drives its employees day-by-day, and establishes the objective shared by all regardless of their area of operation, geography or work team.

“Make”, because it is always intended to make it happen.

“Contributing”, because we must understand that no one does anything alone.

For the “Construction”, of which we are part.

Of “a better world”, which is the objective that we all share, within and outside of Teixeira Duarte.

### THE VALUES

The Values are the way we must act to reach that objective and characterise the Company’s relationship with all of related parties. They are:

## INGENUITY

Value based on the origin and purpose of the Company: “A House of Engineering,” where, from the research and domination of the principles of science, it innovates and develop the knowledge and techniques to apply, with efficiency and the minimum of waste, in the resolution of practical issues, forming, encouraging and relying to the “in-house” people.

## TRUTH

It consists in the straight appreciation of the facts, exposing the things as they are, with good faith and with great accuracy, assuming the mistakes and limitations, as well as the successes and capabilities, and always reporting in a transparent and adequate the Company areas of performance and responsibilities.



## COMMITMENT

Corresponds to a responsible and committed way of accepting challenges and responsibilities, on the importance of the "given word" and on the fulfilment of all obligations, with others as well as on the loyalty and complicity with their own colleagues and the Company itself, with respect for others, for the dignity of every human person and for the sustainability of the community.

### TEIXEIRA DUARTE GROUP CODE OF ETHICS AND CONDUCT

"Teixeira Duarte, S.A." has implemented a "Teixeira Duarte Group Code of Ethics and Conduct", which has been adopted by the entities that form part of the Group and compliance with which is mandatory by all employees.

This document enshrines and sets out Teixeira Duarte's values and mission, defines the group's ethics and conduct, defines its scope of application and sets out the mandatory (I) General Rules of Conduct aimed at legal compliance, respect for fellow human beings and for the community, respect for the environment and compliance with internal standards; (II) rules of conduct that apply to the relationship between employees and the company; and (III) rules of contact between employees and third parties, specifically public authorities, customers and suppliers and the competition. Its final chapter covers subjects such as independence and cooperation with public authorities, and measures to prevent money laundering, terrorist financing, conflicts of interest and corruption.

In addition to the system for monitoring compliance with the aforementioned Code, there is a *compliance* system at the Group level aimed at safeguarding compliance with regulations that apply to the activity of Teixeira Duarte Group companies, including the aforementioned Code of Ethics.

## I.2 HIGHLIGHTS

As with the previous year's report, it was considered appropriate to highlight the most significant facts related to the 2019 financial year at the beginning of this Management Report:

### STRONG PERFORMANCE IN THE CONSTRUCTION SECTOR



Turnover in the Construction Business increased by 7.9% compared to the same period of 2018.

Portugal saw an increase of 19.9% over 2018, with the external markets as a whole seeing an increase of 3.3% compared to last year.

Construction EBITDA experienced growth of 85.3% compared to the previous year, reaching 91,705 thousand euros as a result of a good operational performance of projects combined with better cost control and suitability of structures.

### MERS-EL-KEBIR NAVAL BASE IN ALGERIA



In 2019 work began on a major multi-year maritime project at the Mers-EL-Kebir naval base, with a total value of EUR 136 million.

The design/construction contract aims to provide the Naval Base with modern infrastructure for the maintenance and repair of vessels up to 9,000 tons.

The work will include areas for the installation of a ship lift and transfer facility (around 135m long), 4 parking lanes and a track for the operation of 2 40 ton cranes. The work to be executed will be carried out by teams from different areas of the Teixeira Duarte Group in the construction sector.

## RESTORATION OF THE HERCÍLIO LUZ BRIDGE IN FLORIANÓPOLIS, BRAZIL



In 2019, Teixeira Duarte - Engenharia e Construções, S.A. followed up on the contract entitled “Structural Recovery and Restoration Services for the Hercílio Luz Bridge” in Florianópolis, in the State of Santa Catarina, for DEINFRA - the Santa Catarina Government's Infrastructure Department, involving joint work by the Geotechnics, Foundations and Metalwork teams.

The works contract was awarded directly on 10 March 2016 for the amount of BRL 262.9 million, following the timely completion of two previous emergency contracts – also awarded directly – involving work on the lower support structures and which demonstrated Teixeira Duarte's technical and operational capacity to the customer and public opinion.

The Hercílio Luz bridge is the largest suspended construction in Brazil and the only example in the world with an eyebolt suspension system. It has a total length of around 820 meters and its central span measures 340 meters, supported on two 75-meter high main pillars and with access viaducts measuring 259 and 221 meters, respectively.

Due to structural problems, this infrastructure – completed in 1926 and listed as a piece of Brazilian Historical, Artistic and Ar-

chitectural Heritage in 1997 – was closed to road traffic in 1982 and to pedestrian traffic in 1991, due to a risk of ruin.

On 30 December 2019, the Ponte Hercílio Luz was again integrated into the Florianópolis road system and urban mobility program and returned to the people of Santa Catarina, who had long wanted to use this infrastructure.

## PORT OF NACALA, MOZAMBIQUE



Teixeira Duarte continued maritime works for the “*Construction of Port Facilities for Nacala Port Development Project Phase I & II*”, in Nacala, performed under the scope of the subcontract for the Japanese consortium “Penta Ocean/Toa”.

The work involves the reconstruction of the quay (400 m long) and the construction of container parks, a railway, buildings and multiple infrastructure, within an estimated period of 36 months. The envisaged price amounts to a value corresponding to 105.2 million euros and the subsidiary “Teixeira Duarte - Engenharia e Construções (Moçambique), Lda.” is leading the consortium responsible for the subcontract, accounting for 50% of this value.



#### CUF TEJO HOSPITAL, PORTUGAL



In 2019, work continued on the contract for the execution of structures, special installations, finishing and outside arrangements for the CUF Tejo Hospital in Alcântara, Lisbon, which is expected to be concluded this year with an estimated total value of 63.9 million euros.

This project was carried out for “IMOHEALTH - Investimentos Imobiliários Unipessoal, Lda.”, an entity forming part of the José de Mello Group, whose senior management made a decisive contribution to the success of the contract.

The high quality infrastructure was designed from scratch to combat and treat the diseases of the future (oncology, neuroscience, cardiovascular, lung, ENT and ophthalmology), as well as to respond to the most complex clinical situations. It is known as a highly distinctive multipurpose hospital including 11 wards, 200 inpatient beds, 14 PICU beds and over 60 examination and treatment rooms.

#### CUF SINTRA HOSPITAL, PORTUGAL



In association with another entity, “SIMPLYGREEN – Investimentos Imobiliários, S.A.”, in 2019 the José de Mello Group also continued with a contract for the construction of structures, special facilities, finishings and outside arrangements for the CUF Sintra Hospital, with an estimated overall value of 18.0 million euros.

To overcome a shortage of health infrastructure in the municipality of Sintra, the hospital will provide 40 consultation rooms, 15 examination rooms, 3 wards and 60 inpatient beds.

As a result of a phased opening planned since the beginning of the project, in May 2019 it was possible to complete the 1st phase of the hospital, which immediately made it possible to commission 24-hour care, consultations, medical imaging and special examinations.



#### TALATONA HOSPITAL CENTER IN ANGOLA



A contract was completed in November 2019 for the design-construction of architecture and special installations for Building 1, the structure and masonry for Buildings 2 and 3, outside arrangements and a technical center for the Talatona Hospital Center, for "CSE Talatona, Lda.", in Talatona, South Luanda. The completion of Building 1, with a gross constructed area of 7500 m<sup>2</sup>, marks the opening of yet another major piece of infrastructure at this Hospital Center, which now has an imaging unit, laboratory, casualty unit, 14 consultation rooms and 48 inpatient beds.

Therefore, another important level has been reached at what is intended to become a benchmark hospital in Angola, with a wide range of services and capacity to respond to the most complex clinical cases. Teixeira Duarte was responsible for its design.

#### SALVADOR AIRPORT, BRAZIL



A project was completed in November 2019 for "Concessionária do Aeroporto de Salvador, S.A." – a Vinci Airports Group company – for the execution of the "Engineering, supply and construction contract for the expansion of Salvador airport" as an integral *Turn-key EPC (Engineering, Procurement and Construction)* contract with a total value of BRL 193 million.

The project, carried out as part of a consortium led by "Teixeira Duarte – Engenharia e Construções, S.A." with 32.9%, implemented an ambitious plan for the refurbishment and expansion of the airport, which will boost the development of the region and improve the quality of services provided by this infrastructure.

#### BOLHÃO MARKET ACCESS TUNNEL, PORTO, PORTUGAL



In 2019 work began on the contract awarded to Teixeira Duarte for the "Urban Tunnel linking Rua do Ateneu Comercial do Porto to Rua Alexandre Braga", with a value of 4.4 million euros for GOPorto (Gestão e Obras do Porto EM).

This construction work, corresponding to the execution of a tunnel giving access to Bolhão Market, has a high level of technical complexity and is located in a historical area of the city of Porto. Its route passes beneath centuries-old buildings, meaning that strict monitoring of the evolution of the works is necessary.

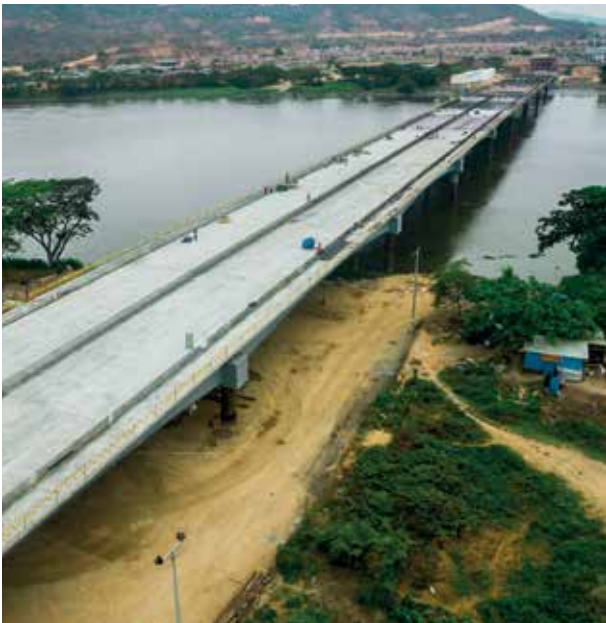
#### HIGHWAY BR-116/BA



The consortium made up of its 100% indirect subsidiary "EMPA, S.A. Serviços de Engenharia" continued work under the scope of the contract for "Creating the basic and executive engineering designs and executing the dual carriageway works, implementing side roads, adapting capacity and refurbishing with improvements and special civil construction work, on the highway BR-116/BA, Lot 06", for the National Department of Transportation, executed between km 387.41 and km 427.75, with a total length of 40.34 km.

The work is expected to be completed during the first half of 2023 and its contracted value currently corresponds to around 55 million euros, of which "EMPA, S.A. Serviços de Engenharia" has a 45% stake.

#### DAULE-GUAYAQUIL BRIDGE



In Ecuador, the consortium led by Teixeira Duarte - Engenharia e Construções, S.A. continued executing the “Construction of the Daule-Guayaquil Bridge, including accesses and overpasses at Av. Leon Febres Cordero and at Av. Narcisa de Jesus Martillo Morán”, as part of the implementation of the contract entered into with the “Autonomous Decentralized Municipal Governments of Guayaquil and Daule”. The value of the contract is equivalent to 53 million euros and the work is expected to be completed during the second half of 2020.

#### INCREASED PERFORMANCE OF UNDERGROUND WORKS ABROAD



The increased activity on overseas markets of EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A. is mainly the result of it starting its activity in Brazil under the scope of a five year contract for a major mining project at the Cuiabá Mine, for “Anglo Gold Ashanti” – the third largest gold producer in the world – but also due to winning the contract for its first Civil Engineering project in Colombia, won following intense commercial activities in that country over recent years, as well as due to growth in Spain (mainly at the Aguas Teñidas mine) and the good performance of the Lima metro project in Peru.



## RAILWAY WORKS IN PORTUGAL



SOMAFEL, S.A. significantly increased its turnover in Portugal. In this regard, emphasis should be placed on the conclusion of a new contract with IP-Infraestruturas de Portugal and the start of the respective work for the Provision of Track and Catenary Maintenance Services for Lots 1 and 2, as part of a Supplementary Business Cluster Regime, with a minimum duration of 36 months and covering approximately 70% of the National Railway Network.

## CONCESSIONS AND SERVICES: GROWTH IN FACILITIES MANAGEMENT AND EXIT FROM THE ENVIRONMENT SECTOR



The largest business areas in this sector of the Group were *Facilities Management* and the Environment, with the following highlights in 2019:

The continued growth of TDHI, with good performance on the different overseas markets in which it operates – where the company is often given a boost alongside major multinationals – and the consolidation achieved in Portugal, which accounts for over 60% of TDGI's activity.

The conclusion, on 19 September 2019, of an agreement for the ongoing transfer of the contractual position of "RECOLTE - Servicios y Medioambiente, S.A.U." in all Administrative and Private Contracts in the Environment Sector in Spain, which will result in Teixeira Duarte's exit from this business area.

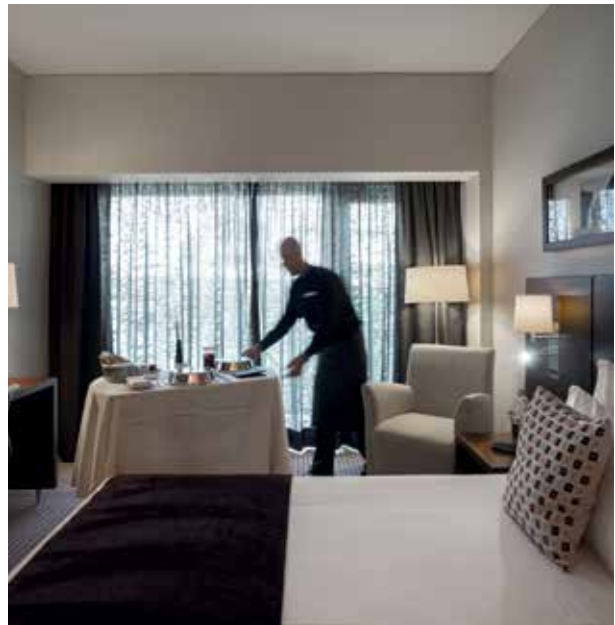
## GOOD LEVEL OF ACTIVITY IN THE REAL ESTATE SECTOR IN PORTUGAL



Good level of activity in the real estate sector in Portugal, both in terms of the urban development of projects in the portfolio and in the commercial performance of Group ventures, with an emphasis on the following:

- The start of development of a project consisting of several office, residential and commercial buildings, forming part of a large green park in Oeiras. This model is intended to become an international benchmark for innovation and sustainability. For the implementation of this project, Teixeira Duarte entered into a partnership with “CSCEC – China Construction Portugal, S.A.”, through the divestment of 50% of the capital of the special purpose vehicle, specifically intended for the development of this project;
- The continuation, at a good pace, of the construction of the “One Living” venture in Cascais and the beginning of the excavation and peripheral containment works for the “Fábrica 1921” venture, located in Benfica, Lisbon;
- The excellent commercial performance of these projects, in relation to which a total of 165 million euros of promissory contracts had been concluded by 31 December 2019.

## GROWTH OF THE HOSPITALITY SECTOR



The Group increased its activity in all three markets in which it operates in the Hospitality sector - Portugal, Angola and Mozambique - and improved total EBITDA by 25%.



#### GROWTH IN THE NUMBER OF CUSTOMERS AND SALES IN THE DISTRIBUTION SECTOR IN ANGOLA



In Angola, where the Group operates in Food Retail through the Maxi brand, there has been growth in the number of customers and sales in Kwanzas, showing that the business model has been well adapted to the profile of customers, and the population's good receptivity to the produces, spaces and services that are provided.

#### RESUMPTION OF IMPORTS ON THE ANGOLAN AUTOMOTIVE MARKET



In Angola, where the Group operates in the light, heavy, motorcycle and equipment segments of the automotive sector, the regular import of vehicles and parts has resumed, allowing an increase in activity of 16% compared to 2018 and a market share of 25% to be achieved in the light vehicle segment.

## STRUCTURAL ADAPTATION



During 2019 several measures were implemented in all of the Group's organizational structures and adjustments were made to some teams with a view towards greater efficiency and productivity, reflected in a reduction in recurring structural costs.

Similarly, the implementation of new processes was encouraged with a view to achieving greater efficiency and using new technologies for more optimized procedures and task execution. Greater autonomy and the rejuvenation of teams were also promoted.

Ensuring the effectiveness of the services provided by the structures and improving efficiency, optimizing resources and reducing costs to give Teixeira Duarte today the best ability to take action and make profit from different operational and corporate activities.

## IMPROVEMENT OF LIQUIDITY LEVELS AND DEBT REDUCTION IN PORTUGAL



Improvements to the convertibility of the currencies with which the Group companies operate allowed for a significant increase in the levels of liquidity in Portugal. This fact takes on particular relevance in this period of the COVID-19 pandemic, during which Teixeira Duarte intends to take the steps necessary to safeguard the continuity of the business and mitigate its impact on all of its *stakeholders*.

In parallel, the 47 million euro reduction in gross debt in Portugal is seen as positive as it is in excess of the group's total reduction. In this regard, it is considered appropriate to highlight the support received from Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco, S.A. during the management of this process.

## ANNUAL GENERAL MEETING

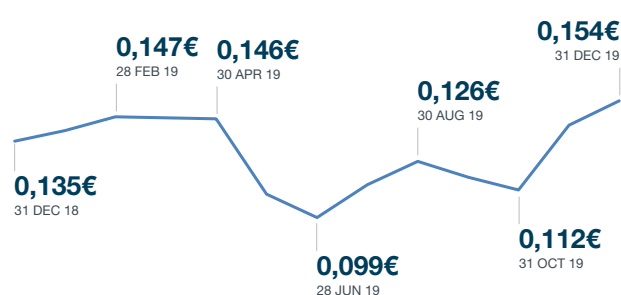


All of the proposals submitted for resolution were approved at the Annual General Meeting held on 27 May 2019, specifically the approval of the consolidated and individual accounting documents, the proposed distribution of results submitted by the Board of Directors, the proposal for the appraisal of the Company's management and oversight, the proposal relating to the Statement on the remuneration policy for members of the respective management and oversight bodies and the proposal for the acquisition and divestment of own stock, also submitted by the Board of Directors.

The proposal submitted for the election of the Official Accounts Audit Company for the 2019/2022 four-year period and the proposal for the election of members of the General Meeting Board, Board of Directors and Supervisory Board, as well as the members of the Remuneration Committee referred to in Article 11 of the Articles of Incorporation, for the 2019/2022 four-year period.

According to the proposed distribution of results submitted by the Board of Directors, the individual net results of TD,SA calculated for the 2018 financial year, amounting to a positive €4,671,723.84 (four million six hundred and seventy one thousand seven hundred and twenty three euros and eighty four cents) were withheld to increase other reserves.

## SHARE PRICE EVOLUTION



Evolution of the Share Price of Teixeira Duarte, S.A. between 31 December 2018 and 31 December 2019

During 2019, the share price appreciated by 14%, having risen from EUR 0.135 as at 31 December 2018, to EUR 0.154 as at 31 December 2019.

In terms of liquidity and volume of trades executed during this financial year, 169,397,259 shares were traded on the Stock Exchange, with a trading volume amounting to €22,424,301. In 2018, 65,413,800 shares were traded, with a trading volume of €15,431,049.

The graph shows the evolution of the stock market share prices during 2019:

As at 31 December 2019, the share price stood at EUR 0.154 and, today, 24 April 2020 it is EUR 0.1165.

## COMPANY DAY



On 15 October - the birthday of the Company's founder, the Engineer Mr. Ricardo Esquível Teixeira Duarte - Teixeira Duarte celebrated its Company Day and paid tribute to the 42 employees who in 2019 completed 30 years of service at Teixeira Duarte.

A Thanksgiving Mass at the Porto Salvo Parish Church, to give thanks and remember the founder and all deceased employees, was followed by a dinner at the Lagoas Park Hotel Conference Center, at which employees and other guests were welcomed by the company's directors and senior management.

## TODOS DAMOS PROGRAM



The TODOS DAMOS [Everybody Gives] program is a project designed for Teixeira Duarte Group companies that aims to support people through the co-funding of social institutions, directly supported by their own employees. This joining of forces between group companies and their employees is a sign of social responsibility that promotes the well-being of people.

Applying for TODOS DAMOS gives employees the chance to increase their support for institutions based in the same country as the companies that employ them, which add twice the amount to the value of any donations that they make directly.

Although this matter will be described in greater detail in the “Non-Financial Information Reporting” chapter, here we would like to highlight the fact that the number of applications, supported institutions and companies involved all increased in 2019, along with the overall value of the support granted – which amounted to €107,415.00 among employees and companies, distributed among different countries and entities. Emphasis should be placed on an initiative to support employees in Mozambique who were affected by Cyclone IDAI.



## I.3. MAIN INDICATORS

**OPERATING  
INCOME**

**€ 1,049 M**

**TURNOVER**

**€ 877 M**

**EBITDA**  
Margin of 22%

**€ 190 M**

**NET RESULT**

Attributable to  
equity holders

**€ 14 M**

**NET DEBT**

Net Debt/EBITDA  
ratio of 3.8x

**€ 718 M**

**FINANCIAL  
AUTONOMY**

**18%**

**ORDER  
PORTFOLIO**

For the Construction Sector

**€ 1,468 M**

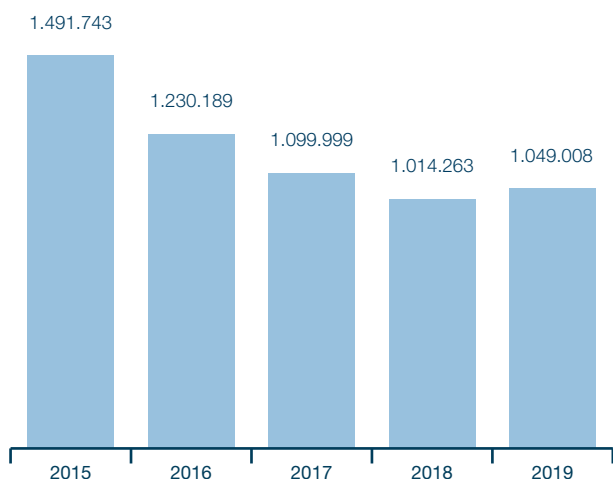
	2019	2018	Var (%)
Operating income	1,049,008	1,014,263	3.4%
Operating costs	(858,973)	(871,582)	1.4%
<b>EBITDA</b>	<b>190,035</b>	<b>142,681</b>	<b>33.2%</b>
Amortizations and depreciations	(57,713)	(43,546)	32.5%
Provisions and impairment losses	(1,872)	(15,258)	(87.7%)
<b>EBIT</b>	<b>130,450</b>	<b>83,877</b>	<b>55.5%</b>
Financial results	(86,488)	(54,702)	58.1%
Earnings before tax	43,962	29,175	50.7%
Income tax	(27,292)	(19,679)	38.7%
<b>Net result</b>	<b>16,670</b>	<b>9,496</b>	<b>75.5%</b>
Attributable to:			
Shareholders	14,414	11,127	29.5%
Non-controlling interests	2,256	(1,631)	-

(Values in thousand euros)





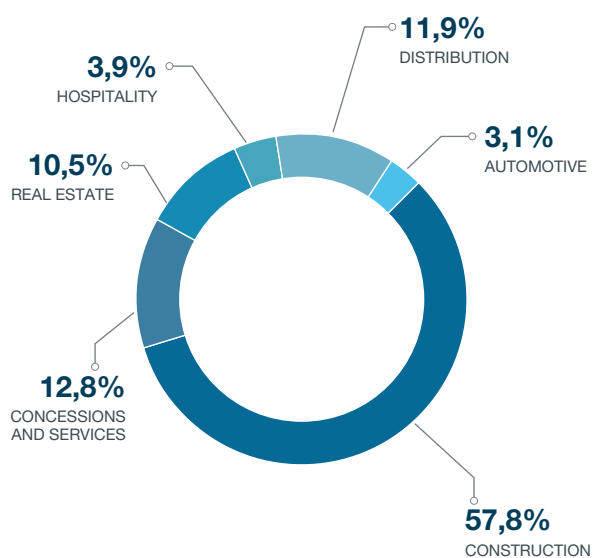
## ECONOMIC AND FINANCIAL ANALYSIS



Evolution of Operating Income  
(Values in thousand euros)

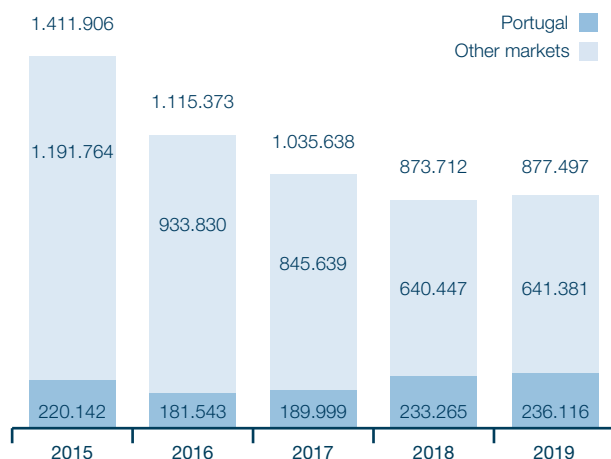
Bucking the trend of recent years, **Operating Income**, increased by 3.4% compared to 2018, reaching 1,049,008 thousand euros, 30% of which resulted from operations in Portugal, where emphasis should be placed on increases in the Construction and Concessions & Services sectors.

When this indicator is analyzed by market, emphasis should be placed on the 2.1% decrease in Portugal, while overseas markets as a whole increased by 6% compared to the same period of the previous year.



Operating Income by Sector of Activity

**Turnover** reached 877,497 thousand euros, a slight increase of 0.4% compared with 2018.

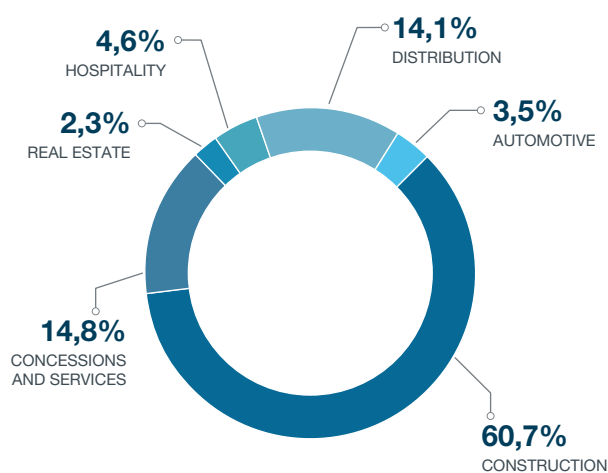


Turnover evolution  
(Values in thousand euros)

Portugal saw a 1.2% increase in turnover and increases were also seen in overseas markets in general, with the exception of the Angolan and Algerian markets, which suffered decreases of 19.7% and 12.2%, respectively.

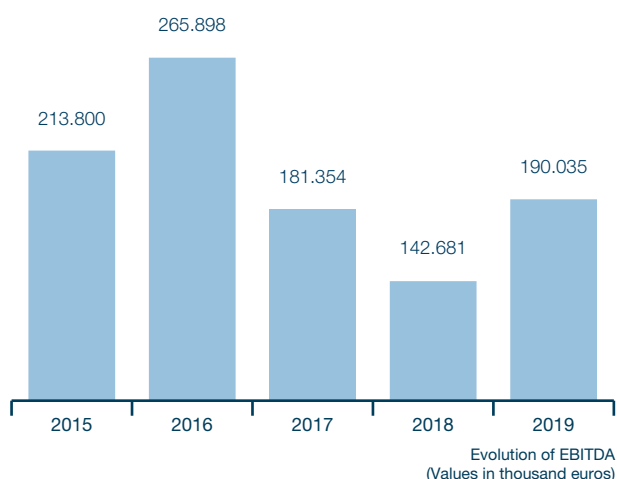
In this context, overseas markets, which accounted for 73.3% of the Group's turnover in 2018, now represent 73.1% of the Teixeira Duarte Group's turnover.

In this indicator, the good performance of the Construction, Concessions & Services and Hospitality sectors offset the decreases seen in Real Estate and Distribution.



Turnover by Sector

EBITDA saw an increase of 33.2% compared to the previous year, reaching 190,035 million euros.



This indicator was influenced by several factors, particularly:

- Divestment of 50% of the subsidiary "TDE - Empreendimentos Imobiliários, S.A.", with gains of 22,196 thousand euros;
- Operational exchange rate differences, with a positive impact of 55,378 thousand euros;
- Positive impact of 10,601 thousand euros from the application of FIRS 16;
- Net impairments of inventories of 10,362 thousand euros – which stood at 1,906 thousand euros last year.

EBITDA by Activity	2019	2018	Var (%)
Construction (*)	91,705	49,478	85.3%
Concessions and services (*)	7,321	14,618	(49.9%)
Real estate	56,356	54,902	2.6%
Hospitality	15,492	12,428	24.7%
Distribution	12,432	10,235	21.5%
Automotive	10,375	10,379	(0.0%)
Not allocated to segments	(3,636)	(9,684)	62.5%
Removals	(10)	325	s.s.
	190,035	142,681	33.2%

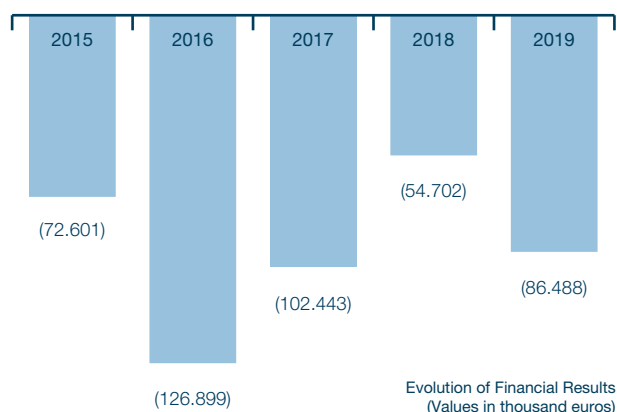
(Values in thousand euros)  
(\*) 2018 amounts reclassified

An increase was seen in the EBITDA / Turnover Margin when compared to the previous year, which increased from 16.3% to 21.7% in 2019.

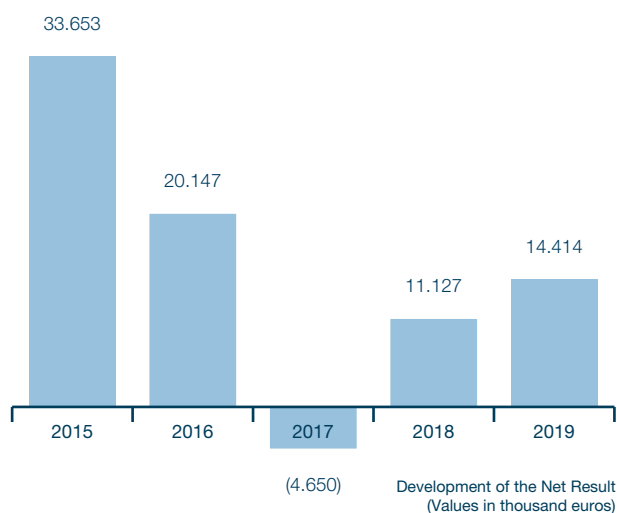
Financial Results stood at a negative 86,488 thousand euros, compared to minus 54,702 thousand euros in the 2018 financial year, 31,786 thousand euros further into the red.

We would like to highlight the following changes for this breakdown:

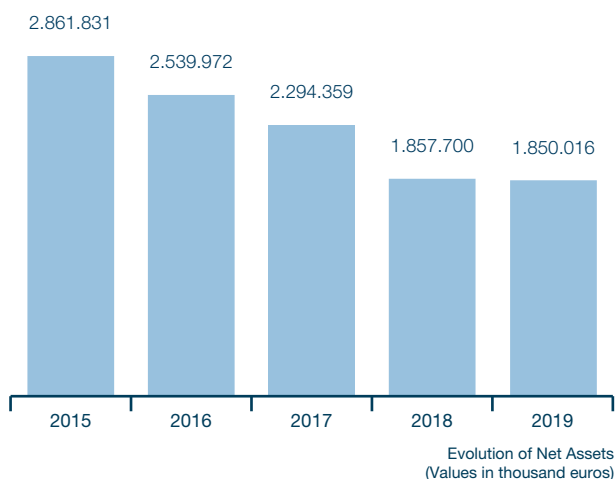
- A negative change of 38,353 thousand euros in net monetary position arising from IAS 29 - Hyperinflationary Economies;
- A negative change of 19,206 thousand euros in gains on divestments of financial assets obtained in 2018;
- A positive change of 21,215 thousand euros from unfavorable financial exchange rate differences, reaching 46,957 thousand euros compared to 68,172 thousand euros in 2018;
- A positive change of 2,474 thousand euros in interest incurred.



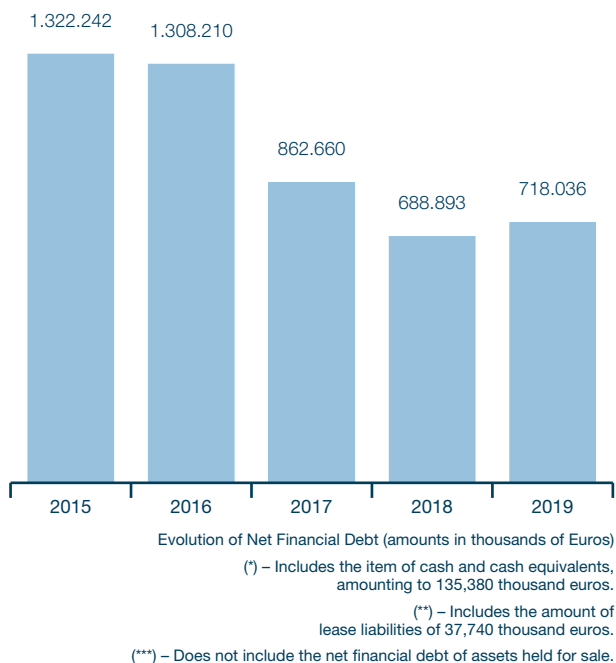
Net Results Attributable to Equity Holders stood at a positive 14,414 thousand euros, reflecting an increase of 29.5% compared to the 2018 financial year.



**Total Assets** stood at 1,850,016 thousand euros, representing a decrease of 0.4% compared to 31 December 2018.



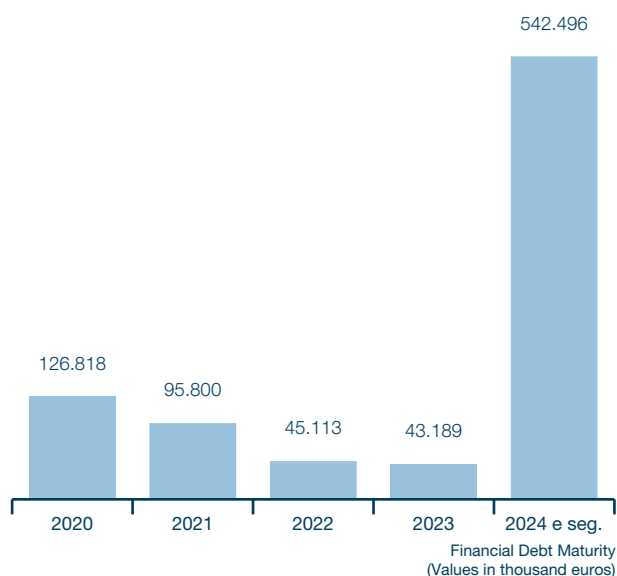
**Net Financial Debt** stood at 718,036 thousand euros at the end of 2019.



As a result of the application of IFRS 16 in 2019, net financial debt increased by 37,740 thousand euros. Disregarding this effect, net financial debt would have decreased by 8,597 thousand euros.

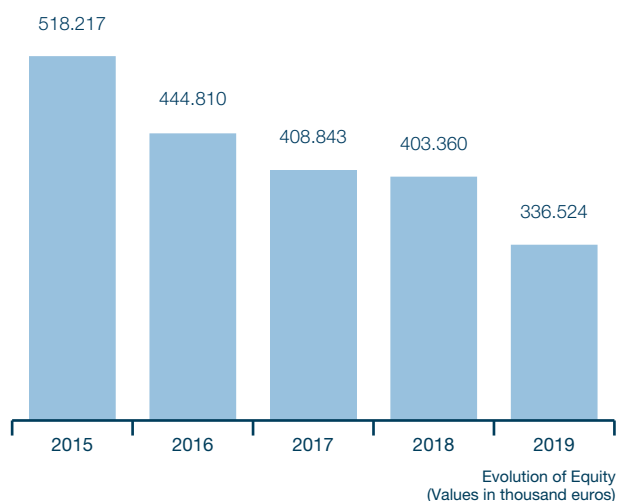
In this regard, it should be noted that bank debt decreased by 45,208 thousand euros.

The **Maturity of the Group's Financial Debt** at 31 December 2019 is as follows:



The **Net Financial Debt/EBITDA** ratio stood at 3.8x at the end of 2019.

**Equity** saw a decrease of 16.6% compared to 31 December 2018, standing at 336,524 thousand euros.



The change in **Equity**, totaling 66,836 thousand euros, is positively influenced by the Net Result of 16,670 thousand euros and 76,234 thousand euros for the revaluation of property, plant and equipment. It is negatively affected by the effects of currency conversions arising from the devaluation of currencies in countries where the Group operates.

**Financial Autonomy** reached 18.2% on 31 December 2019, a decrease of 3.5 p.p. compared to the end of 2018.

## II. SECTOR REVIEW

Next, an account will be made of the activity carried out by Teixeira Duarte Group companies in the different sectors, using a similar structure for all of them, that is, starting by contextualizing the respective sector within the Teixeira Duarte Group, then presenting the Turnover and Consolidated EBITDA, the contribution of this business area to the Group and concluding with an exposition about the performance during 2019, accompanied by non-consolidated indicators that allow an analysis and perspective on the total of the activity and not only its final contribution to the consolidated figures.







## II.1. CONSTRUCTION

Construction is the core business and the *raison d'être* of the Teixeira Duarte Group companies that operate in this sector in the areas of Geotechnics and Foundations, Refurbishment, Maritime Works, Construction, Infrastructure, Metalwork, Underground Works and Railway Works. These operational areas are supported by an Operational Formwork and Pre-Stressing Centre and a group of Support Structures in the areas of Equipment Management, Management and Technology Systems, Supplies and Bid Logistics, as well as an Operations Centre and a Materials Laboratory, in Montijo, with a surface area of over 100,000 m<sup>2</sup>, representing huge added value for the activity and the services that it provides to customers.

Its founder, Engineer Ricardo Esquível Teixeira Duarte, who concluded the first course of Civil Engineering administered at the Higher Technical Institute and acted as the president of the Order of Engineers, he was always recognised by his contemporaries for his technical merit and innovation.

Teixeira Duarte continued its operation marked by that hallmark, always considering itself a true House of Engineering. From large infrastructures like bridges, dams, highways and other public works, as well as hospitals and large buildings considered historic landmarks, Teixeira Duarte is recognized as a synonym of knowledge and experience, being a constant presence in the construction market.

In addition to "Teixeira Duarte - Engenharia e Construções, S.A." - which is the Group's parent company - there are also other subsidiary companies operating in specific areas of Construction, particularly Underground and Railway works, as well as several Additional Company Groups and other similar structures related to specific projects.

In 2019, the Teixeira Duarte Group companies in the construction sector operated in the markets of Portugal, Angola, Algeria, Brazil, Cape Verde, Colombia, Ecuador, Spain, Gabon, France, Morocco, Mozambique, Peru, United Kingdom and Venezuela.

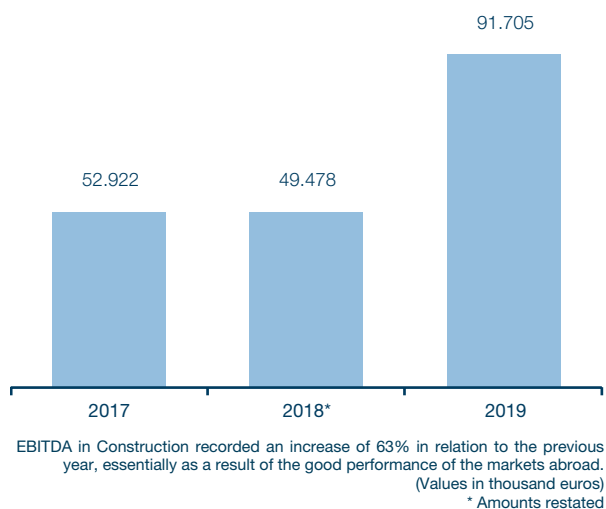
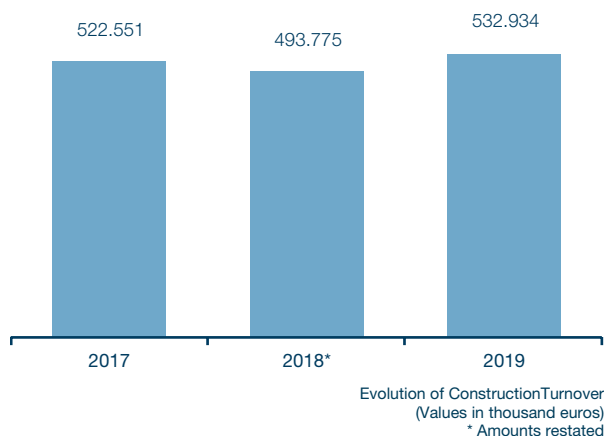






Concessionária do Aeroporto de Salvador, S.A. - Expansion of Salvador Airport  
SALVADOR - BRAZIL

## CONTRIBUTION OF THIS SECTOR TO THE GROUP



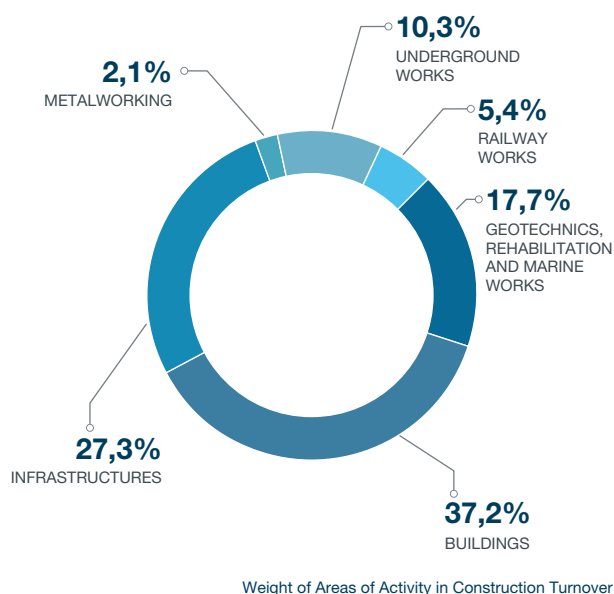
Turnover in the Construction Business increased by 7.9% compared to the same period of 2018.

Portugal experienced an increase of 19.9% compared to 2018, essentially due to the good performance that it achieved on the private construction market. Overseas markets as a whole showed a year-on-year increase of 3.3%.

The 47.9% increase in Brazil and the good performance on the Ecuadorian, Peruvian and Colombian markets, with a total increase of 26,510 thousand euros, offset the drops seen in Angola and Algeria, of 60.7% and 12.2% respectively, compared to the same period of the previous year.

The activity carried out on overseas markets therefore represented 69.1% of turnover in Construction, compared to the 72.2% that it represented in 2018.

In terms of the different business areas in which Teixeira Duarte Group companies operated in 2019, it should be noted that the contributions, in consolidated terms, of each company were as follows:



Construction EBITDA experienced growth of 85.3% compared to the previous year, reaching 91,705 thousand euros as a result of a good operational performance of projects combined with better cost control and suitability of operational structures.

## ACTIVITY IN 2019

In non-consolidated terms and in order to gain a perspective on total activity in 2019, it is hereby reported that the operating revenues achieved by Group companies in the Construction sector reached an overall value of 689,038 thousand euros, an increase of 10.9% compared to 2018.

## GEOTECHNICS AND FOUNDATIONS, REFURBISHMENT AND MARITIME WORKS

Designed and carried out in the area of **Geotechnics and Foundations** are Technical Solutions of Engineering and Foundations, Geological Studies, Mining Prospection, Pile Walls, Stakes, Micro Stakes, Nailings, Anchors, Consolidations, Injections, Jet-Grouting, Projected Concrete, among other special works.

Carried out in the area of **Rehabilitation** are specialised works in the domains of Rehabilitation of Structures and Conservation





ECRN - Construction of a Ship Lift with a Lifting Capacity of 9,000 tonnes or more  
MERS EL KÉBIR NAVAL BASE - ALGERIA

of Monuments and Built Architectural Heritage, as well as Structure Inspection and Diagnostics.

In the area of **Maritime Works**, different types of port infrastructure projects are executed, such as commercial and fishing ports and marinas for recreational use; the construction and refurbishment of coastal protections, such as piers, groins, artificial beaches and related defence works, land creation and outfalls, as well as dredging and other work in the maritime and river sectors.

In the **Projectarea**, Engineering Studies and Technical Projects were developed for the entire Teixeira Duarte Group. These were of great importance for the reasoned technical presentation of bids and projects. This Department is also responsible for coordinating and implementing BIM (Building Information Modeling) throughout the entire Teixeira Duarte Group, by consolidating internal and external training, developing projects with this technology and creation of internal procedures.

Overall, an increase in Turnover was seen in 2019 from activities carried out in the areas of Geotechnics and Refurbishment, as well as in the Maritime Works area.

Activity effectively saw an increase in Portugal, Algeria, Brazil and Mozambique, and a decrease in Angola, Colombia and Morocco. An overall turnover of 97 million euros was achieved, corresponding to an increase of 27.4% compared to the 2018 financial year.

Turnover increased significantly in **Portugal**, given the positive evolution of market conditions and the fact that works of a larger scale have been carried out, reaching 15.1 million euros and contributing 15.6% to the Turnover of these business areas.

In **Angola**, performance in these areas of construction was once again affected by the financial and economic crisis that has affected the country in recent years, with a decrease in Turnover of around 41.3% to around 3.6 million euros in 2019.

In **Algeria**, the expectations mentioned in last year's report were confirmed, i.e. 2019 was a year of recovery in activity and Turnover increased by 89% when compared to the previous year – 35.3 million euros, contributing 36.4% to the Turnover achieved in this area of activity.

This growth resulted from the execution of works as part of a major multi-year maritime project awarded to Teixeira Duarte





DEINFRA - Execution of the Restoration and Refurbishment Works on the Hercílio Luz Bridge  
FLORIANÓPOLIS - BRAZIL

Group companies: “*l’Étude, la réalisation des aires de travail e de transfert, les infrastructures maritimes et génie-civil, les fournitures et l’installation d’un complexe élévateur à bateaux d’une capacité de levage égale ou supérieure à 9000 tonnes et la formation de techniciens*”, for E.C.R.N. “*l’Établissement de Construction et de Réparation Navales*” (part of the Algerian Ministry of National Defense), headquartered at the Mers-EL-Kebir naval base.

In **Brazil**, the year saw a 10.7% drop in Turnover over the previous financial year, to a value of 24.8 million euros.

A highlight of activities in this country was the completion of the contract entitled “Structural Recovery and Restoration Services for the Hercílio Luz Bridge” in Florianópolis, in the State of Santa Catarina, for DEINFRA - the Santa Catarina Government's Infrastructure Department, with a value of BRL 262.9 million.

This was the result of a directly awarded contract signed on 10 March 2016 following the on-time completion of two emergency contracts, also awarded directly, for the execution of the lower support structures, demonstrating Teixeira Duarte’s technical and operational capacity to the customer and public opinion.

The contract - which involved the Geotechnics, Foundations and Metalwork teams - included the strengthening of foundations and anchor blocks, the refurbishment and strengthening of the central span structure and access viaducts, the replacement of the suspension system (involving transferring the load of the entire weight of the central span to the temporary structures installed under the previous contracts mentioned above, the replacement of the road surface and refurbishment of the pedestrian walkways). It involved more than 500 words and 4000 tonnes of new metal structures.

**Colombia** has been a country where Teixeira Duarte has shown a solid commitment and where the environment of economic growth has driven the construction sector.

Although there has been a reduction of around 44.3% compared to the previous year, continuous activity and a fairly satisfactory equipment occupancy rate has been maintained throughout 2019, achieving a turnover of 3.7 million euros.

A turnover of 14.3 million euros was achieved in **Moçambique**, that is growth of 146% compared to the previous financial year, strongly driven by work carried out to construction the Port of



Construction of "Quinta da Comporta" Wellness Boutique Resort  
COMPORTA - PORTUGAL

Nacala, Phases I and II, for the Ministry of Transport and Communications of Mozambique.

The execution of a multi-year maritime project began in 2019, the profits of which will be received in 2020 and 2021.

#### BUILDINGS

In the Buildings area, the most significant entity in terms of its contribution is Teixeira Duarte - Engenharia e Construções, S.A., which is involved in major activities, including the construction and refurbishment of all types of buildings, specifically those that are complex and of a large scale, public and private, and intended for a wide range of uses. In 2019, the Group operated in this area in Portugal, Angola, Algeria, Brazil and Mozambique, having also commenced activities in Kuwait.

Overall, the turnover achieved in 2019 was slightly lower than in 2018, a major improvement was seen in the main economic indicators, specifically EBITDA and EBIT, and emphasis should be placed on good performance in Portugal and Brazil, which became the group's two main markets in the construction sector in 2019.

Globally, a growth in turnover was expected for 2019, but did not occur mainly due to the significant reduction in activity seen in **Angola**, where the difficult economic and financial situation the country is going through, as well as the limited emergence of new projects, even led to the suspension of three contracts that were being executed by Teixeira Duarte - Engenharia e Construções, S.A.

Teixeira Duarte continues to believe in the potential of this market – where it has been operating continuously for over 40 years – but predicts that in this area of activity the level of activity may remain at historic lows.

The level of construction activity was also lower than expected in **Mozambique** and the income recorded in 2019 was lower than the amount obtained during the previous year. The year 2019 was marked by Cyclone Idai that devastated the central area of the country and worsened the country's already difficult financial situation, with immediate consequences on construction activity. Although there are some positive expectations from investments in the Natural Gas sector, the current political, macroeconomic and public health situation is affecting the outlook for 2020.

The growing trend in work volume that began in 2017 is being maintained in **Portugal**, supported by the strong dynamics of the private real estate market. This is evidenced by the launch of a large number of new tenders, with a particular focus on the construction of new housing and offices. The activity is still expected to grow in 2020 compared to 2019, although it is likely to stabilize over the coming years.

Forecasts were confirmed in **Brazil** in 2019 where a significant growth in activity was seen when compared to 2018, mainly due to the execution of major works contracted during the previous year, such as the refurbishment and expansion of Salvador Airport and the construction contract for Phase 1 of Brasilia Cathedral, for the Universal Church of the Kingdom of God. However, given the difficult economic situation in Brazil, which has limited the initiative of public and private investors, a growth in activity is not forecast for 2020.

Turnover in **Algeria** fell within the value forecast for 2019, with emphasis on excellent performance in the AGB (*Gulf Bank Algeria*) project, planned for completion during 2020. New construction sector contracts in this market are not envisaged.

Finally, emphasis should be placed on a contract dating from the end of October 2019 for the construction of the Umm Al Hayman Wastewater Treatment Plant in **Kuwait**, for WTE Wasertechnik GmbH – Kuwait Branch, with a value corresponding to around 166 million euros and an execution and commissioning period of 30 months.

The venture, forming part of the Engineering Procurement & Construction contract concluded between WTE and the consortium made up of IFA - International Financial Advisors and WTE, on behalf of the Kuwaiti Ministry of Public Works, will enable the operation of one of the largest and most complex wastewater treatment plants in the world, with a treatment capacity of 500,000 m<sup>3</sup>/day, plus processing of water for agriculture and industry, energy production and composting.

Teixeira Duarte thereby contributes to the construction of a highly complex project of a structural nature that is aimed at the sustainability of this Middle Eastern country.



Design/Construction of the Enlargement of the Zimpeto Regional Pharmacy Warehouse  
MAPUTO - MOZAMBIQUE



## INFRASTRUCTURE

In the infrastructure area, the Teixeira Duarte Group companies have a vast and diverse range of executed projects under their collective belt, including highways and motorways, bridges and viaducts, dams, tunnels, railways, railway stations and junctions, port works and environmental construction, as well as water and natural gas infrastructure.

The activity developed in this area has accompanied the cyclical variations of the main markets in which the Group companies operate.

In 2019, the Group operated in this area in Portugal, Angola, Algeria, Brazil, Ecuador and Venezuela. It also continued its technical and commercial activities in the Middle East and in some countries in Latin America, Africa and Europe, meaning that the award of some contracts in these geographical areas is envisaged.

The Turnover achieved by the Group in this area of activity increased by 2.3% compared with the previous year, standing at 126.2 million euros. This figure was sustained by the growth of the activity in Portugal and Brazil, and was partially penalized by the slight reduction of activity in Algeria and Angola, due to financial constraints and exchange rate devaluations.



Infraestruturas de Portugal - Modernization of the East Line  
ELVAS/BORDER SECTION - PORTUGAL

The activity saw a 15.3% increase in turnover in **Portugal** when compared to the previous year, reaching a value of 14.5 million euros. Emphasis should be placed on work done for Infraestruturas de Portugal, a customer for whom work was completed on the Eastern Line, between Elvas and the border, and a contract was started on the Beira Alta Line, between Guarda and Cerdeira.

During 2019, work also began on the Bolhão market access tunnel for GOPorto (Gestão e Obras do Porto E.M.), several projects were executed for "SOMINCOR - Sociedade Mineira de Neves Corvo, S.A.", at the mine in that location, in the municipality of Castro Verde, and a railway branch was constructed for APSA (Sines and Algarve Ports Association).

There were no new contracts in this area of business in **Angola** and activity was fairly insignificant with turnover standing at 8.5 million euros.

The political and economic situation in **Algeria** affected the activity, leading to a 23.9% decrease in turnover to a value of 50.4 million euros.

An increase in turnover of around 47% was seen in **Brazil**, reaching a value of 51.8 million euros, with particular emphasis



ADA - Execution of Operating Facilities and Equipment  
of the East-West Motorway - ALGERIA

on projects carried out for “VALE do Rio Doce, S.A.” and for its subsidiary “SALOBO METAIS S.A.”. The contract with the former was to raise the Itabiruçu Dam in the municipality of Itabira/MG (Minas Gerais), and the contract with the latter was for the execution of infrastructure work for the SALOBO III project, located in the Tapirapé-Aquiri National Forest, in the municipality of Marabá/PA (Pará).

Within the scope of public procurement on the Brazilian market, emphasis should be placed on ongoing contracts for the construction dual carriageways for Highways BR-101 (lots 1 and 2) and BR-116 (lot 6), with respective lengths of 84 and 40 km, both in the State of Bahia, for the DNIT (National Department of Transport Infrastructure).

A civil works contract at the Rio Novo do Sul Substation, Espírito Santo State, was also completed in 2019, and an operation was contracted for the mining company Atlantic Nickel, consisting of the execution of rock drilling and blasting services, including explosives, excavation, loading, transporting and unloading the ore and overburden, maintenance of roads used by the equipment, and dispersal and disposal of the transported material.

The operation in question an open-cast nickel mine operation, which was reopened in 2019 in the State of Bahia. The value

of the contract is 143 million euros with an execution period of three years. The contracted volume of mass to be handled is 74 million tonnes, including ore and overburden. A consortium of five companies was set up for this purpose, with the Teixeira Duarte Group holding a share of 23.565%.

The execution of the Daule-Guayaquil bridge contract was continued in Ecuador as part of a consortium, with a value corresponding to 53 million euros and an execution period of 16 months. This contract progressed significantly during 2019, leading to public recognition by the local authorities, designers and inspectors of the way in which the entire process was managed. It has become a benchmark engineering project that could open up new opportunities for the Group in this market.

Since the contracted works in Venezuela have been suspended, since 2017 the Group’s activity has been limited to the operation of La Guaira Port, described in this Report under Concessions & Services. These operational services were contracted after the completion, by “Teixeira Duarte - Engenharia e Construções, S.A.”, of the venture to modernize and expand La Guaira Port between the years 2012 and 2014.



Construction of the Daule-Guayaquil Bridge, ECUADOR



## METALWORKING

Metalwork is the area of activity involving metal construction and the installation of industrial equipment. Emphasis should be placed on the group's significant *know-how* in the fields of mechanics and oil-hydraulics, which as a whole allows it to develop technical solutions and perform highly complex work, specifically the handling and assembly of large-scale structures.

The Group has made great use of this value, acting both independently on the market in projects within the scope of its specialty, and in conjunction with other areas of activity, specifically construction and refurbishment work on metal and mixed bridges, metal and mixed viaducts, buildings, various metal structures, hydrodynamic equipment and mining equipment.

In 2019 it carried out activities in Portugal, Brazil and Algeria, with an emphasis on increased activity in Portugal.

Turnover reached 11.4 million euros, corresponding to an increase of 57% when compared to 2018.

In Portugal emphasis should be placed on the execution of venture CUG11 (*Under Ground Material Handling Electro-Mechanical Installation*) for "SOMINCOR - Sociedade Mineira de Neves Corvo, S.A.", as part of the Zinc Expansion Project.

A highlight in Brazil was the venture for the Restoration and Refurbishment of the Hercílio Luz Bridge in Florianópolis, Santa Catarina State, with the completion of work that will allow the bridge to be used and opened to the public at the end of the year.

For 2020, emphasis should be placed on the Metalwork area's participation in a Ship Elevator venture known as (*Installation d'un Complexe Élévateur a Bateaux*) in, which will be a good additional contribution to the company's performance in this business area



SOMINCOR - ZEP Project: CUG-11 - Material Handling Electro-Mechanical Installation Package  
CASTRO VERDE - PORTUGAL



Ferropol Consortium - La Paz Tunnel Excavation  
BUCARAMANGA - COLOMBIA

## UNDERGROUND WORKS

In Underground Works, Teixeira Duarte Group is the sole shareholder of a specialist company, "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A." (EPOS, S.A.), which has decades of experience and operates in the areas of civil engineering and mining.

In 2019, turnover increased by 18.4% to 56.2 million euros compared to the same period of the previous year, of which 54.4% were obtained on the domestic market.

A drop in activity was seen in **Portugal**, where EPOS, S.A. remained committed to maintaining and attracting private customers, with a particular emphasis on the mining sector.

Turnover on overseas markets increased significantly, largely offsetting the decrease in activity in Portugal, with the overseas market coming to represent 45.6% of total activity.

The increase in activity on overseas markets is largely the result of the commencement of activities in **Brazil**, with a five year contract for a major mining project in the Cuiabá Mine, for "Anglo Gold Ashanti" - the third largest gold producer in the world. It

is also due to a contract for the first Civil Engineering project in Colombia, won following intense commercial activity in that country over recent years.

Also on overseas markets, emphasis should be placed on the 52% increase in activity in **Spain**, mainly at the Aguas Teñidas mine, and good performance in the execution of the Lima metro project, in **Peru**.

Overall Brazil is taking on the role of the second largest market in terms of turnover of EPOS, S.A., contributing 18.6% of the total.

Finally, in **Angola**, a contract that carried over from previous years remained in force, but with less significance.





SETRAG - Ballast regularization work and heavy mechanical tamping of the Trans-Gabon railway  
GABON

## RAILWAY WORKS

In the Railway Works sector, the Teixeira Duarte Group operates through Teixeira Duarte - Engenharia e Construções, S.A. and "SOMAFEL - Engenharia e Obras Ferroviárias, S.A.", a company that was 60% owned by the Teixeira Duarte Group during the financial year under analysis. This company is geared towards the construction, refurbishment and upkeep of railway infrastructure, including electrification (catenary), where it operates both directly and through its Brazilian subsidiary "SOMAFEL - Obras Ferroviárias e Marítimas, Ltda" - all of which are abbreviated hereinafter as SOMAFEL.

SOMAFEL has been consolidating its operational activities in the rail sector, which are currently focused on Portugal, Algeria, Morocco, France, United Kingdom, Brazil and Mozambique, as well as in Gabon since 2019. In these countries, SOMAFEL has developed processes to optimize its activity, according to the opportunities and investments planned in each market.

When compared to different companies working in the rail sector, SOMAFEL sets itself apart by working on four different track gages and specializing simultaneously in track and catenary.

In 2019, turnover in this area reached 29.6 million euros, corresponding to a decrease of 3.3% compared to the previous year.

Out of the activity carried out by the subsidiaries in this area, the domestic market saw a significant increase, coming to account for 63.3% of total turnover. On the international market, emphasis should be placed on activity carried out in Brazil, accounting to 26.7% of turnover.

In 2019, activity in **Portugal** saw a year-on-year increase, as a result of a recovery in the launch of public tenders for railway works associated with the 2020 Rail Community Support Framework (in force until 2023).

The contracts that contributed most to this positive change at a national level were those for the Provision of Track and Catenary Maintenance Services for Lots 1 and 2, under a Supplementary Business Group regime, with a minimum duration of 36 months and covering approximately 70% of the National Railway Network, as well as the Electrification of the Minho Line, the Modernization of the Eastern Line and some other Track Refurbishment and Maintenance contracts, all for IP-Infraestruturas de Portugal.

Under the scope of administrative offense proceedings filed by the Competition Authority, in which Teixeira Duarte, S.A. was also initially involved, on 4 March 2020 only the subsidiary SOMAFEL was essentially ordered to pay a fine. SOMAFEL's Board of Directors was not in agreement with the de facto and de jure framework of that decision and therefore decided to appeal the decision before the Competition, Regulation and Supervisory Court.

A reduction in activity was seen in **Brazil** in 2019 following the completion of double track works on the Carajás Railway (one of the busiest freight lines in the world) for "VALE, S.A.". The work carried out by SOMAFEL is now more related to maintaining this line.

In **Algeria**, the reduction in activity is due to the current objective of finishing projects that have already been contracted without presenting new commercial bids on this market.

In the same context, in **Morocco**, the conclusion of the Five Year Railway Plan in 2019, without the prospect of a new framework for rail investments in that country, led to a slowdown in SOMAFEL's activity.

On the other hand, in 2019 activities were commenced in **Gabon** for the concessionaire of the only railway line in that country, owned by a French mining company, and the execution of projects in **Mozambique** was also resumed.

Activity in **France** and the **United Kingdom** was overwhelmingly focused on intense commercial activities, from the perspective of major investment in rail in these countries over the coming years.

In the commercial area, SOMAFEL remains active in Latin America, in countries such as Chile, as well as in Scandinavia, particularly in Sweden and Norway, countries that have announced major rail investments over the next decade. Similarly, SOMAFEL remains attentive to opportunities in the rail market of some sub-Saharan African countries.



Monoestoril Investimentos - Construction of Monte Estoril Ocean Residence  
MONTE ESTORIL - PORTUGAL





Execution of Excavations, Partial Foundations and Peripheral Containment for the IURD Cathedral  
BRASILIA - BRAZIL



Teixeira Duarte Operating Centre  
MONTIJO - PORTUGAL



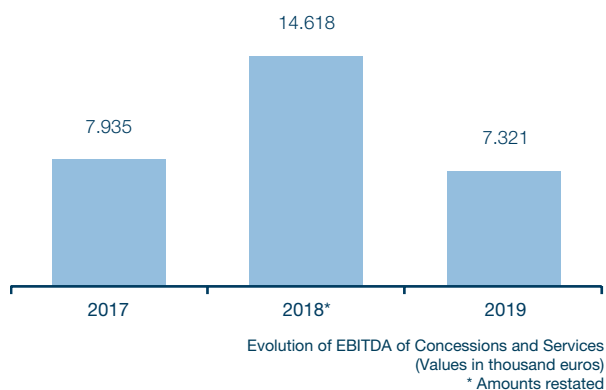
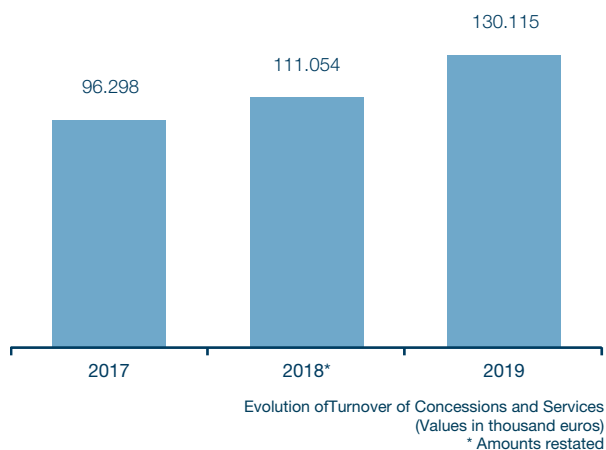
## II.2. CONCESSIONS AND SERVICES

The Teixeira Duarte Group started operating in this area in 1984, in Macau, through a stake in "CPM - Companhia de Parques de Macau, S.A.", which it still holds today and to which it has added others in Portugal, Angola, Algeria, Brazil, Belgium, Spain, Luxembourg, Mozambique, Qatar and Venezuela.

In the Concessions and Services sector, Group companies work in business areas with different natures, such as *Facilities Management e Facilities Services*, the Environment, educational activities in Angola, small hydroelectric power stations in Brazil, and the operation and management of a port in Venezuela.

In this sector, Teixeira Duarte also holds several non-controlling interests in other companies whose management is not conducted by the Group's structures and which, in almost all cases, are not included in its consolidation perimeter. Various notes are also presented at the end of this chapter on the most important ones.

### CONTRIBUTION OF THIS SECTOR TO THE GROUP





Apple - Maintenance/Hard Services  
BARCELONA - SPAIN

In Concessions and Services, **Turnover** saw an increase of 17.2% compared to the previous year.

In Portugal, there was an increase of 21.2% over the same period, while the external markets as a whole saw an increase of 15.2% compared to 2018, with good performance on all the markets in which the Group operates.

**EBITDA** in Concessions and Services stood at 7,321 thousand euros, a decrease of 49.9% compared to the previous year, as a result of losses from the divestment of the Environment area.

#### ACTIVITY IN 2019

In non-consolidated terms and in order to provide a perspective on total activity in 2019, we report that the Group's operating income in the Concessions and Services sector reached a total value of 137,777 thousand euros, 66.5% of which came from overseas activities. Overall these values reflect a year-on-year increase of 19.6% when compared to 2018. To give an idea of the weight of the main areas of activity of the Group in this sector, records show that out of the aforementioned non-consolidated operating income, 54.6% comes from the Facilities Management area and 25.9% from the Environment area.

#### FACILITIES MANAGEMENT / FACILITIES SERVICES

"TDGI - Tecnologia de Gestão de Imóveis, S.A." (TDGI, S.A.) has been operating in the *Facilities Management / Facilities Services* area since the year 2000.

In this context, the main areas of action of TDGI are (i) Integrated Management of Hard and Soft Services; (ii) Technical Maintenance; (iii) Analysis, Diagnosis and Energy Solutions; and (iv) Management of Places and Construction Sites.

As it is a Facilities Management company it primarily meets customer needs, generally by creating a comprehensive set of unique and personalized solutions while at the same time committing to specific supplementary businesses that permit this broad approach to customer requirements, such as group catering with the SmartFood brand, parking lot management with the AutoPark brand, and corporate condominium management with the SpacePartners brand.

As it is simultaneously an engineering company, it creates factors to set itself apart by developing specific technical skills and technological solutions that are suitable for its parallel objective of optimizing costs and operational efficiency, as well as improving quality. In this context, emphasis should be placed on a partnership project for the development of *Glose EAM*. Technology will increasingly become a strategy that sets the company apart, meaning that the development of solutions both internally and with partners is a strategic priority.

Internationally, this activity is carried out by other Teixeira Duarte Group companies currently operating on nine markets using - with support from the equipment and resources of TDGI, S.A. -, the TDGI brand: a strong brand, with solid values of ingenuity, truth and commitment that is recognized by the market. In fact, one of the reasons for expanding activities into other countries through the TDGI brand was this recognition among partners and multi-national customers, which subsequently challenged TDGI to participate in new areas where they are also operating.

In **Portugal**, following the trend seen in previous years, 2019 was all about growth in customer numbers, both through the strengthening of existing contractual relationships and winning new contracts.

In the areas of **Integrated Management of Hard and Soft Services and Technical Maintenance**, which represent the *core business*, a significant increase was seen in the different market segments in which the company works. A highlight in this area was the start of the Maintenance Management contract for NOVO BANCO's facilities throughout the country.

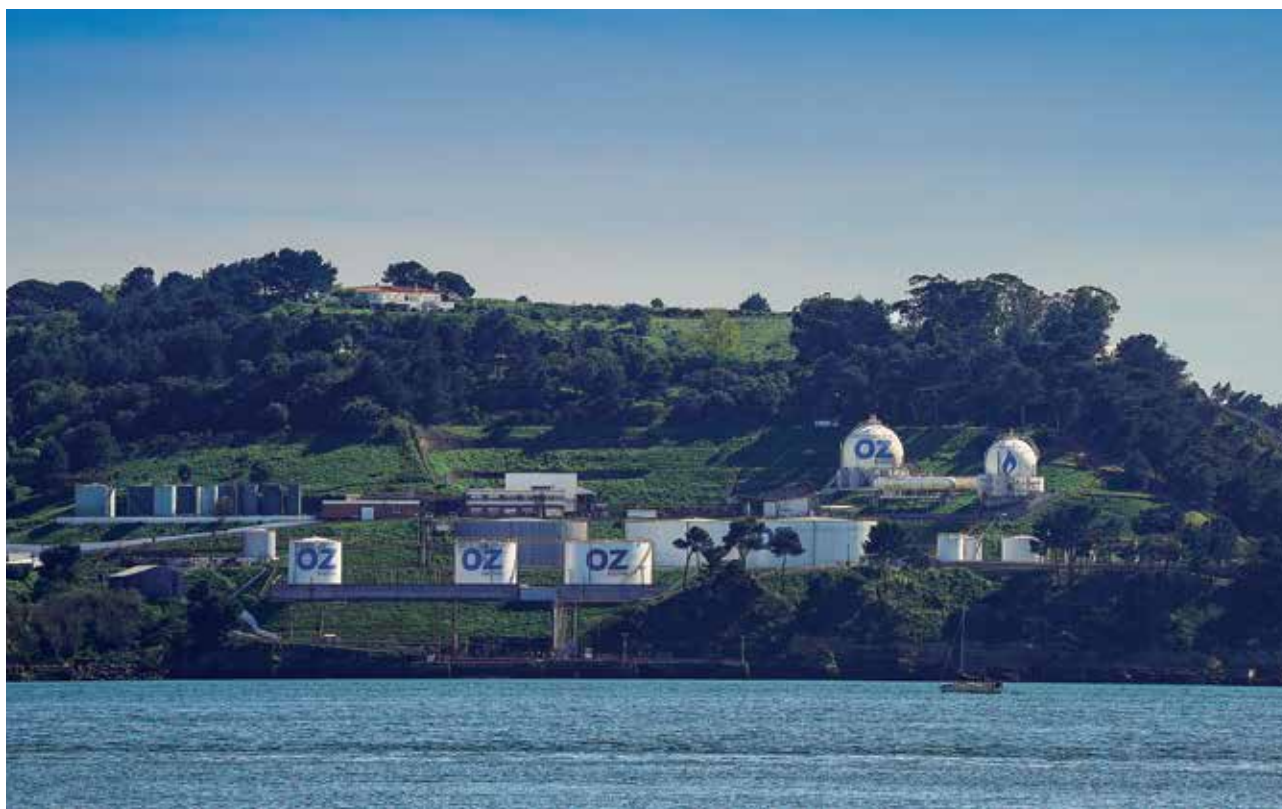
An increase in turnover was also seen in the **Analysis and Diagnosis / Energy Solutions** area, particularly in the Technical Audits and Energy Certification areas. The Company has positioned itself with its customers as a technical and strategic partner, providing a continuous service with a focus on reducing energy consumption. The market has at the same time been requesting technical due-diligences to be performed on buildings as part of acquisition processes, with the aim of ascertaining the real state of installations and equipment.

The **Spaces and Project Management** continued to carry out significant processes in the area of refurbishment of interior spaces, in both buildings and the industrial environment, responding to new workplace and well-being concepts that have set new trends and architectural styles for spaces.

Emphasis should be placed on the **Industrial area**, which has been a major commitment in recent years, with the commencement of the operation and maintenance contract of the Trafaria Fuels Terminal for OZ ENERGIA.

In **Angola**, which is still one of TDGI's largest markets globally, the year 2019 stood out because of the renewal of several major contracts with important clients, as well as due to the increase in scope of several contracts - such as TOTAL, where TDGI became responsible for maintenance in all specialist technical areas - and even the contracting of new business. Similarly, there was continued commitment to training of teams and several technical training sessions were held for employee qualification purposes.





OZ Energia - Maintenance/Hard Services  
TRAFARIA - PORTUGAL

TDGI's activity in **Algeria** during 2019 was essentially to monitor the completion of the work on the new AGB Bank headquarters in Algiers and to prepare for the start-up of the maintenance contract for which TDGI will be responsible for a two year period after completion of the work.

In **Belgium**, TDGI consolidated its ongoing operations, specifically in buildings for European Institutions, and extended the scope of its operations in some of them. This allowed for the growth of the company's overall turnover on this market. Maintenance contracts also commenced with public and private entities, meaning that there are good prospects for the development of activities on this market. By the end of the year, the client H&M had awarded a very important and significant contract to TDGI. This contract allowed the pre-existing relationship in both Portugal and Luxembourg to the Belgian market, where TDGI will be responsible for maintaining the entire network of stores.

In **Brazil**, the turnover seen in previous years was maintained, mainly as a result of an increase in work for existing customers, as well as new contracts and interior refurbishment works. Emphasis should be placed on the start-up of a major contract in the Oil & Gas sector for the Norwegian company AKER SOLUTIONS.

In **Spain**, 2019 represented a year of growth in the number of clients, and it was possible to commence contracts with clients of great importance, such as APPLE and HUGO BOSS. It was also possible to renew contracts with several clients, which demonstrates the confidence that is being created over time.

Operations in **Luxembourg** started in 2019 with a maintenance contract for H&M stores in that country. When negotiating the contract in Belgium, it was possible to extend the contract in that country for another 3 years. The intention is to develop this market and thus be able to win more contracts with other customers in the coming years.

In **Mozambique**, TDGI continued to carry out its activity in a sustained manner, increasingly striving to create value and set itself apart as a benchmark company in the maintenance and facilities management sector. In the Oil & Gas sector, which has been one of the company's major commitments, it was possible to sign contracts with several entities such as BAKER HUGHES, the NATIONAL OIL INSTITUTE AND SCHLUMBERGER. In the Industrial sector, emphasis should be placed on the commencement of a maintenance contract for the CERVEJAS DE MOÇAMBIQUE factory. TDGI has been consolidating its activity



Novo Banco - Facilities Management & Maintenance  
LISBON - PORTUGAL

and team by showing a commitment to training and qualification, in order to be prepared for the challenges that lie ahead.

In Qatar, TDGI operates through the local entity “TDGISERV”, jointly owned with the local company “PETROSERV”, which has been operating there for more than 30 years in the service sector associated with the oil and gas industry - essentially with a major facilities contract for the Qatar Foundation.

2019 was a year of growth, both due to the signing of some new contracts, but also due to the consolidation and extension of existing ones. As regards the Qatar Foundation contract, which was the company’s start-up contract on this market, emphasis should be placed on its activity at the largest hospital in the Middle East, the Sidra Medical & Research Center.

In conclusion, and despite good performances in these other markets, which often allow the company to be enhanced by large multinationals, it should be noted that over 60% of TDGI’s activity is in Portugal.

## ENVIRONMENT

During 2019, “RECOLTE - Servicios y Medioambiente, S.A.U” (RECOLTE, S.A.U), 100% owned by the Teixeira Duarte Group, focused on the provision of various services related to the environment, specifically on the market for the global management of solid urban and industrial waste, the washing and disinfection of solid urban waste containers, urban road cleaning, garden design, construction and maintenance, cleaning and maintenance of beaches and coastal areas, and also forest and communication route cleaning and maintenance operations.

Following a negotiation process, on 19 September 2019 an agreement was entered into between RECOLTE and URBASER S.A.U., aimed at transferring RECOLTE’s contractual position in all Administrative and Private Contracts in the environment area in Spain. This is being implemented as the requirements for each of these transfers are verified and will lead to the departure of Teixeira Duarte from this area of business.

As a result, the San Lorenzo de El Escorial, Soto del Real and Isla de Ons were transferred during the year in question, and





Colégio S. Francisco de Assis  
LUANDA SUL - ANGOLA

it is envisaged that the rest of the contracts in this area will be transferred or terminated during the 2020 financial year.

Even so, in 2019, RECOLTE posted income of 36 million euros, corresponding to approximately 10% more than in the previous financial year.

## EDUCATION

EDUCARE - Actividades Educativas e Culturais, Lda" is a company 100% owned by the Teixeira Duarte Group, which was incorporated in 2007 and since its inception its purpose has been to develop the "S. Francisco de Assis South Luanda School", based in Talatona/South Luanda, Angola.

Recognized by the Portuguese Ministry of Education, it is an educational establishment that provides top quality teaching from Pre-School Education to the end of Secondary School.

Its Educational Project, based on a solid mission and values, justifies the award of several prizes and the fact that families choose it as a privileged space and environment for the education of their children.

The school's results, obtained in externally evaluated tests conducted nationally by the Portuguese Ministry of Education, were higher than the national average in the 9th grade final examinations in Portuguese and Mathematics.

In the National Secondary Education Examinations, its rating was higher than the national average in all subjects, with the exception of Economy A where it was equal to the average.

All students who completed the 12th grade enrolled on courses at their first choice universities.

In September 2019, the academic year began with 682 students taking secondary education level courses in Science and Technology, Languages and Humanities and Socio-economic Sciences.

Emphasis should be placed on the ongoing commitment to digital educational projects and platforms and the daily use of IT in school management tools, as well as mobile devices that allow parents/guardians access to integrated information on their students.

Careful management of the different areas and resources of "Colégio S. Francisco de Assis Luanda Sul" will continue during 2020, pursuing with the solid work that makes this school an educational benchmark at a national and international level.

#### SMALL HYDROELECTRIC POWER STATIONS

"PAREDÃO DE MINAS Energia, S.A.", "GONGOJI Montante Energia, S.A." e "TABOQUINHA Energia, S.A.", are three Brazilian companies owned by the Teixeira Duarte Group that own projects for the construction of three small hydroelectric power stations; this area of activity is defined by the Group as non-strategic.

Efforts were made during the 2019 financial year with a view to the divestment of projects, as energy sales prices and interest rates on the required financing mean that it is an unfavourable situation for the sale of these projects.

#### PORT OPERATIONS IN VENEZUELA

Through the license granted to Teixeira Duarte - Engenharia e Construções, the Group has proceeded to commercialize, conserve, operate, administer, construction and use the "specialized container terminal (docks 27 and 28 - West Sector) at La Guaira Port".

In effect, it was on 30 March 2017 that this Group company received this authorization under the "Strategic Partnership for the port operation and management of the Guaira Port specialist container terminal", entered into with the Venezuelan entity "Bolivariana de Puertos (BOLIPUERTOS), S.A.".

The aim of this partnership was to optimize the development and growth of the terminal's activity, turning it into a transshipment port between the Caribbean Sea and Latin America. For a period of 20 years, Teixeira Duarte - Engenharia e Construções has assumed responsibility for the commercialization, maintenance, operation, administration, construction and use of the

aforementioned La Guaira Port specialized container terminal, which has sufficient yard space to move 1,200,000 tonnes/year and a surface area of 17ha; it has 693m of dockable berths and bottoms at 15.2m. It is fitted out with state-of-the-art port operation equipment - 6 STS quayside gantry cranes, 15 yard RTG cranes, 2 reach stackers, 6 front loaders, 32 terminal tractors and 40 platforms, along with a total of over 5ha of administrative and technical facilities and equipment maintenance and repair spaces.

Subsequently, on September 13, 2017, the scope of the aforementioned "Strategic Alliance" was extended to "Quays 1 to 9 - North Sector of La Guaira Port".

In 2019, in a difficult environment - but with international recognition of the de facto authorities in Venezuela and support for solutions for continuing on the road towards development and prosperity - operations ran normally in line with efficiency and profitability parameters at the levels of benchmark ports in the region. 156,000 TEUs were moved, equivalent to turnover of around 17 million euros.

Amongst the companies operating in the Concessions and Services sector where "Teixeira Duarte, S.A." merely has a non-controlling stake, that is, whose direct management is not carried out by the Teixeira Duarte Group, are the following, in particular:

**TDHOSP - Gestão de Edifício Hospitalar, S.A.** is a company that exists for the purpose of managing Cascais Hospital for a 30 year period. Its activities include planning, designs, construction, financing, upkeep and maintenance; Teixeira Duarte currently holds 10% of its share capital.

In February 2010, the construction of the Cascais Hospital was concluded, since that date TDHOSP's activity focused management and maintenance of the hospital building, as well as management and exploitation of the Parking Lot.

As in previous years, the tenth calendar year of its activity was marked by compliance with several Management Contract appraisal parameters, specifically: Service, Availability and Satisfaction.

Regular monthly reports were issued during the financial year, showing good performance by this company, so it is expected to receive a positive assessment of "Very Good" for 2019. However, this expectation will only become effective at the end of April 2020, after analysis and validation by the establishment's managing body LUSÍADAS - Parcerias Cascais, S.A. and the Public Contracting Entity - ARSLVT, of the annual activity report.



TEC - Terminal Especializado de Contentores  
LA GUAIRA - VENEZUELA

In the context of activities envisaged in the Management Report, TDHOSP carried out some minor building alteration work, requested and financed by the establishment's managing body and approved by the public contracting entity. The most significant work was the change in location of the Protocol office, in the central zone of Floor 2.

**AEBT - Auto-Estradas do Baixo Tejo, S.A.**", incorporated on 15 January, 2009, is a company in which Teixeira Duarte - Engenharia e Construções holds 9% of its share capital and which is a sub-concessionaire for the activities of design, planning, construction, lane expansion, financing, operation and upkeep of sections of motorways, regional roads and associated road junctions in the district of Setúbal.

This is a holding already classified as an Asset for Sale, with regard to which the Group has already taken several steps with a view to its sale.

**"CPM - Companhia de Parques de Macau, S.A."**, in which the Teixeira Duarte Group has an indirect stake of 15% of the share capital since its foundation in the mid-1980's, after an international public tender, has been a pioneer and continues

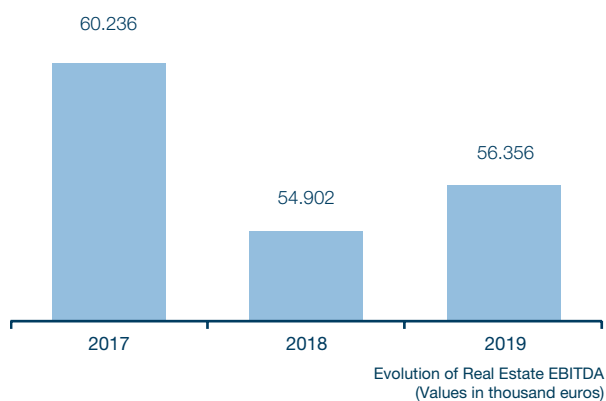
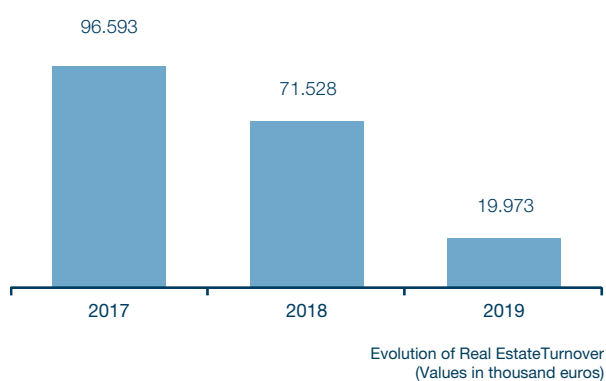
to be a reference company in the construction and operation of car parks and related activities, in the Special Administrative Region of Macau.

In 2019, this subsidiary continued with the management and operation of the 19 public car parks for which it holds concessions. Total revenue amounted to around 16.8 million euros, which is an increase of 17.5% when compared to 2018, although a slight reduction was seen in the general parking fee.

## II.3. REAL ESTATE

The operations of the Companies of the Teixeira Duarte Group in this sector date back to the start of the seventies and currently encompass a large group of companies operating in Portugal, Angola, Brazil, Spain, Mozambique and, more recently, in the United States.

### CONTRIBUTION OF THIS SECTOR TO THE GROUP



Real Estate saw a 72.1% decrease in Turnover compared to the same period last year.

A 79.1% decrease was seen in Portugal when compared to 2018. This is attributed to the fact that the company was going through a phase of development of major ventures in 2019, whereas significant real estate sales occurred in 2018.

Nevertheless, it should be noted that this year the Group has two projects under development in Portugal under the trade names "One Living" and "Fábrica 1921", and 164,676 thousand euros of promissory purchase contracts had already been signed by 31 December 2019.







"Fábrica 1921" development  
LISBON - PORTUGAL

In Brazil, the Group experienced a decrease of 15,481 thousand euros, corresponding to 70.1% when compared to the same period of the previous year, also contributed to by the fact that the accounting standards applicable to ventures under developed have deferred the moment at which profits are recognised.

EBITDA from real estate saw a 2.6% increase when compared to the previous year.

This indicator was influenced by several factors, particularly:

- Changes in the fair value gains on investment properties amounting to 38,528 thousand euros in 2019, while in 2018 the gains were 26,725 thousand euros;
- Divestment of 50% of the subsidiary "TDE - Empreendimentos Imobiliários, S.A.", with gains of 22,196 thousand euros in 2019, while last year the 100% owned subsidiary "Lagoas Park, S.A." was sold, with gains of 24,898 thousand euros;
- Impairment of 10,000 thousand euros of inventories in 2019.

#### ACTIVITY IN 2019

In non-consolidated terms and in order to gain a perspective on the total activity in 2019, we report that the Group's operating income in the Real Estate sector reached the overall value of 126,891 thousand euros, corresponding to a 9.4% increase compared to 2018. Overseas markets have come to represent 42% of the activity and Portugal 58%.

In **Portugal**, 2019 once again featured the good performance of practically all segments of the real estate market. The Groups activity in this area currently focuses on the residential sector, where it is developing ventures in Lisbon's metropolitan area and working on the urban development of projects in its portfolio, with an emphasis on the following factors in this period under analysis:

The continuation of the development of the residential "ONE Living" project, located in Cascais, aimed at the high-end segment of the residential market, which is almost all contracted.

In the city of Lisbon, a highlight is the "Fábrica 1921" residential development, which involves the regeneration of a block in the parish of Benfica. Construction of its first phase - which includes 162 residential units - began in 2019 and 118 of these units have already been contracted or reserved.

Also in the Lisbon metropolitan area, the Group started the infrastructure work for the "Vila Rio" development, located in Póvoa de Santa Iria, municipality of Vila Franca de Xira. In this "mixed use" development, which as a direct frontage of around 500m on the Tagus River, it is planned to construct around 600 homes and 30,000m<sup>2</sup> of areas intended for commerce and services.

In the city of Vila Nova de Gaia, given the evolution that has been experienced on this market, development was continued on the construction projects for the "River Plaza" and Quinta de Cravel Lot 19" ventures which, overall, will allow the construction of over 15,000m<sup>2</sup> intended for the residential sector.

In Oeiras, development started on a project consisting of several office, residential and commercial buildings, forming part of a large green park. This model is intended to become an international benchmark for innovation and sustainability. For the implementation of this project, Teixeira Duarte entered into a partnership with the company "CSCEC – China Construction Portugal, S.A.", through the divestment of 50% of the share capital of the special purpose vehicle, specifically intended for the development of this project;

Also noteworthy during 2019 was the ongoing divestment of real estate assets of no strategic value to the Group, taking advantage of the good market conditions for this purpose.

The difficult macroeconomic framework remains in **Angola**, which also has an impact on the real estate market. In this context, the activity essentially featured the management of income assets or assets assigned to other activities that the Group operates in this country.

In this context, emphasis should be placed on the opening of the FOCUS Business Center, which consists of providing office space together with an extensive range of services.

In **Brazil**, the expectations regarding the economic measures implemented by the new government led to an atmosphere of economic optimism in 2019, favoring an increase in the sale of new residential properties in the city of São Paulo, with an emphasis on:

- The continuation of construction of two developments, with a total constructed area of 29,000m<sup>2</sup>;
- The start of construction of another development with a constructed area of approximately 25,000m<sup>2</sup>; and
- The start of sales of two developments with a total constructed area of around 37,000m<sup>2</sup>.



The economic situation in **Mozambique** worsened, partly due to the consequences of tropical hurricanes Idai and Kenneth, which was reflected in a reduction in activity on the real estate market. The teams' work focused on the management of income assets and on the development of projects in the portfolio, with an emphasis on a project located in the district of Malanga, on one of the main road accesses to the city of Maputo.

Also in the city of Maputo, emphasis should be placed on on-going studies and licensing procedures for a mixed use project to be developed on land located on Avenida Armando Tivane.

During 2020, the development of ventures in the portfolio will be continued on several markets, along with the management of the Group's real estate assets.



"ONE Living" Venture  
CASCAIS - PORTUGAL



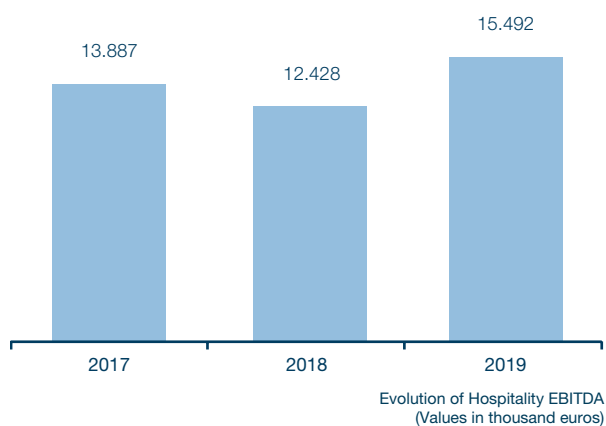
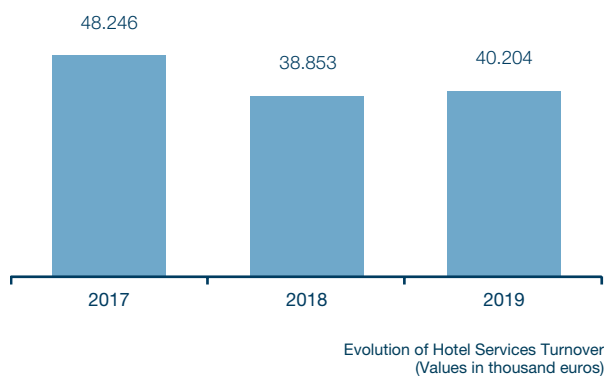
Loomi Paulista Development  
SÃO PAULO - BRAZIL

## II.4. HOSPITALITY

The Teixeira Duarte Group operates in this sector through eight hotel units, two in Portugal, three in Angola and three in Mozambique, with a total of 2,452 beds and 1,228 rooms.

Teixeira Duarte also develops business in the restaurant area in Angola.

### CONTRIBUTION OF THIS SECTOR TO THE GROUP



Turnover from Hospitality increased overall by 3.5% compared to the same period of 2018.

In Portugal, activity increased by 39.4% compared to 2018.

In Angola, activity increased by 14.8%, but due to the devaluation of the Kwanza, this indicator saw a reduction of 14.2% compared to the end of last year.

In Mozambique, activity saw an increase of 18.1% during 2019 compared to the same period of the previous year.

EBITDA from Hospitality saw a 24.7% increase when compared to the previous year.







Hotel Alvalade  
LUANDA - ANGOLA

## ACTIVITY IN 2019

In non-consolidated terms and in order to provide an overall view of the total activity during 2019, we disclose that the Group's operating income in the Hotel sector reached the total value of EUR 48,110 thousand. In this business area, the markets abroad now represent 75% of the activity and Portugal accounts for 25%.

In Portugal, the Group operates in this sector with two hotels:

LAGOAS PARK HOTEL	Oeiras
Four star hotel	182 rooms
SINERAMA	Sines
Three star hotel	105 rooms

Overall, a 3% decrease in the occupancy rate was seen in these two units and an increase of around 4.5% was seen in the average price, resulting from a price increase of the main corporate accounts, as well as an online market positioning strategy that allowed an increase in the announced rates. Therefore, the current operating income from hotels in Portugal remained in line with that seen in 2018.

In Angola, the Group's companies operating in this sector offer a total of 1,236 beds and 620 rooms, distributed over five hotels, as detailed below:

HOTEL TRÓPICO	Luanda
Four star hotel	280 rooms
HOTEL ALVALADE	Luanda
Four star hotel	202 rooms
HOTEL BAÍA	Luanda
Four star hotel	138 rooms

The slowdown in economic activity on the Angolan market continued in 2019, as during the previous year, affecting demand for this destination and having a negative influence on occupancy rates and average prices of the Group's hotel units in this country.

Even so, the aforementioned units saw a 4.3% increase in occupancy rate when compared to 2018, as well as an average price increase of 14.7%, and total operating income increased by 10.7% compared to the previous year.

It should be noted that this performance was the result of a commercial strategy developed throughout the previous finan-



SINERAMA HOTEL  
SINES - PORTUGAL



cial year which led to the contracting of major *corporate* clients with large scale projects on the market.

A project to renovate some areas of the Alvalade Hotel - specifically the restaurant, bar and some rooms, was carried out during the course of the financial year and completed in 2020.

In the restaurant sector, operation of the group's canteens was continued.

In Mozambique, the Group's companies operating in this sector offer a total of 642 beds and 321 rooms, distributed over three hotels, as detailed below:

HOTEL AVENIDA	Maputo
Five star hotel	159 rooms
HOTEL TIVOLI MAPUTO	Maputo
Three star hotel	88 rooms
HOTEL TIVOLI BEIRA	Beira
Three star hotel	74 rooms

Mozambique's economic activity continued to suffer a slow-down in 2019, which, associated with increased competition in this segment, had a negative impact on the performance of the

Group's hotel units in this country, leading to a drop in the occupancy rate and a decrease in operating revenues in this sector. Once again bucking the market trend, the Group's units saw a 17% increase in operating revenues, resulting from an 8.5% rise in the occupancy rate, as well as an average price increase of 6.2%.

The good performance of the Mozambique units was due to the combined action of increased demand and reduced supply in the central region of the country, as a consequence of cyclone Idai, as well as the strengthening of Hotel Avenida's position on the market, as a result of refurbishment works carried out in 2018.

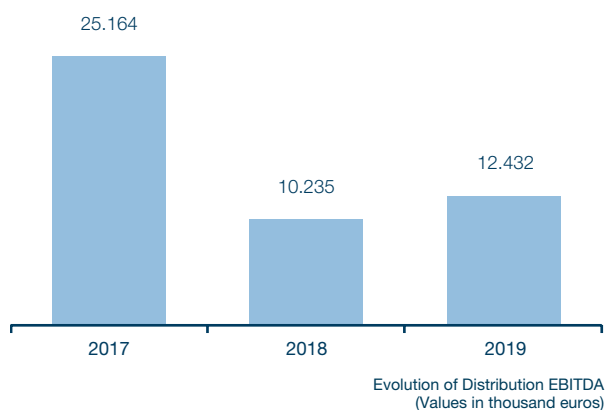
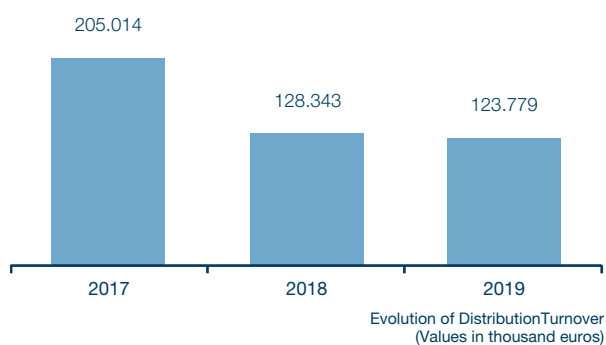


Hotel Alvalade  
LUANDA - ANGOLA

## II.5. DISTRIBUTION

The action of the Teixeira Duarte Group in this sector began in 1996 and is currently implemented by various international operations, acting in Portugal through "Teixeira Duarte Distribuição, S.A.", in Angola through the participated companies "CND - Companhia Nacional de Distribuição, Lda." and "DCG - Distribuição e Comércio Geral, Lda." and "OCC - Operador Central de Comércio, Lda.", and in South Africa through "Global Net Distributors, (PTY), Ltd."

### CONTRIBUTION OF THIS SECTOR TO THE GROUP



In the Distribution sector, Group companies saw 3.6% decrease in Turnover in comparison with the same period of the previous year, affected by the devaluation of the Kwanza currency. Discounting this effect, they would have seen a 16% increase.

Distribution EBITDA of Distribution increased by 21.5% when compared to the previous year.

### ACTIVITY IN 2019

In non-consolidated terms and in order to provide an overall view of the total activity during 2019, we disclose that the Group's operating income in the Distribution sector reached the total value of 155,518 thousand euros, corresponding to a reduction of 3% relative to 2018.







Dakaza on Avenida Primeiro Congresso  
LUANDA - ANGOLA

In **Portugal**, the subsidiary "Teixeira Duarte - Distribuição, S.A." posted a decrease of 4% in comparison to the same period of the previous year.

In the "*Procurement*" area, the focus was on the search for products suited to the new consumption profile of the Angolan market, whose purchasing power suffered further reductions compared to the previous year as a result of currency devaluation.

Relationships with brand representation and distribution partners were strengthened and different portfolio review actions were carried out.

In the "Information Technologies" and "Supply Chain" areas, improvements were continued with processes and technological solutions that improve inventory management and its rotation throughout the value chain, as well as with the "*Business Intelligence*" ecosystem. Emphasis should also be placed on support and coordination to guarantee the implementation of new front-of-store *hardware* and *software* in Teixeira Duarte Group's operations in Angola, as a result of the need to adapt them to the current challenges of retail and the new legal framework in this market, with the entry into force of the package of VAT legislation.

In **Angola**, the Teixeira Duarte Group operates in this sector through several Business Units and 37 points of sale to the public, integrated in the following entities:

"CND - Companhia Nacional de Distribuição, Lda.", which operates:

- In Food Retail through the Maxi brand; and
- In Specialised Retail, in the Furniture and Decoration area through the brand name Dakaza, in the Health and Well-Being area through brand name Farmácia Popular and in the Restaurant area through the brand name Nilo;

"DCG - Distribuição e Comércio Geral, Lda" in brand representation and distribution.

"OCC - Operador Central de Comércio, Lda.", which operates under the brand name TEFAC, in beverage wholesale.

The activity of the different Business Units continued to be affected by the difficult economic situation in Angola, with the loss of purchasing power due to currency devaluation and the resulting increase in prices in 2019, with significant changes in consumption profiles in some segments.

The entry into force of VAT on 1 October 2019 is also noteworthy.



Farmácia Popular at Maxi Via Expresso  
LUANDA - ANGOLA



In Food Retail, **Maxi** achieved a better level of supply of imported goods during this year than in previous years, despite the continuation of the upward trend in local purchases of goods seen in recent years. This is a very positive aspect that should be highlighted.

The number of “like-for-like” customers increased by 4.9% compared to the previous year and a growth of around 21% in sales in Kwanzas was posted.

There was a general slowdown in consumption of “non-food” goods and in customer numbers in Specialized Retail, with the **Dakaza** brand in Furniture and Decoration area.

Emphasis should be placed on the good performance of the store on Av. 1.º Congresso, in central Luanda, opened in January 2019, which focuses on a unique shopping experience and service excellence.

Operational, inventory and supply chain management processes were improved in the health and well-being area of specialized retail, through **Farmácia Popular**, with direct impacts on the brand's results. There was an increase of around 18% in the number of “like-for-like” customers.

In Specialized Retail, in the restaurant area, **Nilo** continued to develop and increase “B2B” (*business-to-business*) sales from its factory and improve the operational management processes of the different points of sale.

In Brand Representation and Distribution, **DCG** consolidated the reputation of the brands that it represents, with both the Beverages Unit and Food Unit enjoying a widespread presence throughout modern distribution. The strategy of adapting ranges to suit new consumer profiles was also continued, with a particular focus on entry-level segments.

In Beverage wholesale, **TEFAC** increased sales of returnable beer bottles, which represented about 80% of total sales.

The difficult economic climate is expected to continue in 2020, so the adaptation of the product ranges of the different brands to new consumer profiles will be continued, along with careful management focused on operational efficiency, cost control, simplification of procedures and the digitalization of organizational processes.



Maxi Expressway  
LUANDA - ANGOLA

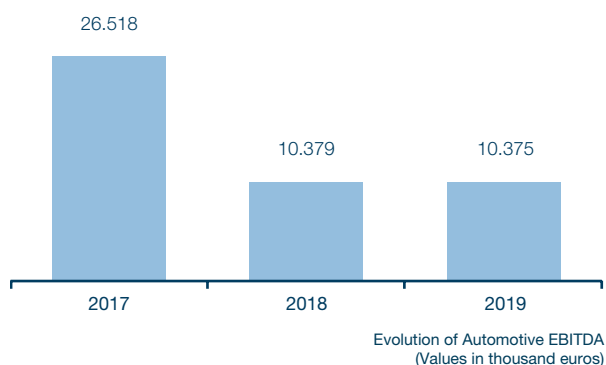
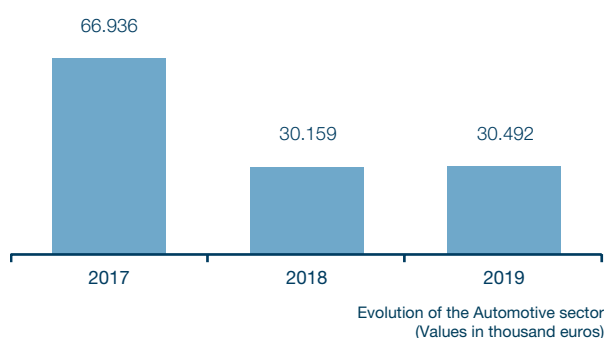


## II.6. AUTOMOTIVE

Teixeira Duarte Group companies have been operating in the automotive sector for over twenty five years and their activity continues today through the commercialisation of products produced by different international manufacturers, operating in the following market segments:

- Light: Nissan, Renault, Peugeot, Mahindra, Honda, JMC, Ssangyong, Chevrolet, Isuzu and Suzuki;
- Heavy: Renault Trucks, UD Trucks and Randon;
- Motorcycles: Honda, Piaggio, Vespa, Gilera and Derby;
- Equipment: Denyo and Pramac.

### CONTRIBUTION OF THIS SECTOR TO THE GROUP



In the Automotive sector, the Group saw an increase in Turnover of 1.1% compared to 2018.

In Angola, the regular resumption of vehicle and parts imports allowed for a 16.1% increase in activity compared to 2018. However, due to the devaluation of the Kwanza, its euro amount only saw a 5.1% increase in turnover when compared to the previous year.

EBITDA from the Automotive sector stood at an amount similar to 2018.





Renault stand at the Talatona TDA Centre  
LUANDA SUL - ANGOLA

## ACTIVITY IN 2019

In non-consolidated terms and in order to gain a perspective on the total activity in 2019, we report that the Group's operating income in the Automotive sector reached a total of 55,733 thousand euros, corresponding to an increase of 27.1% compared to 2018.

In **Portugal**, the company SMOTORS, S.A. is the exclusive representative of the Suzuki brand for the district of Lisbon. During 2019 it continued its activity of vehicle sales, after-sales technical assistance and over-the-counter sales of parts.

In **Angola**, the year saw a significant recovery in the volume of vehicles sold in the light segment, mostly due to investments in fleets by companies. The reduction in activity continued in the remaining business segments - heavy vehicles, motorcycles and equipment, as a result of less economic activity.

The Angolan vehicle market stabilized, with a reduction of only 2%, from 3,146 units sold in 2018 to 3,073 vehicles sold in 2019. However, an increase of around 22% was seen in the light vehicle segment, from 2298 units sold in 2018 to 2788 light vehicles sold in 2019.

Careful management of *stock* levels continued in all business segments, to adapt the *line-ups* of different brands to new consumption profiles. At the same time, there was increased focus on improving Technical Assistance services, seeking to qualify the different teams and optimize processes.

Careful *stock* management was continued in 2020, along with the optimization of resources and the strengthening of organizational processes in the different areas of this business.



Nissan Stand at the TDA Talatona Pole  
LUANDA SUL - ANGOLA



### III. NON-FINANCIAL INFORMATION

#### SUSTAINABILITY IN THE TEIXEIRA DUARTE GROUP

Sustainability is understood by the Teixeira Duarte Group companies as the result of a way of being and acting with a sense of responsibility. This attitude is reflected in the relationship of its employees with all stakeholders.

In fact, the Group's Mission - To do, contributing to the construction of a better world - and its structuring Values - Ingenuity, Truth and Commitment - reflect a deep-rooted way of acting over several generations, which makes an essential contribution to the effective global sustainability of the subsidiaries from an economic, social and environmental perspectives.

As there is a wide range of sectors of activity in this universe of Teixeira Duarte Group companies, which operate in several countries, the sustainable development of the businesses is ensured by each area of activity, given their proximity to operations and greater effectiveness of their actions.

Each subsidiary thus responds to the sustainable development challenges of its activities, and is guided by the Group with regard to general objectives and the specific sustainability priorities for each country.

Additionally, the corporate areas of Teixeira Duarte promote the coordination of joint policies among subsidiaries, by identifying practices and synergies that help the different businesses to

evolve in a sustainable manner and to innovate within the scope of their activities.



Maxi Health Program  
ANGOLA

#### OUR MISSION

**EXECUTE, CONTRIBUTING TOWARDS THE CONSTRUCTION OF A BETTER WORLD**

#### HOW WE DO IT

**WITH INGENUITY, TRUTH AND COMMITMENT**

#### WE CONTRIBUTE

**SUSTAINABLE DEVELOPMENT GOALS**

#### OUR LOCAL PRIORITIES



## COMPLIANCE WITH INTERNATIONAL AGREEMENTS

The activities of Teixeira Duarte Group companies are based on their Mission and are in line with the UN Human Rights Declarations, the Guiding Principles of the Organization for Economic Cooperation and Development (OECD), the International Labour Organization (ILO), national and international legislation and the 10 Principles of the United Nations Global Compact in the fields of Human Rights, Labour Practices, the Environment and Anti-Corruption.

Teixeira Duarte - Engenharia e Construções, in Portugal, is also voluntarily certified to the International Standard SA 8000, showing the organization's commitment to developing, maintaining and applying responsible practices to issues such as slave and child labor, occupational health and safety, freedom of association and collective bargaining, discrimination, disciplinary practices, working hours, remuneration and management systems.

## ETHICS AND CONDUCT

Teixeira Duarte, S.A. has a Code of Ethics and Conduct adopted by each of the Group's entities, which enshrines the intra-group principles of action for all employees of Group companies and, therefore the involvement of Teixeira Duarte, S.A. with stakeholders. It serves to reinforce and develop the Group's mission and values.

The Code is aimed at all Directors, Workers and Other Company Representatives. Furthermore, not only is it the responsibility of all of these employees to know about and grasp the Code, and to implement it within the institution and defend it externally, but also to encourage the application of the respective rules by third parties in the sector, and during the course of relationships that these parties maintain with any Teixeira Duarte Group entities.

In short, according to this Code, all partners of Group companies undertake to comply, defend and ensure compliance - even among indirect subjects - with all legislation and regulations in force in the countries where they operate, including any global or sector agreements and ethical rules specific to each professionals, as well as any and all commitments entered into on a contractual basis.

Sent to all employees globally, the current Code of Ethics and Conduct is available on the website [www.teixeiraduarte.com](http://www.teixeiraduarte.com).

## SUSTAINABLE DEVELOPMENT GOALS

In 2018, Teixeira Duarte commenced a process to adopt the United Nations Sustainable Development Goals as a global framework to shape, drive and report the Sustainable Development actions of its subsidiaries, as it identified great affinities between its corporate vision of Sustainability and these Goals.

The 17 Sustainable Development Goals (SDGs) were established at a UN Summit in 2015 and unanimously approved by 193 Member States with the aim of creating an ambitious agenda for poverty eradication and global economic, social and environmental development by 2030. Compliance with this plan, known as the 2030 Agenda for Sustainable Development, involves unprecedented joint efforts on a global scale, by all countries and public and private players.

In 2019, Teixeira Duarte Group conducted an evaluation of the impacts of the activities carried out by its subsidiaries on the global priorities and aspirations for 2030 defined in the 17 SDGs. The sectors/business areas operating in on the Angola, Brazil and Portugal markets, responsible for 74% of the Group's operating income, were surveyed and the risks and positive impacts that each one can have in their respective countries with regard to sustainable development topics proposed in the SDGs were analyzed.

Through this evaluation, the Group identified at a local level a number of SDGs that are most relevant. Thus, despite contributing to all SDGs, Teixeira Duarte took on 5 as priorities: SDG 3, SDG 4, SDG 8, SDG 9 and SDG 12.



In 2020, Teixeira Duarte aims to analyze the materiality of the SDGs on the Mozambique market, thus extending this assessment to subsidiaries responsible for 77% of operating income.

## COMMUNICATION WITH THE STAKEHOLDERS

All of the Teixeira Duarte Group companies have a wide range of relationships with groups of stakeholders. The companies use the following instruments to better understand their expectations and communicate more efficiently with these different groups:

### Employees

Corporate Website, Company Day, Staff Meetings, Christmas Lunch, Ethics Channel.

### Clients and general public

Websites, Call Centres, Social Networks, Suggestion and Complaint Systems, Ethics Channel.

### Investors

General Meetings, Financial Reports, Answers to Specific Questions, Announcements.

### Suppliers

Visits and Audits, Reciprocal Training, Performance Assessment, Ethics Channel.

### Professional Organizations

Participation in several organizations.

### Regulatory and Government Bodies

Participation in different sector associations.

### Communities

Partnerships with Representative Institutions, Community Support Projects, Ethics Channel.

### Educational Institutions and of Scientific and Technological System Bodies

Participation in Academic Events, Conferences, Job Fairs and Partnerships.

### Media

Announcements, Answers to specific questions.

## NOTE ON THE METHODOLOGY REGARDING COVERAGE OF INDICATORS

The Human Resources, Communities and Environment indicators presented here encompass, whenever possible, 100% of the group of companies included in the consolidation perimeter of the Teixeira Duarte Group.

However, given the diverse range of sectors and the local circumstances of their operating areas, the scope of coverage may vary for some indicators, and this fact is mentioned where applicable in the main body of this chapter.

## MANAGEMENT AND DEVELOPMENT OF HUMAN RESOURCES

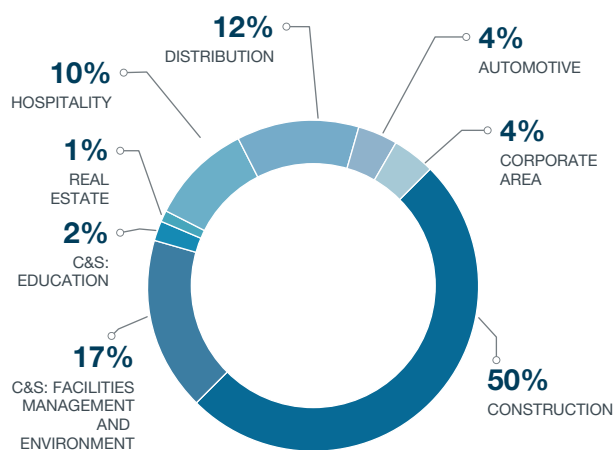
For companies forming part of the Teixeira Duarte Group, employees are the most important asset for carrying out the activities.

Aspects such as employee well-being, which includes the promotion of good hygiene and health and safety conditions, as well as the development of skills and retention of talent, are of great importance in their management and are duly based on a culture of dignified treatment and respect for human and labor rights.

### Human Resources in 2019

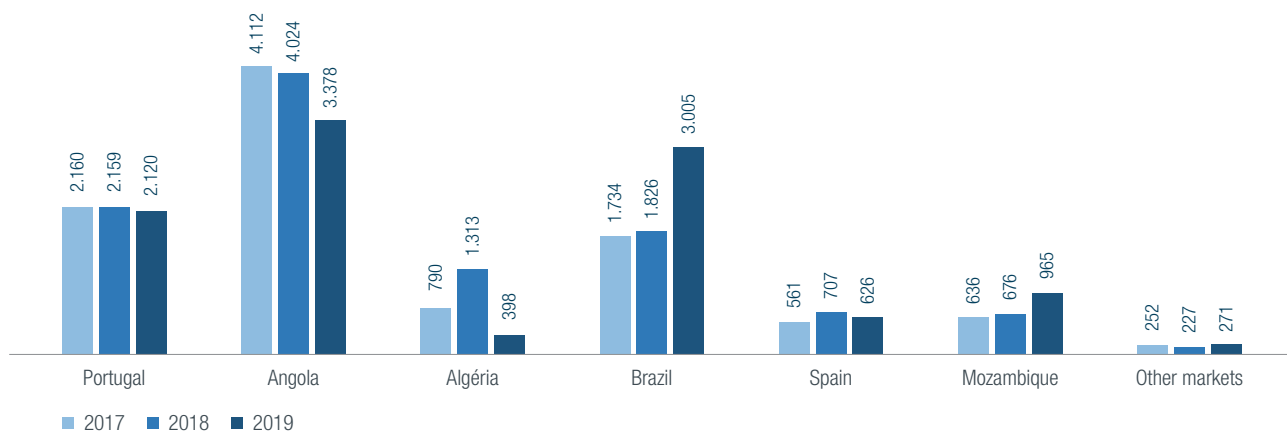
On 31 December 2019, the Group had 10,763 employees, a decrease of 169 employees (-2%) compared to 31 December 2018, in line with the reduction in activity on the Angolan and Algerian markets and an increase on the Brazilian market, where around 1200 more employees were hired (+65% when compared to 2018).

In fact, in 2019 and as in previous years, the performance of subsidiaries operating in the Construction sector continued to have the most influence on the number of Group employees, as they accounted for 50% of its global workforce.



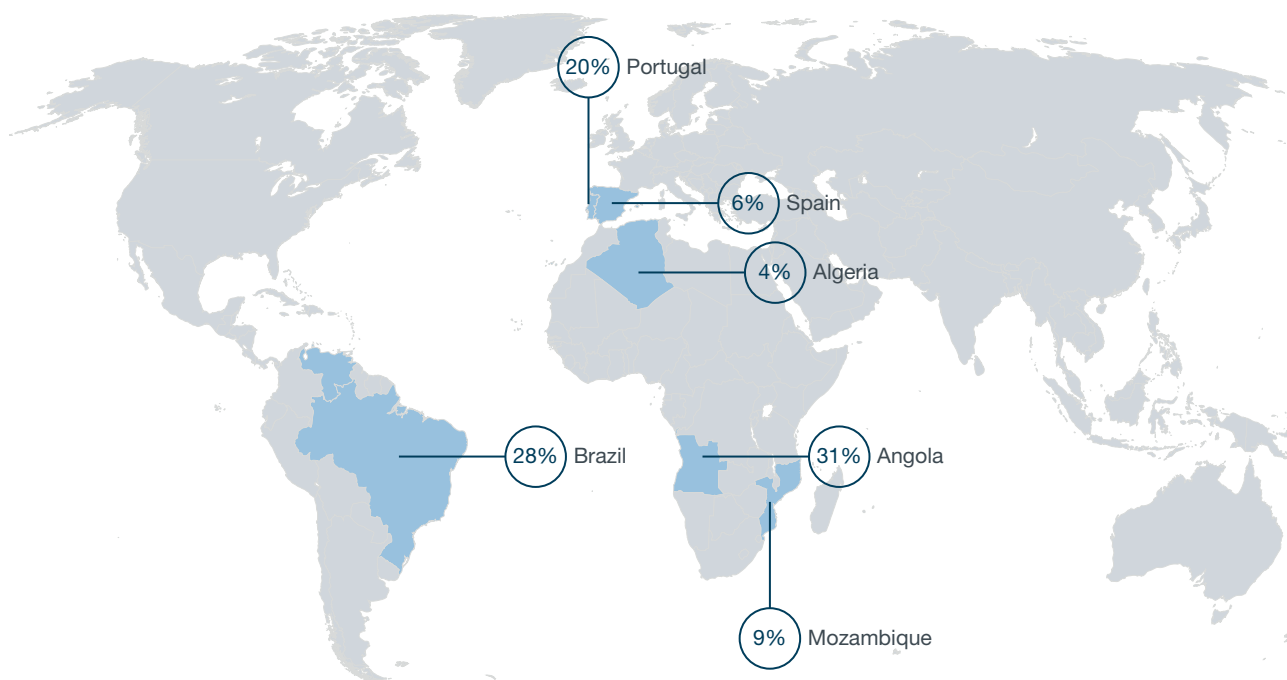
Employees by area of activity at 31 December 2019





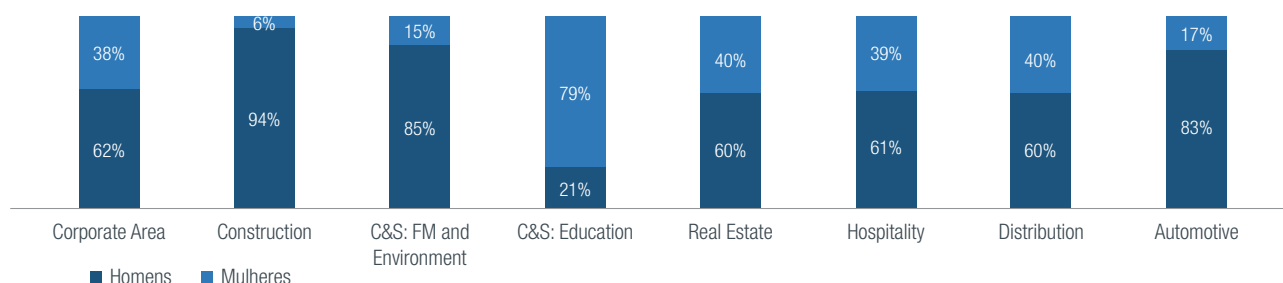
Evolution of the number of employees as of 31 December by market

Angola, Portugal and Brazil were the 3 markets with the largest number of employees, with 31%, 28% and 20% respectively, out of all of the countries in which subsidiary companies were operating on this date.



Geographical distribution of employees in the main markets in which the group operates, as of 31 December 2019

In line with previous years, in 2019 the majority of employees were male, a fact not unrelated to the business areas of the Group's subsidiaries, where the construction and *Facilities Management* sectors predominate, which together accounted for 67% of the global workforce.



Employees by gender and area of activity as of 31 December 2019

Teixeira Duarte, S.A. has been adopting several measures in order to more efficiently achieve effective equality of treatment and opportunities between women and men. It promotes the elimination of discrimination based on gender and promotes a balance between professional, personal and family lives. In 2019, the company drafted an Equality Plan that presented a set of objectives and measures to be taken by its subsidiaries in a manner appropriate to the situations of their geographical locations and sectors.

At a Board of Directors meeting on 13 September 2019, Teixeira Duarte, S.A. approved an Equality Plan covering the following areas:

- a) Equal access to employment;
- b) Equal working conditions;
- c) equal pay;
- d) Parenthood protection;
- e) Professional, family and personal life balance.

This Plan can be found at [www.teixeiraduarte.com](http://www.teixeiraduarte.com).

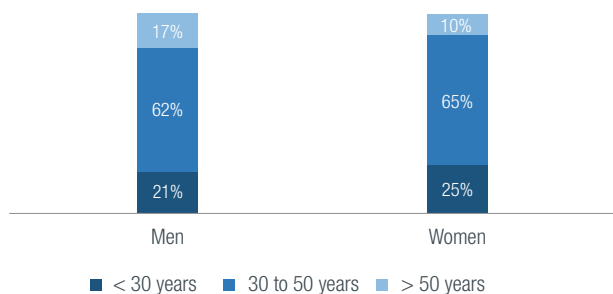
In 2019, as in previous years, the majority of Teixeira Duarte Group employees were in the age group between 30 and 50 years, and its predominance had even increased by 2 p.p in relation to 2018.

	Corporate Area	Construction	Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2019	Total 2018	Total 2017
			FM and Environment	Education							
<30 years	20%	18%	18%	22%	29%	24%	40%	26%	22%	24%	30%
30 to 50 years	62%	64%	62%	71%	65%	63%	56%	62%	63%	61%	56%
>50 years	18%	18%	20%	7%	6%	12%	4%	11%	15%	15%	14%

Annual evolution of the percentage of employees by Age Group

The Teixeira Duarte Group companies therefore consider the needs of the different generations present on their teams, by promoting the integration of new employees and simultaneously

ensuring that previous generations pass on their knowledge.



Employees by age group at 31 December 2019

At 31 December 2019, the most employees held permanent contracts, reversing the trend of recent years. This situation was the case in most markets where Group subsidiaries operate, particularly Portugal and Brazil.

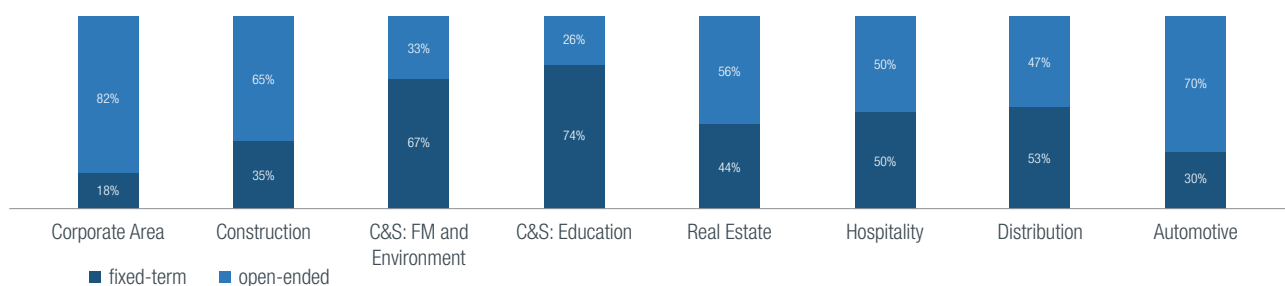
	Total 2019	Total 2018*	Total 2017
Temporary	56%	45%	36%
Men	56%	44%	63%
Women	52%	51%	70%
Permanent	44%	55%	64%
Men	44%	56%	37%
Women	48%	49%	30%
Total	10,763	10,932	10,250

Percentage of employees by contract type and gender  
\* Rectified values

In a characterization by Area of Activity, we have witnessed the general adoption of the permanent contract model, with the exception of activities carried out in the fields of Concessions and Services (*Facilities Management*, Environment and Education). In Hospitality and Distribution there is equality between the two types of employment relationships.



Christmas Lunch 2019, "ONE Living" Project in Cascais  
PORTUGAL



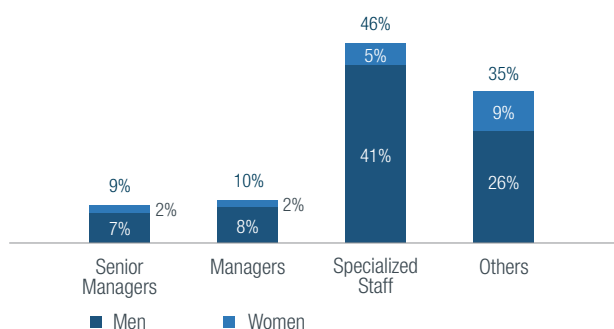
Percentage of employees by contractual status and area of activity at 31 December 2019



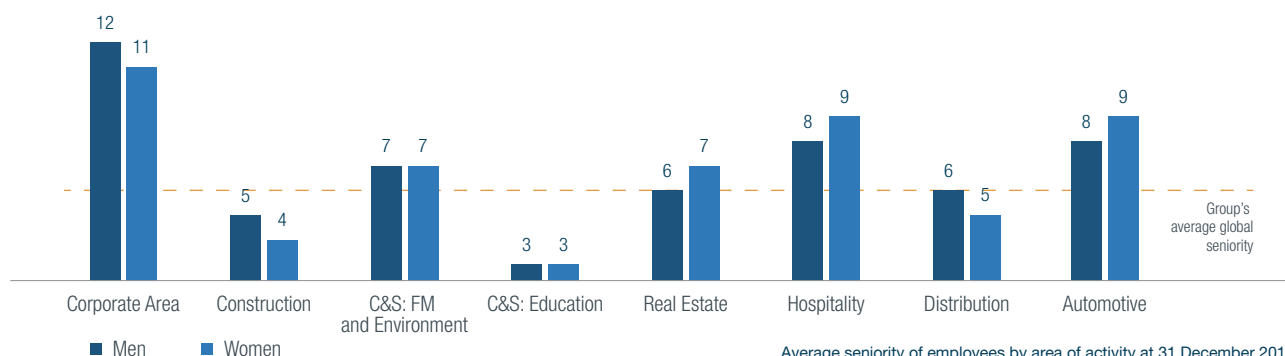


"Company Day" 2019: Members of the Board of Directors and Senior Management paid tribute to 42 employees who, in 2019, completed 30 years with the Teixeira Duarte Group.

Due to the wide range of business areas in which Teixeira Duarte Group subsidiaries operate, and in an attempt to characterise the distribution of their staff by professional groups that are as equivalent as possible, the Group classifies its employees into 4 major professional groups. This classification is based on the framework of professions and professional categories set out in the Collective Bargaining Agreement in force in Portugal for the Civil Construction and Public Works sector.

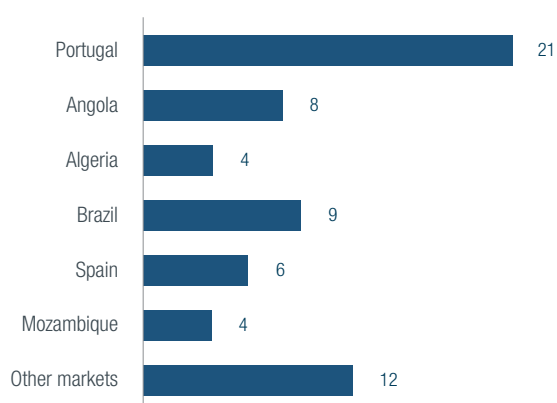


Employees per professional group in the Group at 31 December 2019



Average seniority of employees by area of activity at 31 December 2019

Different cultures, habits and working methods tend to create greater openness and growth for companies seeking to ensure a working environment where mutual respect and equal opportunities are prevail. At 31 December 2019, employees of 33 different nationalities worked for the group, with greater diversity particularly seen in Portugal.



No. of employee nationalities by market at 31 December 2019

#### Recruitment, Selection and Retention of People with Potential Talent

Recruitment is a key part of the development of the human capital of an organization that intends to be innovative and dynamic, since it is the starting point of the human resources management value chain.

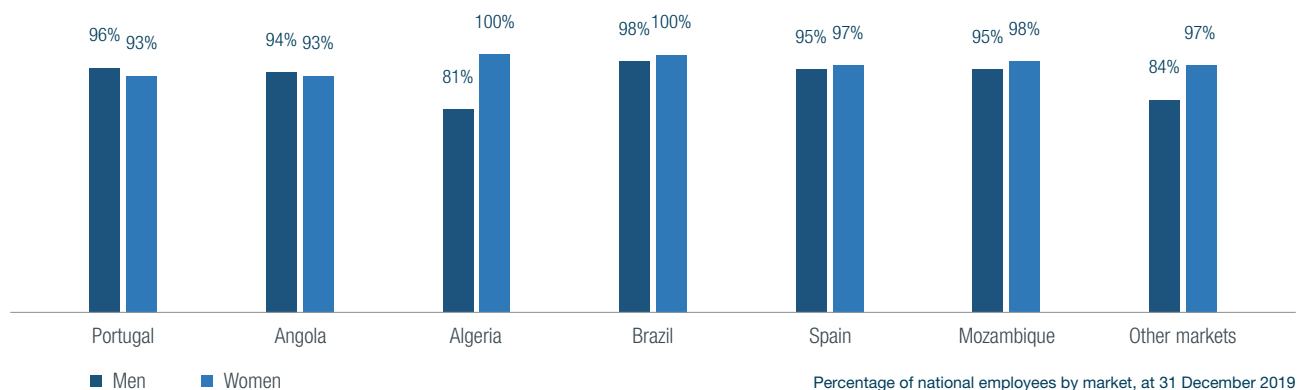
Many of the Group's subsidiary companies position themselves in their markets as recognized employers, particularly with a view to promoting the employment of youths with potential talent, since it offers this age group conditions and prospects for personal and professional development. They value this, and their contribution has proved to be strategic for the assertion of Group companies.

Continuing this positioning requires notable activity by these organizations in the area of recruitment and selection, including the permanent expansion of reference sources and the strengthening of partnerships.

One of the performance indicators of this policy that is used by many Group companies is the ability to hire and retain national employees in their operations. It should be emphasized that on the vast majority of markets the percentage of national employees is above 90%.



2019 Staff Meeting, Real Estate, Distribution and Automotive sectors, in Elvas PORTUGAL



In this context, emphasis should be placed on participation in academic events, the signing of protocols and the granting of internships, which encourage applications from trainees, students and professionals who graduate from these national partner institutions.

In 2019, several Teixeira Duarte Group companies continued using the *Applicant Tracking System* implemented in 2018, allowing them to manage job offers and applicants more efficiently, using a wide search network integrated with jobseeking web-sites.

Along these same lines, mention should also be made to the role of internal recruitment which, based on performance with recognized merit, has given several employees opportunities to develop their careers.

In terms of absenteeism, the Group's different subsidiary companies have rates that vary depending on the business areas and the countries in which they operate.



New São Paulo Branch office  
BRAZIL

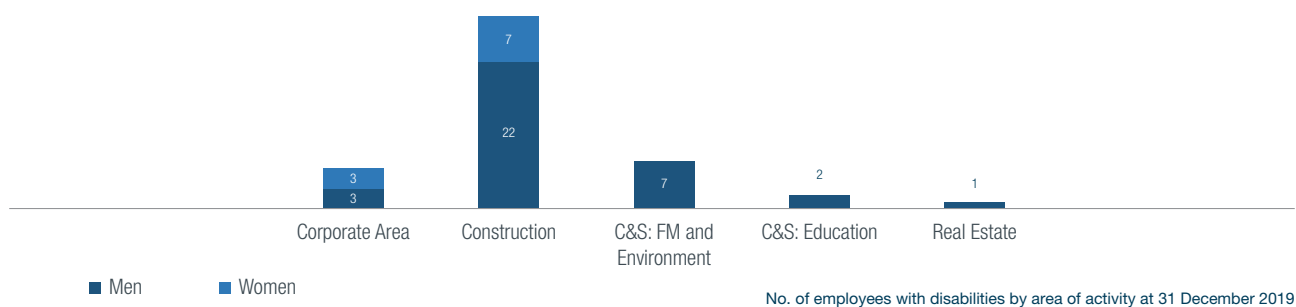
	Corporate Area	Construction	Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2019	Total 2018
			FM and Environment	Education						
Portugal	2.0%	2.9%	4.5%		1.8%	6.0%	0.1%	2.3%	3.4%	2.5%
Angola	0.5%	1.5%	1.0%	5.9%	0.8%	2.4%	3.2%	2.4%	2.5%	2.6%
Algeria	1.5%	7.1%	1.8%						6.9%	3.2%
Brazil	5.0%	6.5%	5.3%		3.3%				6.3%	3.6%
Spain		6.2%	6.9%						6.8%	8.2%
Mozambique	2.9%	1.2%	1.5%		1.7%	1.5%			1.4%	0.5%
Other Markets		1.2%							1.2%	0.0%
Total 2019	1.4%	4.8%	6.0%	5.9%	1.8%	2.7%	3.1%	2.4%	4.1%	2.1%
Total 2018	2.1%	2.7%	3.3%	5.8%	1.0%	0.5%	0.3%	3.1%		

Absenteeism rate as at 31 December 2019  
(coverage = 99%)

Overall absenteeism in 2019 was 4.1%, up 2 p.p. on 2018, mainly explained by the increase in 3 markets: Algeria, Brazil and Spain.

At 31 December 2019, 45 people with handicaps or disabilities were employed by Teixeira Duarte. In Portugal and Brazil, these employees represent 1% of the workforce.

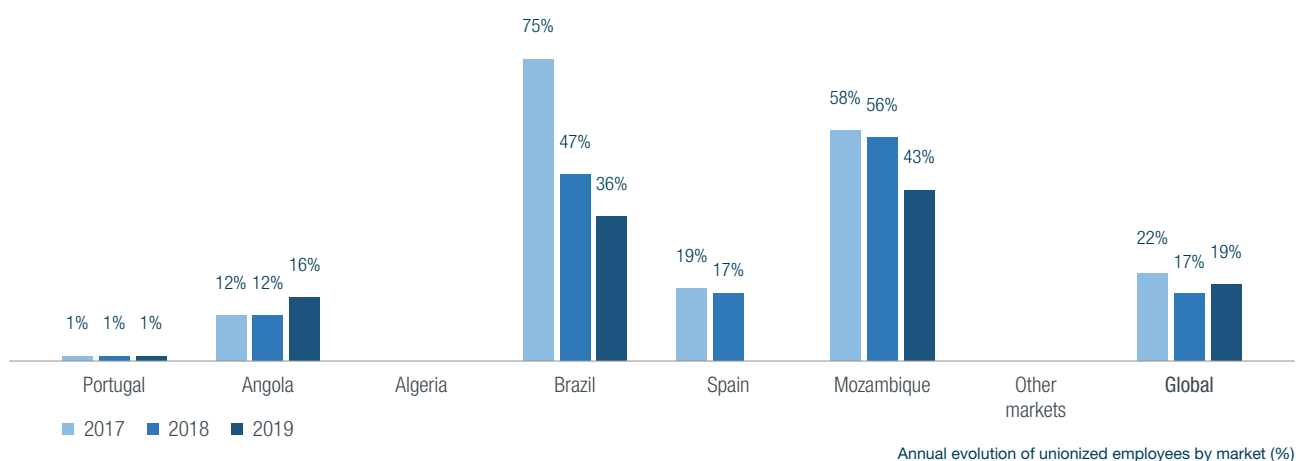




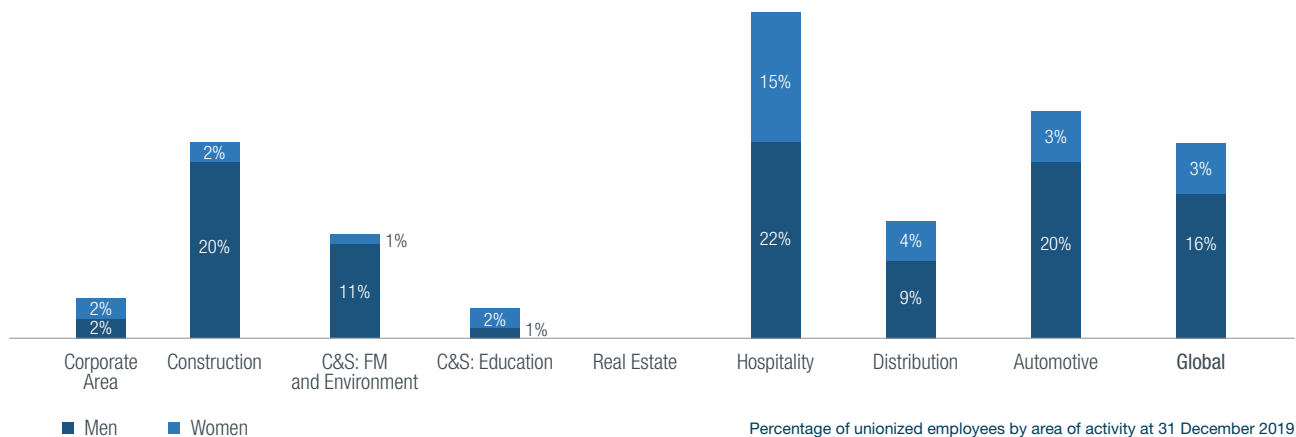
### Compliance with International Labour Organization (ILO) Conventions

The promotion of the fundamental conventions of the International Labour Organization (ILO), and of human rights, is enshrined in the Code of Ethics and Conduct of Teixeira Duarte, S.A., which extends to all the entities that form part of its consolidation perimeter.

The Code expresses the commitment of the Group's subsidiaries to recognising the right to association and collective bargaining. Their corporate practices protect labour rights and promote safe and healthy working environments for all workers.



Although in some countries it is not possible to identify all employees who are trade union members, it has been ascertained that the subsidiary companies operating on the Mozambican and Brazilian markets have the highest percentage of employees covered by collective bargaining agreements, considering collective contracts, collective agreements and company agreements. In Brazil, it should be noted that the union contribution was mandatory until 2017 and ceased to be so in 2018.



The activities in which the Group has the largest number of employees covered by these collective bargaining agreements are Construction, Hospitality and Automotive.

Employees covered by professional associations are not included in the above data.

#### Health and safety protection and promotion

The corporate vision of the Teixeira Duarte Group has always included a strong human resources management strategy. Its measures aim to improve the quality of life of all those who work for its subsidiaries, in order to optimize the balance between work and personal and family life and promote employee loyalty, regardless of the activity of the companies and the markets in

which they operate.

This vision is reflected in the socially responsible attitude of its subsidiary companies with regard to the promotion of health, safety and hygiene at work.

In terms of occupational health, emphasis should be placed on the employee health monitoring policy, which takes the form of general health examinations, visits to work stations and the monitoring of situations of illness. In 2019, and in comparison with the previous year, the number of employees covered by examinations performed by the companies improved in general, but particularly in Angola, Algeria and Mozambique.



Medical examination of employee, Teixeira Duarte Medical Center, Luanda ANGOLA

	Corporate Area	Construction	Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2019	Total 2018	Total 2017
			FM and Environment	Education							
Portugal	100%	100%	100%		100%	100%	100%	100%	100%	99%	99%
Angola	94%	85%	95%	93%	100%	99%	98%	95%	96%	85%	54%
Algeria	74%	70%							70%	51%	52%
Brazil	100%	98%	71%		77%				97%	98%	98%
Spain			32%						32%	67%	100%
Mozambique	100%	100%	100%		100%	100%			100%	94%	92%
Other Markets		59%	100%						65%	50%	18%

Coverage rate of medical examinations performed on Group company employees as at 31 December 2019

Curative medicine support mechanisms are made available on different markets, either directly (internal services) or indirectly (agreements with private clinics and/or health insurance companies).

The existence of an internal curative medicine service allows the most problematic health situations to be monitored more effectively and, in parallel, to improve the ability to act in emergency and extremely serious situations.

Employees are offered access to medical services and medicines which, given the situations of some of the countries where the Group companies operate, are fundamental for clinical monitoring and for access to primary health care by employees. This access is, in some situations, provided through private clinics with which partnerships are established, seeking the most effective and cost-efficient health care.

In the case of Angola and Mozambique, for example, Group companies have defined a medical assistance and medication policy that includes access to medical consultations for all employees and first-degree relatives.

Within the scope of health promotion, several activities are also promoted in Group companies, such as screening and individual and group health training/education activities.

#### Awareness actions for breast cancer prevention ("Pink October")

In October 2019, several subsidiaries joined the movement known as "Pink October" seeking to raise employee awareness of the importance of breast cancer prevention and early diagnosis.

In Angola and Brazil, 200 male and female employees were involved in clarification and awareness raising activities, in some cases run in partnership with local health authorities.



#### Flu vaccination campaign

In 2019, the Group's subsidiary companies operating in the Construction sector in Brazil ran a flu vaccination campaign with their partners in several parts of the country. Over 130 workers were vaccinated as part of the activity, ensuring that companies give their employees better protection against the dangers of this infectious disease.

In 2019 in Portugal, Group companies provided employees with:

- 1,798 medical consultations in the field of occupational medicine;
- 1,793 occupational nursing consultations;
- 452 curative medicine consultations;
- 10,380 complementary diagnostic tests.



As its *core business* originated in the Construction sector, the Teixeira Duarte Group and its subsidiaries have a deeply rooted corporate culture of constant investment in safety and fighting against risks. This commitment includes strict prevention policies, which aim to ensure that the lives of all employees and service providers at all facilities are safeguarded.

During 2019 there were no fatalities in the companies included in the consolidation perimeter of Teixeira Duarte, S.A..

As regards the accident rate in the main markets in which the Teixeira Duarte companies operate, the evolution over the last 3 years in terms of the frequency (no. of accidents in the workplace x 1000000 / no. of hours worked) and severity (no. of days lost x 1000000 / no. of hours worked) of accidents was as shown on the following tables.



PORTUGAL	Nb. of Work accidents	Frequency rate	Severity rate
Corporate Area			
2019	0	0	0
2018	0	0	0
2017	1	3	0
Construction			
2019	49	19	526
2018	58	21	408
2017	45	27	603
Concessions and Services			
Facilities Management			
2019	33	39	565
2018	38	50	1,033
2017	26	33	1,275
Real estate			
2019	0	0	0
2018	1	15	328
2017	0	0	0
Hospitality			
2019	6	27	383
2018	8	37	173
2017	8	36	483
Distribution			
2019	0	0	0
2018	0	0	0
2017	0	0	0
Automotive			
2019	2	32	614
2018	1	17	702
2017	0	0	0

Accident rate in Portugal as of 31 December 2019

ANGOLA	Nb. of Work accidents	Frequency rate	Severity rate
<b>Corporate Area</b>			
2019	1	5	0
2018	1	7	0
2017	1	6	0
<b>Construction</b>			
2019	14	10	68
2018	30	13	76
2017	23	10	66
<b>Concessions and Services</b>			
<b>Facilities Management</b>			
2019	3	4	0
2018	6	11	5
2017	11	18	90
<b>Education</b>			
2019	0	0	0
2018	0	0	0
2017	0	0	0
<b>Real estate</b>			
2019	2	9	19
2018	2	6	74
2017	3	34	0
<b>Hospitality</b>			
2019	10	6	28
2018	4	3	32
2017	8	6	8
<b>Distribution</b>			
2019	35	12	60
2018	19	6	26
2017	19	6	43
<b>Automotive</b>			
2019	1	1	0
2018	10	12	65
2017	11	11	39

Accident rate in Angola as of 31 December 2019

ALGERIA	Nb. of Work accidents	Frequency rate	Severity rate
<b>Construction</b>			
2019	38	25	953
2018	42	18	608
2017	27	18	393

Accident rate in Algeria as of 31 December 2019

BRAZIL	Nb. of Work accidents	Frequency rate	Severity rate
<b>Construction</b>			
2019	23	6	245
2018	17	8	242
2017	10	7	206
<b>Concessions and Services</b>			
<b>Facilities Management</b>			
2019	3	7	180
2018	3	9	9
2017	n/a	n/a	n/a

Accident rate in Brazil as of 31 December 2019  
(Coverage = 53%)

SPAIN	Nb. of Work accidents	Frequency rate	Severity rate
<b>Concessions and Services</b>			
<b>Facilities Management</b>			
2019	0	0	0
2018	2	38	0
2017	n/a	n/a	n/a

Accident rate in Spain as of 31 December 2019

MOZAMBIQUE	Nb. of Work accidents	Frequency rate	Severity rate
Construction			
2019	3	5	191
2018	1	2	150
2017	3	8	122
Hospitality			
2019	1	2	4
2018	3	5	24
2017	2	3	17

Accident rate in Mozambique as of 31 December 2019  
(Coverage = 86%)

Employees covered by occupational health and- management systems (OHSAS 18001 Standard) at 31 December 2019:

- Portugal: 1,702 employees
- Algeria: 501 employees
- Brazil: 1,759 employees
- Mozambique: 563 employees

In the cases of Portugal, Algeria, Brazil, and Mozambique, the good practices of subsidiary companies in the Construction sector, where the risks are higher with regard to the health and safety of employees, are strengthened by an OHSAS 18001 standard certification in occupational health and safety management systems, providing a more comprehensive and effective management of operational risks and contributing to employee protection and better performance.

Disease prevention and health promotion activities in 2019 in companies operating in the areas of Construction and *Facilities Management* in Portugal, Angola, Brazil and Mozambique were based on risk factors that had been identified, specifically risky behavior, noise in the workplace, working conditions and emergency procedures, among other aspects.

In accordance with the legislative provisions in countries where Group companies operate, all employees have the right to protection during parenthood. In the case of Portugal, there is a range of maternity/paternity leave options available to employees, in accordance with the provisions of the Labour Code.



Maxi Employees  
ANGOLA

	Corporate Area	Construction	Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2019	Total 2018	Total 2017
			FM and Environment	Education							
Portugal									57	109	90
Women			4			4		1	9	21	19
Men		35	7			6			48	88	71
Angola									130	104	113
Women	3	2	2	16		23	73	7	126	96	111
Men		3	1						4	8	2
Algeria									28	36	22
Women		2							2	4	6
Men		26							26	32	16
Brazil									11	18	15
Women		7							7	14	15
Men	1	3							4	4	
Spain									7	25	20
Women										4	6
Men		4	3						7	21	14
Mozambique									7	8	4
Women	2		1			3			6	7	4
Men		1							1	1	
Other Markets									7	1	1
Women		2	1						3	1	1
Men		4							4		
Total	6	89	19	16	0	36	73	8	247	301	265

Number of employees who took parental leave in 2019

## Other employee benefits

Companies forming part of the Teixeira Duarte universe also offer other employee benefits, such as:

### a) Health and life insurance

Most Group companies provide health insurance to their employees in accordance with defined criteria, including the possibility of extending insurance to cover their families.

In some subsidiary companies, life insurance is also available in addition to health insurance to ensure protection in situations of personal accidents, death and disability.

This insurance is to supplement the mandatory protections that apply in each country to social security and labor legislation matters.

### b) Protocols and Partnerships

A set of protocols and partnerships with external entities is made available to Group company employees, in various areas, such as telecommunications, banking, educational establishments, car dealerships, travel agencies and airlines, allowing employees access to goods and services under more advantageous market conditions.

### c) Benefits program with more advantageous conditions



In 2019, the Teixeira Duarte Group launched the pilot edition of the "b.flex" Program aimed at the permanent staff of 7 of its subsidiaries in Portugal.



Employees voluntarily join "b.flex" for an individual grant, which they can use to gain access to a set of benefits for themselves and their families, according to their preferences.

These benefits included the reimbursement of Health Expenses, Child Allowance, Professional Training, Acquisition of Technology and Vehicle Acquisition.

In 2020, the Program will be extended to the entire universe of Group companies in Portugal.

#### d) Family Monitoring Policy

The Teixeira Duarte Group has a Family Monitoring Policy in place which includes administrative, logistical and financial support with a view to the legalization, travel and accommodation of family members of employees who are subject to certain criteria and are moved outside their country.

#### Qualification for the expression of talent: development and training

In the universe of Teixeira Duarte Group companies, and over almost one century of history, a strong culture of ethics, work and merit has always been promoted, widely recognized and systematically applied at all levels.

In a world of constant change, characterized by rapid technological advances, increased globalization and complex demographic characteristics, it is increasingly critical for organizations to adapt and keep pace with the evolution of both the contexts and expectations of internal and external *stakeholders*.

Guided by the values of Ingenuity, Truth and Commitment and the Mission "To do. contributing to the construction of a better world", the Group companies are aware of these transformation

and of the need to direct people towards new growth models and the acquisition of new skills to allow them to overcome future challenges.

As a strategy for the sustainability of its business in the face of this new reality, the Group has worked with its subsidiaries to stimulate the following objectives:

- To enhance talent within the organization, attract the most qualified people, develop them and promote their evolution by merit and performance;
- To foster strong leadership by improving the ability to promote People's performance and alignment with the business strategy;
- To communicate their organizational identities effectively, creating strong value propositions both internally and externally;
- To build leaning cultures with a strong impact, with growth opportunities for all, separated into different areas of knowledge (technical and non-technical), at different levels (operational, tactical and strategic) and in different learning formats (day-to-day, observing and interacting with others, formal learning through classroom courses and *online* platforms).

The diverse range of activities that currently exists within the Teixeira Duarte Group, and geographical distribution throughout several countries, have required an increasingly robust model for the effective transmission of values and practices that form part of the Teixeira Duarte Group's corporate vision for all business areas existing inside the group.

In 2019, the Teixeira Duarte Group's Skills Development Policy was continued according to the model defined in 2018. It is based on a matrix that includes a common/cross-company component for all business areas and a specific component. It can therefore be adapted to any sector, market and professional category in which the employee is located.

The business areas, in turn, define, implement and assess the Skills Development Plans (SDP) for their employees. These are continuous training programs that allow each employee to be trained over time, specifically with a view to updating skills and career progression.

In 2019, the Professional Qualification Coordination Committee continued its work to continuously support intra-group processes and to promote key projects in these areas, including adoption of a new *e-learning* tool. Brazil is a pilot market for its implementation, which will be progressively extended to



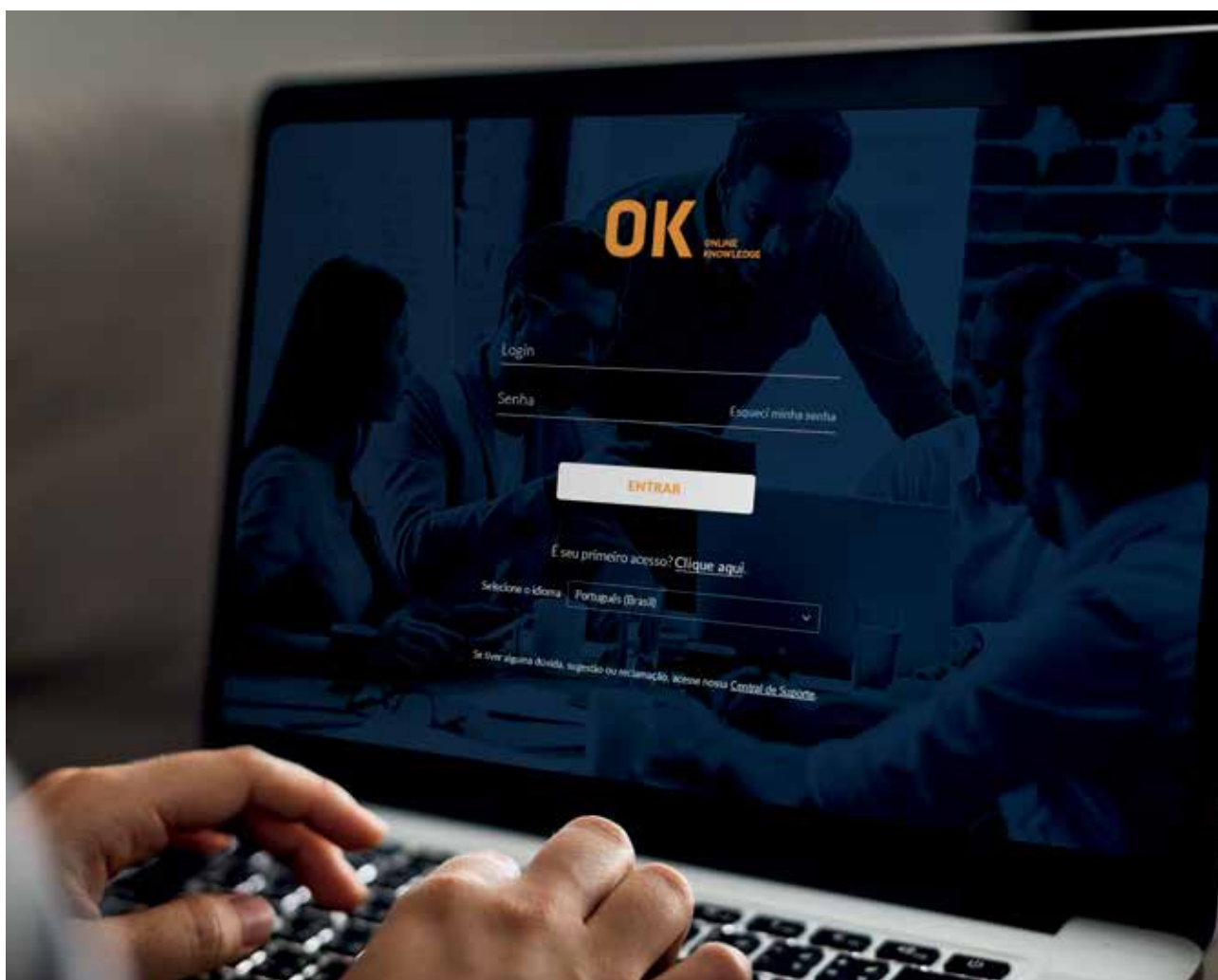
"TDGI Academy" (Facilities Management)  
ANGOLA

other key markets. With the implementation of this tool in the Group, it became possible to access training and information *online* through the sharing of content developed externally and internally by each Group company. Access to personal and professional development becomes global and independent of the location of people and operations.

Furthermore, the development of internal technical or general content promotes everybody's commitment to the organization and the people who work in it.

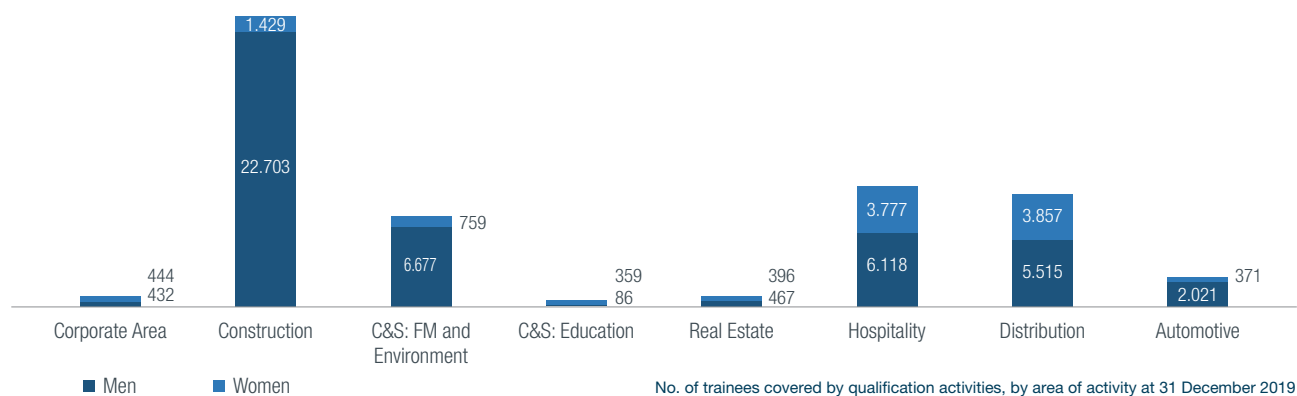
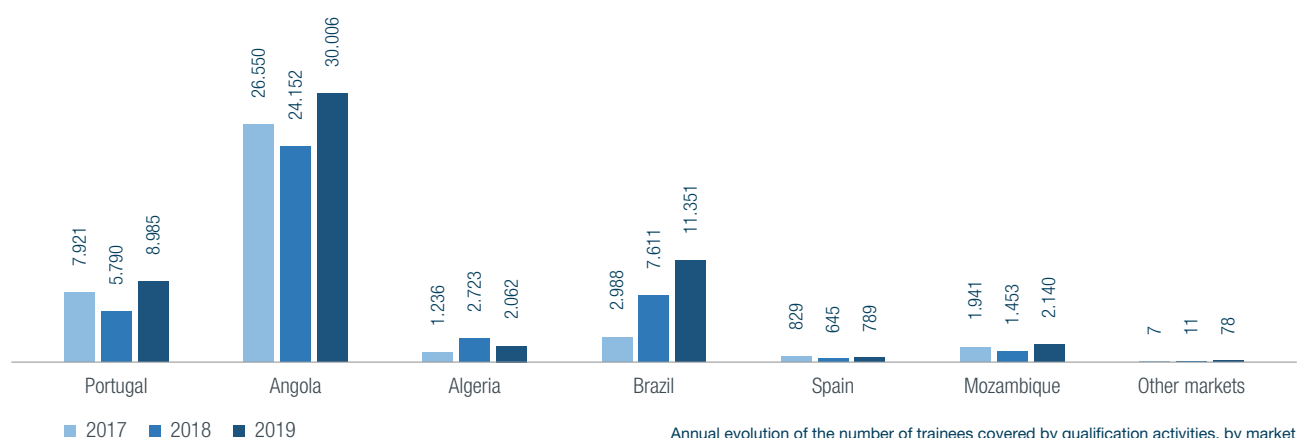
In line with the need for personal and professional development of employees as a prioritized way of meeting the different demanding and complex challenges they face, in 2019 the companies included in the consolidation perimeter of Teixeira Duarte, S.A. carried out qualifying activities (hereinafter, activities) which covered 55,411 trainees and totaled a recorded training volume

of 196,285 hours, which, when compared to 2018, represent increases of 31% and 27% respectively.



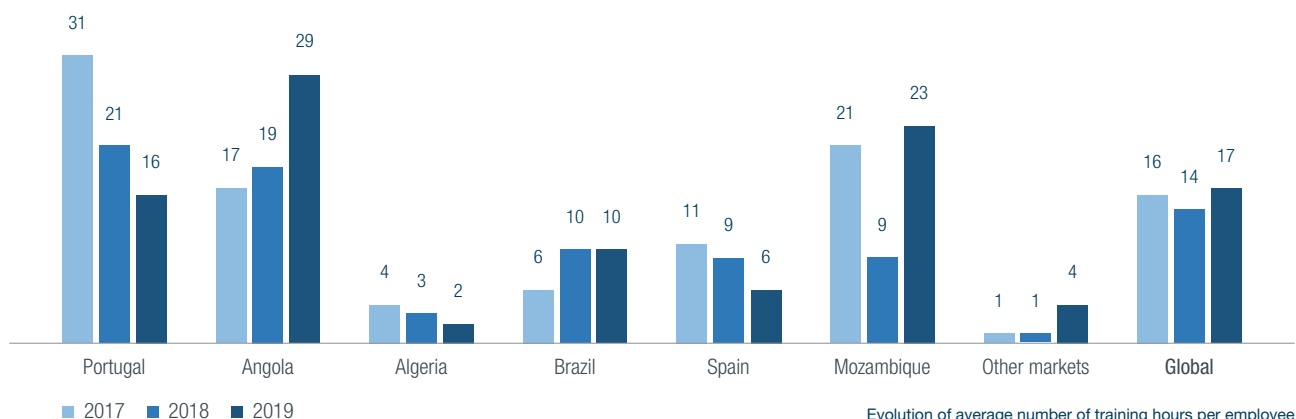
OK Platform - Online Knowledge

The main indicators related to the Professional Qualification of employees, by market and activity sector, are presented below. To account for these indicators, the Teixeira Duarte Group considers the market where the employee is located, regardless of the location of the company that the employee works for.



	Corporate Area	Construction	Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2019	Total 2018
			FM and Environment	Education						
Portugal	2,362	19,396	8,152		470	726	588	159	31,853	46,630
Angola	845	7,691	8,164	3,182	1,409	42,041	29,256	13,773	106,360	74,133
Algeria	83	1,804							1,887	3,439
Brazil	473	30,266	2,232		816				33,786	18,226
Spain	17	1,201	2,718						3,936	6,327
Mozambique	85	1,284	393			16,020			17,781	6,241
Other Markets	0	683							683	119
<b>Total 2019</b>	<b>3,865</b>	<b>62,325</b>	<b>21,658</b>	<b>3,182</b>	<b>2,694</b>	<b>58,786</b>	<b>29,844</b>	<b>13,932</b>	<b>196,285</b>	<b>155,115</b>

No. of hours of training volume at 31 December 2019



In 2019, subsidiary companies as a whole carried out an average of 17 hours of training per employee. Positive emphasis should be placed on the performance of activities in Angola and Mozambique in particular.

In Angola, the qualifying activities carried out in Teixeira Duarte Group companies during 2019 covered 30,006 trainees and totaled a training volume of 106,360 registered hours, representing an increase of 24% and 43% respectively.

The Teixeira Duarte Professional Development Center is still one of the Group's main cornerstones for building a lifelong learning ecosystem for employees in Angola. A majority of qualifying activities run by Group companies on this market are concentrated at this center.

In 2019, the Angola Center for Professional Development continued to promote a wide range of training activities aimed at all professional levels of the Group's different businesses on this market. 3326 people participated in the "Operational" and "Middle Managers" Continuous Training Programs, and 112 in the "Senior Managers" Program.

Among the numerous training activities, emphasis should be placed on the Program for Executives developed in partnership with Nova SBE University for "Senior Managers", and an intensive program designed for "Middle Managers" in the distribution sector (as part of the "Maxi Academy"), with over 300 hours of theory and practical training and an integrated internship, giving recently hired young people guidance for the management and leadership of activities in this sector.

The "Fazer Pescar" (Go Fishing) project was continued in the areas of employability, professional qualification and social responsibility of the Group in Angola, with 6 editions in which 75 participants were qualified, in the Construction, *Facilities Management*, Real Estate, Distribution and Automotive areas. Since the beginning of this project, in 2013, about 450 young people have graduated from "Fazer Pescar".



In 2019, in partnership with the Nova SBE University, Teixeira Duarte started an Executive Training Program, which is continuing in 2020 and involves around 125 participants in Portugal and Angola. The objective is to give people with key Group development roles Leadership, Management and *Governance* skills.

In Portugal, Teixeira Duarte - Engenharia e Construções maintained its training entity certification, granted by DGERT - The Directorate General of Employment and Labor Relations.

Also with regard to the Portuguese market, the participation of Empresa Portuguesa de Obras Subterrâneas, Lda. (EPOS) should be highlighted due to its pioneering project among Teixeira Duarte Group subsidiaries in the area of Professional and School Qualifications, Employability and Social Responsibility. Ten employees of the aforementioned company successfully underwent a Skills Recognition, Validation and Certification process, developed by the Almodôvar Qualifica Center, which allowed them to gain the professional and school qualifications necessary to form part of EPOS' teams in Brazil, where the company was carrying out excavation and reinforcement work at the Cuiabá Mine, and thus to make professional progress.



HIGHLIGHTED INITIATIVE

## FAZER PESCAR



### Main Sustainable Development Goals



### Scope

- Employability
- Professional Qualification
- Social Responsibility

### Addressees

Young people living in an underprivileged social situation.

### Challenge

To take advantage of resources and instruments focused on the training and professional development of employees of different Teixeira Duarte Group subsidiaries, to train the recipients and to give them the opportunity to make a start in the jobs market.

### Description

*"Teach a man to fish and you'll feed him for the rest of his life", Lao Tzu*

"Fazer Pescar (Go Fishing)" is an initiative that aims to create opportunities for young people, training them to autonomously become a fundamental part of the development of the community of which they form a part.

A 3.5-month educational programme that includes the components of social integration, corporate integration and integration into the workplace.

Attendance is free and trainees benefit from daily meals, a daily transport allowance, personal accident insurance, uniforms and clothing for individual use, school supplies and regular medical monitoring.

At the end of the course, trainees with positive assessments join companies Group companies in Angola.

### Sectors/Group companies involved

All sectors operating in Angola.

### Impact

- 32 editions since 2013 (6 editions in 2019);
- 450 young graduates joined Group companies since 2013;

## THE TEIXEIRA DUARTE PROFESSIONAL DEVELOPMENT CENTRE



Approximately 1,500m<sup>2</sup> of constructed area.

6 rooms for theoretical training.

1 computer room.

2 laboratories (Electricity and Electronics and Civil Engineering).

2 workshops for practical training in the Automotive and Distribution areas.

1 auditorium and a cafeteria with capacity for over 100 people.

With an emphasis on:

7 businesses with training activities: Construction, Facilities Management, Education, Real Estate, Hospitality, Distribution and Automotive.

33 training courses certified by INEFOP.

1st Renault Certified centre in Sub-Saharan Africa.

In Brazil, activities were carried out that included 11,351 trainees, totalling 33,786 recorded hours of training volume, which represent increases of 49% and 85% respectively when compared to 2018.

On this market, the year 2019 was strongly marked by major changes to the Professional Qualification process as a consequence of the implementation of the *e-learning* platform in all areas of the company. An improvement in procedures and access to information by employees was seen by the end of the financial year, along with legal compliance with obligations in terms of training on internal rules and regulations.



"Teixeira Duarte Academy" (Real Estate)  
ANGOLA

In Brazil, emphasis should also be placed on two programs in the fields of professional qualification and youth employment. Teixeira Duarte - Engenharia e Construções has for several years been running a training program for newly graduated professionals, with a minimum duration of 12 months. Its objective is to develop young people through "on the job" training to allow them to join the company in the future. 14 "trainees" were given jobs in 2019 - the highest number in recent years. The "Young Apprentice" is another important program, aimed at young people in secondary education. A record number of young people also joined the company in 2019: 18. This initiative lasts for 16 months and aims to provide young people with experience in working environments.

### Space for Reading at the Itabiruçu Dam Raising Project, in Brazil

In May 2019, to mark the Internal Accident Prevention Week, the Itabiruçu Dam Raising project being run by the subsidiary Empa in Brazil created a space on-site to allow its employees to read for a few moments during breaks and lunch hour. The space was built by the staff themselves and the books were also donated by employees. At the time, this project had about 500 employees.

Mozambique also performed well in terms of professional qualification. Activities were carried out covering 2,140 trainees, totalling 17,780 hours of training volume, i.e., 45% and 185% more when compared to 2018.

## SOCIO-ECONOMIC PERFORMANCE

The activities of Teixeira Duarte Group's subsidiaries, regardless of the sector in which they are active, have an impact on the socio-economic development of the places where they operate.

In order to enhance its positive impacts and, on the other hand, to mitigate the negative ones, the Group promotes a culture of ethics and quality among its subsidiaries, of commitment to local hiring and the development of local subcontractors and suppliers, and of strengthening their technological capabilities and social responsibility, particularly in developing countries, which contributes to the sustainable development of communities.

In Portugal, Teixeira Duarte - Engenharia e Construções is a company certified in social responsibility according to the SA 8000 benchmark.

### Combating corruption and bribery, money laundering and terrorism financing

Corruption and bribery are inherent risks of all economic activities. The tool that guides the management of the Group's subsidiaries in this area is a *compliance* program that establishes and implements a set of measures and procedures based on the *Compliance Policy*, on the Code of Ethics and Conduct and on Teixeira Duarte's Mission and Values. With greater effectiveness and more evidence, its aim is to ensure compliance with the law and internal rules, thereby contributing to a climate of integrity and ethical culture during the activities of Teixeira Duarte Group companies.

The *compliance* system provides for risk assessment processes and financial and non-financial internal control procedures, which include preliminary investigations of third parties and staff members with high levels of responsibility, an Ethics Channel to which all employees and third parties must report any irreg-

ularities that are identified in relation to any external or internal regulations, among other measures.

The system also ensures the implementation and assessment of the effectiveness of the Code of Ethics and Conduct, according to which employees must act in order to assess and avoid possible conflict of interest situations, as well as to actively or passively prevent any corrupt behaviour, including facilitation payments or gifts, or the creation, maintenance or promise of irregular situations or favours.

They shall be obliged to report any information that constitutes misconduct, including those that constitute possible illegal or illicit practices in financial and accounting matters, fraud, corruption and money laundering, as well as any actions related, directly or indirectly, to terrorist entities or those that may target or support terrorist practices.

They are also responsible for ensuring that indirect recipients of this code also do so.

Employees must act in such a way as to actively combat any attempts at money laundering by refusing to participate in any act that may be defined as such under current legislation and regulations, as well as refusing to participate in any attempt, collusion, facilitation or advice to commit this crime.

They must also take actions to prevent any Teixeira Duarte Group company from being able to supply, collect or hold funds or assets in any way that could be used for financing and supporting criminal activities, specifically terrorists.

### Relations with people and organizations affected by the activities of Group companies

In 2019, and as planned, the Teixeira Duarte Group's subsidiary companies began independent auditing processes of their Data Protection Management Systems (DPMS) developed in 2018, in order to comply with the provisions of the General Data Protection Regulations (GDPR). These audits will extend into 2020 and aim to assess the effectiveness, robustness, suitability and compliance of the DPMS, based on the requirements of internationally accepted standards on privacy/data protection management systems and legal data protection requirements (GDPR).

The Teixeira Duarte Ethics Channel can receive complaints through:

- Correspondence addressed to the company at its respective addresses;
- E-mail message to the address [addresscompliance@teixeiraduarte.pt](mailto:addresscompliance@teixeiraduarte.pt)
- Message sent through the Teixeira Duarte website([www.teixeiraduarte.com](http://www.teixeiraduarte.com));
- Message sent through the Teixeira Duarte Employee Portal.

#### a) Clients

A focus on quality, on continuously improving overall performance and the intention to meet customer needs and expectations has led Teixeira Duarte Group companies to commit to the implementation and certification of Quality Management Systems according to the ISO 9001 standard, as a business strengthening and sustainability factor. This contributes to economic aspects and in turn provides capabilities and resources for other sustainability initiatives.

Markets in which Teixeira Duarte Group companies have, on 31 December 2019, implemented Quality Management Systems (ISO 9001):

- **Construction:** Portugal, Algeria, Brazil and Mozambique;
- **Concessions and services:** Portugal, Spain and Mozambique;
- **Real estate:** Portugal;
- **Distribution:** Angola.

#### b) Partners, suppliers and subcontractors

In Portugal, Teixeira Duarte - Engenharia e Construções, in compliance with the SA 8000 Standard, promotes respect for labor rights and safe and healthy working environments for all workers, and among suppliers and contractors, by demanding compliance with social responsibility requirements, with an emphasis on the following:

- Not using or supporting the use of child labour, or forced or compulsory labour;
- Providing a safe and healthy environment for doing work;
- Not hindering freedom of association and the right to collective bargaining;
- Not engaging in or supporting discriminatory acts in any form;
- Not practising or supporting the harsh or inhuman disciplinary practices;
- Acting in compliance with applicable laws and standards of the respective area of activity, in matters relating to working hours;
- Remuneration considered adequate for the work effectively done, always respecting legal stipulations.

Based on the geographical area in which the supplier operates, the type of activity it carries out and the Company's ability to

influence it, the potential social risk of suppliers is assessed in relation to the expected risk, and the cases of greatest risk are monitored. In 2019, 11 monitoring visits were made to the facilities of suppliers in Portugal, out of a group of 360 companies with which Teixeira Duarte - Engenharia e Construções maintained supply relationships.

In the particular case of subcontractors, Group companies in the construction business have put specific mandatory contractual provisions in place, in addition to legal provisions, in the areas of occupational health, safety and hygiene, including occupational accident insurance, personal protective equipment, accident rates, training and information, and the prevention and control of alcoholism, among other areas.

In the Distribution sector in Angola, the subsidiary CND has, since 2012, had a program - "Fazenda Maxi" (Maxi Farm) - for supplies, aimed at supporting agricultural and livestock production activities, job creation and entrepreneurship, and encouraging the formalization and growth of micro, small and medium-sized enterprises. Through "Fazenda Maxi", CND establishes partnerships with national producers, supports them and ensures that their production is purchased and distributed, which making safe and high quality produce available to the population in its stores.

In 2019, the Fazenda Maxi Program maintained a network of 35 associate producers in 10 provinces. Despite the adverse economic situation in the country, the amount of products acquired by CND from this network of producers has increased by 14% between 2018 and 2019.

The "Fazenda Maxi" (Maxi Farm) program, which was originally agricultural in nature, is now an agricultural and cattle rearing program that brings together a community of experienced and independent farmers, in which automation and mechanization of production will be the next step.



## HIGHLIGHTED INITIATIVE

## FAZENDA MAXI



## Main Sustainable Development Goals



## Scope

- Employability
- Inclusive economy
- Quality and Food Safety
- Professional Qualification
- Responsible practices in the value chain

## Addressees

Agricultural producers, with an emphasis on small and medium sized producers.

Consumers in general.

## Challenge

Reduce the difficulties in obtaining high quality agricultural produce for CND's food retail business, at prices accessible to all, in a consistent and sustainable manner, taking advantage of its resources and instruments focused on the training and profes-

sional development of workers directly and indirectly related to this activity.

## Description

Program created in 2012 and promoted by CND through its "Maxi" brand, which establishes partnerships with producers, with the aim of developing national production and making the best national agricultural products accessible to the entire population.

"Fazenda Maxi" gives producers the assurance that products are sent to Maxi stores, by collecting them and transporting them. It also provides technical advice throughout the production process, and specialised training activities with a view to improve the quality and regularity of their production.

The savings obtained by shortening the distribution chain are passed on to the end customer.

Within the scope of this program, CND ensures the technical monitoring of producers, supplies, logistics and quality and food safety of products, by allocating to the program a fleet of refrigerated vehicles with a capacity of 8 tonnes, specially developed transport boxes and the operational support of its central structure, including the company's modern distribution centre located in Morro Bento.

## Sectors/Group companies involved

Distribution Sector in Angola.

## Impact

- 18,300 tonnes purchased from producers in 5 years;
- 12% average annual growth rate in production;
- In 2019 it represented 82% of the Fruits and Vegetables category in "Maxi" stores, reducing the rate of imports in the category;
- 4,800 permanent and seasonal jobs on average per year;
- 46 different products produced;
- Transfer of knowledge and know-how;
- Strengthening of the technical capacities of producers to make progress towards more sustainable production patterns;
- Professional development of small agricultural entrepreneurs;
- Job creation;
- Increased economic well-being of families and the resulting promotion of their settlement in rural areas;
- More diversified and high quality supply of national products.

Also in terms of support to local suppliers, CND in Angola maintained the "Roots" Program, created in 2018. Through the "Dakaza" retail brand specializing in furniture and decoration, the company established partnerships with Angolan artists and craftsmen and promoted contact between them and individual

customers, by exhibiting, promoting and enhancing their articles in the brand's stores and other communication channels. In the second year of the initiative, 18 new exhibitions were held and around 1,200 items were sold.

## RAÍZES

### HIGHLIGHTED INITIATIVE



#### Main Sustainable Development Goals



#### Scope

- Strengthening national cultural identity
- Entrepreneurship
- Inclusive economy

#### Addressees

Artists and small and medium-sized national craftspeople.

Consumers in general.

#### Challenge

To boost the unique factors of CND's specialised retail business by including locally manufactured original articles, integrating national artists and craftspeople into organised retail.

#### Description

Program created in 2018 and promoted by the CND through its "Dakaza" brand, which establishes partnerships with Angolan artists and craftspeople, with the aim of promoting the creativity, innovation and entrepreneurship of national creators.

The "Roots" Programme makes it possible for Dakaza's customers to purchase national pieces of art and crafts.

Artisans and craftsmen are given spaces in the brand's stores to exhibit articles and run demonstrations, and *workshops* with the participation of customers. "Dakaza" also promotes the reputation of creators in addition to selling their articles.

#### Sectors/Group companies involved

Distribution Sector in Angola.

#### Impact:

- 28 artists and/or exhibitions in two years;
- 2,900 items sold in two years;
- 28,500 visitors impacted per year;
- More diversified and high quality supply of national products.

#### d) Support for communities

The mission and values mentioned above, particularly the "Commitment" value, reflect the Teixeira Duarte Group's concern for Social Responsibility. This is also reinforced by the principles and rules established in the Code of Ethics and Conduct that particularly applies to human capital, and by the sustainability vision and model that affirms the intention of contributing to the development of communities.

Within the scope of support for social projects and social charity organizations, it should be noted that Teixeira Duarte has intended to adopt an institutionalized position through initiatives that are neither exclusive nor centralized in decisions by the Board of Directors, but rather involve all employees in direct actions.

It was with this aim in mind that in 2015 the TODOS DAMOS (We all Give) Program was promoted for the first time. This project was designed for companies of this Group and aims to support people through the co-funding of social institutions directly supported by its own employees.

48 applications were accepted in 2019 (involving employees from Portugal, Angola, Brazil and Mozambique).

A total of €107,415.00 was collected from employee donations and donations from Teixeira Duarte Group companies, distributed to 40 institutions.

The TODOS DAMOS program was also used to increase support from around 230 employees in different markets who joined forces to make a donation to employee colleagues in Mozambique, whose lives were affected by Cyclone Idai during the 1st half of 2019. Overall, over €28,000.00 euros were donated to 53 employees in Beira to help them rebuild their houses.

#### Lagoas Park restaurants fight food waste

In 2019, most of the restaurants in Lagoas Park, a venture managed by Teixeira Duarte Group companies, contributed daily to the "Re-food" Social Support Organization in Oeiras. Re-food" is a 100% voluntary project, run by citizens, for citizens at the micro-local level. It aims to end hunger in urban neighborhoods while seeking to end the waste of prepared food.

In Angola, the "MaxiSaúde" Program, launched in 2016 by the company CND - Companhia Nacional de Distribuição, Lda,

continued working to promote the health of Angolans through awareness, prevention, screening and treatment activities in communities in the areas around the "Maxi" stores, with a particular emphasis on schools. In 2019, close to 10,000 children took part in 21 activities, specifically on the subjects of malaria and oral hygiene.

Also in Angola, the Teixeira Duarte Group launched another social responsibility program in the field of health in 2019. The "Dar Vida" (Give Life) Program was created by the Group's Construction area in this country and aims to encourage employees to voluntarily give blood on a regular basis, to increase blood reserves held by associated health institutions. In December 2019, a lecture was held for employees aimed at raising awareness and providing information on blood donation, run in partnership with the National Blood Institute and the Sagrada Esperança Clinic. The first two blood collection activities were carried out during the same month, with contributions from around 40 employees. In 2020, the Program is expected to be extended to other sectors of the Group's activity in Angola.

#### Charity March in Memory of Road Accident Victims

In 2019, TDA, a Teixeira Duarte Group subsidiary that operates in the automotive sector in Angola, joined the National Roads and Traffic Department to support a Charity March in Memory of Road Accident Victims, held on 17 November in Luanda. As road accidents are the 2nd largest cause of death in Angola, one of the main parts of TDA's corporate responsibility is road safety.





## HIGHLIGHTED INITIATIVE

# TODOS DAMOS



## Main Sustainable Development Goals



## Scope

- Social Responsibility

## Addressees

Social institutions that support people in markets where Teixeira Duarte Group companies operate.

## Challenge

Support social charity projects and institutions through initiatives that involve employees in direct action that is neither exclusive nor centralised in a decision by the Board of Directors.

## Description

The TODOS DAMOS (We All Give) Program is a project designed for Teixeira Duarte Group companies that aims to support people through the co-funding of social institutions, directly supported by their own employees.

Applying to TODOS DAMOS gives employees the possibility

to strengthen their support to institutions, by adding twice the amount that they contribute directly to the value of their donations.

Any Group company employee may apply to the Program by indicating a social institution to which he or she wishes to contribute or has already contributed. If the application is accepted, the company with which the employee has his or her professional relationship gives a co-donation to the institutions that he or she decides to support, amounting to twice the amount that the employees intend to donate to them.

The amount that the employee wishes to donate to the institution may be donated directly by them, or the amount can be deducted from their next pay packet.

The TODOS DAMOS Programme for 2019 was run between 1 January and 31 December 2019.

The total budget made available to the program by Teixeira Duarte Group companies in 2019 was €100,000.00.

## Sectors/Group companies involved

All companies included in the consolidation perimeter of Teixeira Duarte.

## Impact

- 48 applications in 2019 (40 in 2018);
- 40 institutions supported in Portugal, Angola, Brazil and Mozambique in 2019 (35 in 2018);
- €107,415.00 were donated in 2019, including donations from employees and Teixeira Duarte Group companies (€37,449.00 in 2018).



## HIGHLIGHTED INITIATIVE

### MAXISAÚDE



#### Main Sustainable Development Goals



#### Scope

- Public Health
- Information
- Social Responsibility

#### Addressees

Underprivileged Angolan communities.

Partners.

#### Challenge

To create a positive impact in communities by taking advantage of the human and logistical resources of "Maxi" and the technical capacity of the "Farmácia Popular" network of stores, both belonging to the subsidiary CND.

#### Description

A social responsibility programme created in 2016 and promoted by CND through its "Maxi" and "Farmácia Popular" brands, which operates in underprivileged communities in the areas of influence of these stores, carrying out preventive actions, counselling, screening and treatment of diseases, in addition to running information and awareness activities on eating habits and hygiene, seeking to contribute to improving the quality of life of the target populations.

The main areas of activity of "MaxiSaúde" are malaria - the larg-

est cause of death in Angola -, diabetes, cardiovascular diseases, oral health and healthy eating.

This program is run with the support of voluntary employees of the CND company, with other entities as partners.

#### Sectors/Group companies involved

Distribution Sector in Angola.

#### Impact

- 10.000 people impacted by the program and 21 activities carried out in 2019;
- 25,000 people involved in more than 60 activities carried out since the beginning of the program;
- Closer relations with schools, churches and local communities in general;
- Expansion of partnerships in 2019 with a total of 8 partners.

## HIGHLIGHTED INITIATIVE

## DAR VIDA (GIVE LIFE)



## Main Sustainable Development Goals



## Scope

- Public Health
- Information
- Social Responsibility

## Addressees

Employees

## Challenge

To contribute to the improvement of the voluntary blood donation system in Angola that allows universal access to timely supplies of safe, quality assured blood and blood components. As only 10% of blood donations in Angola are voluntary, many employees either directly or indirectly face this potential blood shortage at some point in their lives.

## Description

A social responsibility program created in 2019 and promoted by Teixeira Duarte - Engenharia e Construções. It aims to encourage employees to donate blood voluntarily on a regular basis to contribute to increasing blood reserves in the health system.

By making its employees aware of the importance of voluntary blood donation and providing conditions for donations to be made, through technical partnerships, the company aims

to contribute to reducing the current shortage of blood stocks in health institutions and stimulate a greater sense of solidarity with employees and their personal lives.

This program is run with technical support from the Sagrada Esperança Clinic.

## Sectors/Group companies involved

The construction sector in Angola, expected to expand to other sectors in 2020.

## Impact

- 2 collection activities arranged during the first year, in 2019, bringing together about 40 voluntary donors;
- On average, 450ml of blood are collected from each donation;
- Closer relationships with health institutions.

## Investigation, Development and Innovation (IDI)

In 2019, a prospective study was conducted within the Teixeira Duarte Group for areas of Engineering and Construction, *Facilities Management* and Real Estate that allowed the definition of a Strategic Innovation Plan for the 2019-2020 two year period. This study identified speed of construction and modular construction as strategic guidelines.

Emphasis should be placed on the following projects that are being developed as part of this plan:

### SHELTER Project - Structural Hyper-resisting Element for Life Threatening Earthquake Risk

An innovative product that is unique in the world that can be installed in a central location of any apartment and will save the lives of the occupants in the event of a strong earthquake at very low cost.

It is a 1.1 million euro project co-developed by Instituto Superior Técnico (Higher Technical Institute - IST), financed by the Portugal 2020 Program, with a total duration of 3 years. Internally, the project involves the metalwork areas in the development of prototypes, and the Building area in the construction of partial models of masonry buildings of Teixeira Duarte - Engenharia e Construções. External participants are the National Civil Engineering Laboratory (LNEC), for seismic table testing, IADE - European University, for the *design* and architectural integration of the shelter, and SPI, for provision of services.

### NEXT Project

This project aims to explore the potential of digitalization in construction and innovative technology in real estate development, with the objective of reducing construction times and costs and implementing innovative solutions for construction and the end user.

This project, coordinated internally by the Group's Real Estate area, preceded the designs for a development and has influenced the adoption of innovative solutions that meet the set objectives.

### NEST Project

Project that aims to enable the construction of social housing with costs of up to \$10,000.00, involving the design of social housing with a "DIY" (*Do It Yourself*) model for populations with a low purchasing power (guided construction).

Internal development is being coordinated by the Group's Real Estate area, with the involvement of the Buildings area and

with the external involvement of Designers, Universities and Non-Governmental Organizations. Its total period is 1 year and 4 months. It has been decided to develop the first prototype in Angola, as soon as this is permitted by the country's economic situation.

In Portugal, the companies Teixeira Duarte - Engenharia e Construções, EPOS and SOMAFEL use an RDI management system according to the Portuguese Standard 4457, allowing them to channel all of their knowledge and creativity into innovation in the most efficient way.

### a) Intellectual Property

In order to guarantee the protection of all intellectual property rights generated through Research, Development and Innovation activities, Teixeira Duarte - Engenharia e Construções has been granted several patents in Portugal, with an emphasis on the following pioneering systems and methods:

- An incrementally progressing bridge and/or viaduct deck assembly system, resting on the temporary support beams on the abutment and sliding on plastic material;
- A method for protecting the attachment of rubber gutters to the expansion joints of bridges/viaducts and their assembly;
- Scaffolding suspended by funicular cables of a suspended bridge, fitted with equipment to allow it to move between the brackets on the hanging cables of the aforementioned bridge.

No new invention patents were submitted for registration during the 2019 financial year.

With regard to brands, the Teixeira Duarte Group has a vast number of protected trademarks for exclusive use in several countries. Since 2017, these companies have amassed over 500 trademarks.

### b) Contribution to the regulatory activity of the Construction sector

For the companies, contributing to the standardization of sectors of activity constitutes a way of setting them apart from the competition, as it prioritizes the development of activities in accordance with sector rules and with national and international standards.

In this context, it should be highlighted that, in 2019, Teixeira Duarte - Engenharia e Construções continued participating in work groups of the *European Federation of Foundation Contrac-*

	Corporate Area	Construction	Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2019	Total 2018	Total 2017
			FM and Environment	Education							
Portugal	2	2	8		55	8	29	1	105	103	98
Angola	8	7	2	1	38	3	154	68	281	286	282
Algeria	1	1	1			1			4	4	4
Brazil		10	1		22	17	8		58	52	52
Spain									0	0	0
Mozambique	8	6	2		7	3	2		28	27	27
Other Markets	17	7	2		9	1	7		43	46	46
Total 2019	36	33	16	1	131	33	200	69	519	518	509

Trademark registration processes completed and in progress on 31 December 2019

tors (EFFC) and CO2 Foundations – Geotechnical Carbon Calculator aimed at calculating the carbon footprint of geotechnical work, as well as the Technical Working Group (TWG), which is aimed at cooperation and the development of guidelines and standards for the execution of geotechnical works.

Teixeira Duarte - Engenharia e Construções also participates in the standardization activities of the Portuguese Standardization Technical Committee CT156 - Geotechnics in Civil Engineering, chairing the SC10 subcommittee, a technical body that aims to issue opinions on legislation and translate CEN European standards in the field of Testing of Geotechnical Structures and the Execution of Special Geotechnical Works. It also forms part of the WG11 work group of the ISO Technical Committee TC182, responsible for preparing the ISO 22477-2 standard Geotechnical investigation and testing - Testing of geotechnical structures - Part 2: Testing of piles: Static tension load testing.

#### c) Partnerships with scientific and technological system entities in the Construction sector

In the sector in which it operates, Teixeira Duarte - Engenharia e Construções also promotes technological innovation and development by carrying out RDI activities in partnership with institutions from the scientific and technological system and with other similar companies.



Plataforma Tecnológica Portuguesa da Construção

Main partnerships in Portugal:

#### PTPC - Portuguese Technological Platform for Construction

PTPC brings together companies, designers, universities, public entities and other entities of the National Scientific and Technological System (SCTN), with the mission of encouraging reflection on the Construction sector, implementing Research,

**Teixeira Duarte - Engenharia e Construções has held the Chair of PTPC since the date that it was set up (2011).**

Development and Innovation initiatives and projects, contributing to boosting their respective competitiveness in the general framework of the economy and promoting cooperation between stakeholders in the Construction and Public works sector, and related sectors.

In 2019, Teixeira Duarte - Engenharia e Construções was the leading promoter of a 10 million Euro Mobilizing Project application, involving 24 entities from the Architecture and Engineering sector, which aims to develop a digital platform for Construction with a unified and interoperable model, with tools for capturing data and providing services, the development of *digital twins* related to the main construction processes, making use of the most promising technological areas, such as augmented reality, sensors, *Big Data* and *IoT*, among other areas.

During the 2019 financial year, PTPC promoted an application to the "Built CoLAB" Collaborative Laboratory, a non-profit association with highly qualified human resources that aims to provide services that promote the development of cooperative or internal business skills. The overall value of the 5-year non-repayable grant is 3.4 million euros.



The following business skills development areas are eligible, under the scope of this Collaborative Laboratory:

- Productivity and Competitiveness;
- Digital Transformation;
- Smart Buildings and Infrastructure;
- Sustainable and Resilient Buildings and Infrastructure.

If the application is approved, Teixeira Duarte - Engenharia e Construções will chair the Board of Directors of "Built CoLAB".



#### AEC Cluster - Architecture, Engineering and Construction

Established in 2016, the AEC Cluster is managed by PTPC. Its objectives are to act in the economic sector of Architecture, Engineering and Construction and within its effective ranks or value chain, promoting the achievement of high levels of innovation, technological development and competitive capacity, cooperation and networking, and the promotion of the internationalization of the cluster, specifically through participation in international networks.



The Portuguese Structures Engineering Association (PSEA), which is the Portuguese group of the International Association for Bridge & Structural Engineering (IABSE)

Teixeira Duarte - Engenharia e Construções, through PTPC, participates in this association that aims to develop and promote structural engineering at an international level. It is in charge of the organization of major international congresses and conferences.

Teixeira Duarte - Engenharia e Construções has also established protocols with the following entities in the national scientific and technological system: Faculty of Engineering of the University of Porto (FEUP), Higher Technical Institute (IST), the National Civil Engineering Laboratory (LNEC) and Minho University (UM).

Main international partnerships:



#### ENCORD - European Network of Construction for Research and Development

Teixeira Duarte - Engenharia e Construções was accepted into ENCORD in 2014. However, due to a change in its statutes, it is considered as a founding member of ENCORD, an association founded in 1989.

ENCORD is the contact association with the European Commission for innovation in construction, and oversees the activity of the *ECTP - European Construction Technology Platform*. The largest Construction companies in Europe that promote innovation and competitiveness all participate in ENCORD.

Teixeira Duarte - Engenharia e Construções is a member of the Strategic Council of ENCORD and participates in the "Foresight" group, among others.



#### ECTP - European Construction Technology Platform

ECTP is an association similar to PTPC but with more of a European scope. As Chairman of the PTPC, Teixeira Duarte - Engenharia e Construções sits on the *Steering Committee* of the ECTP, in the *Vision Group* and the *Heritage and Regeneration Working Group*.

#### ENVIRONMENTAL MANAGEMENT

The management of environmental aspects within the Teixeira Duarte Group is directly related to the environmental impacts of the activities of its subsidiaries and to the environmental performance of the buildings and infrastructures they construct and often maintain for their customers, specifically in the Construction sector.

In this field, emphasis should be placed on the obligation to meet all applicable legal requirements and other requirements associated with identified environmental aspects, as well as on the obligation to minimize the environmental impacts resulting

from the activities of the different business areas, to ensure that the Company's activities can be developed in a sustainable manner.

Within the scope of the Code of Ethics and Conduct, which extends to all entities within its consolidation perimeter and the scope of management, the Group states environmental preservation and friendliness must be essential principles in the work of employees of subsidiaries. These principles must also be transmitted to the indirect recipients of this instrument.

Given the wide range of activities of these companies, as well as the fact that their best known activity - Construction - is subject to strong fluctuations in the impacts it causes, depending on the works in progress (type, quantity and phase) - which limits the annual comparability of data -, the choice of a panel of indicators and an appropriate reporting approach to reflect the performance of Group's various activities is partial impaired.

#### #readytochange

Through its Internal Television system, for 9 weeks Lagoas Park has been running a European Commission campaign which warns of the urgent need for change in the way we design, produce, use and dispose of single-use plastic products.

This campaign's videos were broadcast to 80,000 people, including those who work at and visit the *office park*.

#### Environmental Management Systems

The cross-company principles of environmental actions taken by employees of subsidiary companies, enshrined in the Code of Ethics and Conduct, can be seen in several of these companies, through the adoption of environmental management systems that allow the effective management of environmental risks and contribute to the objectives of the areas of activity.

ISO 14001 is a world benchmark for environmental management systems, and several Teixeira Duarte Group companies use it to support their practices with a view to continuously improving their environmental performance, by incorporating specific processes to identify and manage the main environmental risks.

In 2019, companies in the construction, *Facilities Management* and Environment (Concessions and Services) sector had environment management systems certified in accordance with the ISO 14001 benchmark, in the following countries:

- **Construction:** Portugal and Brazil.
- **Concessions and services:** Portugal and Spain.

In the Construction sector it should also be noted that in 2019 the Angolan market was included in the scope of expansion of this management system.

In the situations of the Group's other companies, parameter-based and safeguarded environmental risks are essentially the ones that are indexed to legal aspects. However, in addition to management indexed to the control of legal compliance risks, measures/investments are also implemented from an operational efficiency point of view that are reflected in gains, specifically regarding energy consumption and waste management, among other gains.

#### Provisions and financial guarantees for environmental risks

##### Certified production of metal structures

The production of metal structures by Teixeira Duarte - Engenharia e Construções is certified to the EN 1090-1 standard, and the necessary control audits of the process have been maintained during the year under review.

Compliance with this standard thus allows the company to supply structures whose quality is in line with European standards.

In the normal course of their activities, Group companies operating in the construction sector and in supplementary areas are exposed to environmental risks. In this regard, it should be noted that in order to meet legal obligations in the area of liability for environmental damage, arising from Directive no. 2004/35/EC, amended by Directive no. 2006/21/EC, the Teixeira Duarte Group companies in Portugal covered by this legislation opted to constitute financial guarantees totaling a value of €109,162.00 at 31 December 2019.

It is therefore considered that the risk of the occurrence of any environmental damage caused by the activities of these companies is duly covered.

#### Energy

With operational efficiency as a focus, particularly within environmentally certified companies, in which efficiency is added to the continuous quest for improved environmental performance, the Teixeira Duarte Group's subsidiary companies have taken action with a view to minimizing energy consumption and, consequently, the emission of greenhouse gases.

In this sense, energy rationalization measures have been implemented to reduce the specific consumption per user inside the permanent facilities of the companies, specifically in offices and operational centers, including raising awareness among employees of the regulated use of energy and best practices to take into account.

In addition, increasingly energy efficient solutions are chosen for projects under development within the scope of real estate activities of Group companies, in order to optimize consumption during the operating phases of the developments.

#### Water resources

Under the scope of environmental management systems, several Teixeira Duarte Group companies assess the environmental impacts resulting from the use of water resources, and strive to take actions to reduce consumption and minimize the pollution load discharged into the soil or water.

During the course of construction activities carried out by subsidiary companies, water resources can be consumed from various sources - public supply network, groundwater collection, rain collection, tanks supplied from outside and packaged - and this consumption is subject to significant fluctuations depending on the type, quantity and phase of each project.

In construction activities, it is common practice to reuse water for parallel activities such as irrigation/sprinkling dusty surfaces, washing wheels at the construction site exit, and washing cement mixers, among other uses. This subject is widely publicized during training and awareness activities, with the aim of eliminating waste and maximizing the resources available on site. Even so, the majority of the water consumed comes from the supply network.

Activities that normally take place along water courses are subject to monitoring of surface water resources for the purpose of identifying any quantitative or qualitative change. At the same time, water intakes and discharges into the soil or water are monitored, whenever there is a potential for an environmental impact.

The implementation of best practices and the quest to constantly improve the reduction and reuse of water has led to the implementation of best practices, which include measures for the reuse of water, optimization of consumption times and actions to raise awareness among employees.

Concern for selecting equipment that allows for a reduction in water consumption, and with more efficient consumption throughout its life cycle, is becoming increasingly rooted in projects under development by companies in the Group's real estate sector.

#### Consumption of Materials

The consumption of materials in the construction sector is also directly related to the quantity, size and type of projects that are carried out.

Concrete, cement and aggregates stand out among the most-used raw materials in this sector.

As regards paper consumption at the different permanent and temporary facilities of the companies, it should be noted that in the last quarter of 2019 the group embarked upon a digital transformation project that should allow the faster digitalization of numerous processes, among other improvements.



#### Concrete and aggregates laboratory in Portugal

Teixeira Duarte - Engenharia e Construções runs a Materials Laboratory in Portugal with the aim of providing support for the manufacturing and control of concrete to be used for its projects. Accredited by IPQ - Portuguese Institute of Quality since 1996, and as one of the first laboratories in the country to obtain this accreditation in the field of concrete and aggregates, in 2019 the Materials Laboratory maintained its accreditation under the NP EN ISO/IEC17025 Standard.

#### Noise

Noise during construction activity can be an environmental and social risk during some phases and types of work. Therefore, the loudest activities carried out close to sensitive receivers are planned such as to minimize their respective impact - whenever possible, noisy activities are planned to be carried out during daytime periods, and not on Saturdays, Sundays and holidays.

If this is not all possible, a special noise license is requested to carry them out.

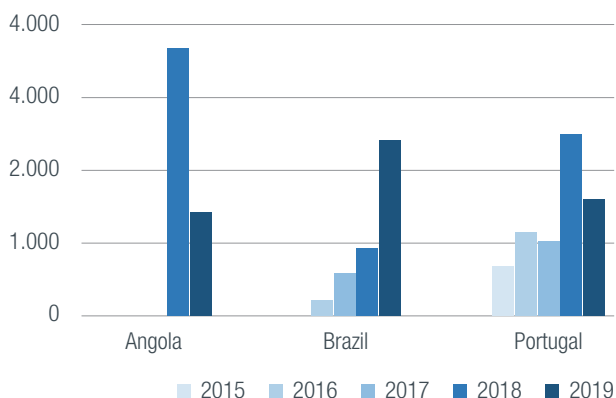
Within the scope of real estate activity, there is great concern for noise in projects where there are high noise sources close by. In these cases, designs are drawn up to ensure that the lowest amount of noise is transmitted to the interior of the buildings.

#### Emissions

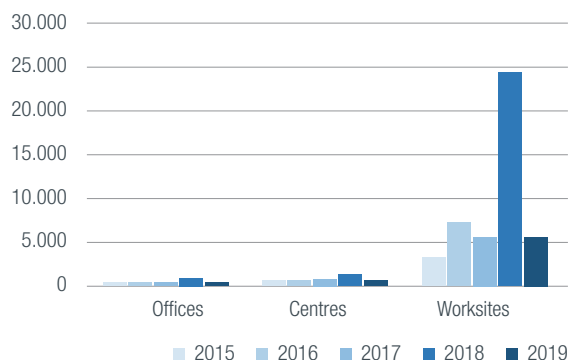
Both at offices and operational facilities, Teixeira Duarte Group companies work to reduce their ecological footprint by reducing CO2 emissions inherent to their activities.

As part of the scope of its environmental management certification, Teixeira Duarte - Engenharia e Construções collects data on CO2e emissions in Portugal, Brazil and Angola. It is possible

to extrapolate the results obtained to the rest of its operations. Emissions are calculated based on two major sources: business travel in the Company (plane, train and car) and energy consumption (electricity, gaseous and liquid fuels).

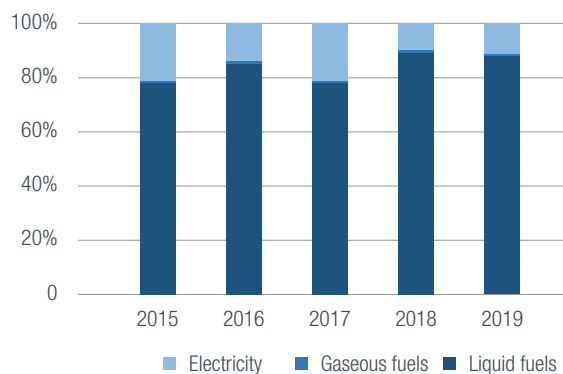


Total emissions by country of companies included in the certification perimeter of Teixeira Duarte - Engenharia e Construções, S.A.



Total emissions by type of establishment of companies included in the certification perimeter of Teixeira Duarte - Engenharia e Construções, S.A.

The energy source with the greatest weight in emissions produced by Teixeira Duarte - Engenharia e Construções is liquid fossil fuel, used to carry out the projects.



Total emissions by energy source type by companies included in the certification perimeter of Teixeira Duarte - Engenharia e Construções, S.A.

As regards CO<sub>2</sub>e emissions from travel related to the operation of real estate developments, the Teixeira Duarte Group companies are committed to innovative mobility solutions, specifically through the use of networks of partners and dialogs with local authorities.

For example, at Lagoas Park, a business center built and currently managed by Group companies, several measures have been taken in recent years to promote the adoption of more sustainable mobility solutions by its 6,000 users, including employees of Teixeira Duarte Group companies based in the same office park.

These new options include *Carsharing* services ("DriveNow" and "24/7 City by HERTZ"), *Carpooling* ("Be Lagoas" mobile app), and shared buses ("BusUp"), in addition to access to the multi-modal public transport information system of the Lisbon Metropolitan Area (through the "Be Lagoas" mobile app).

Also as part of the new mobility solutions, in 2019 Lagoas Park entered into an agreement with the "Empresas à Boleia" service that facilitates *carpooling* among workers of companies based at the Park.





## Waste

Waste production is one of the most significant environmental aspects in the Construction sector. The companies of the Teixeira Duarte Group has run awareness and training campaigns in recent years, with the aim of promoting waste segregation and its consequential recovery. These campaigns are not only targeted at the Group's employees, but also at all stakeholders and waste management participants, specifically subcontractors and suppliers.

When it is not possible to guarantee recycling and/or recovery, the waste is sent to duly authorized and licensed sites within the framework of the situation of each geographical area.

## Sustainable cities

More than half of the world's population now lives in urban areas, and it is estimated that this will reach two thirds by 2050. It is therefore imperative to find strategies that will enable cities to continue to grow while ensuring their resilience, sustainability, security and inclusion of their inhabitants.

In awareness of this global challenge, the Teixeira Duarte Group's subsidiaries, particularly companies involved in construction, *Facilities Management* and Real Estate, cooperate with local communities, local authorities and other *stakeholders* to identify and implement ways of managing the social and environmental challenges of cities.

## Environmental research partnerships

In 2019, Teixeira Duarte - Engenharia e Construções continued to participate in the working groups of the *European Federation of Foundation Contractors* (EFFC) for the creation of a tool that calculates CO2 emissions from foundation and geotechnical work: the "CO2 Foundations - Geotechnical Carbon Calculator". This is the first standardized tool for calculating CO2 emissions for these types of projects, allowing the comparison of different technical approaches to the same project and their respective CO2 emissions. In addition, it can be used throughout the development of a project to compare actual and planned performance.

## Reuse of parts removed during the restoration of the Hercílio Luz Bridge



Teixeira Duarte - Engenharia e Construções won the tender to reuse the parts removed during the restoration process of the Hercílio Luz Bridge, in Florianópolis, Brazil.

This reuse allows the revitalization of around 530 small bridges in the State of Santa Catarina; the parts have to be adapted to local projects by Teixeira Duarte itself and supplied to the respective local governments so that they can proceed with the necessary refurbishment work.

Collaborating in the reuse of these materials, including their processing and recycling, is important not only because of the

economic and social benefits it brings to the local areas, but also because it is a model with major environmental advantages.

It should be noted that during the bridge refurbishment and restoration process, executed with great success by Teixeira Duarte, a total of around 380 tons of steel parts were removed from the bridge and the temporary support structure, in addition to over 1,000 tons from the trusses and towers assembled below the central span, made to support the bridge during the replacement of the eyebolt bars.

## IV. FUTURE DEVELOPMENT PERSPECTIVES

### SUBSEQUENT EVENTS

The Teixeira Duarte Group companies continued their activities in the different sectors and markets on which they operate. In the current global framework, it should be highlighted that the Board of Directors of TD,SA, along with the management bodies of all other Teixeira Duarte Group entities, are monitoring the development of the Covid-19 pandemic situation and are acting in accordance with the recommendations issued by the World Health Organization and the public bodies responsible for health in the respective countries where the Group companies operate.

Within this framework, contingency and preventive measures have been taken to follow the guidelines of these entities and to mitigate and contain the public health risk, and to balance these intentions with the steps necessary to safeguard the continuity of the business and the impact of the situation on all of its *stakeholders*.

In this regard it is not possible to quantify the impacts resulting from this situation, particularly in view of the fact that they are of an indirect nature and their scale and duration is unpredictable.

### FUTURE DEVELOPMENT PERSPECTIVES

Teixeira Duarte is planning for the continuity of operations in the different sectors and markets on which it has been operating. However, as a result of the current COVID-19 global pandemic situation it forecasts a reduction in the volume of activity in comparison to the previous financial year. The magnitude of such a reduction cannot yet be quantified.

This notwithstanding, in view of the significance of Construction to the Group's operating revenues, it should be remembered that the Construction Orders Portfolio had an overall value of 1,468,383 thousand euros on Tuesday, December 31, 2019.

## V. PROPOSED APPROPRIATION OF NET INCOME

### **DISTRIBUTION OF NET INCOME TO MEMBERS OF THE BOARD OF DIRECTORS AND EMPLOYEES**

In view of the previously stated intention to distribute part of the profits earned during the financial year to members of the Board of Directors, the maintenance of which is deemed appropriate despite the COVID-19 pandemic situation, in compliance with current accounting standards the amount of €300,000 (three hundred thousand euros) was recorded as an expense for the 2019 financial year, with the resulting reduction in the “net results” item presented in the financial statements attached to this Report, also subject to approval at the General Meeting.

Therefore, with the approval of this Report and Accounts, the Shareholders also approved the possibility of the aforementioned distribution of results to the members of the Board of Directors, subject to a resolution of the Remunerations Committee.

It should also be noted in this regard that its subsidiary companies, specifically TD-EC, shall endeavor to distribute part of the results ascertained by them during the 2019 financial year to members of their boards of directors and their employees, amounting to a total of €5,700,000.00 (five million seven hundred thousand euros). The companies have also proceeded to record this amount on the accounts as an expense for the 2019 financial year, with the resulting reductions to the respective net result items.

### **PROPOSED ALLOCATION OF RESULTS**

As the amount of €300,000.00 (three hundred thousand euros), planned as being subject to members of the Board of Directors, in compliance with applicable regulations it was posted as an expense for the 2019 financial year on the financial statements that form part of this Management Report. By approving these documents, the shareholders on the one hand confirm that they agree to distribute profits to members of the Board of Directors and, on the other hand, that the Net Result that is subject to the proposed distribution of results is €7,878,767.21 (seven million eight hundred and seventy eight thousand seven hundred and sixty seven euros and twenty one cents).

In addition to the above, it is also Teixeira Duarte's policy to prioritise the strengthening of the company's equity by increasing other reserves, bearing in mind that Teixeira Duarte has already filled the legal reserve in its entirety.

With these assumptions, the Board of Directors proposes that the net results of "TEIXEIRA DUARTE, S.A." ascertained for the 2019 financial year, amounting to €7,878,767.21 (seven million eight hundred and seventy eight thousand seven hundred and sixty seven euros and twenty one cents) be retained for increasing the other reserves.

Lagoas Park, April 24, 2020

The Board of Directors,

*Pedro Maria Calainho Teixeira Duarte*

*Manuel Maria Calainho de Azevedo Teixeira Duarte*

*Carlos Gomes Baptista*

*Maria da Conceição Maia Teixeira Duarte*

*Diogo Bebiano Branco de Sá Viana Rebelo*

## VI. NOTES TO THE MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

### NUMBER OF SECURITIES OF THE MEMBERS OF THE GOVERNING BODIES

In compliance with the duties of information to which the Company is bound under various regulations in force, Teixeira Duarte, S.A. presents, below, the list of shares issued by the Company and by companies with which it is in a controlling or group relationship, held by members of the governing bodies, as well as all the acquisitions, encumbrances or transfers during 2019, specifying the amount, date of the fact and consideration paid or received:

#### I. Number of shares held by Members of the Governing Bodies as at 31 December 2018:

Name	Company	Assurance	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	-
José Gonçalo Pereira de Sousa Guerra Constenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiães Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	-
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	(a) 60,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,030,575
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	-
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
Mr. Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(b) 10,000
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

(a) 42,000 shares directly held by it and 18,000 shares held by the company it controls "PACIM - Gestão e Investimentos, Lda.", which in 2019, exchanged all of these shares for shares in Teixeira Duarte - SGPS, S.A.

(b) shares held under joint ownership with his wife.



**II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2019:**

Name	Operation	Company	Date	Nr. of Shares	Price per Share
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	02/01/2019	(a) 400	0.133
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	03/01/2019	(a) 9.600	0.137
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	04/01/2019	(a) 10.000	0.142
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	07/01/2019	(a) 10.000	0.16372
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	08/01/2019	(a) 10.000	0.148
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	09/01/2019	(a) 10.000	0.148
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	11/01/2019	(a) 20.000	0.1377
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	14/01/2019	(a) 1.413	0.137
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	15/01/2019	(a) 38.587	0.138
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	16/01/2019	(a) 20.000	0.138
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	22/01/2019	(a) 40.000	0.138
Pedro Maria Calainho Teixeira Duarte / Manuel Maria Calainho de Azevedo Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	02/04/2019	(b) 350,000	Exchange for TD-SGPS shares
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	23/03/2019	(a) 67.000	0.15
Pedro Maria Calainho Teixeira Duarte	Sale	Teixeira Duarte, S.A.	25/03/2019	(c) 280,000	Exchange for TD-SGPS shares

(a) This operation was carried out by the controlled company PACIM - Gestão e Investimentos, Lda.

(b) This transaction was carried out between "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda." and "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A." (in which, to date, Pedro Maria Calainho Teixeira Duarte and Manuel Maria Calainho de Azevedo Teixeira Duarte were directors), for which, for every 35 acquired TEIXEIRA DUARTE, S.A. shares, it divested 1 share representing its own share capital.

(c) This operation was carried out by the company it controls, PACIM - Gestão e Investimentos, Lda., which, for every 35 TEIXEIRA DUARTE, S.A. shares sold, it received 1 share representing the share capital of TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A.

**II. Number of shares held by Members of the Governing Bodies as at 31 December 2019:**

Name	Company	Assurance	Nr. of Shares
José Luciano Vaz Marcos	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	-
José Mário Ferreira de Almeida	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	(a) 3.000
José Pedro Poiães Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	-
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	42,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Member of the Board of Directors	5,030,575
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Member of the Board of Directors	62,671
Maria da Conceição Maia Teixeira Duarte	Teixeira Duarte, S.A.	Member of the Board of Directors	(a) 3,967,473
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Member of the Board of Directors	31,160
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	-
Ana Cristina Louro Ribeiro Doutor Simões	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
João Salvador dos Santos Matias	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

(a) Shares already held prior to the General Meeting of 27 May 2019, at which they were elected to their respective positions

**LIST OF OWNERS OF QUALIFYING HOLDINGS AS AT 31 DECEMBER 2019**

In compliance with the applicable legal and regulatory provisions, based on the Company's records and the information which has been received, TEIXEIRA DUARTE, S.A. herein discloses the list of owners of qualifying holdings in its share capital as at 31 December 2019, indicating the number of shares owned and corresponding percentage voting rights, calculated under the terms of article 20 of the Securities Market Code.

	Nr. shares as at 31.12.2019	Share capital with right to vote
Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.		
Directly	197,000,000	46.90%
Through the members of the Board of Directors of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A." (a)	53,318,164	12.70%
Total attributable	250,318,164	59.60%

(a) 3,645,138 shares held by the Director António Carlos Calainho de Azevedo Teixeira Duarte; 1,408,416 shares held directly by the Director Miguel Calainho de Azevedo Teixeira Duarte and 48,264,610 shares held by the Company directly controlled by it "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda."

	Nr. shares as at 31.12.2019	Share capital with right to vote
Eng. Miguel Calainho de Azevedo Teixeira Duarte		
Directly	1,408,416	0.34%
Through the company controlled directly by him "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda."	48,264,610	11.49%
Total attributable	49,673,026	11.83%







**Teixeira Duarte**

Reports and accounts 2019

# Corporate Governance Report 2019

## I. INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

### A. SHAREHOLDER STRUCTURE

#### I. Capital structure

1. Capital structure (share capital, number of shares, distribution of the capital by the shareholders, etc.), including indication of shares not listed for trading, different categories of shares, their inherent rights and duties and percentage of share capital represented by each category (article 245.º-A, number 1, subparagraph a)).

The share capital of "Teixeira Duarte, S.A." (hereafter referred to as TD,SA, of the total value of € 210,000,000.00 (two hundred and ten million euros), is totally paid-up and is represented by 420,000,000 shares with the nominal value of € 0.50 (fifty euro cents) each.

The shares are all ordinary, book entry, registered and listed for trading in regulated markets (EURONEXT LISBON). The shares belong to a single category, each corresponding to one vote, and there are no shares with special rights or duties.

According to the most recent information, the shares representing the share capital of TD,SA were, at the end of 2019, distributed over a total number of 4,448 shareholders, as follows:

- Shareholders with up to 42,000 shares: 4,067
- Shareholders with 42,001 to 420,000 shares: 326
- Shareholders with 420,001 to 4,200,000 shares: 46
- Shareholders with 4,200,001 to 42,000,000 shares: 7
- Shareholders with more than 42,000,000 shares: 2

2. Restrictions to the transferability of shares, such as clauses of consent for disposal or limits to the ownership of shares (Article 245.º-A, number 1, subparagraph b)).

There are no restrictions to the transferability of shares, namely clauses of consent for disposal or limits to the ownership of shares.

3. Number of own shares, corresponding percentage share capital and percentage voting rights to which the own shares would correspond (article 245.º-A, number 1, subparagraph a)).

There are no own shares.

4. Significant agreements of which the company is a party and which enter into force, are altered or cease in the event of a change of control of the company following a public take-over bid, as well as the respective effects, unless, due to their nature, their disclosure would be seriously harm the company, unless the company is specifically obliged to disclose this information due to other legal requirements (article 245-A, number 1, subparagraph j)).

TD,SA is not party to significant agreements that enter into force, are altered or terminated in the event of a change of control of the Company, with the exception of situations provided for in financing contracts, according to normal market practice, some of which provide for the possibility of the financial institution requesting early repayment in the event of a change of control of the Company.

5. Regime to which the renewal or revocation of defensive measures is subject, in particular those establishing limitation of the number of votes which may be held or exercised by a single shareholder, individually or in concertation with other shareholders.

TD,SA has no provisions in its articles of incorporation and does not take any defensive measures that limit the number of votes that may be held or exercised by a single shareholder, acting individually or in concert with other shareholders.

6. Shareholders' agreements that are known to the company and might lead to restrictions on matters of the transfer of securities or voting rights (Article 245-A, number 1, subparagraph g)).

As far as the Company knows, there are no agreements between shareholders, namely those which might lead to restrictions on matters relative to the transfer of securities or voting rights.

It should also be noted that TD,SA does not adopt any measures that have the effect of requiring payments or the assumption of charges by the Company in the event of a transition of control or change in composition of the board of directors, nor measures that could affect the free transferability of shares and the free appraisal by shareholders of the performance of members of the management body.

#### II. Shares and Bonds held

7. Identification of the natural and legal persons who, directly or indirectly, hold qualifying stakes (article 245-A, number 1, subparagraphs c) and d) and article 16), with detailed indication of the percentage share capital and votes imputable and the source and causes of imputation.

It is hereby informed that, as at 31 December 2019, the owners of qualifying holdings, calculated in accordance with article 20 of the Securities Code, in compliance with article 8(1)(b) of CMVM (Securities and Exchange Commission) Regulation no. 05/2008, were as follows:

	Nr. shares as at 31.12.2019	Share capital with right to vote
Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.		
Directly	197,000,000	46.90%
Through the members of the Board of Directors of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A." (a)	53,318,164	12.70%
TOTAL ATTRIBUTABLE	250,318,164	59.60%

(a) 3,645,138 shares held by the Director António Carlos Calainho de Azevedo Teixeira Duarte; 1,408,416 shares held directly by the Director Miguel Calainho de Azevedo Teixeira Duarte and 48,264,610 shares held by the Company directly controlled by it "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda."

	Nr. shares as at 31.12.2019	Share capital with right to vote
Eng. Miguel Calainho de Azevedo Teixeira Duarte		
Directly	1,408,416	0.34%
Through the company controlled directly by him "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda."	48,264,610	11.49%
TOTAL ATTRIBUTABLE	49,673,026	11.83%

#### 8. Identification of the number of shares owned by members of the management and supervisory bodies.

[NOTE: the information should be provided in order to comply with the provisions in number 5 of article 447. CSC]

TD,SA presents, below, the list of shares issued by the Company and by companies with which it is in a controlling or group relationship, held by members of the governing bodies, as well as all the acquisitions, encumbrances or transfers during 2019, specifying the amount, date of the fact and consideration paid or received.

#### I - Number of shares held by members of the corporate bodies as of 31 December 2018:

Name	Company	Assurance	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	-
José Gonçalves Pereira de Sousa Guerra Constenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiães Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	-
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	(a) 60,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,030,575
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	-
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
Mr. Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(b) 10,000
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

(a) 42,000 shares directly held by it and 18,000 shares held by the company it controls "PACIM - Gestão e Investimentos, Lda.", which in 2019, exchanged all of these shares for shares in Teixeira Duarte - SGPS, S.A.

(b) shares held under joint ownership with his wife.

**II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2019:**

Name	Operation	Company	Date	Nr. of Shares	Price per Share
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	02/01/2019	(a) 400	0.133
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	03/01/2019	(a) 9.600	0.137
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	04/01/2019	(a) 10.000	0.142
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	07/01/2019	(a) 10.000	0.16372
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	08/01/2019	(a) 10.000	0.148
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	09/01/2019	(a) 10.000	0.148
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	11/01/2019	(a) 20.000	0.1377
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	14/01/2019	(a) 1.413	0.137
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	15/01/2019	(a) 38.587	0.138
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	16/01/2019	(a) 20.000	0.138
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	22/01/2019	(a) 40.000	0.138
Pedro Maria Calainho Teixeira Duarte / Manuel Maria Calainho de Azevedo Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	02/04/2019	(b) 350,000	Exchange for TD-SGPS shares
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	23/03/2019	(a) 67.000	0.15
Pedro Maria Calainho Teixeira Duarte	Sale	Teixeira Duarte, S.A.	25/03/2019	(c) 280,000	Exchange for TD-SGPS shares

(a) This operation was carried out by the controlled company PACIM - Gestão e Investimentos, Lda.

(b) This transaction was carried out between "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda." and "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A." (in which, to date, Pedro Maria Calainho Teixeira Duarte and Manuel Maria Calainho de Azevedo Teixeira Duarte were directors), for which, for every 35 acquired TEIXEIRA DUARTE, S.A. shares, it divested 1 share representing its own share capital.

(c) This operation was carried out by the company it controls, PACIM - Gestão e Investimentos, Lda., which, for every 35 TEIXEIRA DUARTE, S.A. shares sold, it received 1 share representing the share capital of TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A.

**III. Number of shares held by Members of the Governing Bodies as at 31 December 2019:**

Name	Company	Assurance	Nr. of Shares
José Luciano Vaz Marcos	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	-
José Mário Ferreira de Almeida	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	(a) 3.000
José Pedro Poiães Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	-
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	42,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Member of the Board of Directors	5,030,575
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Member of the Board of Directors	62,671
Maria da Conceição Maia Teixeira Duarte	Teixeira Duarte, S.A.	Member of the Board of Directors	(a) 3,967,473
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Member of the Board of Directors	31,160
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	-
Ana Cristina Louro Ribeiro Doutor Simões	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
João Salvador dos Santos Matias	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

(a) Shares already held prior to the General Meeting of 27 May 2019, at which they were elected to their respective positions



9. Special powers of the management body, namely with respect to deliberations to increase the share capital (article 245-A, number 1, subparagraph i), indicating, with respect to these powers, the date on which they were attributed, period until which this competence may be exercised, maximum quantitative limit of the share capital increase, amount already issued under the attribution of powers and method of accomplishment of the attributed powers.

Under the TD,SA Articles of Incorporation, the Board of Directors is empowered to:

- Resolve that the Company participate in the incorporation, subscribe capital, assume interests in or take part in other companies, undertakings, complementary groups or associations of any kind and cooperate, collaborate or enter into consortia with any other entities, as well as provide technical administration and management services, or human and financial resource services to subsidiary companies or companies with which it has entered into a contract of subordination (Article 4); and
- Issue any form or type of bonds, as well as any other instruments or securities, including those representing debt, in such a manner and under such terms as may be allowed by law and under such conditions as may be determined by the body that decides to issue them (Article 8).

The Articles of Incorporation of TD,SA do not grant any special powers to the management body to make any resolutions to increase the Company's share capital.

The Board of Directors, as the management body, ensures that the Company acts in accordance with its objectives and does not delegate powers with regard to i) definition of the company's strategy and main policies; ii) organization and coordination of the corporate structure; iii) matters that should be considered strategic due to their value, risk and special characteristics.

10. Information on the existence of significant business relations between the holders of qualifying stakes and the company.

There are no significant relations of a commercial nature between the holders of qualified shares and the company, so it is understood that there is no reason for the supervisory body to establish the procedures and criteria necessary for defining the relevant level of significance of business with shareholders with qualified shareholdings - or with entities that are related to them in any of the ways provided for in Article 20(1) of the Securities Code -, and that there is no reason for conducting business of significant relevance to depend on the prior opinion of that body.

## B. GOVERNING BODIES, COMMITTEES AND COMMISSIONS

### I. GENERAL MEETING

#### a) Composition of the board of the general meeting

11. Identification and position of the members of the board of the general meeting and respective term of office (start and end).

Currently, the Board of the General Meeting is composed of the following members:

Under the terms of article fourteen of the Articles of Incorporation of TD,SA, the General Meeting Board consists of a Chairperson, a Vice-Chairperson and the Company Secretary.

At the beginning of the 2019 financial year and up to the date of the Annual General Meeting held on 27 May 2019, the following members of the General Meeting, appointed for the 2015/2018 term, were still in office:

Chairman: Rogério Paulo Castanho Alves  
 Vice-Chairman: José Gonçalo Pereira de Sousa Guerra Costenla  
 Secretary José Pedro Poiars Cobra Ferreira

At the General Meeting of 27 May 2019, the following General Meeting Board members were elected for the new 2019/2022 term of office; at 31 December 2019 they still held such positions:

Chairman: José Luciano Vaz Marcos  
 Vice-Chairman: José Mário Ferreira de Almeida  
 Secretary José Pedro Poiars Cobra Ferreira

#### b) Voting and the exercise of voting rights

12. Any restrictions on voting rights, such as limitations to the exercise of voting rights dependent on the ownership of a number or percentage of shares, periods of time imposed for the exercise of voting rights or systems privileging rights relative to assets (article 245-A, number 1, subparagraph f)).

There are no restrictions on voting rights, specifically limitations on exercising of voting rights depending on ownership of a number or percentage of shares; in terms of the time limits imposed for exercising voting rights, the only limitations are those set out below for the case of postal voting.

TD,SA has not established any type of system to highlight equity rights or mechanisms that have the effect of causing a mismatch between the right to receive dividends or to subscribe to new securities, and the voting rights of each common share.

### General Meeting Call and Preparatory Information

It should also be noted that TD,SA discloses, within the applicable legal periods, and in all places imposed by law, the call for General Meetings, together with the proposed resolutions and preparatory information. This is all done to guarantee, promote and encourage the participation of shareholders, either in person or through representatives appointed by them, in the General Meetings.

### Participation in General Meetings

According to the contents of article 13 of the Articles of Association, those who, on the date of registration, corresponding to midnight (GMT) of the 5th trading day prior to the date of the Meeting, hold shares giving them at least one vote may participate in the General Meeting and discuss and vote there.

Each share, under the conditions referred to above, corresponds to one vote. Although article 7 of the Articles of Association provides for the possibility of shares without voting rights, the truth is that this category of shares does not exist and has never existed.

### Postal Voting

For the exercise of the right to vote by correspondence and for the execution of all other procedures indicated in the Articles of Association, the Company has implemented the indispensable means for the effect, providing all the necessary forms on its website and at its head office, namely drafts of letters and the voting ballot, as well as instructions for their completion.

### Electronic Voting

Although it acknowledges that the use of new technologies enhances the exercise of shareholder rights, TD,SA believes that there are very significant specific security requirements inherent to the electronic voting process, particularly regarding the technical resources necessary to verify the authenticity of the corresponding voting declarations and to guarantee the integrity and confidentiality of their contents. It also acknowledges the high level of security and operational reliability necessary to receive the aforementioned declarations.

Additionally, TD,SA considers that the participation of shareholders in General Meetings has been fully ensured, even in the event that they are unable to attend, either through postal voting or through existing representation mechanisms, and has never received any request for the implementation of this system, or any remedy to the possible difficulty of participating in General Meetings and exercising voting rights.

The considerations referred to above and the fact that the General Meetings of TD,SA traditionally have a very high representation of share capital, underlie the reason why the Company has not implemented the possibility of the exercise of voting rights through electronic means.

In this context, TD,SA is convinced that the adopted model promotes and encourages shareholder participation in General Meetings.

**13. Indication of the maximum percentage voting rights that may be exercised by a single shareholder or by shareholders which are engaged in any of the relations listed in number 1 of article 20.**

The Articles of Association of TD,SA do not stipulate a maximum percentage or maximum number of voting rights that may be exercised by a single shareholder (individually or in concertation with other shareholders) or by shareholders which are engaged in any of the relations referred to in number 1 of article 20 of the Securities Market Code.

**14. Identification of shareholder deliberations, through statutory imposition, that may only be taken with a qualifying majority, apart from those legally established, and indication of these majorities.**

There are no provisions in the articles of incorporation that impose quorums of qualified majorities for resolutions on certain matters by shareholders, without prejudice to legal provisions that, in certain cases, may require qualified majorities or establish other forms of expiration of proposals.

## **II. MANAGEMENT AND SUPERVISION**

**(Board of Directors, Executive Board of Directors and General and Supervisory Board)**

### **a) Composition**

#### **15. Identification of the adopted governance model**

Ever since its incorporation on 30 November 2009, Teixeira Duarte, S.A. has adopted a model of Corporate Governance known as the “strengthened Latin” model. In addition to the General Meeting and its respective board, its corporate bodies are a Board of Directors and two independent oversight bodies: the audit committee and the Official Accounts Auditor Company.

On this issue, it is important to note the collaboration between all these structures of the Group, as well as the advantages arising from these synergies, reflected in the privileged and effective manner of the achievement of objectives undertaken by all as collection action.

The adopted corporate model fully complies with the objectives that served as a basis, namely ensuring that TD,SA mains good levels of operation and efficiency as each corporate body performs its functions both independently and in conjunction with others. Therefore, this corporate model is appropriate for the *modus operandi* of TD,SA, for its structures and for members of the corporate bodies, specifically the Board of Directors.

**16. Statutory rules on procedural requirements and matters applicable to the appointment and replacement of members, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board (article 245-A, number 1, subparagraph h)).**

Members of the management body of TD,SA are elected at the General Meeting by a list system, for four years, coinciding with the company's financial years, and they may be reelected one or more times, under the legally established terms and limitations, and they are deemed sworn in as soon as they are elected, without depending on any further formalities.

Under the special election rules established in the Law, TD,SA adopted the systems which enables a Director to be elected amongst the persons proposed in lists which are undersigned and presented by groups of shareholders, provided that none of these groups own shares representing more than twenty percent and less than ten percent of the share capital. Pursuant to this choice, any Director elected in this manner automatically replaces the one last on the list who would have fallen due in the election of the Directors.

The Articles of Incorporation establish the number of consecutive or non-consecutive absences from meetings per term of office at five, without justification accepted by the Board of Directors, which lead to a situation of permanent absence of a Director, with the other consequences provided for by Law.

The Articles of Incorporation do not provide for any substitute Director and do not establish any specific rule for the substitution of members of the Board of Directors. Therefore, the general regime provided for in the Companies Code on this matter shall apply, i.e., the Board of Directors may substitute a Director who ceases to perform duties for any of the reasons provided for by law, specifically due to resignation or accumulation of absences, and, if it deems necessary and under the applicable terms and conditions, shall carry out the corresponding co-optation, which must be ratified at the next General Meeting.

The procedural and material requirements applicable to the appointment and substitution of members of the Board of Directors ensure gender diversity, age diversity, diversity of qualifications and diversity of professional background, under the

terms of article 245(A)(r) of the Securities Code, as amended by Decree-Law no. 89/2017.

In effect, in recognition of the advantages of diversity in the composition of its Management and Supervisory Bodies, specifically in terms of age, gender, qualifications and professional background, at the General Meeting of 26 May 2018, TA,SA approved its Diversity Policy, which is currently in force and sets out criteria for the selection and appointment of the Company's corporate bodies (including the Board of Directors) and which is disclosed here, in accordance with the provisions of Article 245(A) of the Securities Code, as amended by Decree-Law no. 89/2017:

#### INTRODUCTION:

*TEIXEIRA DUARTE, S.A. recognises the advantages arising from diversity in the composition of its Management and Supervisory Bodies, specifically in terms of age, gender, qualifications and professional background.*

*The main results of these benefits are the enrichment of management models, greater efficiency in assessment and decision-making processes through the consideration of different perspectives, taking advantage of the plurality of knowledge, experiences, skills and competences of the members of these corporate governing bodies.*

*In parallel, respect for such differences has shown the consolidation of the Human Resources structure of the business Group led by TEIXEIRA DUARTE, S.A., through the enhancement of diverse aptitudes and competences, making the Company itself a reflection of the community of which it forms a part, and the different markets and sectors in which it operates.*

*In addition to the applicable legal provisions, this "Diversity Policy for the Management and Supervisory Bodies of Teixeira Duarte, S.A." was prepared by taking into account the historical situation of the company and of the entire TEIXEIRA DUARTE Group, which it leads.*

*Having said this, it is clarified that although diversity in the terms indicated above is an important criterion, it is not an absolute criterion, nor does it overlay others that are also deemed suitable for the sustainable development of Company and Group activities, and for simultaneously meeting applicable legal regulations.*

#### BOARD OF DIRECTORS:

*The criterion prioritised for the selection and appointment of the members of the Board of Directors of the leading company of the Teixeira Duarte Group - currently Teixeira Duarte, S.A. - was to focus on (i) executive members who are therefore linked to the*

Group's activity; and, from among these (ii) those who have been internally designated as "household people"; a commitment of trust in identifying with the same values, with a shared history, which means that this more idiosyncratic link is prioritised over the choice of an external expert in any sector of activity, operating market or corporate area.

Therefore, all members of administrative bodies have now been with the Teixeira Duarte Group for over twenty five years; the same applies to many members of the Group's senior management.

For this reason, it is understood that all commitments to be assumed and measures to be implemented should take into account what has become the priority criterion for selecting and appointing members of the Board of Directors, as well as the respective suitability for activities carried out by the Business Group led by Teixeira Duarte, S.A., and the situations of the markets and sectors in which it operates.

It is therefore within this framework that Teixeira Duarte, S.A. undertakes to make its best efforts to promote diversity in the composition of the Board of Directors, specifically through:

- Compliance with the legal provisions in force on diversity, specifically non-discrimination and equal opportunities, which derive from the law and other applicable regulations, as well as the rules contained in the "Teixeira Duarte Group Code of Ethics and Conduct" and other documents that are based on it, which apply to the entire Group;
- Ensure equal opportunities and equal treatment, specifically on grounds of age, gender, qualifications and professional background;
- Do not take any discriminatory action based on ancestry, age, gender, sexual orientation, gender identity, marital status, family situation, economic situation, education, origin or social condition, genetic heritage, reduced working capacity, disability, chronic illness, nationality, ethnic or racial origin, territory of origin, language, religion, political or ideological beliefs and union membership, in compliance with the provisions of the "Teixeira Duarte Group Code of Ethics and Conduct" on this matter;
- Continue to commit to age diversity, by prioritising a balance resulting from combining the knowledge and experience of older people with the innovative perspective of younger ones;
- Guarantee compliance with the legislation on gender diversity, ensuring adequate representation of women and men on

the Board of Directors, always based on their skills, abilities, experience and qualifications;

- Ensure that the Board of Directors continues to include people with a diverse range of basic qualifications, provided they are suitable for the position to be held and in line with the characteristics, size and activities carried out by the Business Group led by Teixeira Duarte, S.A.;
- Maintain the commitment to "household people" as a priority criterion, while valuing the combination of people with experience in different sectors, countries and corporate areas.

#### SUPERVISORY BODIES:

According to the corporate model in force at Teixeira Duarte, S.A., the supervisory bodies are the Supervisory Board and the Statutory Audit Firm.

As the Statutory Audit Firm is not a collegiate body by nature, and is therefore not made up of a plurality of members, this body is excluded from the this "Diversity Policy for the Management and Supervisory Bodies of Teixeira Duarte, S.A. ".

As regards the Supervisory Board, currently consisting of three effective members and a substitute, the following commitments are assumed in order to promote the diversity of its respective composition:

- Compliance with the legal provisions in force on diversity, specifically non-discrimination and equal opportunities, which derive from the law and other applicable regulations, as well as the rules contained in the "Teixeira Duarte Group Code of Ethics and Conduct" and other documents that are based on it, which apply to the entire Group;
- Ensure equal opportunities and equal treatment, specifically on grounds of age, gender, qualifications and professional background;
- Do not take any discriminatory action based on ancestry, age, gender, sexual orientation, gender identity, marital status, family situation, economic situation, education, origin or social condition, genetic heritage, reduced working capacity, disability, chronic illness, nationality, ethnic or racial origin, territory of origin, language, religion, political or ideological beliefs and union membership, in compliance with the provisions of the "Teixeira Duarte Group Code of Ethics and Conduct" on this matter;
- Continue to commit to age diversity, by prioritising a balance resulting from combining the knowledge and experience of older people with the innovative perspective of younger ones;



- *Make efforts to promote appropriate representation of women and men on the Supervisory Board, always on the basis of their skills, competences, aptitude, experience and qualifications;*
- *Ensure that the Supervisory Board continues to include people with a diverse range of basic qualifications, provided they are suitable for the position to be held and in line with the characteristics, size and activities carried out by the Business Group led by Teixeira Duarte, S.A.;*
- *Continue the commitment to valuing the diversity of professional backgrounds of members of the Supervisory Board, encouraging the appointment of people with different professional experiences, provided that they fall within the scope of activity of the Group and that they are appropriate for the roles to be performed.*

**17. Composition, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board, indicating the minimum and maximum statutory number of members, statutory duration of the term of office, number of permanent members, date of the first appointment and date of the end of term of office of each member.**

Under the provisions of article 17 of the Articles of Incorporation, the Board of Directors of TD,SA shall consist of a minimum of five and a maximum of eleven members.

When electing this Board, the General Meeting of TD,SA shall determine the number of Directors who, within these limits, shall sit on it in each term of office and shall appoint, from among them, the member who shall act as Chairperson.

Under the terms of number 2 of article 10 of the Articles of Association, the members of the governing bodies are elected for periods of four years, as noted above.

At the beginning of the 2019 financial year and up to the date of the Annual General Meeting held on 27 May 2019, the following five Directors, appointed for the 2015/2018 term, were still in office:

Chairman:

Pedro Maria Calainho Teixeira Duarte

Directors:

Manuel Maria Calainho de Azevedo Teixeira Duarte

Joel Vaz Viana de Lemos

Carlos Gomes Baptista

Diogo Bebiano Branco de Sá Viana Rebelo

The Directors for the new 2019/2022 term of office were elected at the General Meeting of 27 May 2019. At 31 December 2019 the following Directors, continued in office, all of whom were effective:

Chairman:

Pedro Maria Calainho Teixeira Duarte

Directors:

Manuel Maria Calainho de Azevedo Teixeira Duarte

Carlos Gomes Baptista

Maria da Conceição Maia Teixeira Duarte

Diogo Bebiano Branco de Sá Viana Rebelo

The Chairman of the Board of Directors Pedro Maria Calainho Teixeira Duarte and the Directors Manuel Maria Calainho de Azevedo Teixeira Duarte and Carlos Gomes Baptista were appointed for the first time upon the incorporation of the Company, on November 30, 2009, to serve during the 2009/2010 term of office. They were then re-elected for the 2011/2014 term and for the 2015/2018 term, before being re-elected at the General Meeting of 27 May 2019 to perform duties during the 2019/2022 term of office.

The Director Maria da Conceição Maia Teixeira Duarte was elected for the first time at the General Meeting on 27 May 2019.

The Director Diogo Bebiano Branco de Sá Viana Rebelo was elected for the first time at the General Meeting of 20 May 2011, to perform functions during the 2011/2014 term of office. He was then re-elected for the 2015/2018 term of office and re-elected once again, at the General Meeting of 27 May 2019, to perform functions during the 2019/2022 term of office.

The Director Joel Vaz Viana de Lemos was appointed for the first time upon the incorporation of the company, on 30 November 2009, to perform functions during the 2009/2010 term. He was then re-elected for the 2011/2014 term and for the 2015/2018 term, after which he left office.

The current Board of Directors of TD,SA, elected at the General Meeting held on 27 May 2019, consists of one woman, representing 20% of the active members of the Board of Directors, so this corporate body of TD,SA currently meets the gender equality criteria and requirements for members of the Board of Directors.

In addition, the Proposal for the election of the corporate bodies, presented to the elective General Meeting, was based on the necessary documentation and information regarding the profile, professional experience and curriculum vitae of the candidates, specifically to comply with the provisions of article 289(1)(d)

of the Companies Code, which constitutes sufficient grounds regarding the suitability of the profile, knowledge and curriculum vitae and for the function to be performed by the aforementioned candidates, in accordance with Recommendation V.4.1 of the Code of the Portuguese Corporate Governance Institute (IPCG).

18. Distinction between the executive and non-executive members of the Board of Directors and, regarding non-executive members, identification of members who may be considered independent, or, if applicable, identification of the independent members of the General and Supervisory Board.

18.1. Independence of the members of the General and Supervisory Board and the members of the Audit Committee is assessed under the terms of current legislation. The other members of the Board of Directors are deemed independent if they are not associated with any specific interest group in the company and are not in any circumstance that could affect their analysis or decision-making, specifically by virtue of:

- a. Having been an employee of the company or companies which are in a controlling or group relationship with the former during the last three years;
- b. Having, in the last three years, provided services or established significant business relations with the company or companies which are in a controlling or group relationship with the former, whether directly or as a partner, administrator, manager or director of a legal person;
- c. Being a beneficiary of remuneration paid by the company or companies which are in a controlling or group relationship with the former in addition to the remuneration arising from the performance of directorship duties;
- d. Living in non-marital cohabitation or being the spouse, parent or family member in a straight line and up to the 3rd degree, inclusively, in a collateral line, of directors or natural persons who directly or indirectly hold a qualifying stake;
- e. Holding a qualifying stake or representing a shareholder holding a qualifying stake.

The members of the Board of Directors of "Teixeira Duarte, S.A." have identical duties in this area, considering that there are no non-executive directors, since they all perform duties inherent to their position in a company which, being the parent company of

the Group, manages its holdings and appraises the respective actions while not taking direct decisions or exercising management powers over the activities of these entities.

In this regard, it should be noted that some members of the Board of Directors have duties and positions in other Group entities, relative to which they exercise management and management powers with proximity and direct responsibility for the actions of these companies.

TD,SA has chosen to maintain all its Directors in executive duties since the duties which would have been entrusted to any non-executive Directors - namely regarding supervision, monitoring and assessment of the activity of the executive members - are carried out by the Supervisory Board, Remuneration Committee and General Meeting.

Also in this regard, we hereby report that in terms of the independence of its members, the Board of Directors believes that none of them are in circumstances that could affect their analysis or decision making.

Furthermore, the complete independence and absence of incompatibilities of members of the Supervisory Board allows them to participate in an impartial and useful manner in the supervision of Company activity. Not only does this apply from an accounting point of view - where the Official Accounts Audit Company intervenes regularly - but also from a policy perspective, in this case with the limits and scope to safeguard essential compliance with current legislation and regulations, all with a view to ensuring continuous transparency and compliance with adequate levels of disclosure of information to the market, in general, and particularly to the shareholders at the General Meeting.

In effect, the Statutory Auditor collaborates with the Supervisory Board and immediately informs it of any information about any relevant irregularities that may be detected, as well as any difficulties encountered in the performance of its duties.

It follows from the above that there is a good relationship between all corporate bodies, not just between the Statutory Audit Company and the Supervisory Board, who meet periodically, but also between these bodies and the Board of Directors, as the Directors always provide the information requested by other members of corporate bodies in a timely and useful manner, and all are provided with any essential elements and documents for analysis and decision-making on matters for which they are responsible while performing their respective duties.

It should also be noted that, in compliance with the principle of close cooperation between the corporate bodies, the Chair

of the Supervisory Board and the representative of the Official Accounts Auditor are invited to all monthly meetings and to approve the Board of Directors' accounting documents. This body sends copies of notifications and minutes of meetings to all of them.

These tasks are performed, through indication of the Chairman of the Board of Directors, by the Company Secretary who delivers copies of the call notices and minutes of the Board of Directors meetings to the Chairman of the Supervisory Board, after they have been duly signed.

In view of the corporate model that has been adopted, and the composition and operating methods of its corporate bodies - specifically the executive nature of the Board of Directors, with the aforementioned framework, and the independence of the audit committee and the official accounts auditor company, without competences being delegated between them or to other committees - TD,SA believes - in view of Recommendations no. III.2 and III.3 - that appointing non-executive members to hold positions on the Board of Directors would not bring significant added value to the good operation of the model that has been adopted, which has proved to be adequate and efficient.

This justifies TA,SA's choice to not have non-executive members of the Board of Directors for monitoring, supervising and assessing the activity of the other members of the body, as set out in Recommendations no. III.2 and III.3, as the effective capacity of the supervisory bodies to critically and impartially monitor, supervise and assess the activity of the executive directors is guaranteed.

It should be added that, despite the fact that the chairman of the board of directors performs executive functions, as there are no non-executive Directors, the provisions of Recommendation no. III.1 do not apply to TD,SA. This recommendation states that, if the chair of the board of directors has executive functions, this body must appoint an independent director from among its members, to ensure that the work of the other non-executive members is coordinated, and to create conditions to allow them to make decisions in an independent and informed manner, or find another equivalent mechanism to ensure that this coordination takes place.

**19. Professional qualifications and other relevant curricular elements of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.**

**Chairman of the Board of Directors: Pedro Maria Calainho Teixeira Duarte**

Graduated in Business Management from "Universidade Católica Portuguesa", in 1977, where he held the position of assistant to the chair of General Mathematics until 1981.

Appointed for the first time in 2009, when the company was incorporated, he was last elected in 2019 to perform functions for the 2019/2022 term.

It should also be noted that from 1987 until the Elective General Meeting held on 6 May 2019 he was a Director of the Group's parent company (which until 2010 was "Teixeira Duarte - Engenharia e Construções, S.A.").

In the absence of any specific duty in the Articles of Incorporation, no specific delegation of powers, and no any decision on the distribution of responsibilities among the members of the Board of Directors, the Chairman of the Board of Directors shall be responsible for the specific duties provided for by law, including ensuring the functioning of the Board of Directors, specifically coordinating the performance of its members and holding the respective meetings.

In 1978 he joined the staff of "Teixeira Duarte - Engenharia e Construções, S.A.", and in 1987 he became Managing Director of what was then the Group's top company, in which he has held the position of Chairman of the Board of Directors since 2008.

In 2009 and on the occasion of its incorporation, he was, at the same time, appointed to the position of Chairman of the Board of Directors of TD,SA, which would later become the leading listed company of the Teixeira Duarte Group as of 2010.

Over the years, he has held multiple corporate positions in various other entities, of which mentioned should be made of the following:

- On several occasions since 1991 he has served terms as a member of the Board of Directors of Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A. - a company owned by members of the Teixeira Duarte family to which a stake in excess of 50% of the capital of TD,SA is assigned - and of which he was Chairman between 2011 and 11 April 2019;
- The top position in the management body of PASIM - Sociedade Imobiliária, Lda. since its incorporation to date;
- Member of the Board of Directors of "CIMPOR - Cimentos de Portugal, S.G.P.S., S.A." between 2001 and August 2009; and
- Various functions in the Corporate Bodies of "Banco Comercial Português, S.A." between 1985 and 2013, in particular

as Vice-Chairman of the Senior Board, Vice-Chairman of the General and Supervisory Board and Vice-Chairman of the Board of Directors.

**Director: Manuel Maria Calainho de Azevedo Teixeira Duarte**

Licentiate degree in Law from the "Faculdade de Direito da Universidade de Lisboa", in 1989.

Appointed for the first time in 2009, when the company was incorporated, he was re-elected in 2019 to perform functions for the 2019/2022 term.

Furthermore, it should be noted that he has been a Director of the Group's leading listed company since 2005 (which was Teixeira Duarte - Engenharia e Construções, S.A. until 2010).

He was a lawyer/legal adviser with his own office from 1989 to 1996.

He was the Director of "TDF - Sociedade Gestora de Investimentos Imobiliário, SA" from 30.06.1992 to 22.04.2005, with supervision functions and control over investment decisions, under the scope of competences assigned to Board of Directors members by the Trading Companies Code and by the company's articles of incorporation, as well as a role relating to relations with the Portuguese Securities and Exchange Commission (CMVM).

He has been part of the staff of the Teixeira Duarte Group since 1993, acting as a legal adviser and manager in various companies, in particular in the real estate sector.

He has been a member of the corporate bodies many Teixeira Duarte Group companies. In April 2005 he also became a member of the Board of Directors of the Group's listed parent company - "Teixeira Duarte - Engenharia e Construções, S.A." at the time, and currently TD,SA; he still holds these positions today.

On several occasions since 1991 he has served terms as a member of the Board of Directors of Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A. - a company owned by members of the Teixeira Duarte family to which a stake in excess of 50% of the capital of TD,SA is assigned - and of which he was a Board Member between 2011 and 11 April 2019.

**Director: Carlos Gomes Baptista**

BSc in Engineering from "Instituto Industrial de Lisboa", in 1973.

Appointed for the first time in 2009, when the company was incorporated, he was last elected in 2019 to perform functions for the 2019/2022 term.

Furthermore, it should be noted that he has been a Director of the Group's leading listed company since 2005 (which was Teix-

eira Duarte - Engenharia e Construções, S.A. until 2010).

In November 2013, he ceased to be a member of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A.", a position to which he was again elected in 2018.

His career includes, in particular, employment at "M.S.F., S.A.", where he was Head of Services from 1975 to 1979, collaborating in various works, namely of hydraulic nature (pipeline and dam).

He entered into "Teixeira Duarte - Engenharia e Construções, S.A." in February 1980, as Site Manager in the area of buildings, at that time referred to as "Civil Construction".

From 1982 to 1983, he was on assignment in Venezuela where he monitored various building contract works for housing and offices.

Back in Portugal, he was appointed to the position of Zone Director in 1984, with responsibilities in a large number of enterprises in the areas of tourism, roads, housing, buildings, and especially for banking entities.

In 1989 he was appointed to the position of Production Centre Director, and in 1992 Director of the Operating Centre of what was, at that time, referred to as the "Civil Construction" area, where he was coordinator from 1998 to 2005, when he was appointed director of "Teixeira Duarte - Engenharia e Construções, S.A.", until November 2013.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

**Director: Maria da Conceição Maia Teixeira Duarte**

Holder of a degree in Agronomy, with a specialty in Phytopathology, from the Higher Institute of Agronomy of Lisbon Technical University (1981).

Masters in Plant Production from the Higher Institute of Agronomy of Lisbon Technical University (1989).

Emphasis should be placed on the fact that she held the position of Member of the Board of Directors of Teixeira Duarte-Sociedade Gestora de Participações Sociais, S.A. for several terms up to April 2019.

From 2011 to 2018 she was a Member of the Remunerations Committee of "Teixeira Duarte, S.A."

She was also a member of the Remunerations Committee of "Teixeira Duarte - Engenharia e Construções, S.A.", from May 2018 to May 2019.



Appointed for the first time to the position of Director of TD,SA by resolution of the General Meeting of 27 May 2019, to perform duties for the 2019/2022 term of office.

**Director: Diogo Bebiano Branco de Sá Viana Rebelo**

Licentiate degree in Civil Engineering from "Instituto Superior Técnico", in 1992.

Appointed to the position for the first time in 2011, by a General Meeting decision, he was last elected in 2019 to perform functions for the 2019/2022 term.

He worked at "PROFABRIL, S.A." as a Design Engineer in the Buildings Division, participating in projects of reinforced concrete structures from October 1992 to May 1993.

In the Teixeira Duarte Group:

From October 1993 to November 1999, he was a member of the "Teixeira Duarte - Engenharia e Construções, S.A." teams in the Buildings Operating Centre, at that time referred to as Civil Construction, performing the duties of Assistant Site Manager and Site Manager of various works in Portugal.

From November 1999 to May 2011, he part of the real estate teams of the Teixeira Duarte Group, being responsible for the technical area with duties in the development of real estate projects, namely in feasibility analysis, design of real estate solutions, project coordination, contract work coordination, definition of related marketing products, management of rented assets and coordination of sales teams.

His responsibility included all the segments of the sector, from residential to offices, commercial spaces, hotel services, health and leisure, industry/logistics and car parks, as well as dedication to the expansion of spaces allocated to other activities of the Group, especially Construction, Hotel Services, Distribution and the Automobile sector.

In 2010 he also started to coordinate the Group's action in the Distribution and Automobile sectors, and in May 2011 he was elected Director of the leading listed company of the Teixeira Duarte Group, TD,SA.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

**20. Family, professional or business relations, habitual and significant, of the members, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors with shareholders who may be imputed a qualifying holding greater than 2% of the voting rights.**

The Chairman of the Board of Directors, Pedro Maria Calainho Teixeira Duarte, is a shareholder of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.". Furthermore, we disclose that he is the cousin of Mr. Miguel Calainho de Azevedo Teixeira Duarte.

The Director Manuel Maria Calainho de Azevedo Teixeira Duarte is a shareholder of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A." and is the cousin of the Engineer Mr. Miguel Calainho de Azevedo Teixeira Duarte.

The Director Maria da Conceição Maia Teixeira Duarte is a shareholder of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.". It is also reported that she is the cousin of Engineer Miguel Calainho de Azevedo Teixeira Duarte.

Regarding the remaining members of the Board of Directors, we disclose that none of them maintain habitual and significant family, professional or business relations, with shareholders who may be imputed a qualifying holding greater than 2% of the voting rights.

**21. Organisational charts or flowcharts relative to the distribution of competence between the different governing boards, committees, commissions and/or departments of the company, including information on the delegation of competence, in particular with respect to the delegation of the daily management of the company.**

The Articles of Association of the Company define the competence of each of the governing bodies, namely in articles 12 (General Meeting), 19 (Board of Directors) and 23 (Supervisory Board and Chartered Accountants Firm).

There is no distribution or delegation of competence by any of the governing bodies, namely by the Board of Directors, to any specific committees or commissions, in particular an Executive Committee.

The members of the Board of Directors respect the general duties of diligence, care and loyalty, taking management decisions in a critical and impartial manner, always in the interest of the Company.

It is therefore the responsibility of the Board of Directors to ensure that the Company acts in accordance with its objectives, so this body does not delegate powers with regard to i) definition of the company's strategy and main policies; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to their value, risk and special characteristics.

The organizational structure and areas of activity of the TD,SA Group entities operating in the different sectors is shown on the following organizational chart:

CORPORATE AREA	ACTIVITY SECTORS	
Internal Audit	<b>Construction</b>	
Accounting		
Finance	Geotechnics and Rehabilitation	Metalworking
Legal	Marine Works	Underground Works
Human Resources	Exploration Centres	
Corporate Affairs	Technical Division	Railway Works
Sustainability	Buildings	Shuttering and Pre-stressing
Information Technologies	Exploration Centres	Supplies
	Technical Division	Equipment Management
	Infrastructures	Management Systems and Technology
	Exploration Centres	Innovation
	Technical Division	Proposal's Logistics
		<b>Concessions and Services</b>
		Facilities Management
		Education
		<b>Real Estate</b>
		<b>Hospitality</b>
		<b>Distribution</b>
		<b>Automotive</b>

## b) Operation

### 22. Existence and location where the operating regulations may be consulted, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.

Considering the corporate model that has been selected, the composition of the Board of Directors and its scope of activities as described in section 18, the fact that the competences and responsibilities of this body cannot be delegated to any others, not even specialized committees or departments, that the way that the Board of Directors operates is very simple, as well as the fact that the number of members that make up this body is not large or sufficient to justify the stipulation, in regulations, of additional operating rules, TD,SA has not adopted any operating regulations in addition to the provisions relating to the operation and organization of the Board of Directors that result from the Company's Articles of Incorporation and applicable legislation.

The individual competence of each member is established by deliberation of the actual Board of Directors and their interaction is maintained in a regular form under the legally stipulated terms and considered sufficient for this purpose.

Detailed minutes of the meetings of the Board of Directors and the other corporate bodies of TD,SA are always drawn up.

Although this is not established in the Articles of Incorporation or in other specific mechanisms to this effect, it is guaranteed that, within the limits of the applicable legislation, the members of the administration and supervisory bodies are permanently guaranteed access to all company information and employees for the assessment of the performance, situation and development prospects of the company, specifically including minutes, supporting documentation for decisions that are made, meeting notifications and files from meetings of the Board of Directors, without prejudice to access to any other documents or persons from whom clarifications may be requested.

Without prejudice to the above, "Teixeira Duarte, S.A." currently has a "Code of Ethics and Conduct of the Teixeira Duarte Group", which is mandatory for all of the respective Directors. However, no part of this code contains regulatory provisions for the operation of corporate bodies or other relevant bodies in this area. This code can be found at <https://www.teixeiraduarte.pt/grupo/codigo-de-etica-e-conduta/>.

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

### Supervisory Board and Executive Board of Directors, of the meetings that have been held.

During 2019, the Board of Directors of TD,SA held 22 meetings.

For all due purposes, it is disclosed that the attendance of each member of this Board was as follows:

The Chairman of the Board of Directors, Pedro Maria Calainho Teixeira Duarte, was present at all meetings of this body.

The Director Manuel Maria Calainho de Azevedo Teixeira Duarte was present at 21 meetings of the Board of Directors, and was represented by the Chairman of the Board of Directors at the only meeting at which he was not present.

The Director Carlos Gomes Baptista was present at all the meetings of this body.

Out of the 15 meetings of the Board of Directors held after her election (General Meeting of 27 May 2019), the Director Maria da Conceição Maia Teixeira Duarte was present at 13 meetings of the Board of Directors and was represented by the Chairman of the Board of Directors at the two meetings that she was unable to attend.

The Director Diogo Bebiano Branco de Sá Viana Rebelo was present at all the meetings of this body.

The Director Joel Vaz Viana de Lemos was present at all 7 meetings of the Board of Directors held until the date he left office (General Meeting of 27 May 2020, which elected new members of the Board of Directors for the 2019/2022 term of office).

### 24. Indication of the company's governing bodies which are competent to assess the performance of the executive directors.

The competent body for assessing the performance of the Company's Directors is the General Meeting which, under the terms of Article 376(1) of the Companies Code, conducts an annual review of the Company's administration and supervision.

The Supervisory Board monitors, under the established terms described in this document, the action of the Board of Directors, ensuring compliance with a series of matters and issuing an opinion on the annual report and accounts which is submitted to the appraisal of the shareholders at the General Meeting.

Moreover, the Remuneration Committee assesses the activity developed by each Director for the purpose of establishing the respective remuneration, based on the remuneration policy approved at the General Meeting.

It is also report that, due to the organizational and functional model established between the various corporate codes, it is not deemed justified to create another Committee, in addition to the Remunerations Committee, for the purpose of ensuring a competent and independent assessment of the performance of the Directors and of its own overall performance.

Indeed, in view of the adopted model and the structure and composition of the Governing Bodies, these duties are explicitly entrusted to the General Meeting, Supervisory Board and Remuneration Committee, under the terms indicated above.

Likewise and for the same reasons, it was considered that it was unnecessary to create any committee or commission to reflect on the adopted governance system, structure and practices, verify their effectiveness and propose to the competent bodies the measures to take with a view to their improvement.

These duties are performed by each of the Governing Bodies which, better than any other body created only for this effect, are successful in identifying any constraints and difficulties which might have been encountered, and in the same way, collaborate together in the assessment of the adopted corporate governance model, reporting and overcoming any operational and interconnection difficulties.

Ultimately, the overall assessment of the action of the governing bodies is always entrusted to the shareholders at the General Meeting.

#### **25. Predefined criteria for the assessment of the performance of the executive directors.**

There are no predetermined criteria for the assessment of the performance of the Executive Directors.

In effect, all Directors are assessed according to their respective performance during the year, based on objectives that are set and achieved for each financial year, the Company's results and several other parameters which, due to their diverse nature and changes over the years, should not be exhaustive but rather adaptable to the circumstances of each period and of each specific situation, based on the Remunerations Policy that is approved annually by the General Meeting.

On this issue, see the remuneration policy of the governing bodies, reproduced below in point 69.

#### **26. Availability of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, indicating positions held simultaneously**

**at other companies, within and outside the group, and other relevant activities performed by the members of these bodies during the financial year.**

All members of the Board of Directors have adequate availability to perform the duties inherent to the position they hold in TD,SA, as the Group's parent company, which manages its holdings and appraises its respective actions, but does not take direct decisions or exercise management powers over the activities of these entities.

In this regard, it should be mentioned that:

- Some members of the Board of Directors have duties and positions in other Group entities, relative to which they exercise management and management powers with proximity and direct responsibility for the actions of these companies.
- There are some specific situations of positions held in other entities outside the Teixeira Duarte Group, and in none of them does any Director earn remuneration, maintain a professional connection, or is subject to any situation that prevents full availability to perform the duties of a member of the Board of Directors of TD,SA.

#### **Chairman of the Board of Directors: Pedro Maria Calainho Teixeira Duarte**

At 31 December 2019, he held the following positions in other companies within and outside the Teixeira Duarte Group:

Within the Group:

- Chairman of the Board of the General Meeting of Teixeira Duarte - Engenharia e Construções, S.A.
- Chairman of the Board of the General Meeting of Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.

Outside the Group:

- Manager of "PACIM - Gestão e Investimentos, Lda.";
- Manager of "PASIM - Sociedade Imobiliária, Lda.";
- Manager of "PACIM - CAXALP, Gestão e Investimentos, Lda.";
- Manager of "Foros dos Olivais, Lda.";
- Manager of "Mourinha de Cima - Atividades Imobiliárias e Turísticas, Lda.";
- Manager of "Terras da Mourinha, Lda.";



- Manager of "Terras da Mourinha de Baixo, Lda.";
- Manager of "Terras da Serrinha - Atividades Agrícolas, Lda.";
- Manager of "Terras do Pico - Atividades Agrícolas, Lda.";
- Manager of "Terras da Parra, Lda."

**Director: Manuel Maria Calainho de Azevedo Teixeira Duarte**

As at 31 December 2019, he held the following positions in companies outside the Teixeira Duarte Group:

- Member of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A."
- Chairman of the Board of Directors of "C+P.A. - Cimento e Produtos Associados, S.A."
- Member of the Board of Directors of "ESTA - Gestão de Hotéis, S.A.";
- Chairman of the Board of Directors of "IMOTD - Sociedade Gestora de Participações Sociais, S.A."
- Member of the Board of Directors of "Lagoas Hotel, S.A.";
- Member of the Board of Directors of "LAGOASFUT - Equipamento Recreativo e Desportivo, S.A.";
- Member of the Board of Directors of "SINERAMA - Organizações Turísticas e Hoteleiras, S.A.";
- Chairman of the Board of Directors of "TD VIA - Sociedade Imobiliária, S.A."
- Chairman of the Board of Directors of "TDE - Empreendimentos Imobiliários, S.A."
- Chairman of the Board of Directors of "TDH - Sociedade Gestora de Participações, S.A."
- Member of the Board of Directors of "TDHC - Instalações para Desporto e Saúde, S.A.";
- Chairman of the Board of Directors of "TDO - Sociedade Gestora de Participações Sociais, S.A."
- Chairman of the Board of Directors of "TEDAL - Sociedade Gestora de Participações Sociais, S.A."
- Chairman of the Board of Directors of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A."
- Director of "CPM - Companhia de Parques de Macau, S.A.";
- Member of the Board of Directors of "TDAP - Atividades Portuárias, S.A."

- Director of "Teixeira Duarte - Engenharia e Construções (Macau), Limitada";

**Director: Carlos Gomes Baptista**

At 31 December 2019 he held no positions in other companies.

**Director: Maria da Conceição Maia Teixeira Duarte**

At 31 December 2019 he held no positions in other companies.

**Director: Diogo Bebiano Branco de Sá Viana Rebelo**

As at 31 December 2019, he held the following positions in companies outside the Teixeira Duarte Group:

- Member of the Board of Directors of "TDE - Empreendimentos Imobiliários, S.A.";
- Chairman of the Board of Directors of "TDO - Investimento e Gestão, S.A."
- Chairman of the Board of Directors of "Teixeira Duarte - Distribuição, S.A.";
- Chairman of the Board of Directors of "TEDAL II - Distribuição e Investimentos, S.A.";
- Chairman of the Board of Directors of "TEDAL III - Automóveis e Investimentos, S.A.";
- Chairman of the Board of Directors of "TEDAL IV - Participações e Automóveis, S.A.";
- Chairman of the Board of Directors of "TEDAL - Participações e Distribuição, S.A.";
- Member of the Board of Directors of "IMOTD - Sociedade Gestora de Participações Sociais, S.A.";
- Member of the Board of Directors of "TD VIA - Sociedade Imobiliária, S.A.";
- Member of the Board of Directors of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.";
- Manager of "Malanga - Investimentos Imobiliários, Unipessoal Lda.";

**c) Committees and commissions within the management or supervisory body and chief executive officers**

27. Identification of committees and commissions within, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, and location where the operating regulations may be consulted.

Currently, there are no specialised Committees on management or supervisory matters - the specified Executive Committee cannot even be constituted under article 20 the Articles of Association.

Considering the small number of members of the Board of Directors and the fact that there are no non-executive directors, since they all perform functions inherent to their positions in a company that, as the parent company of the Group, manages its holdings and appraises the respective actions, but does not take direct decisions or exercise management powers over the activities of these entities, there is an exemption from creating any committees in this case, specifically for monitoring and supporting the appointments of any managers, as suggested in Recommendation V.4.2.

As no appointments committee is constituted, Recommendation V.4.4. does not apply to TD,SA.

#### **28. Composition, if applicable, of the executive committee and/or identification of chief executive officer(s).**

Considering that there is neither an Executive Committee nor Chief Executive Officers, the present rule is not applicable to TD,SA.

#### **29. Indication of the areas of competence of each of the created committees and commissions, and summary of the activities developed during performance of this competence.**

Considering that there are no committees or commissions created under the Board of Directors, as noted in 2.7 above, the present rule is not applicable to TD,SA.

### **III. SUPERVISION**

#### **(Supervisory Board, Audit Committee or General and Supervisory Board)**

##### **a) Composition**

#### **30. Identification of the supervisory body (Supervisory Board, Audit Committee or General and Supervisory Board) corresponding to the adopted model.**

The corporate model adopted is the one usually known as the "strengthened Latin" model. In this regard, it has been decided to appoint a Supervisory Board as the oversight body.

#### **31. Composition, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee, indicating the minimum and maximum**

**statutory number of members, statutory duration of the term of office, number of permanent members, date of the first appointment and date of the end of term of office of each member. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 18.**

Under the provisions of article 24 of the Articles of Incorporation of TD,SA, the Supervisory Board is made up of three effective members and an substitute, who must meet the requirements and have the powers established by law. When electing the members of this Board, the General Meeting must, mandatorily, elect one of them to perform the duties of Chairman.

As is the case with the other governing bodies and under the terms of number 2 of article 10 of the Memorandum and Articles of Association, the members of the Supervisory Board are elected at the General Meeting, through the list system, for periods of four years, coinciding with the financial years, and may be re-appointed once or twice, under the terms and with the legally established limits.

At the beginning of the 2019 financial year and up to the date of the Annual General Meeting held on 27 May 2019, the following directors, appointed for the 2015/2018 term, were still in office:

##### **Chairman:**

Óscar Manuel Machado de Figueiredo

##### **Board Members:**

Mateus Moreira

Mr. Miguel Carmo Pereira Coutinho

##### **Deputy:**

Rui Pedro Ferreira de Almeida

On 31 December 2019 and since 27 May 2019, the Supervisory Board had the following members:

##### **Chairman:**

Óscar Manuel Machado de Figueiredo

##### **Board Members:**

Ana Cristina Louro Ribeiro Doutor Simões

João Salvador dos Santos Matias

##### **Deputy:**

Rui Pedro Ferreira de Almeida

The Chairman of the Supervisory Board was elected by the Shareholders on 31 May 2014 as a Substitute for this body, before holding the position of an effective member since 7 No-

vember 2014 following the resignation tendered by the former Chairman, and he was appointed as Chairman of the Supervisory Board at a meeting of this body on 5 December 2014. He was elected Chairman of the Audit Committee on 30 May 2015 to perform duties during the 2015/2018 term of office. He was reappointed to the respective position at the General Meeting on 27 May 2019, to perform duties during the current 2019/2022 term of office.

The members of the Supervisory Board, Mateus Moreira and Miguel Carmo Pereira Coutinho, were appointed for the first time when the company was incorporated, on 30 November 2009, to perform duties during the 2009/2010 term of office, and were reappointed to their respective positions at the Annual General Meeting of 30 May 2015 to perform duties during the 2015/2018 four-year term of office, having ceased their duties on 27 May 2019.

The Members of the Supervisory Board, Ana Cristina Louro Ribeiro Doutor Simões and João Salvador dos Santos Matias, were appointed for the first time at the Annual General Meeting of 27 May 2019, to perform duties during the current 2019/2022 four-year period.

The substitute member of the Supervisory Board, Rui Pedro Ferreira de Almeida, was elected to the position for the first time at the General Meeting of 30 May 2015, for the 2015/2018 term of office, and was reappointed to the respective position at the General Meeting of 27 May 2019, to perform functions during the 2019/2022 term of office, currently in progress.

Furthermore, it should be noted that they all possess suitable competence for the performance of their duties, as described below in 33.

The current Supervisory Board of TD,SA, elected at the General Meeting held on 27 May 2019, includes a woman, who represents 33% of the effective members of the Supervisory Board currently performing duties. TD,SA therefore meets the gender equality criteria and requirements for the members of the Supervisory Board.

In addition, the Proposal for the election of the corporate bodies, presented to the elective General Meeting, was based on the necessary documentation and information regarding the profile, professional experience and curriculum vitae of the candidates, specifically to comply with the provisions of article 289(1)(d) of the Companies Code, which constitutes sufficient grounds regarding the suitability of the profile, knowledge and curriculum vitae and for the function to be performed by the aforementioned

candidates, in accordance with Recommendation V.4.1 of the Code of the Portuguese Corporate Governance Institute (IPCG).

It should also be noted that, in recognition of the advantages of diversity in the composition of its Management and Supervisory Bodies, specifically in terms of age, gender, qualifications and professional background, at the General Meeting of 26 May 2018, TA,SA approved its Diversity Policy, which is currently in force and sets out criteria for the selection and appointment of the Company's corporate bodies (including the Supervisory Board).

**32. Identification, as applicable, of the members of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee who are considered independent, under the terms of article 414, number 5 of the Commercial Companies Code. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 19.**

All the current members fully comply with all the requirements of independence, and there is no incompatibility for the performance of their duties for any of them, under the terms established in the Commercial Companies Code.

The facts referred to in the previous paragraph are investigated periodically in relation to each member of the Supervisory Board.

**33. Professional qualifications, as applicable, of each member of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee and other relevant curricular elements. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 21.**

The professional qualifications and other relevant curricular elements of the members of the Supervisory Board are described below:

**Óscar Manuel Machado de Figueiredo** (Chairman of the Supervisory Board)

- Licentiate degree in Accounting and Administration from Instituto Superior de Contabilidade e Administração de Coimbra.
- Advanced Management Course from the Postgraduate School in Economic and Business Science of Universidade Católica Portuguesa.
- Vice President of the Governing Board of the Chartered Accountants Association.

- He is chairman of the Audit Committee of the Algarve Hospital Center.
- He is a Member of the Board of Auditors of Banco de Portugal.
- Deputy Chairman of the Executive Committee of the Accounting Standardisation Committee of Portugal (2015-2017).
- Was a consultant in various projects in Angola and Mozambique on matters of accounting and audits, and trainer in these same areas in Portugal and the PALOP (Portuguese-Speaking African Countries).
- Entered Ernst & Young in January 1979, having been included in the Partnership between 1992 and 2006.

**Ana Cristina Louro Ribeiro Doutor Simões** (Member of the Supervisory Board)

Academic background in Business Organization and Management, her professional career dates back to 1987 in the area of financial auditing.

Two major areas of expertise can be highlighted, based on her professional experience:

External financial audits: conducted as an employee of Ernst & Young Limitada until 1997, practicing as a freelance Accounts Auditor up to 2004 and as founding partner of Ana Gomes & Cristina Doutor, Sociedade de Revisores Oficiais de Contas, Lda. until 2018.

Training: she has taught financial auditing and other related subjects, in different higher education courses (including a partnership with the Army Pupils Military Institute and the Portuguese Catholic University), and she has been involved in several professional training activities, with an emphasis on her collaboration with the Association of Official Accounts Auditors.

**João Salvador dos Santos Matias** (Member of the Supervisory Board)

- Holder of a Degree in Business Management and Organization from Instituto Superior de Economia (1978)
- Currently, he is retired.

**Rui Pedro Ferreira de Almeida** (Alternate of the Supervisory Board)

- Licentiate degree in Management at the "Instituto Superior de Economia e Gestão" (1997).

- Attended the Advanced Course in Human Behaviour in Organisations (AESE) (2007).
- Attended a Post-graduation in Mergers and Acquisitions (EGP-UPBS) (2009).
- Chairman of the Executive Committee and Member of the Board of Directors of MONERIS, SGPS, S.A..
- Member of the Board of Directors of the British-Portuguese Chamber of Commerce;
- Alternate of the Supervisory Board of EDP Ventures - Sociedade De Capital De Risco, S.A..
- He is a member of the Advisory Board of Start-Up Portimão.

#### b) Operation

34. Existence and location where the operating regulations may be consulted, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 24.

As described above in number 22 of the present Report, there are no operating regulations for the governing bodies.

Without prejudice to the above, it is reported that a resolution by the Board of Directors of TD,SA implemented the current "Code of Ethics and Conduct of the Teixeira Duarte Group", which is mandatory for all members of supervisory bodies. However, no part of this code contains regulatory provisions on the functioning of corporate bodies or other relevant provisions in this area.

35. Number of meetings held and level of attendance of the meetings which have been held, as applicable, of each of the members of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 25.

During 2019, the Supervisory Board held eight meetings, all of which were attended by all of its permanent members.

36. Availability of each member, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee, indicating positions held simultaneously at other companies, within and outside the group, and other relevant activities performed by the



members of these bodies during the financial year. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 26.

All the members of the Supervisory Board show the appropriate availability for the performance of their duties at TD,SA, namely for participation in the periodic meetings of the Board of Directors and Supervisory Board, and for follow-up of the Company's activity and the preparation and publication of the documents presenting the accounts, in coordination with the action of the Chartered Accountants Firm.

The positions held by each of the members of the Supervisory Board in companies within and outside the Group are indicated below:

**Óscar Manuel Machado de Figueiredo** (Chairman of the Supervisory Board)

As at 31 December 2019, he held the following positions:

- He is chairman of the Audit Committee of the Algarve Hospital Center.
- Member of the Board of Auditors of Banco de Portugal.

**Ana Cristina Louro Ribeiro Doutor Simões** (Member of the Supervisory Board)

As at 31 December 2019, he held the following positions:

- Member of the Supervisory Board of Novartis Farma - Produtos Farmacêuticos, S. A.
- Chair of the Supervisory Board of Glintt - Global Intelligent Technologies, S. A

**João Salvador dos Santos Matias** (Member of the Supervisory Board)

As at 31 December 2019, he did not perform duties in any other companies.

**Rui Pedro Ferreira de Almeida** (Alternate of the Supervisory Board)

On 31 December 2019, he was Chairman of the Executive Committee and Member of the Board of Directors of MONERIS, SGPS, S.A., member of the *Board of Directors of The British-Portuguese Chamber of Commerce* and substitute member of the Supervisory Board of EDP Ventures - Sociedade de Capital de Risco, S.A. and member of the Advisory Board of Start-Up Portimão.

#### c) Areas of competence and duties

**37. Description of the procedures and criteria applicable to the intervention of the supervisory board for purposes of contracting additional services from the external auditor.**

If any service other than the statutory audit is requested from the external auditor, a prior opinion shall be requested from the Supervisory Board, under the terms of Article 77(10) and (11) of the Statutes of the Association of Official Accounts Auditors, which assesses whether or not there are threats to independence and possible safeguarding measures, taking into account the nature and materiality of the services to be contracted.

With reference to the 2019 financial year, no services other than the statutory accounts audits were contracted from the external auditor.

**38. Other duties of the supervisory bodies and, if applicable, the Financial Matters Committee.**

The supervisory bodies do not perform any duties other than those described above and legally defined.

#### IV. CHARTERED ACCOUNTANT

**39. Identification of the chartered accountant and chartered accountant partner representing the former.**

The position of official accounts auditor is held by "Moore Stephens & Associados - SROC", represented by António Gonçalves Monteiro.

**40. Indication of the number of years during which the chartered accountant has performed duties consecutively at the company and/or group.**

The aforementioned "Moore Stephens & Associados - SROC", represented by António Gonçalves Monteiro, was elected for the first time to the position of Official Accounts Auditor of "Teixeira Duarte, S.A." at the General Meeting of 30 May 2015, to perform its respective duties during the 2015/2018 four year period. At the General Meeting of 27 May 2019, following the approval of the proposal submitted by the Supervisory Board, this entity was re-elected to hold the same position during the current 2019/2022 four-year period.

**41. Description of other services provided by the chartered accountant to the company.**

The chartered accountant does not provide any services other than those related to the legal review of accounts and audit of TD,SA.

## V. EXTERNAL AUDITOR

**42. Identification of the external auditor appointed pursuant to article 8 and chartered accountant partner who represents the external auditor in compliance with these duties, as well as the partner's registration number at the CMVM.**

The external auditor appointed under the terms of article 8 of the Securities Code, is the official accounts audit company "Moore Stephens & Associados - SROC", represented by António Gonçalves Monteiro and registered with the Association of Account Auditor Companies (OROC) with number 173 and with the Securities and Exchange Commission (CMVM) with number 20161476.

**43. Indication of the number of years during which the external auditor and respective chartered accountant partner who represents it in compliance with these duties, has performed duties consecutively at the company and/or group.**

The external auditor and the respective official accounts auditor who represents it in the performance of these duties have held this position at TD,SA since their first election at the General Meeting of 30 May 2015, i.e. for around five years.

**44. Policy and frequency of rotation of the external auditor and respective chartered accountant partner who represents it in compliance with these duties.**

There is no defined policy on the rotation of the external auditor and respective chartered accountant partner who represents it in compliance with these duties.

However, TD,SA follows the rotation rules provided for in Article 17 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 and in article 54(2) and (3) of the Statutes of the Association of Official Accounts Auditors, approved by Law no. 140/2015, of 7 September, which provides that the maximum period of office of the partner responsible for the statutory audit is seven years (which can be extended for a further three years, under the terms of paragraph 4 of the aforementioned article), and the official accounts auditor company may, under the terms of paragraph 3 of the aforementioned article, be appointed as Official Accounts Auditor and External Auditor for a maximum period of two four year terms.

In this regard, it should be noted that the external auditor currently performing the duties was appointed for the first time for the 2015/2018 term of office and re-elected for a second time at the General Meeting of 27 May 2019 for the current 2019/2002 term of office.

**45. Indication of the body responsible for the assessment of the external auditor and frequency with which this assessment is conducted.**

The actions of the external auditor have been appraised by the Supervisory Board – which obtains from the external auditor and its team all information and elements that are deemed necessary to perform its duties – and by all other corporate bodies of TD,SA on an annual basis. No circumstances that could justify its dismissal or termination of the service provision contract with just cause have ever been encountered.

It is the case that the Board of Directors of TD,SA and the services that depend on it have taken on a commitment to ensure that all of the conditions for the provision of services by the external auditor within the Company are met, as these directly form part of the framework of the operational structure of TD,SA and have the physical resources, information and documentation required to provide the external auditor with appropriate conditions for performing its duties.

Therefore, the main point of contact and primary recipient of the external audit reports is not the Supervisory Board, as indicated in Recommendation no. VII.2.2, but rather the Board of Directors, as this body is the Company's point of contact par excellence and, as described above, it is also the body that is right in the center of the company's organizational structure, facilitating communications and the disclosure of information between the different bodies and entities, without affecting the independence of the auditor at any time.

This model, implemented some years ago under the Teixeira Duarte Group, has proved to be appropriate to the good operation of the governing bodies and guaranteed transparency.

**46. Identification of work, other than audit, carried out by the external auditor for the company and/or for the companies which are in a controlling relationship with it, as well as indication of the internal procedures for the purpose of approval of contracting such services and indication of the reasons for their contracting.**

It should be noted that neither the External Auditor, nor any other entities in a holding relationship or which are part of the same network, provide TD,SA any services other than audit services.

**47. Indication of the value of the annual remuneration paid by the company and/or legal persons in a controlling or group relationship with the auditor and other natural or legal**

persons belonging to the same network, and details of the percentage relative to the following services (for the effect of this information, the concept of network is as defined in European Commission Recommendation number C (2002) 1873, of 16 May):

The retribution paid by the company and/or legal persons in a controlling or group relationship with the auditor and other natural or legal persons belonging to the same network determined in accordance with the volume and quality of the services provided in the context of the duties entrusted under the terms of the Law and Articles of Association.

<b>By the Company*</b>		
Value of review of legal accounts services	61,000.00	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than legal review of accounts	-	-
<b>By entities included in the Group*</b>		
Value of review of legal accounts services	270,535.00	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than legal review of accounts	-	-

## C. INTERNAL ORGANISATION

### I. ARTICLES OF ASSOCIATION

#### 48. Rules applicable to the alteration of the articles of association (Article 245-A, number 1, subparagraph h)).

There are no specific rules for any alterations to the Articles of Association, with the general rules established in the Commercial Companies Code being applicable, in particular the provisions in articles 85, 383, number 2 and 386.

### II. COMMUNICATION OF IRREGULARITIES

#### 49. Means and policy of communication of irregularities occurred in the company.

In 2018, following the approval of the "Code of Ethics and Conduct of the Teixeira Duarte Group", the policy for reporting alleged irregularities was adjusted, as part of strengthening the *compliance* system that was already being developed by the Company.

This Code aims to serve as guidelines for the professional and personal conduct of all employees, regardless of their position or duties that they perform, and sets out the principles and values of the Teixeira Duarte Group, as well as the currently applicable procedure for reporting any irregularities in internal and external relationships between all group companies and their *stakeholders*.

In effect, it is stated in this Code that, in order to monitor the application of its rules, it is the responsibility of the Employees - and the Indirect Recipients, under the terms and scopes set out above - to ensure compliance with this Code of Ethics and Conduct. This is done by publicizing it, quoting it in their defense, applying it and enforcing its application in the company's hierarchies, including their own chains of management, as well as by reporting any irregularities identified by the measures and procedures developed by each Company for this purpose, normally referred to as the "Ethics Channel".

Without prejudice to these means, this Code also assumes that any irregularities identified in relation to any external or internal regulations should be reported through the following means:

- Correspondence addressed to the Company's management or supervisory body.
- Correspondence addressed to the "Teixeira Duarte, S.A." Board of Directors or Supervisory Board;
- E-mail addressed to an independent body constituted within the scope of the Teixeira Duarte Group, whose address is [compliance@teixeiraduarte.pt](mailto:compliance@teixeiraduarte.pt).

The Company guarantees the confidentiality of communications received, the absence of any reprisals by whistle-blower complainants in good faith and the protection of the reporter's and the suspected offender's personal data. Reprisals against the complainants are frowned upon by the Company and may give rise to disciplinary proceedings against its perpetrators and the persons who have allowed such reprisals.

As a result, TD,SA has mechanisms for the detection and prevention of irregularities, in line with Recommendation 1.2.5, and has adopted a policy that guarantees adequate means for reporting and processing irregularities, while ensuring the confidentiality of any information that is transmitted and the identity of the reporter, whenever requested.

### III. INTERNAL CONTROL AND RISK MANAGEMENT

#### 50. People, bodies, committees or commissions responsible for internal audit and/or for the implementation of internal control systems.

The Internal Audit Services of the Teixeira Duarte Group have progressively played a fundamental role regarding the implementation of internal control systems.

As at 31 December 2019, these services were assured by four employees, under the hierarchical and operational dependence of the Director Manuel Maria Calainho de Azevedo Teixeira Duarte, where the coordination of this work was also articulated in meetings with the participation of the members of the Supervisory Bodies.

Also of note is the *Compliance* implemented in the Teixeira Duarte Group.

#### 51. Explanation, even if by inclusion of an organisational chart, of the relations of hierarchical and operational dependence in relation to other bodies, committees or commissions of the company.

As indicated above, as at 31 December 2019, the Internal Audit services were under the hierarchical and operational dependence of Director Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte, who was not considered independent under the applicable rules and regulations.

Nevertheless, it is considered that this Director is not under any circumstances capable of affecting his impartiality in analysis and decision-making.

It should be added that, since its creation within the Teixeira Duarte Group, the Internal Audit Services have always answered hierarchically to the Board of Directors and have always reported functionally to the Director responsible for the financial area.

In effect, the Board of Directors pays attention to the risks that affect the business and the objectives of the Teixeira Duarte Group, by ensuring that the Company's risk management is an effective and fundamental component of the Group's strategy, culture and value creation process. In this context, the Board of Directors is responsible for designing and planning the internal control and risk management systems which prove necessary and appropriate for the different situations which are identified, as well as monitoring their respective implementation, supervising and assessing their operation.

This model has proved to be appropriate, since this not only facilitates the communication, collaboration and exchange of information between the said Departments within the company's organisational structure, and the Director responsible for the area, but also, it should be stressed, has ensured that none of their impartiality has ever been placed in question.

However, the Supervisory Board is responsible for monitoring the work carried out by the Audit Services, by holding monitoring meetings and accessing documents issued by these Services, as well as monitoring the activities plan that they plan to carry out during the following year.

It is therefore within this framework that it is reported that the Board of Directors - and not the Supervisory Board, as stated in Recommendation III.12. - that gives its opinion on the work plans and resources allocated to the Internal Audit Service, and that it is the recipient of all reports drawn up by this service, even when they cover matters relating to accounting, the identification or resolution of conflicts of interest and the detection of possible illegalities.

However, this situation is monitored by members of the supervisory bodies who, as part of their duties and in addition to the regular monitoring and supervision of the Group's activity, ensure that they are represented at monthly meetings of the Board of Directors, where a wide range of elements of different natures, reporting information and Group action plans in different markets and sectors are made available.

#### 52. Existence of other operational areas with competence in risk control.

There are no other areas with exclusive competences in the area of risk control, and, in view of the model in force in the Group on this matter, all areas share responsibility under the terms described above and the *Compliance* System implemented in the Teixeira Duarte Group applies to all of them.

#### 53. Identification and description of the main types of risk (economic, financial and legal) to which the company is exposed during the exercise of its activity.

The main economic, financial and legal risks to which the company is exposed during the exercise of its activity are as follows:

- alterations in the economic and business conditions in Portugal, as well as in the economic and business conditions of the Group's operations abroad, namely in Angola, Algeria, Brazil, Mozambique and Venezuela;



- fluctuations and volatility of interest rates, credit spreads and exchange rates, as well as ready cash of convertible currencies in markets in which the Group operates;
- alterations in government policies;
- regulatory and financial framework of banking activity; and
- alterations in the competitive environment of the activity sectors in which the Teixeira Duarte Group operates.

Furthermore, the activity of the Teixeira Duarte Group is dependent on the economic environment and on the consequences which certain macroeconomic situations might have on the levels of confidence of the different economic agents, on investment volumes, exports and global trade, as well as on employment levels and consumption patterns.

The evolution of the activity areas in which the Group operates, namely the construction area, is historically correlated, more or less directly, with the macroeconomic performance of the countries or markets in which the Teixeira Duarte Group operates, in particular, with the evolution of Gross Domestic Product (GDP) and corresponding market prices. Therefore, the Group's activity and its results may be significantly affected by the performance of the economies where the Teixeira Duarte Group operates, mainly through the effect of the growth or retraction of the construction market, the most representative business area in the Group's operating income.

As the construction business is the main activity of the Teixeira Duarte Group, a description of the main risks inherent to this business is given below:

Large-scale construction business involves a major allocation of human and material resources, which implies a high fixed cost structure not only due to the necessary need to invest in the teams and their training, but also the significant investment required in the acquisition, maintenance and adaptation of equipment.

The costs associated to many of the tenders, both in the preparation of proposals and in the insurance, guarantees and completion bonds which are sometimes necessary to provide, also constitute another risk factor inherent to the activity, especially taking into account the penalties very often related to the large public contract works in which the Teixeira Duarte Group participates.

Similarly, the nature of the service often involves changes to the circumstances that are initially negotiated, as a result of difficulties with contracts in progress (climate change; discovery of

characteristics of an adverse nature, different to those planned; natural, social and economic phenomena resulting from the impact of the project), and of changes to designs, often due to new choices made by project owners that require great flexibility and efficiency during their execution.

Yet another important aspect arises from the significant number of suppliers of goods and equipment and service providers with which the Company deals in this area of action and which might imply risks due to actions or omissions imputable to them, including interruptions or delays in the service or supply of goods.

From a commercial point of view, globalisation has enabled the entry of other major Construction Groups into the main and oldest markets of action of Teixeira Duarte - especially Portugal and Angola - forcing greater effort in the presentation of solutions and proposals, as well as the optimisation of costs to enable meeting the competitive strength of these entities.

Concessions are normally long term projects which involve increasingly more areas, such as those linked to planning, design, construction, financing and operation and, which, both due to their complexity and need for partners and the longevity of the processes, imply heavy risk in the evaluation of assets and projects in the long term, in an increasingly more dynamic world characterised by unexpected changes.

The Group's real estate activity is affected by more stringent requirements for new projects at all levels (administrative, economic, social, environmental, among others), and by changes in demand as a result of changes in interests rates and availability of financing.

The Accommodation sector in Portugal has suffered small fluctuations, and hotels in Africa are naturally exposed to the characteristics of the respective countries and to the strong competition there.

Distribution in Angola is very exposed due to the specific circumstances of the country and logistic difficulties related to supply, transport and travel.

The Automotive sector is currently subject to heavy competition, in particular in the Angolan market, where competitiveness is increasing considerably and the investment made by the Group implies strong optimisation of processes and costs, in a market which is becoming progressively more demanding.

The risks described above, should they occur, could have a negative impact on the net income of the Teixeira Duarte Group and its financial situation.

TD,SA is exposed to strategy risks, through the possibility of taking inadequate strategic decisions, failures in the implementation of decisions or lack of response capacity regarding changing market conditions.

The Teixeira Duarte Group's international business represents a significant portion of the Group's turnover (641,381 thousand euros in 2019). It is impossible to guarantee the full success of operations on the foreign markets in which the Group operates. Moreover, these operations are exposed to exchange risks arising from possibly adverse economic developments in the countries where they are established. These factors could adversely affect the activity, financial situation and net income of the Teixeira Duarte Group.

The Teixeira Duarte Group operates in various activity sectors, in particular, due to their contribution to the Group's operating income, the Construction sector, but also in others such as Distribution and Automotive, which can be described as very competitive sectors. This competition environment, when associated to negative cycles in the activity areas in which the Group operates, may have a negative impact on the Company's marketing margins and on its net income and, consequently, on its financial situation.

The capacity of the Teixeira Duarte Group to successfully implement its strategy depends on its ability to recruit qualified and competent employees for each position. Although the human resources policy of the Teixeira Duarte Group is directed towards the achievement of these objectives, it is impossible to guarantee that, in the future, there will be no limitations in this area. Such circumstances could obstruct or delay the execution of the defined strategy, which could have a negative effect on the Group's activity, financial situation, and net income.

The deterioration of global economic conditions or adversities that affect the economies at a local scale could result in the inability of the Group's customers to meet their obligations or significantly delay their payment, leading to the existing credit lines entering into a situation of default. This scenario would result in losses affecting the activity, financial situation and net income of the Teixeira Duarte Group.

The Teixeira Duarte Group might, in the future, be part of a number of disputes related to its activity, including those where the sentence has been favourable, totally or partially, and which might be subject to appeal or action for annulment by the counterparts under the terms of the applicable procedural rules and until the reading of the final judgement on these same sentences. The Teixeira Duarte Group cannot guarantee that it will win

any lawsuits relative to its activities and a negative decision in this area might have an adverse effect of significance to the activity, financial situation and net income of the Teixeira Duarte Group.

The activities of TD,SA require investments. The Group finances part of these investments through the cash flow generated by its operating activities. However, TD,SA and its subsidiaries finance most of their investments through external sources, including bank loans and offers in capital markets.

The Teixeira Duarte Group is exposed to a series of risks, such as liquidity risks, interest rate risks and exchange rate risks, amongst others, and in the event of exceptionally adverse scenarios, the policies and procedures used by TD,SA to identify, monitor and manage risks might not prove to be totally effective.

As is the case of any other economic group integrated in a competitive environment, the Teixeira Duarte Group is also subject to risks related to liquidity. The Group believes that it is adequately provided with the necessary resources to effectively control the risk of its activity. It believes that the actions taken by the management to report elements provided to it by the Accounting and Finance Departments are effective. This department is directly supervised by the Director with these responsibilities and monitored by the supervisory bodies and is particularly committed to controlling the liquidity of the Teixeira Duarte Group.

TD,SA manages the Group's liquidity risk by acting in two ways: ensuring that the Group's financial debt has a high medium and long term component with suitable maturities for the expected capacity for generating funds and negotiating credit facilities.

During its normal business, the Group is subject to certain operating risks, including interruption or delays in the provision of services, frauds, omissions, errors and delays in the implementation of requirements for risk management. These risks are monitored by the Group in an ongoing manner through administrative and information systems, amongst others, with some of the operating risks being covered by insurance policies.

The operations developed by the Teixeira Duarte Group are dependent on computer processing. The computer processing involves the maintenance of records, financial reporting and other systems, including systems for the monitoring and control of the different operations of the Group, in particular in human resources management, accounts, logistics, administration and storage. Notwithstanding the assessment which has been made of the computer systems and the belief that their capacities are appropriate, it is impossible to guarantee potential investors that

all the problems related to the information technology systems will be fully identified and corrected in due time, nor systematic success in the implementation of technological improvements.

The cost of the vast majority of the financial debt incurred by the Teixeira Duarte Group is indexed to variable reference rates, whereby TD,SA is, through this means, exposed to interest rate risk.

The variation of the exchange rate of the Euro relative to other currencies, in particular the US Dollar, Angolan Kwanza, Algerian Dinar, Brazilian Real, Mozambican Metical and Venezuelan Bolivar might have an impact on the financial situation of TD,SA. The Teixeira Duarte Group operates in various markets, records revenue in foreign currency and has monetary assets and liabilities denominated in currencies other than the Euro and, therefore, in this way, is exposed to variations in the respective currencies.

In indirect terms, note should also be made of the fact that the Teixeira Duarte Group acquires a variety of materials, of special importance in the construction, distribution and automobile areas in currencies other than those in which the final products are subsequently sold, namely in Angola, which could partially influence the net income achieved by the Group in the activity developed in these sectors.

Particular note should be made of the import and export of materials for construction and products which are essentially consumables to the companies established under Angolan law which operate in the area of distribution, as well as automobile vehicles, spare parts and equipment for the different local participated companies in the automobile sector in Angola.

Adverse variations in the price of oil and other commodities might also significantly affect the net income and financial situation of the Teixeira Duarte Group.

The volatility of the price of commodities constitutes a risk for the Teixeira Duarte Group, affecting the operating activity of the construction business area, although this is on occasions mitigated through supplier contracts with fixed prices and customer contracts which enable reflecting these alterations in the prices paid by these customers.

In particular, the Teixeira Duarte Group is indirectly exposed to the price of oil. The Group's capacity to reflect increases in the price of oil in the prices of its final products and services is minor, therefore, negative consequences might arise in the direct margins of the final products sold and in the net contribution of the services rendered. Furthermore, an increase in the price of

oil has a direct impact on the transport costs associated to the development of the Group's activity, therefore, adverse variations in the price of oil could have a negative material impact on the Group's activity, financial situation and net income.

More specifically, the evolution in the price of oil could significantly affect the net income of the Teixeira Duarte Group for three reasons:

- transportation costs is one of the most important expense items on the Group's operating accounts;
- energy costs are of some significance in the price of external supplies and services;
- the evolution of the price of oil strongly influences the development of the actual economy of the markets in which the Teixeira Duarte Group operates, some of which in a very significant manner, due to the importance that this product represents in the GDP of these countries.

Any increase in taxes or reduction in tax benefits could have an adverse effect on the activity of the Teixeira Duarte Group.

The Teixeira Duarte Group could be affected by changes in the legislation and other tax regulations applicable in Portugal, in the European Union and in the different countries in which the Group operates.

The financial statements of the Teixeira Duarte Group might be influenced by the change in value of the financial stakes owned.

The net position, equity and event, in certain situations of impairment, the results of the Teixeira Duarte Group may be influenced by the valuation/devaluation of financial investments that are held.

The entities of the Teixeira Duarte Group are subject to the risks inherent to any economic activity, which is the case of accidents, breakdowns or natural catastrophes that might lead to losses in the Group's assets or temporary interruptions in the respective activity. Likewise, these risks might affect the main customers and suppliers of the Teixeira Duarte Group, which would have a significant impact on profitability where it is not possible to find replacement customers in order to guarantee the turnover level or suppliers to enable maintaining the same cost structure.

In addition, both the Board of Directors of TD,SA and those of the other entities of the Teixeira Duarte Group are monitoring the development of the Covid-19 pandemic situation, which began at the end of 2019, and are acting in accordance with the recommendations issued by the World Health Organization and the

public bodies responsible for health in the respective countries where Group companies operate.

Within this framework, contingency and preventive measures have been taken to follow the guidelines of these entities and to mitigate and contain the risk, and to balance these intentions with the steps necessary to safeguard the continuity of the business and the impact of the situation on all of its *stakeholders*. Currently, due to the direct and indirect nature of possible impacts and risks, as well as the unpredictable nature of their scale and duration, it is not possible to quantify them.

#### **54. Description of the process of identification, assessment, monitoring, control and management of risks.**

With regard to the Company's internal control and risk management systems, the Board of Directors is responsible for planning and designing the internal control and risk management systems that are necessary and appropriate for the various situations that are identified, as well as for following up on their implementation and monitoring and evaluating their operation, with proper aid from the other corporate areas that give support to the company.

The importance of weighing the cost of control in relation to the matters that are to be controlled is always taken into account. Based on the evaluation of the company, the way in which it is managed, the composition of staff and managers of the companies that form part of the Teixeira Duarte Group, and the fundamental principles and concepts that are applied, it is concluded that efficiency and control costs, as well as the creation of possible control commissions, would be much higher than the benefits that could result from controls performed through such commissions. The mere creation of committees for the effect, from a formal point of view, would eventually imply more bureaucratic obstacles that would not be reflected in their practical implementation.

Therefore, with regard to the Company's internal control and risk management, the Board of Directors is responsible in the first instance for gathering information and assessing the most relevant risks to which the Company is exposed, as well as for promoting any initiatives necessary for their prevention, duly supported by the Company's Corporate Area.

The procedures implemented in terms of internal control and risk management are characterised by promoting the autonomy of the Company's senior staff in the management and monitoring of matters, instilling an attitude of responsibility and strong stimulus to entrepreneurial behaviour.

This consistent relationship between autonomy and responsibility imposes, in a realistic manner, careful and strict compliance with the tasks allocated to each employee, thus representing, in itself, a solid, sustained and effective risk control system that delivers practical results considered satisfactory.

In terms of risk, the risk management process of TD,SA includes several risk assessments with different levels and complexity, taking into consideration the matters to be dealt with and after identification of the types of risk underlying the Group's different areas of activity. In this sense, different identification, analysis, processing, control and review methods can be used in order to meet the desired objectives for the implementation of the risk assessment system, taking into account the type of risk to be assessed.

In effect, the Board of Directors - and not the supervisory bodies as stated in Recommendation no. III.11 is responsible for - assessing the operation of these systems and proposing the respective adjustments to meet the needs of TD,SA, as this is a matter which, due to its nature and the specific aspects described above, falls within the framework of the scope of activities of the Board of Directors and this body's control and supervision of the different departments of Group companies. This system has proven itself to be appropriate for the respective purposes.

Although the internal control and risk management system implemented in the company does not fully comply with all requirements listed in Recommendation no. VI.2, - to the extent that no written policy has been defined, even those a risk management system has been put in place - TD,SA remains convinced of its choice of the model described above.

#### **55. Main elements of the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (article 245-A, number 1, subparagraph m)).**

The financial information disclosure process is coordinated by the Board of Directors and always monitored by the Oversight bodies. Teams from the Accounting, Company and Corporate Departments, respectively, work to draw up and ascertain the accounts and other accounting and financial reports, and to draw up and publish the final document.

Both of the aforementioned services monitor the evolution of applicable legislation, both in financial and legal areas, and work in coordination with the Portuguese Securities and Exchange Commission to update supplementary results and regulations on these matters, and report directly to the Board of Directors.



All employees who work for Accounting Services and those who are on the Company and Corporate team who participate in drawing up and publishing the final document, are on the list provided for in article 248-A, item 7 of the Securities Code, and Article 18 of Regulation (EU) no. 596/2014, of the European Parliament and of the Council, of 16 April 2014 - to wit on employees with access to privileged information. All of these parties are notified, under the legally defined terms, of their inclusion on the aforementioned list and the legal consequences arising from the disclosure or misuse of privileged information.

Through meetings that it schedules with the external auditor and official accounts auditor, the supervisory body monitors the adequacy of the process of preparation and disclosure of financial information by the management body, including the suitability of accounting policies, estimates, judgments, relevant disclosures and their consistent application over several financial years, in a duly documented and reported manner.

#### IV. INVESTOR SUPPORT

##### 56. Service responsible for investor support, composition, duties, information provided by these services and contact details.

In order to strengthen the information disclosure policy referred to above and with the aim of promoting permanent contact with the market and responding to investors' requests in good time, ensuring strict compliance with the principle of equality between shareholders and in order to prevent any imbalance in investors' access to information, the Company has an Investor Relations Office, which operates under the supervision of Director Manuel Maria Calainho de Azevedo Teixeira Duarte, coordinated by José Pedro Poiars Cobra Ferreira, who is the market relations representative duly registered with the Securities and exchange commission (CMVM).

All the information required by investors and available under the rules, regulations and other applicable directives is provided by this Office and may be accessed through the following means of communication:

Address: Lagoas Park, Edifício 2, 2740-265, Porto Salvo, Oeiras  
Telephone: + 351 217 912 415  
Fax: + 351 217 941 108  
E-mail: [representantemercado@teixeiraduarte.pt](mailto:representantemercado@teixeiraduarte.pt)

The Investor Support Office also assures the maintenance of a record of the requests submitted by the different stakeholders and their subsequent treatment.

In addition, the aforementioned Market Relations Representative is also the Company Secretary and, in coordination with the Board of Directors, he discloses information to members of the management and supervisory bodies.

##### 57. Representative for market relations.

As stated in paragraph 56 above, the position of Market Relations Representative is held by José Pedro Poiars Cobra Ferreira.

##### 58. Information on the proportion and response time to requests for information entered during the year or outstanding from previous years.

The average response time to requests for information during 2019 was 4 days.

#### V. INTERNET WEBSITE

##### 59. Address(es).

TD,SA's official website is:

[www.teixeiraduarte.pt](http://www.teixeiraduarte.pt).

TD,SA's official website is:

[www.teixeiraduarte.pt](http://www.teixeiraduarte.pt). The Company provides, on this website, in Portuguese and English, the information which is considered relevant and enables knowledge on its evolution and current reality in economic, financial and governance terms.

##### 60. Location where information can be found on the corporate name, capacity as a public company, head office and other elements mentioned in article 171 of the Commercial Companies Code.

These elements may be consulted at:

[www.teixeiraduarte.pt/investidores/identificacao-da-sociedade](http://www.teixeiraduarte.pt/investidores/identificacao-da-sociedade).

##### 61. Location where the articles of association and operating regulations for the bodies and/or committees or commissions.

The Company's Articles of Association can be found at: [www.teixeiraduarte.pt/investidores/estatutos](http://www.teixeiraduarte.pt/investidores/estatutos).

As noted above, there are no operating regulations for the bodies and/or committees or commissions.

**62. Location where information is provided on the identity of the members of the governing bodies, representative for market relations, Investor Support Office or equivalent structure, respective duties and means of access.**

The information on the representative for market relations and the Investor Support Office may be consulted at: <http://www.teixeiraduarte.pt/investidores/gabinete-apoio-investidor.html>

The information on the identity of the members of the governing bodies may be consulted at: <http://www.teixeiraduarte.pt/investidores/orgaos-sociais/orgaos-sociais-teixeira-duarte-sa.html>.

**63. Location providing the documents presenting the accounts, which should be accessible for at least five years, as well as the six-monthly calendar of corporate events, disclosed in the beginning of each semester, including, among others, general meetings, disclosure of annual, six-monthly and, when applicable, quarterly accounts.**

The accounting documents dating back to the incorporation of the company in 2009 can be consulted at: [www.teixeiraduarte.pt/investidores/informacao-financeira](http://www.teixeiraduarte.pt/investidores/informacao-financeira).

The six-monthly calendar of corporate events can be viewed at: [www.teixeiraduarte.pt/calendario-do-investidor](http://www.teixeiraduarte.pt/calendario-do-investidor).

**64. Location disclosing the call notice of a general meeting and all the preparatory and subsequent information related to this meeting.**

All the elements related to the General Meetings of TD,SA may be consulted at: [www.teixeiraduarte.pt/assembleias-gerais](http://www.teixeiraduarte.pt/assembleias-gerais).

**65. Location providing the historical record with the deliberations taken at the company's general meetings, the share capital represented and the results of the voting, relative to the preceding 3 years**

All these elements may be consulted at: [www.teixeiraduarte.pt/assembleias-gerais](http://www.teixeiraduarte.pt/assembleias-gerais).

## D. REMUNERATIONS

### I. COMPETENCE FOR DETERMINATION

**66. Indication of competence to determine the remuneration of the governing bodies, members of the executive committee or chief executive officer and senior managers of the company.**

Pursuant to article 11 of the Articles of Association of TD,SA and under the terms established in the Policy of Remuneration of

the Management and Supervisory Bodies of the Company, the Remuneration Commission is competent to determine the remuneration of the governing bodies.

It should also be noted, as has already been clarified, there is no executive committee or chief executive officer, hence, in this regard, this issue is not applicable to TD,SA.

However, based on the criterion set out in Article 3(1)(25) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, the only leaders of TD,SA are its own Directors. Because there are no non-executive directors, no rule on this matter is envisaged.

The Remunerations Committee is elected for a period of four years and the term of office for the 2019-2022 four-year period is in progress.

### II. REMUNERATION COMMITTEE

**67. Composition of the remuneration committee, including identification of natural or legal persons contracted to provide support and statement of the independence of each member and adviser.**

Until the General Meeting of 27 May 2019, the Remunerations Committee consisted of the following people, elected at the General Meeting of 30 May 2015, to perform duties during the 2015/2018 terms of office:

- Pedro Maria Calainho Teixeira Duarte
- António Carlos Calainho de Azevedo Teixeira Duarte
- Maria da Conceição Maia Teixeira Duarte

After the General Meeting of 27 May 2019 and during the 2019/2022 term of office, the Remunerations Committee is made up of the following people:

- Pedro Maria Calainho Teixeira Duarte
- António Carlos Calainho de Azevedo Teixeira Duarte
- Manuel Ferreira

The Chairman of the Remunerations Committee Pedro Maria Calainho Teixeira Duarte is not considered to be independent from the members of the Board of Directors, since he is also the Chairman of that management body.

Since TD,SA is controlled by companies held by members of the Teixeira Duarte family, it is natural that they are part of the Remuneration Committee. This has traditionally been the practice followed for decades, always in accordance with the rules and recommendations established by the Portuguese securities

and exchange commission (CMVM) at any given time on remuneration for members of the Body of Directors, so no reasons to change it are envisaged.

It is important to stress that this is a Company which, following the example of the Group's former holding company ("Teixeira Duarte - Engenharia e Construções, S.A."), with its own specific way of acting and its strongly distinctive business image, has adopted a very particular way of being and a healthy management policy which has been recognised as such by the public and market.

In addition, no natural or legal persons have been engaged to assist the Remunerations Committee in the performance of its duties, as decided by the Committee itself.

Moreover, we disclose that the external auditor, under its competence, is responsible for verifying the application of the policies and systems of remuneration of the governing bodies, as established in Recommendation number VII.2.4..

For the purposes of Recommendation no. V.2.5., it is reported that the Chairman of the Remuneration Committee and, generally, the other members are always present at the Annual General Meetings of the Company.

#### 68. Knowledge and experience of the members of the remuneration committee on matters of remuneration policy.

Pedro Maria Calainho Teixeira Duarte and António Carlos Calainho de Azevedo Teixeira Duarte have remuneration policy and experience, taking into account that they have performed these duties for several years in other companies.

### III. STRUCTURE OF THE REMUNERATIONS

#### 69. Description of the policy of remuneration of the management and supervisory bodies referred to in article 2 of Law number 28/2009, of 19 June.

The Remuneration Committee of TD,SA issued the respective remuneration policy statement relative to the members of the Management and Supervisory Bodies, which was approved unanimously at the General Meeting of this company, held on 27 May 2019, where the contents of this statement are reproduced below:

##### I. REGULATORY FRAMEWORK

According to the provisions laid down in Law no. 28/2009, of 19 June, and article eleven of the company's articles of incorporation, this Committee is responsible for submitting a statement on the remuneration policy for members of this company's adminis-

tration and oversight bodies on an annual basis for the approval of the General Meeting; in addition to this piece of legislation, consideration should be given to article 399 of the Commercial Companies Code.

##### II. SCOPE OF THE STATEMENT

Depending on the corporate model adopted by "Teixeira Duarte, S.A.", this statement covers all members of the Board of Directors, the Audit Committee and the official accounts auditor company.

##### III. INTRODUCTION:

This "Statement on the Remuneration Policy for Members of Management and Supervisory Bodies" was prepared by taking into account the historical situation and framework of the issue within the Teixeira Duarte Group over the years, in addition to the applicable legal provisions.

##### IV. BOARD OF DIRECTORS:

In terms of the Board of Directors, the Remunerations Committee must determine the amounts of the fixed and variable components of its remunerations, based on guidelines linked to the Company's overall performance and results, as well as the overall activity of the management body, with reference to targets that are set.

The remuneration policy and its implementation under the terms described herein should take into account the company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge.

The variable amount should be established for each member of the Board of Directors as supplementary remuneration and performance bonus, where this component is totally unrelated to the evolution of the stock market price of the Company's shares, but rather depends on the evolution of corporate business, financial indicators such as net indebtedness and financial autonomy, dedication by each member to the achievement of the tasks and objectives inherent to their respective duties, as well as the net income for the year and corresponding policy on its appropriation, which has progressively favoured the reinforcement of the Company's equity and ensuring the continued and balanced distribution of dividends to shareholders.

No Director is entitled to any right to the variable component of his remuneration until its specific attribution by this Remuneration Committee. Likewise, there is no provision stipulating the possibility of the payment of the variable component taking

place, totally or partially, after the calculation of the accounts for the years corresponding to the entire term of office. Furthermore, there are no mechanisms limiting the variable remuneration, in the event of the net income showing a considerable deterioration in the company's performance in the last reported year or when such is expected for the year in progress.

However, the Committee should consider whether a significant part of the variable remuneration should be deferred for a period not less than three years, and if its payment should be subject to the continued positive performance of the company over this period, where this is defined as the occurrence of at least one of the following facts:

- Increased equity;
- Average EBITDA for 2019 to 2021 above the EBITDA recorded for 2018;
- Average Consolidated Net Income for 2019 to 2021 above the Consolidated net income for 2018.

There will be no system for the attribution of shares or rights to acquire options on shares or any other share incentive scheme.

For the overall remuneration of the members of the Board of Directors, no sum will be paid in the form of profit-sharing.

The Directors of "Teixeira Duarte, S.A." should not receive any remuneration, of any nature, paid by companies that are in a controlling or group relationship with it.

There should not be any other relevant non-cash benefits, apart from those established by this Committee.

The members of the Board of Directors will be paid daily allowances under the terms and with the amounts usually set for other employees of "Teixeira Duarte, S.A.", specifically when traveling at the service of the Company.

No sums have been paid, and nor are there any foreseen sums payable, relative to the dismissal or termination of office of Directors.

#### V. SUPERVISORY BOARD:

All the members of the Supervisory Board should, pursuant to the current system established in the Commercial Companies Code, receive a fixed remuneration for the performance of the duties inherent to their respective positions, determined by this Remuneration Committee, where none of these members should

receive any other retribution from "Teixeira Duarte, S.A." or other company with which it was in a controlling or group relationship, in particular for any other services provided to these entities.

Likewise, and as referred to above on the Management Board, there should not be any scheme for the attribution of shares and/or rights to acquire options on shares and/or any other share incentive scheme, nor any sum paid under the form of profit-sharing, nor any other relevant non-cash benefits.

#### VI. CHARTERED ACCOUNTANT:

The remuneration of the Chartered Accountants Firm should be determined in accordance with the volume and quality of the services provided in the context of the duties entrusted under the terms of the Law and Articles of Association.

In the case of "Teixeira Duarte, S.A.", this supervisory body is responsible for conducting all the examinations and verification required for the review and legal certification of the Company's accounts, for which an amount should be established in the form of an annual overall value to be paid under the terms and within the periods of time defined with the Board of Directors, according to its sensitivity and monitoring of the business and activity of this Supervisory Body.

It should be noted in particular that this same Chartered Accountants Firm also provides legal review of accounts and auditing services, exclusively of the same nature, to other entities included in the Teixeira Duarte Group, receiving the corresponding retributions from these companies, whose overall value shall be disclosed under the terms of the Law, especially through the publication of the Corporate Governance Report.

Since the Supervisory Board has played an active role in monitoring the work of the Chartered Accountants Firm, this board should be consulted in order to issue an opinion on the establishment of the remunerations of this firm.

#### VII. CONCLUSION:

Therefore, it shall be based on the remuneration policy presented above that this Committee should, specifically, establish the exact values of the remunerations of the members of the indicated management and supervisory bodies of the company, in accordance with the personal opinion of their members, expressed in a deliberation drawn up in minutes and whose content is then communicated to the Board of Directors for implementation, under the strict terms defined therein.



*These amounts shall be disclosed annually whenever so required by the law, especially in the Corporate Governance Reports.*

*To conclude, it is emphasised that many of the aspects established above seek to comply with the applicable regulations, and may be altered in accordance with any changes that these rules might undergo.*

**70. Information on how the remuneration is structured so as to permit the alignment of the interests of the members of the management board with the long-term interests of the company, as well as on how it is based on the assessment of performance and discourages excessive risk taking.**

In addition to the obligations inherent to performing the duties themselves, the Directors' remuneration is determined such as to align their interests with those of the Company. Indeed, the remuneration is determined by this Committee elected at the General Meeting, which establishes these values in accordance with guidelines related to the performance and results of the Company as a whole, as well as the overall activity of the management board, relative to the defined objectives, taking into account the conditions and amounts of the remunerations of the other employees of the company 100% held by it, Teixeira Duarte - Engenharia e Construções, S.A.

The establishment of remunerations also takes into account the company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge.

In addition, in determining the remuneration received by members of the Board of Directors, account is taken of the fact that some of these members have duties and positions in other Group entities, as part of which they exercise management and management powers in greater proximity to the actions of the companies and with direct responsibility for them.

**71. Reference, if applicable, to the existence of a variable component of the remuneration and information on any impact of the assessment of performance on this component.**

As set out in the "Statement on the Remuneration Policy for Members of Management and Supervisory Bodies", described in item 69, Director remuneration consists of a variable component - known as "performance bonuses" - which are awarded within the scope and limits of the distribution of part of the results - prior to the calculation of the final net results (which already include these amounts, posted as an expense for the financial year) - to employees and members of the Board of Directors,

as resolved at the respective Annual General Meetings. This bonus is subsequently set based on the terms, conditions, amounts and periods to be established by the Remunerations Committee, taking into account the stipulations of the current "Declaration on the Remunerations Policy for the Company's Administration and Supervisory Bodies".

This variable component of remuneration is unrelated to the evolution of the stock market prices of the Company's shares, but rather depends on the evolution of corporate business, financial indicators such as net debt and financial autonomy, the dedication shown by each member in the accomplishment of the tasks and objectives inherent to their duties, as well as the net income for the year and the corresponding policy of its appropriation, which has also always prioritised the reinforcement of the Company's equity and assurance of the continued and balanced distribution of dividends to shareholders.

Accordingly, there is no maximum ceiling for each component, but rather an attribution in conformity with the parameters identified above, the remuneration policy defined for the Company, and the assessment of the performance and execution of duties of each Director. The variable component has always been reasonable as a whole in relation to the fixed component.

Although part of the variable component attributed by the Remuneration Committee may be deferred over time, it is important to note that no Director is entitled to any right to the variable component of his remuneration until a specific allocation has been made by the Remuneration Committee, under the terms and on the grounds established by this committee.

It is also reported that the members of the Board of Directors did not enter into contracts, either with the company or with third parties, that would have the effect of mitigating the risk inherent to the variable nature of the remuneration set for them by the company.

**72. Deferral of the payment of the variable component of remuneration, mentioning the period of deferral**

As decided by the Remunerations Committee, part of the variable component will be paid in October 2022, on a date to be set by the Remunerations Committee. This payment shall depend on the continuation of the Company's positive performance over the financial years 2019 to 2022, defined as the occurrence of at least one of the following facts:

- Increase in equity, in relation to 31 December, 2018;
- Average EBITDA for 2019 to 2021 above the EBITDA recorded for 2018;

- Average Consolidated Net Results for the financial years 2019 to 2021 higher than 10 million euros.

**73. Criteria underlying the attribution of variable remuneration in shares as well as on the holding, by the executive directors, of these shares, on any conclusion of contracts relative to these shares, namely, hedging or risk transfer contracts, the respective limit, and their relation to the value of the annual total remuneration.**

Not applicable. The variable retribution is not attributed in shares and no contracts have been signed with the characteristics described above.

**74. Criteria underlying the attribution of variable remuneration in options and indication of the deferral period and price for exercise of the option.**

Not applicable. The variable retribution is not attributed through options.

**75. Main parameters and grounds of any system of annual bonuses and any other non-cash benefits.**

Bonuses - known as "performance bonuses" - are awarded under the scope and within the limits of the distribution of part of the results - prior to the calculation of the final net results (which already include these amounts, posted as an expense for the financial year) - to employees and members of the Board of Directors, as resolved at the respective Annual General Meetings. This bonus is subsequently set based on the terms, conditions, amounts and periods to be established by the Remunerations Committee, taking into account the stipulations of the current "Declaration on the Remunerations Policy for the Company's Administration and Supervisory Bodies".

Therefore, the Remuneration Committee takes into consideration, in the attribution of annual bonus, the performance and net income of the Company as a whole, as well as the overall activity of the management board, in view of the defined objectives, taking into account the conditions and values of the remunerations of its employees and the other employees.

The annual bonuses were established taking into account the Company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge, as already indicated above.

Furthermore, no relevant non-cash benefits were attributed to the Directors of the Company.

**76. Main characteristics of schemes for supplementary pensions or early retirement pensions for the directors and date on which they were approved at the general meeting, on an individual basis.**

Regarding any retired former Directors, it should be mentioned that the Remuneration Committee is responsible for establishing all the amounts paid in this context, under all circumstances. The aforesaid Remuneration Committee is also responsible for conducting an annual review of the amounts attributed.

As to the attribution of supplementary pension schemes, the actual Articles of Association establish, in article 22, transcribed below, the terms and criteria on which the Remuneration Committee should base the establishment of such amounts:

#### ARTICLE TWENTY TWO

*ONE - When people who have performed duties as Directors cease to hold office, the Company may grant them a retirement pension for life, whenever they meet one of the following requirements:*

*a) Have held that position in this Company for over ten years, counting, for the effect, the years of service under the same position at "Teixeira Duarte - Engenharia e Construções, S.A.";*

*b) Have provided, even with a shorter period of holding this position, a total of over twenty-five years of service to this Company, counting, for the effect, the years of service at "Teixeira Duarte - Engenharia e Construções, S.A.";*

*TWO - The value of this pension will be determined taking into consideration the time or relevance of the services provided and the situation of the beneficiary, and should be reviewed on an annual basis but can never be greater than the highest remuneration received any given time by the permanent Directors.*

*THREE - Through delegation of the General Meeting, hereby established, the Remuneration Committee referred to in Article Eleven will be responsible for the assessment of the cases submitted to it and establishing the values and other procedures for the award of pensions.*

The General Meeting reserves the right to appoint the members of the Remuneration Committee which is exclusively competent to decide on these matters.

The determination of the Memorandum and Articles of Association referred to above does not invalidate that the Remuneration

Committee may submit such a matter to the General Meeting, however, this has actually never taken place because this has never proved necessary or appropriate in view of the established statutory rule.

To all due effects, it is reported that at no time between the incorporation of the company, in 2009, and today's date has the General Meeting approved any retirement benefit systems being established for members of corporate bodies, as this competence is expressly assigned to the Remuneration Committee, under the terms of the aforementioned provisions of the articles of incorporation.

#### IV. DISCLOSURE OF THE REMUNERATIONS

77. Indication of the annual value of the remuneration received, as a whole and individually, by the members of the management bodies, derived from the company, including fixed and variable remuneration and, relative to the latter, reference to its different components.

During 2019, the remunerations, in a broad sense, received individually by the members of the Board of Directors, were as follows:

	Fixed remuneration	Variable remuneration			Sub-Total	Travel compensation	Total
		Created in 2019	Created in 2013	Created in 2012			
Board of Directors							
Mr. Pedro Maria Calainho Teixeira Duarte	115,000.00	5,000.00	-	15,000.00	135,000.00	-	135,000.00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	138,100.00	5,000.00	15,000.00	-	158,100.00	19,791.95	177,891.95
Mr. Carlos Gomes Baptista	137,200.00	5,000.00	15,000.00	-	157,200.00	16,462.50	173,662.50
Engineer Maria da Conceição Maia Teixeira Duarte	20,557.58	-	-Brasil	-	20,557.58	-	20,557.58
Mr. Diogo Bebianho Branco de Sá Viana Rebelo	137,200.00	5,000.00	15,000.00	-	157,200.00	12,593.40	169,793.40
Engineer Joel Viana de Lemos (a)	49,000.00	-	-Brasil	-	49,000.00	1,051.65	50,051.65
	597,057.58	20,000.00	45,000.00	15,000.00	677,057.58	49,899.50	726,957.08

(a) - Served until 31 May 2019

In addition to the information indicated above on the amounts paid, it is reported that in 2019 the Remuneration Committee decided to award variable remuneration amounts to the members of the Board of Directors, part of which were paid in the same year - which are indicated above on the map - and part of which were deferred to 2022, the respective payment of this part being dependent on each of the members of the Board of Directors in question continuing to perform their functions and the positive performance of "Teixeira Duarte, S.A." throughout that period, with this being defined as the occurrence of at least one of the following facts:

- Increase in equity, in relation to 31 December, 2018;

- Average EBITDA for 2019 to 2021 above the EBITDA recorded for 2018;
- Average Consolidated Net Results for the financial years 2019 to 2021 higher than 10 million euros.

Board of Directors	Variable remuneration paid in 2019		
	For 2019	For 2022	Total
Mr. Pedro Maria Calainho Teixeira Duarte	5,000.00	10,000.00	15,000.00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	5,000.00	10,000.00	15,000.00
Mr. Carlos Gomes Baptista	5,000.00	10,000.00	15,000.00
Mr. Diogo Bebianho Branco de Sá Viana Rebelo	5,000.00	10,000.00	15,000.00
	20,000.00	40,000.00	60,000.00

**78. Amounts paid, for any reason, by other companies in a controlling or group relationship or which are subject to common control.**

During 2019, the members of the Board of Directors did not receive any remuneration, of any nature, paid by other companies that are in a controlling or group relationship with TD,SA.

**79. Remuneration paid in the form of profit-sharing and/or payment of bonuses and the reasons for the granting of such bonuses and/or profit-sharing.**

In the overall remuneration of the members of the Board of Directors, no sum is paid in the form of profit-sharing.

In effect, members of the Board of Directors are paid a premium amount - known as the "performance premium" - which is allocated within the limits of distribution of part of the results of the financial year in question, to employees and members of the Board of Directors. This is decided at the respective Annual General Meetings and the terms, conditions, amounts and deadlines of the allocation are subsequently established by the Remuneration Committee, taking into account the stipulations of the current "Statement on the Remunerations Policy for Administration and Company Oversight Bodies".

In 2019, the bonuses that were paid were established due to the performance and results of the Company as a whole, as well as by the activity of the management body as a whole, compared to the targets that had been set, taking into account the remuneration conditions and amounts of its employees and other workers.

The establishment of the bonuses also took into account the Company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge.

**80. Compensation paid or owed to former executive Directors relative to their termination of office during the financial year;**

No compensation has been paid, or is owed, to any former executive Directors relative to their termination of office during the financial year.

**81. Indication of the annual value of the remuneration received, as a whole and individually, by the members of the supervisory bodies, pursuant to Law number 28/2009, of 19 June.**

All the members of the Supervisory Board receive, under the current system established in the Commercial Companies Code, and as determined by the Remuneration Committee,

fixed remunerations for the performance of the duties inherent to their respective positions.

Thus, during 2019, the remunerations received by the members of the Supervisory Board of TD,SA were distributed as follows:

Supervisory Board	Fixed remuneration	Variable remuneration	Total Remuneration
Óscar Manuel Machado de Figueiredo	30,000.00	-	30,000.00
Dr. João Salvador dos Santos Matias	10,500.00	-	10,500.00
Dr. Ana Cristina Louro Ribeiro Doutor Simões	10,500.00	-	10,500.00
Dr. Mateus Moreira (a)	7,500.00	-	7,500.00
Miguel Carmo Pereira Coutinho (a)	7,500.00	-	7,500.00
	66,000.00	-	66,000.00

(a) - Served until 31 May 2019

All the amounts listed above for the remuneration of members of the Supervisory Board were paid during the 2019 financial year, so there are no installments with payments deferred over time.

The annual fees billed by the Official Accounts Auditor Company "MOORE STEPHENS & ASSOCIADOS, SROC, S.A." to Teixeira Duarte, S.A. for the services provided to this and other Group companies, amounted to a total of 331,535 euros, distributed as follows:

	TDSA	Subsidiaries
Legal review of accounts services for the Group	61,000.00	270,535.00
Other reliability assurance services	-	-
Tax advisory services	-	-
Services other than legal review of accounts	-	-
	61,000.00	270,535.00

Furthermore, it should also be noted that, as established in the Policy of Remuneration of the Management and Supervisory Bodies, the remuneration of the members of the supervisory body does not include any component whose value depends on the performance of the company or its value.

**82. Indication of the remuneration of the chairman of the board of the general meeting for the year in question.**

With the exception of the said Secretary of the Board of the General Meeting, the remaining members of this Board, under the current system established in the Commercial Companies Code, namely the provisions in 422-A, through number 3 of ar-



title 374-A, receive a fixed remuneration for the performance of the duties inherent to the respective positions, determined by the Remuneration Committee established in article 11 of the Articles of Association.

Under these terms, it is disclosed that the remuneration of the Chairman of the Board of the General Meeting was € 5,000.00 (five thousand euros) during 2019.

## V. AGREEMENTS WITH REMUNERATIVE IMPLICATIONS

**83. Contractual limitations established for the compensation payable for dismissal without fair grounds of a director and its relationship with the variable component of the remuneration.**

There is no contractual limit established for the compensation payable for the unfair dismissal of a member of the Board of Directors, considering, firstly, that no contract was signed for the performance of the duties of the position of Director, nor is any agreement signed on any possible compensation payable for fair or unfair dismissal. The existence of a contractual limit under the terms referred to above would be incoherent, in view of the characteristics of the existing relationship between the Company and the members of its Management board.

It should be noted that, pursuant to Recommendation number V.3.6, no legal mechanisms have been established, apart from those stipulated by the law, for any indemnity or compensation, apart from that legally owed, to be payable when the dismissal of the director neither arises from serious breach of duties nor from incapacity for the normal performance of his duties but, even so, can be attributed to inadequate performance.

There has never been a situation of dismissal of a Director since the incorporation of the company, nor the payment of any compensation for termination of a contract, so it is therefore considered inappropriate to establish any legal mechanisms in the sense described above.

**84. Reference to the existence and description, indicating the amounts involved, of agreements between the company and members of the management board and senior managers, in observance of number 3 of article 248-B of the Securities Market Code, which establish compensation in the case of resignation, unfair dismissal or termination of the work relation following a change of control of the company. (Article 245-A, number 1, subparagraph I).**

There are no agreements with these characteristics. The Company follows the policy of not undertaking any payments related to the early termination of the exercise of duties by the Directors

or other senior managers, as well as not signing any agreements relative to these matters.

## VI. PLANS TO ATTRIBUTE SHARES OR STOCK OPTIONS

### 85. Identification of the plan and respective beneficiaries.

There are no plans relative to the attribution of shares or attribution of options for the acquisition of shares.

**86. Characterisation of the plan (conditions of attribution, clauses on the inability to dispose of shares, criteria relative to the price of the shares and price for the exercise of options, period during which the options can be exercised, characteristics of the shares to be attributed, existence of incentives for the acquisition of shares and/or exercise of options).**

As described in 85 above, there are no plans relative to the attribution of shares or attribution of options for the acquisition of shares, hence the present provision is not applicable.

**87. Option rights attributed for the acquisition of shares (stock options) whose beneficiaries are the company's workers and employees.**

As described in 85 above, there are no plans relative to the attribution of shares or attribution of options for the acquisition of shares, hence the present provision is not applicable.

**88. Control mechanisms established for any system of participation of the workers in the share capital to the extent that voting rights are not exercised directly by them (Article 245-A, number 1, subparagraph e)).**

There is no system of participation of the workers in the share capital, therefore there is no justification for the existence of control mechanisms to the extent that the voting rights are not exercised directly by them.

## E. TRANSACTIONS WITH RELATED PARTIES

### I. CONTROL MECHANISMS AND PROCEDURES

**89. Mechanisms implemented by the company for the purpose of control of transactions with related parties (the concept arising from IAS 24 is used for this effect).**

All transactions between entities of the Teixeira Duarte Group with related parties are conducted at market prices. The Concept is clear and undertaken by all business managers of the different areas of the Group who deal with related parties.

This attitude is transversal to all transactions of this nature, in

other words, any transfer of resources, services or obligations between related parties, regardless of the existence of a price debit.

In addition to these general guidelines, all transactions between related parties are recorded electronically on a global basis by the Group. In addition to the business managers themselves, these electronic records can be accessed by the finance, accounting and audit teams, as well as the Board of Directors and, in addition, the supervisory bodies of the Company and Group.

It should be noted in this regard that, on 5 February 2018, the Board of Directors of TD,SA approved the new "Code of Ethics and Conduct of the Teixeira Duarte Group", mandatory for all Directors, employees and other representatives of those entities, under the terms defined in that document.

An excerpt of this text on "Customers and Suppliers" is quoted below:

#### 5.2.2. Selection Criteria

*Employees must act - and encourage the Indirect Recipients of this Code to also act - so that the decisions made by the clients and to be taken relatively by the suppliers follow objective, technical and professional selection criteria, that aim at the efficiency of the decision and safeguard the interests of the entities they represent, repudiating any possible criteria that privilege personal or diffuse interests, as well as any actions constituting power or position abuse.*

#### 5.2.3. Conflicts of Interest, Corruption and Reporting Illicit Acts

*Employees must act - and ensure that the indirect recipients of this Code also act, to assess possible situations of conflicts of interest, which should be avoided. They must also actively and passively forbid any corrupt behavior, including payments or receiving facilitations, or creating, maintaining or promising irregular or favorable situations.*

*Furthermore, Employees shall be obliged to report - and encourage the Indirect Recipients of this Code to also report - any information that constitutes misconduct, including those that constitute possible illegal or illicit practices in financial and accounting matters, fraud, corruption and money laundering, as well as any actions related, directly or indirectly, to terrorist entities or those that may target or support terrorist practices.*

It should be remembered that the Code of Ethics and Conduct is mandatory for all employees (this concept includes directors, employees and other representatives of Teixeira Duarte

Group entities) and that any failure to apply the code may lead to disciplinary procedures and sanctions. Therefore, given this comprehensiveness and effective relationship - which has been considered efficient - the management body has not defined, as suggested by Recommendation I.5.1., the type, scope and individual or aggregated minimum value of business with related parties that: (i) requires prior approval of the management body (ii) and business that also requires a favourable opinion in advance from the supervisory body, because it is of a higher value.

#### 90. Indication of transactions which were subject to control during the year under review.

In this context and in view of the mechanisms referred to above, all the transactions with related parties were subject to control under the aforesaid terms. These transactions with related parties and their respective balances and additional information may be consulted in Note 29 of the Notes to the Consolidated Financial Statements as at 31 December 2019.

91. Description of the procedures and criteria applicable to the intervention of the supervisory body for the effects of the prior assessment of transactions to be carried out between the company and owners of the qualifying holdings or entities which are in any relationship with it, under the terms of article 20 of the Securities Market Code.

There are no procedures or criteria under the aforementioned terms, since the type of transactions carried out between the Company and holders of qualified shareholdings are of a current nature and for carrying out the activity, which is considered to be a matter over which the Board of Directors has exclusive responsibility and competence. They are naturally for the purpose of operations carried out under normal market conditions and it is deemed inappropriate to subject these transactions to prior opinions of the supervisory bodies.

## II. ELEMENTS RELATIVE TO BUSINESS

92. Indication of the location of the documents presenting the accounts with available information on business with related parties, in accordance with IAS 24, or, alternatively, reproduction of this information.

The information on business with related parties, in accordance with IAS 24, is reproduced in Note 29 of the Notes to the Consolidated Financial Statements as at 31 December 2019.

#### 1. Identification of the adopted corporate governance code

The Corporate Governance Code to which the company

is subject or has voluntarily decided to adopt should be identified, under the terms and for the effects of article 2 of the present Regulation.

In addition to the applicable legislation and regulations, specifically the Commercial Companies Code, the Securities Code and the CMVM Regulations, in particular Regulation no. 4/2013, TD,SA opted to adopt the Corporate Governance Code of the Portuguese Institute of *Corporate Governance* (IPCG).

Indication of the location where the texts on corporate governance codes to which the issuer is subject (Article 245-A, number 1, subparagraph p).

The aforementioned Corporate Governance Code issued by the IPCG can be consulted at [www.cgov.pt](http://www.cgov.pt).

## 2. Analysis of compliance with the adopted corporate governance code

Under the terms of article 245-A number 1, subparagraph o), the statement on the endorsement of the corporate governance code to which the issuer is subject should be presented, specifying which, if any, parts of this code there is divergence and the reasons for this divergence.

The information to be presented should include, for each recommendation:

- a) Information which enables appraising compliance with the recommendation or reference to the point of the report where the issue is discussed in detail (chapter, title, point and page);
- b) Justification for any non-compliance or partial compliance;
- c) In the case of non-compliance or partial compliance, identification of any alternative mechanism adopted by the company for the effect of pursuing the same objective of the recommendation.

These lines are subject to simultaneous development, given their interconnection.

Out of the 60 Recommendations included in the aforementioned Corporate Governance Code of the IPCG, the Company does not adopt number fourteen and partially adopts number nine.

The table below provides the reproduction of the text of these Recommendations with the same numbering of the aforementioned Corporate Governance Code, followed by an indication of their adoption or not and reference to the point in this Report

where such matter is described or where, observing the principle of "comply or explain", any non-adoption is justified.

Recommendation		Adoption	Reference
I.	GENERAL PART		
I.1.	The company's relationship with investors and information		
I.1.1.	The company must put in place mechanisms to ensure, in an appropriate and rigorous manner, the production, processing and timely disclosure of information to its corporate bodies, shareholders, investors and other <i>stakeholders</i> , financial analysts and the market in general.	Yes	56.
I.2.	Diversity in the make-up and functioning of the corporate bodies		
I.2.1.	Companies must put in place criteria and requirements relating to the suitable profiles of new members of corporate bodies for the role to be performed and, in addition to individual attributes (such as competence, independence, integrity, availability and experience), these profiles must consider diversity requirements, paying particular attention to gender, which may contribute to improving the performance of the body and to balancing its respective composition.	Yes	18
I.2.2.	The management and supervisory bodies and their internal committees must have internal regulations - specifically on exercising the respective attributes, chairmanship, meeting frequency, operation and framework of duties of their members. Detailed minutes must be kept of the respective meetings.	No	18 and 22.
I.2.3.	The internal regulations of the management and supervisory bodies and their internal committees shall be disclosed in full on the website.	Not applicable.	18 and 22.
I.2.4.	The composition, and the number of annual meetings of the management and supervisory bodies and their internal committees must be disclosed on the company's website.	Yes	23.
I.2.5.	The company's internal regulations shall provide for the existence, and ensure the operation of mechanisms for detecting and preventing irregularities, as well as the adoption of a policy for reporting irregularities ( <i>whistle blowing</i> ), which guarantees appropriate means for communicating and handling such reports, while safeguarding the confidentiality of the information that is transmitted and the identity of the reporter, whenever requested.	Yes	49.
I.3.	The company's relationship with investors and information		
I.3.1.	The articles of association or other equivalent means adopted by the company must put mechanisms in place to ensure that, within the limits of applicable legislation, members of the management and supervisory bodies are permanently allowed access to all information and company employees for the assessment of the performance, situation and development prospects of the company, specifically including minutes, documentation supporting decisions taken, notifications of meetings and archives of meetings of the executive management body, without prejudice to access to any other documents or persons from whom clarification may be requested.	Partial	18 and 22.
I.3.2.	Each of the company's bodies and committees must, in a timely and appropriate manner, ensure the flow of information, from the time of the respective meeting notifications and minutes, which is necessary to allow each of the other bodies and committees to exercise their legal and statutory powers.	Yes	12, 18 and 22.
I.4.	Conflict of interests		
I.4.1.	Members of corporate bodies and committees must be required to inform the respective body or committee, in a timely manner, of any facts that may constitute or give rise to a conflict between their interests and the company's interest.	Yes	89.
I.4.2.	Procedures must be put in place to ensure that the member affected by the conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and clarification as requested by the body, the committee or its members.	Yes	89.
I.5.	Transactions with related parties		
I.5.1.	The management body must define, based on a prior and binding opinion of the supervisory body, the type, scope and minimum individual or aggregate value of business with related parties that: (i) requires prior approval of the management body (ii) and business that also requires a favourable opinion in advance from the supervisory body, because it is of a higher value.	No	10. and 89.
I.5.2.	The management body must report all business covered by Recommendation I-5-1 to the supervisory body, at least once every six months.	Yes	18, 22 and 89.
II.	SHAREHOLDERS AND GENERAL MEETING		



	Recommendation	Adoption	Reference
II.1.	The company shall not set an excessively high number of shares required to confer the right to one vote, and must explain its choice in the governance report its choice whenever this implies a deviation from the principle that each share corresponds to one vote.	Yes	1 and 12
II.2.	The company should not adopt mechanisms which hinder the taking of deliberations by their shareholders, in particular establishing a deliberative quorum greater than that stipulated by law.	Yes	14.
II.3.	The company must put adequate means in place to allow voting rights to be exercised by correspondence, including electronically.	Partial	12.
II.4.	The company must put adequate means in place for shareholders to participate in the meeting by telematic means.	No	12.
II.5.	Any articles of association of the company which set a limit on the number of votes which may be held or exercised by a single shareholder, individually or jointly with other shareholders, must also establish the commitment that at least every five years the maintenance or not of this statutory provision will be subject to deliberation at the General Meeting - with no requirement of a quorum larger than that legally established - and that in this deliberation all the votes cast will be counted, without the application of the above limit.	Not applicable.	5 and 13
II.6.	Measures must not be adopted that determine payments or the assumption of burdens by the company in the event of a change in control or of a change in the composition of the management body, if they are likely to undermine economic interest in the transfer of shares and the free appraisal by shareholders of the performance of directors.	Yes	4 and 6
III.	<b>NON-EXECUTIVE MANAGEMENT AND SUPERVISION</b>		
III.1.	Without prejudice to the legal duties of the Chairman of the Board of Directors, if he/she is not independent, the independent directors must appoint a coordinator ( <i>lead independent director</i> ) from among their ranks to, specifically, (i) act, whenever necessary, as a point of contact between the Chairman of the Board of Directors and the other directors, (ii) ensure that they have all of the necessary conditions and means to perform their duties; and (iii) coordinate them for the performance assessment by the management body provided for in recommendation V.1.1.	Not applicable.	18.
III.2.	The number of non-executive members of the management body, as well as the number of members of the supervisory body and the number of members of the committee for financial affairs, must be appropriate for the size of the company and the complexity of the risks inherent to its activity, and sufficient to efficiently ensure the functions undertaken by them.	Yes	18.
III.3.	In any case, the number of non-executive directors must be greater than the number of executive directors.	No	18.
III.4.	No less than one third of the non-executive directors of each company must meet the independence requirements, and these directors must always be plural. For the purposes of this recommendation, a person is deemed to be independent if he or she is not associated with any specific interest group in the company, and he or she is not in any circumstance likely to affect his or her impartiality when conducting analyses or making decisions, specifically by virtue of: <ul style="list-style-type: none"> <li>i. Having held positions in any corporate body for more than twelve years, continuously or with breaks;</li> <li>ii. Having been an employee of the company or companies which are in a controlling or group relationship with the former during the last three years;</li> <li>iii. Having, in the last three years, provided services or established significant business relations with the company or companies which are in a controlling or group relationship with the former, whether directly or as a partner, administrator, manager or director of a legal person;</li> <li>iv. Being a beneficiary of remuneration paid by the company or companies which are in a controlling or group relationship with the former in addition to the remuneration arising from the performance of directorship duties;</li> <li>v. Living in a non-marital partnership or being the spouse or straight line relative or similar, up to and including the 3rd degree, in the collateral line, of directors of the company, of directors of a legal person that holds a qualified stake in the company or of individuals that directly or indirectly hold a qualified holding;</li> <li>vi. Holding a qualifying stake or representing a shareholder holding a qualifying stake.</li> </ul>	No	18.
III.5.	The provisions of paragraph (i) of recommendation III.4 do not preclude the qualification of a new director as independent if, at least three years have elapsed between the end of his or her functions in any corporate body and his or her new appointment ( <i>cooling-off period</i> ).	Not applicable.	18.

	Recommendation	Adoption	Reference
III.6.	Non-executive directors must participate in the definition, by the management body, of the strategy, main policies, corporate structure and decisions that should be considered strategic for the company due to their value or risk, as well as in the assessment of their compliance.	Not applicable.	18.
III.7.	The general and supervisory board shall, within the framework of its legal and statutory powers, co-operate with the executive board of directors to define the strategy, main policies, corporate structure and decisions that should be considered strategic for the company, due to their value or risk, as well as with their compliance assessment.	Not applicable.	18.
III.8.	With regard to the powers conferred upon it by law, the supervisory body must, in particular, monitor, assess and pronounce on the strategic guidelines and risk policy defined by the management body.	Partial	51.
III.9.	Companies must set up specialised internal committees commensurate with their size and complexity, to separately or jointly cover matters of corporate governance, remuneration and performance assessment, and appointments.	Partial	24. and 66.
III.10.	Risk management, internal control and internal audit systems must be structured in terms that are appropriate to the size of the company and the complexity of the risks inherent to its activity.	Yes	50. and 51.
III.11.	The supervisory body and financial affairs committee must supervise the effectiveness of risk management, internal control and internal audit systems, and propose any adjustments that may be necessary.	Partial	51.
III.12.	The supervisory body must pronounce on the work plans and resources related to internal control services, including control of compliance with the standards applied to the company ( <i>compliance services</i> ) and internal audit services, and must be sent the reports drawn up by these services, at least when matters relating to the rendering of accounts, the identification or resolution of conflicts of interest, and the detection of potential irregularities are at issue.	No	51.
IV.	<b>EXECUTIVE MANAGEMENT</b>		
IV.1.	The management body must approve, through internal regulations or equivalent means, the regime for actions taken by executives and their exercising of executive functions in entities outside the group.	No	22.
IV.2.	The management body must ensure that the company acts in accordance with its objectives and that it specifically does not delegate powers with regard to: i) definition of the company's strategy and main policies; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to their value, risk or special characteristics.	Yes	9 and 21
IV.3.	The management body shall set targets for taking on risks, and ensure that they are met.	Yes	53.
IV.4.	The supervisory body must organise itself internally, by implementing mechanisms and periodic control procedures with a view to ensuring that the risks to which the company is effectively exposed are consistent with the objectives set by the management body.	No	51. and 54.
V.	<b>PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS</b>		
V.1.	<b>Annual Performance Assessment</b>		
V.1.1.	On an annual basis, the management body must assess its performance, as well as the performance of its committees and of the managing directors, taking into account compliance with the company's strategic plan and the budget, risk management, its internal operation and the contribution of each member for this purpose, and the relationship between the company's bodies and committees.	Partial	24 and 25
V.1.2.	The supervisory body must supervise the management of the company and, in particular, conduct an annual assessment of compliance with the company's strategic plan and budget, risk management, the internal operation of the management body and its committees, as well as the relationship between company bodies and committees.	Partial	24. and 51.
V.2.	<b>Remuneration</b>		
V.2.1.	The setting of remunerations shall be the responsibility of a committee, the composition of which should ensure its independence from the management.	Yes	66. and 67.

Recommendation	Adoption	Reference
V.2.2. At the beginning of each term of office and on an annual basis, the remuneration committee must approve the implementation and confirmation of the remuneration policy for members of the company's bodies and committees, under the scope of which the respective fixed components are established, and, in the case of executive managers or managers with occasional executive duties, if the remuneration has a variable component, the respective award and measurement criteria, the limitation mechanisms, the mechanisms for deferring the payment of remuneration and the remuneration mechanisms based on share options or shares in the company itself.	Yes	69.
V.2.3. The statement on the policy of remunerations of the Management and supervisory bodies referred to in article 2 of Law number 28/2009, of 19 June, should contain: <ul style="list-style-type: none"> <li>i. The total remuneration broken down by different components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the remuneration policy that has been adopted, including the way in which it contributes to the long-term performance of the company, and information on how the performance criteria have been applied;</li> <li>ii. Remuneration from companies belonging to the same group;</li> <li>iii. The number of shares and share options granted or offered, and the main conditions for exercising the rights, including the price and date of this exercise and any change in these conditions;</li> <li>iv. Information on the possibility of requesting the refund of a variable remuneration;</li> <li>v. Information on any deviation from the procedure for applying the approved remuneration policy, including an explanation of the nature of the exceptional circumstances and an indication of the specific elements subject to the dispensation;</li> <li>vi. Information on the enforceability or non-enforceability of payments relative to the termination of office of directors.</li> </ul>	Yes	69.
V.2.4. For each term of office, the remuneration committee must also approve the directors' pension scheme, if allowed by the articles of association, and the maximum amount of all compensation to be paid to members of any company body or committee due to the respective termination of their functions.	No	76.
V.2.5. In order to provide information or clarification to shareholders, the chairman or, in his or her absence, another member of the remuneration committee must be present at the annual general meeting and at any other meeting, if the respective agenda includes a matter related to the remuneration of members of the company's bodies and committees, or if his or her presence has been requested by the shareholders.	Yes	67.
V.2.6. Within the limits of the company's budget, the remuneration committee must be able to freely decide on whether the company should contract consultancy services that may be necessary or appropriate for performing its duties. The remuneration committee must ensure that services are provided independently and that the respective providers are not contracted to provide any other services to the company itself or to others that are in a control or group relationship with it, without the express authorisation of the Committee.	Yes	67.
<b>V.3. Remuneration of directors</b>		
V.3.1. With a view bringing the interests of the company into line with those of the executive directors, part of their remuneration shall have a variable nature, reflecting the sustained performance of the company and not encouraging the taking of excessive risks.	Yes	70. and 71.
V.3.2. A significant part of the variable component must be partially deferred over time, for a period of not less than three years, and it must be associated with the confirmation of sustained performance, under the terms laid down in the company's internal regulations.	Yes	70, 71 and 72
V.3.4. If the variable remuneration includes share options or other instruments directly or indirectly dependent on the value of the shares, the beginning of the financial year period must be deferred for a period of not less than three years.	Not applicable.	74.
V.3.5. The remuneration of non-executive directors must not include any component whose value depends on the performance of the company or its value.	Not applicable.	66.
V.3.6. The company must have suitable legal instruments in place to ensure that termination of service before the end of the term of office does not directly or indirectly lead to the payment to the director of any amounts other than those provided for by law. The legal instruments that are adopted must be explained in the corporate governance report.	No	83.
<b>V.4. Nominations</b>		
V.4.1. The company must, under the terms it deems appropriate, ensure that proposals for the election of members of corporate bodies are accompanied by justifications in terms of suitability for the profile, knowledge and CV, for the role to be performed by each candidate, in a way that can be demonstrated.	Yes	16 and 17.

	Recommendation	Adoption	Reference
V.4.2.	Unless this is not justified by the size of the company, the role of monitoring and supporting appointments of management staff must be assigned to an appointments committee.	No	27.
V.4.3.	This committee includes a majority of independent non-executive members.	Not applicable.	27.
V.4.4.	The appointments committee shall make its terms of reference available and must, to the extent of its powers, foster transparent selection processes that include effective mechanisms for identifying potential candidates, ensuring that those with the greatest merit and who are best suited to the requirements of the role are selected, and that suitable diversity, including gender diversity is promoted within the organisation.	Not applicable.	27.
VI.	<b>RISK MANAGEMENT</b>		
VI.1.	The management body must discuss and approve the company's strategic plan and risk policy, including the definition of risk levels that are deemed acceptable.	No	54.
VI.2.	Based on its risk policy, the company must put a risk management system in place, identifying (i) the main risks to which it is subjected during the course of its activity, (ii) the likelihood of their occurrence and their respective impact, (iii) the instruments and measures to be adopted with a view to their mitigation, (iv) the monitoring procedures to ensure their monitoring and (v) the system's supervision, periodic assessment and adjustment procedure.	Partial: sub-recommendations (i), (ii), (iv)	53 and 54
VI.3.	On an annual basis, the company must assess the degree of internal compliance and the performance of the risk management system, as well as prospects of change in the previously defined risk framework.	Yes	54.
VII.	<b>FINANCIAL INFORMATION</b>		
VII.1.	<b>Financial Information</b>		
VII.1.1.	The internal regulations of the supervisory body shall require it to supervise the suitability of the management body's process to prepare and disclose financial information, including the suitability of accounting policies, estimates, judgements, relevant disclosures and their consistent application from one financial year to the next, in a duly documented and reported manner.	Partial	55.
VII.2.	<b>Statutory audit and supervision</b>		
VII.2.1.	The supervisory body must use internal regulations to define the following: i. The criteria and selection process for the statutory auditor; ii. The way in which the company communicates with the statutory auditor; iii. The supervisory procedures designed to ensure the independence of the statutory auditor; iv. Services other than auditing that may not be provided by the statutory auditor.	No	45.
VII.2.2.	The supervisory body shall be the main point of contact in the company with the statutory auditor, and the first recipient of the respective reports. It shall be specifically responsible for proposing the respective remuneration and ensuring that suitable conditions for the provision of the services are provided within the company.	No	45.
VII.2.3.	On an annual basis, the supervisory body must assess the work done by the statutory auditor, its independence and suitability for performing the duties. The supervisory body must propose to the competent body its dismissal or termination of the contract for the provision of its services, whenever there is just cause to do so.	Yes	45.
VII.2.4.	The statutory auditor must, within the scope of its competences, verify the application of the remuneration policies and systems for corporate bodies, and the effectiveness and operation of the internal control mechanisms, and must report any deficiencies to the supervisory body.	Yes	51. and 67.
VII.2.5.	The statutory auditor must cooperate with the supervisory body, immediately providing it with information about any irregularities relevant to the duties performed by the supervisory body that it detects, as well as any difficulties that he/she may have encountered during the course of his/her duties.	Yes	41.



### 3. Other information

The company should provide any elements or additional information which, not having been presented in the preceding points, are relevant for the comprehension of the model and governance practices that have been adopted.

At a meeting of its Board of Directors on 13 September 2019, "Teixeira Duarte, S.A." approved - based on current guidelines (Article 1(c)) and Article 4 of Regulatory Order no. 18/2019 - an Equality Plan, in accordance with the provisions of Article 7(a) of Law 62/2017, which, as stipulated in Article 3(3) of Regulatory Order 18/2019, was communicated in the SDI (Information Disclosure System) of the Securities and Exchange Commission, the description of which is disclosed herein:

#### 1. Legal Framework

*Law no. 62/2017, of 1 August, determined that the administration and supervisory bodies of companies issuing shares listed for trading on a regulated market should progressively achieve a balanced composition in terms of gender, which "Teixeira Duarte, S.A." complied with on the occasion of its elective General Meeting held on 27 May 2019.*

*However, Article 7 of this Law no. 62/2017 extended its scope beyond the composition of the administration and supervisory bodies of companies listed on the stock exchange by stipulating that:*

- a) Listed companies must draw up annual equality plans with a view to achieving effective equality of treatment and opportunities between women and men, promoting the elimination of discrimination based on sex and promoting a personal, family and professional life balance, and must publish these plans on their respective website.*
- b) These plans should follow the guidelines for the implementation of equality plans for businesses, available on the website of the Commission for Citizenship and Gender Equality.*

*On 21 June this year, the Office of the President of the Council of Ministers, Finance, Internal Administration and Labor, Solidarity and Social Security published Legislative Order 18/2019, which came into force on the following day and stipulated:*

- a) The procedures for making the communications that are mandatory for public sector corporate entities and companies listed on the stock exchange, under the terms of the provisions of article 7(3) and article 8 (3) of Law 62/2017, of 1 August;*

*b) (...)*

- c) The drafting of Guidelines for the purpose of preparing the annual equality plans, under the terms of the provisions of article 7(1) and (2) of Law no. 62/2017, of 1 August;*

*Within this framework, at a meeting of its board of directors on 13 September 2019, "Teixeira Duarte, S.A." approved an Equality Plan (Article 7(a)), of Law no. 62/2017), based on the Guidelines in force (Article 1(c)) and Article 4 of Legislative Order no. 18/2019), which, as determined in Article 3(3) of Legislative Order 18/2019, is communicated in the IDS (Information Disclosure System) of the Securities and Exchange Commission and is automatically forwarded to the CGE (Commission for Citizenship and Gender Equality) and CEWE (Commission for Equality at Work and in Employment) and published on the company's respective website (Law no. 62/2017).*

#### 2. Framework at Teixeira Duarte, S.A.

*Teixeira Duarte, S.A.'s work is based on its Mission and Values and complies with the UN Human Rights Declarations, the Guiding Principles of the Organization for Economic Cooperation and Development (OECD), the International Labor Organization (ILO), national and international legislation and the 10 principles of the United Nations Global Compact in the fields of Human Rights, Labor Practices, Environment, Anti-Corruption and Bribery, Money Laundering, Terrorist Financing and Competition.*

*"Teixeira Duarte, S.A." has a Code of Ethics and Conduct in force, which is mandatory for all its employees. Its chapter on "Commitments to Labor Rules" expressly sets out the obligations of equal treatment and non-discrimination, as well as the promotion of a family and personal life balance and protection of parenthood.*

*In 2020, Teixeira Duarte, S.A. will have no employees other than members of the corporate bodies. In this regard, Teixeira Duarte, S.A. has a current Diversity Policy for the Management and Supervisory Bodies, approved by the General Meeting.*

*Under this circumstance, it was understood that the most efficient way to achieve effective equal treatment and opportunities between women and men, promoting the elimination of discrimination based on sex and promoting a personal, family and professional life balance, will be to draw up an Equality Plan that presents a set of objectives and measures to be implemented and developed by its subsidiaries in a manner appropriate to the situations of their geographical areas and sectors, as Teixeira Duarte companies operate in six different sectors (construction, concessions and services, real estate, hospitality, distribution and automotive) in 20 countries with very different cultures and*

legal frameworks.

### 3. Scope and Structure of the Equality Plan

This Equality Plan covers the following areas:

- a) Equal access to employment;
- b) Equal working conditions;
- c) Equal pay;
- d) Parenthood protection;
- e) Professional, family and personal life balance.

For each of these areas, this Plan sets out:

- a) Intended objectives;
- b) List of measures to be taken,

it is then the responsibility of each of the Teixeira Duarte Group companies to:

- c) Describe the current situation;
- d) Assess the current situation;
- e) Indicate the goals and plans for achieving the objectives described in this plan, as well as others that they intend to develop according to the respective business situations.

### 4. Actions for equality

#### Objectives

Ensure that the principles of gender equality and non-discrimination are a way of being in the organization that is inherent to the actions of each individual, team or entity.

#### Measures

- a) Give proportionate prominence to the issue of gender equality and non-discrimination during intake training sessions (for all new workers, taking into account the functions to be performed or that may be performed);
- b) Explain this matter in subsequent Managements Reports and equivalents;
- c) Implement a specific system to understand, act, set targets and goals and monitor them. Set up a multidisciplinary and internal structure to follow-up and monitor the system.

### 5. Equal Access to Employment

#### Objectives

Ensure that the principle of Gender Equality is effectively imple-

mented during the process to recruit and select female and male employees.

#### Measures

- a) Drafting of a recruitment and selection procedure, including an indication of functions, level of training, professional experience of applicants, the appointment of a panel or assessment and selection team, selection and hiring criteria, including possible remote and in-person interviews;
  - b) Training of selection panels and assessment teams on non-discrimination on grounds of sex;
  - c) Monitoring of the content of advertisements to detect situations of material non-conformity.
- ### 6. Equal Working Conditions

#### Objectives

Promotion of effective and programmed conditions for career management in the organization, in line with the program management principle of the "right person in the right place".

#### Measures

Implement a system for monitoring promotions, performance of new activities according to the total number of employees, departments and areas of activity, gender, and taking into account seniority, career development potential, legality, technical and human resources management capabilities.

### 7. Equal pay

#### Objectives

Promotion of the principle of the program "equal pay for equal work or equal value", based on the values of the organization: ingenuity, truth and commitment.

#### Measures

Implement a system for monitoring situations that apparently violate the principle of "equal pay for equal work or work of equal value", by defining rules to identify them

### 8. Parenthood Protection

#### Objectives

Ensure that the rights to the protection of parenthood and family assistance are effectively known to employees and that decisions about the exercising of these rights are exclusively a matter for the interested parties themselves.

Measures

- a) *Publicizing of employee rights with regard to protection of parenthood, written in a clear and simple manner;*
- b) *implementation of a system to monitor deviations in the organization's behavior with regard to pay, training and career development opportunities before and after the start of parental leave.*

**9. Professional, family and personal life balance**

Objectives

*Promote new work organization methods to allow a real professional, family and personal life balance for male and female employees.*

Measures

- a) *The organization must assess the ways in which working time is organized, specifically through remote working, part-time work and the existence of flexible working hours;*
- b) *The establishment of a channel for receiving ideas that have or could have a significant on professional, family and personal life balance.*





**Teixeira Duarte**

Reports and accounts 2019

# Individual Financial Statements 2019

## I. BALANCE SHEET

Items	Notes	2019	2018
<b>Asset</b>			
<b>Non-current asset:</b>			
Fixed tangible assets	7	588	745
<i>Goodwill</i>	8 and 9	19,503	22,753
Intangible assets	6	127	134
Shares - Equity method	9	1,085,154	1,131,984
Other financial investments	15.1	13	12
Assets for deferred tax	14	8,023	8,387
		<b>1,113,408</b>	<b>1,164,015</b>
<b>Current asset:</b>			
External	15.1	7,072	16,602
Government and other public entities	15.1	5,493	1,548
Other credits receivable	15.1	31,154	59,457
Deferrals	15.1	891	318
Cash and bank deposits	4	167	1,603
		<b>44,777</b>	<b>79,528</b>
<b>Total of Asset</b>		<b>1,158,185</b>	<b>1,243,543</b>
<b>Equity and Liability</b>			
<b>Equity:</b>			
Subscribed capital	23	210,000	210,000
Legal reserves	23	42,000	42,000
Other reserves	23	234,672	230,000
<b>Retained income:</b>			
Retained income		6,116	6,116
Non-attributed profit - application of the equity method		(320,574)	(287,212)
<b>Adjustments / other changes in equity</b>			
Non-attributed profit - application of the equity method		320,574	287,212
Other adjustments in financial assets		(119,122)	(38,774)
		<b>373,666</b>	<b>449,342</b>
Net result for that period		7,879	4,672
<b>Equity total</b>		<b>381,545</b>	<b>454,014</b>
<b>Liability</b>			
<b>Non-current liabilities:</b>			
Obtained financing	15.2	219,314	221,625
Other debts payable	15.2	216,786	259,506
		<b>436,100</b>	<b>481,131</b>
<b>Current liability:</b>			
Suppliers	15.2	68,180	44,421
Government and other public entities	15.2	6,590	1,060
Obtained financing	15.2	49,520	44,862
Other debts payable	15.2	216,249	218,055
Deferrals	15.2	1	-
		<b>340,540</b>	<b>308,398</b>
<b>Total of liability</b>		<b>776,640</b>	<b>789,529</b>
<b>Total of Equity and Liability</b>		<b>1,158,185</b>	<b>1,243,543</b>

(Values in thousand euros)  
The annex forms an integral part of the Balance Sheet at 31 December 2019.

## II. INCOME STATEMENT BY NATURE

Income and expenses	Notes	2019	2018 Restated
Sales and services rendered	11	8,230	13,910
Gains / losses attributable to subsidiaries	9 and 10	35,018	34,862
External supplies and services	19	(4,337)	(6,406)
Expenses with staff	18	(7,223)	(11,996)
Other income	20	3,253	3,739
Other expenses	21	(298)	(1,768)
<b>Result before depreciation, financing expenses and taxes</b>		<b>34,643</b>	<b>32,341</b>
Depreciation and amortisation expenses	6, 7, 8 and 9	(3,456)	(3,466)
<b>Operational result (before financing expenses and taxes)</b>		<b>31,187</b>	<b>28,875</b>
Interests and similar income obtained	11 and 17	1,521	355
Interests and similar expenses borne	17	(27,552)	(26,884)
<b>Result before taxes</b>		<b>5,156</b>	<b>2,346</b>
Income tax for that period	14	2,723	2,326
<b>Net result for that period</b>		<b>7,879</b>	<b>4,672</b>

(Values in thousand euros)  
The annex forms an integral part of the Statement of results by nature, at 31 December 2019.

### III. STATEMENT OF CHANGES IN EQUITY

		Equity attributed to the holders of capital							
Description		Notes	Sub- scribed capital	Legal reserves	Other reserves	Retained income	Adjustments to financial assets of subsidiaries:	Net result for that period	Total
Balance on January 1st, 2018	1		210,000	42,000	243,660	(250,445)	234,567	(15,359)	464,423
Alterations for the period:									
Application of equity method		9	-	-Brasil	-	(28,962)	13,881	-	(15,081)
Application of results			-	-Brasil	-	(15,359)	-	15,359	-
	2		-	-Brasil	-	(44,321)	13,881	15,359	(15,081)
Net result for that period	3							4,672	4,672
Integral income of the period	4=2+3								(10,409)
Operations with equity owners for that period:									
Other recognised changes in equity			-	-	(13,660)	13,670	(10)	-	-
	5		-	-	(13,660)	13,670	(10)	-	-
Balance on December 31, 2018	6=1+2+3+5		210,000	42,000	230,000	(281,096)	248,438	4,672	454,014
Balance on January 1st, 2019	7		210,000	42,000	230,000	(281,096)	248,438	4,672	454,014
Alterations for the period:									
Application of equity method		9	-	-Brasil	-	(33,362)	(46,986)	-	(80,348)
Application of results		23	-	-	4,672	(4,672)	-	(4,672)	(4,672)
	8		-	-	4,672	(38,034)	(46,986)	(4,672)	(85,020)
Net result for that period	9							7,879	7,879
Integral income of the period	10=8+9								(77,141)
Operations with equity owners for that period:									
Other operations			-	-Brasil	-	4,672	-	-	4,672
	11		-	-Brasil	-	4,672	-	-	4,672
Balance on December 31, 2019	12=7+8+9+11		210,000	42,000	234,672	(314,458)	201,452	7,879	381,545

(Values in thousand euros)

The annex forms an integral part of the Statement of changes in equity at 31 December 2019.



## IV. CASH FLOWS STATEMENT

Description	Notes	2019	2018
Operational activities			
Receipts from customers		8,497	18,795
Payment to suppliers		(4,640)	(9,608)
Payment to staff		(4,670)	(6,184)
Cash generated by operations		(813)	3,003
Payment/receipt of income tax		494	(828)
Other receipts/payments		(3,827)	(7,726)
Cash flows of operational activities (1)		(4,146)	(5,551)
Investment activities:			
Payments related to:			
- Fixed tangible assets		(38)	(333)
- Intangible assets		(51)	-
- Financial investments	4	-	(15,000)
- Related parties		(34,158)	(130,564)
Receipts related to:			
- Financial investments	4	-	33,449
- Interests and similar income		1,794	123
- Dividends	4	1,500	5,577
- Related parties		44,939	86,959
Cash flows of investment activities (2)		13,986	(19,789)
Financing activities:			
Receipts related to:			
- Obtained financing	15.2	1,603	212,746
- Related parties	15.2	34,149	182,710
Payments related to:			
- Obtained financing	15.2	(10,973)	(131,491)
- Interests and similar expenses		(13,623)	(8,823)
- Related parties	15.2	(22,432)	(228,388)
Cash flows of financing activities (3)		(11,276)	26,754
Variation of cash and cash-equivalent items (1+2+3)		(1,436)	1,414
Cash and cash-equivalent items at the beginning of the period	4	1,603	189
Cash and cash-equivalent items at the end of the period	4	167	1,603

(Values in thousand euros)  
The annex forms an integral part of the Cash flow statement at 31 December 2019.

# ANNEX

## 1. INTRODUCTION

Teixeira Duarte, S.A. (hereinafter referred to as Teixeira Duarte or the Company), with company number 509,234,526, has its head office in Porto Salvo and was incorporated on 30 November 2009. Its main activity is investment management and the coordination and supervision of other companies that form part of, or are related to its business group. It essentially operates in the areas of strategic and organizational planning.

The financial statements in annex refer to the Company in individual terms with the financial investments in subsidiaries registered by the equity method, as explained in Note 3.2.a).

All the values of these Notes are expressed in thousand euros.

## 2. ACCOUNTING REFERENCE

These financial statements were elaborated pursuant to the Accounting Standards and Financial Reporting (NCRF) foreseen by the Accounting Standardisation System (SNC), approved by Decree-Law No. 158/2009, of July 13, with the rectifications of the Declaration of Rectification No. 67-B/2009, of September 11, and with amendments introduced by Law No. 20/2010, of August 23, and by Decree-Law no. 98/2015, of 2 June, which introduced into the Accounting Standardisation System (SNC) changes considered essential to guarantee its compliance with Directive no. 2013/34/EU, of the European Parliament and of the Council, of 26 June, with subsequent alterations being made to Directives and Notices relating to the accounting instruments that make up the SNC.

None of the provisions of the Accounting Standardisation System (SNC) were derogated considering the need for these to show a true and appropriate image of the asset, liability and the income of the entity, by which there are no effects on the financial statements resulting from this situation.

## 2.1 IN THE PERIOD ENDING 31 DECEMBER OF 2019 THE COMPANY MADE THE FOLLOWING “RESTATEMENTS”

### Income statement by nature

For the purposes of comparison with the same period of the previous year, the “restatements” made in relation to the period ending 31 December 2018 are as follows:

	2018	"Restatement"	2018 "Restated"
Income and expenses			
Sales and services rendered	13,910	-	13,910
Gains / losses attributable to subsidiaries	34,862	-	34,862
External supplies and services	(6,406)	-	(6,406)
Expenses with staff	(11,996)	-	(11,996)
Other income	3,094	645	3,739
Other expenses	(1,768)	-	(1,768)
Result before depreciation, financing expenses and taxes	31,696	645	32,341
Depreciation and amortisation expenses	(3,466)	-	(3,466)
Operational result ( before financing expenses and taxes )	28,230	645	28,875
Interests and similar income obtained	1,000	(645)	355
Interests and similar expenses borne	(26,884)	-	(26,884)
Result before taxes	2,346	-	2,346
Income tax for that period	2,326	-	2,326
Net result for that period	4,672	-	4,672

In the financial year ended 31 December 2019, the restatement refers to the reclassification of the amounts of guarantees under the heading “Interest and similar income earned” to “Other income”

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 BASIS OF MEASUREMENT

The financial statements have been prepared according to the convention of recorded expenses, on an assumption of the continuity of operations, from the accounting records of the Company, maintained in accordance with the SNC’s Accounting and Financial Reporting Standards.

## 3.2 RELEVANT ACCOUNTING POLICIES

### Assumed continuation

The attached financial statements were prepared with the assumption of the continuity of operations, from the accounting record books of the Company maintained according to the SNC’s Accounting and Financial Report Standards.

#### a) Financial investments

The financial investments in subsidiaries are recorded by the equity method, the participation initially being calculated by the cost of acquisition, which was added or deducted by the difference between that cost of acquisition and the proportional value from the participation in the capital belonging to those compa-

nies, reported on the date of acquisition or the first application of the mentioned method.

The differences between the acquisition cost of the investments in subsidiaries and the investor's share of the net fair value of the identifiable assets and contingent liabilities of the subsidiary, if positive, are recorded as *Goodwill* or kept under the "investments" item of subsidiaries. In cases where the acquisition cost is lower than the fair value of identified net assets, the ascertained difference (negative goodwill) is recorded as a gain for the period in which the acquisition is made, under the "Other income and earnings" item.

Amortisations are calculated, by the straight line method according to the utility period expected by the company for the *Goodwill* in cause. Amortisation is calculated in accordance with the following estimated useful life:

	Service life in years
<i>Goodwill</i>	10

Pursuant to the equity method, financial investments are adjusted periodically by the value corresponding to the participation in the net income of the subsidiaries against Income and Gains or Costs and Losses in subsidiaries and associates and through other changes which might have occurred in their equity under the heading "Other adjustments in financial assets", as well as through the recognition of impairment losses. Furthermore, the dividends received from these companies are recorded as a reduction in the value of financial investments.

When the losses in subsidiaries exceed the investment in those entities, provision is recognised up to the limit of the holdings in them.

#### b) Fixed tangible assets

The fixed tangible assets used in the production, service rendering or for administrative use, are registered with the cost of acquisition or production, including the expenditures imputable to the purchase, deducted from the accumulated depreciation and impairment losses, when applicable.

The fixed tangible assets are depreciated by the straight line method according to its estimated useful life, from the date when the same is found available to be used for the intended use and stops when the assets are disposed or become classified as non-current assets held for sale. Depreciation is calculated in accordance with the following estimated useful lives:

	Service life in years
Buildings and other constructions	10
Transportation equipment:	4 - 5
Administrative equipment	3 - 10

Improvements and upgrades are only recognised as assets when they correspond to the replacement of goods, which are written-off, or lead to an increase in future economic benefits.

The fixed tangible assets underway represent assets even during construction, being recorded in the cost of acquisition, deducted from the possible impairment. These fixed tangible assets are depreciated from the moment the underlying assets are concluded or in use.

The gains or losses arising from the sale or write-off of fixed tangible assets are determined as the difference between the sale price and the net book value on the date of alienation/write-off, being recorded at the net value in the income statement under the headings "Other income" or "Other expenses".

#### c) Intangible Assets

Intangible assets comprise essentially contractual rights over computer programs, and are recorded at acquisition cost less accumulated depreciation and impairment losses. The intangible assets are only recognised if it is probable for future economic benefits for the company to result from them, they are controllable by the company and the respective value may be accurately measured.

The internal expenses associated with maintenance and the development of *software* are recorded as expenses in the income statement when incurred, except when these expenses are directly associated with projects that are likely to generate future economic benefits for the company. In these situations, these expenses are capitalised as intangible assets.

Amortisations are calculated, from the date when they become available to be used for their intended use, by the straight line method according to the utility period expected by the company for the assets in cause. Amortisation is calculated in accordance with the following estimated useful lives:

	Service life in years
Software	3 - 6

#### d) Accrual basis

Income and expenditure are recorded on an accrual basis of accounting, through which they are recognized as they are generated.



Income and expenditure whose actual value is unknown are estimated based on the best information available on the date of preparation of the financial statements.

Differences between the amounts received and paid and the corresponding income and costs are recorded under “Other credits receivable” and “Deferrals” in the assets and under “Other debts payable” and “Deferrals” in the liabilities.

#### e) Costs of loans obtained

Loan costs are recognised in the income statement for the period to which they refer, except to the extent that the financial costs of the loans received directly related to the acquisition, construction and production of assets that take a substantial period of time to become ready for their intended use are capitalised as part of the costs of the assets. The capitalisation of these costs begins after the beginning of the preparation of construction activities or development of the asset and is interrupted after the beginning of use or end of production or construction of the asset or when the project concerned is suspended. Any financial gain arising from loans obtained in advance and which may be allocated to a specific investment is deducted from financial costs eligible for capitalisation.

#### f) Revenue

The revenue resulting from services is recognised in the income statement with reference to the completion stage of the services rendered at the date of the balance sheet.

Interest revenue is recognised using the effective interest method, provided that it is probable that future economic benefits will flow to the company and the related amount can be reliably valued and measured.

#### g) Balances and transactions expressed in foreign currencies

The transactions in foreign currency (currency different than the functional currency of the Company) are registered at the exchange rates of the transaction dates. On each reporting date, the recorded quantities of the monetary items shown in foreign currency are updated to the exchange rate of that date.

The exchange differences calculated on the date reception or payment of the transactions in foreign currency and those resulting from the updates mentioned above are recorded in financing gains and losses of the period when they are generated.

#### h) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party in the contractual relationship.

##### Cash and bank deposits

Amounts included under the item “Cash and bank deposits” correspond to amounts of cash, bank deposits, fixed term deposits and other cash investments, with maturities of less than three months, and that can be mobilized immediately with an insignificant risk of a change in value.

##### Accounts receivable

The accounts receivable are measured, when initially recognised, by the respective fair value and, subsequently, by the respective amortised cost, which usually does not defer from its nominal value. When there is evidence that they are impaired, the corresponding adjustment is recorded in income. The recognised adjustment is measured by the difference between the value by which the accounts receivable are recognised and the actual value of the cash flows discounted from the effective interest rate determined at the initial recognition.

##### Investments

Investments are recognised on the date when the inherent risks and rewards are transferred substantially. They are initially recorded at their acquisition value, which is the fair value of the price paid, including transaction costs.

##### Financial liabilities and equity instruments

The financial liabilities and the equity instruments are classified according to the contractual substance independent from the legal form they assume. The equity instruments are contracts that show a residual interest in the company’s assets after deduction of the liabilities.

The equity instruments issued by the company are recorded by the net received value of costs supported by its issuance.

##### Accounts payable

The accounts payable are initially recognised by the respective fair value and, subsequently, by the respective amortised cost, which usually does not defer from its nominal value.

#### Financing obtained and granted

Loans are initially recorded and recognized as liabilities at the amount received, net of costs of issuing such loans and later measured by the amortized cost method. Financial costs, calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual basis of accounting, being added to the book value of the loan if they are not settled during the financial year.

Loans are initially recorded and recognised as assets at the nominal value paid, net of fees for issuing these loans, and are subsequently measured using the amortised cost method. Financial costs, calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual basis of accounting.

#### **i) Responsibilities with pensions**

The Company offers its employees a reform insurance policy established in the scope of a social policy and incentives for the workers. It is characterised by its optional nature, it is the exclusive decision of the Administration that the contributions are made which are always adequate, taking into consideration performance and economic and financial situation. Therefore, the contributions made are recorded as expenses on the date they are due.

Notwithstanding its optional origin, the availability of the contributions made by the Company are those exclusively foreseen in the applicable tax legislation.

#### **j) Income tax**

The Company is subject to the Special Taxation Regime of Company Groups (RETGS) foreseen in article 69 of the Corporate Income Tax Code, to which TEIXEIRA DUARTE, S.A. belongs. (Parent company), since January 1, 2012, the controlling company.

The "Income tax for that period" recorded in the income statement shows the sum of the current tax and the deferred tax.

Current tax on income is calculated based on the taxable profits of the company in accordance with the tax rules in force. The taxable profits can defer from the accounting results, as they can exclude diverse expenses and profits that are only deductible or taxable in years to come, as well as expenses and profits that will never be deductible or taxable.

Deferred tax is the result of the temporary differences between the amount of assets and liabilities for the purpose of accounting (book value) and the respective amounts for the purposes

of taxation (tax basis), according to the dispositions in NCRF 25 - Income taxes.

Deferred tax assets and liabilities are calculated and assessed annually using the taxation rates which are in force or announced to be in force on the expected date of the reversal of the temporary differences.

Deferred taxes assets are recognised only when there are reasonable expectations of sufficient future taxable profits for their use, or in situations where there are temporary differences for taxation purposes which compensate the deductible temporary differences in the period of their reversal. Deferred tax assets and liabilities are calculated and assessed periodically using the tax rates expected to be in force when the timing differences reverse.

At the end of each period the deferred income tax is reviewed, the amount of the same being adjusted in function with the expectations of future use.

Deferred taxes are recorded as income or expenditure for the period, unless they result from values recorded directly in equity; in this situation the deferred tax is also recorded under the same item.

#### **k) Contingent assets and liabilities**

Contingent assets are possible assets derived from past events and whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events, not totally under the control of the entity.

Contingent assets are not recognised in the consolidated financial statements of the entity, but are disclosed when the existence of a future economic benefit is probable.

Contingent liabilities are defined as: (i) possible liabilities arising from past events and whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events not totally under the control of the entity; or (ii) present liabilities which arise from past events but are not recognised because it is unlikely that an outflow of resources affecting economic benefits will be required to settle the liability or the amount of the liability cannot be measured reliably.

Contingent liabilities are not recognised in the entity's consolidated financial statements, but are disclosed, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

### 3.3 VALUE JUDGEMENTS OF THE BOARD OF DIRECTORS

When preparing the financial statements, the Company adopted certain assumptions and estimates which affect the reported assets, liabilities, income and costs. All the estimates and assumptions made by the Board of Directors were based on the best existing knowledge, at the date of the approval of the financial statements, of the events and transactions in progress.

The most significant accounting estimates reflected in the financial statements include: i) impairment analyses, specifically of accounts receivable; ii) accruals and deferrals; iii) financial investments; and iv) *goodwill*.

The estimates were determined based on the best information available at the time of the preparation of the financial statements, and based on the best knowledge and experience of past and/or current events. However, situations may occur in subsequent periods that, since they are not being predictable at this time, were not considered in those estimates. The changes to these estimates which may occur after the date of the financial statements will be corrected in the profit and loss account in a prospective way.

## 4. CASH FLOWS

### Cash and bank deposits

On December 31, 2018 and 2017, the cash and bank deposits details were as follows:

	2019	2018
Cash	-	2
Bank deposits	167	1,601
	167	1,603

### Flows of investment activities

The payments related to the financial investments during the periods ended on 31 December 2019 and 2018, concern the following operations:

	2019	2018
Settlement Agreement with TDGP II, S.A.	-	15,000
	-	15,000

In the financial year ended 31 December 2018, a settlement agreement was signed with TDGP II, S.A., which establishes the return of 15,000 thousand euros received in 2017 as a down payment for the promissory contract for the purchase and sale of the stake in Lagoas Park, S.A.

The payments received from financial investments during the periods ended on 31 December 2019 and 2018, concern the following operations:

	2019	2018
Divestment of the stake in LAGOAS PARK, S.A.	-	33,449
	-	33,449

The payments received from dividends in the periods ending on December 31, 2019 and 2018, were as follows:

	2019	2018
LAGOAS PARK, S.A.	-	77
TDGI, S.A.	1,500	1,500
TDGP II, S.A.	-	4,000
	1,500	5,577

## 5. RELATED PARTIES

### Remuneration of members of corporate bodies and of the Company's senior management

The remunerations attributed to the members of the Company's governing bodies for the periods ended on 31 December 2019 and 2018 were as follows:

	2019	2018
Executive Directors:		
Short-term benefits	727	1,151
Supervisory Board:		
Short-term benefits	66	66
	793	1,217

The remunerations attributed to the members of the Company's senior management for the periods ended on 31 December 2019 and 2018 were as follows:

	2019	2018
Senior staff:		
Short-term benefits	865	1,943

### Balances and transactions

The terms or conditions applied between the Company and the related parties are, in substance, identical to those which would normally be contracted, accepted and applied between independent entities in comparable operations.

The main balances for the periods ended 31 December 2019 and 2018 with subsidiaries and other related parties can be broken down as follows:



	Customers		Shareholders		Suppliers	
	2019	2018	2019	2018	2019	2018
<b>Subsidiaries:</b>						
TEIXEIRA DUARTE - E.C., S.A.	-	2,976	-	43,605	67,268	43,259
TEIXEIRA DUARTE - E.C., S.A. (Suc. of Angola)	1,798	2,251	-	-Brasil	-Brasil	-
TEIXEIRA DUARTE - E.C., S.A. (E.E. of Algeria)	162	162	-	-Brasil	-Brasil	-
TEIXEIRA DUARTE - E.C., S.A. (Suc. of Brazil)	20	21	-	-Brasil	-Brasil	-
TEIXEIRA DUARTE - E.C., S.A. (Suc. of Venezuela)	16	16	-	-Brasil	-Brasil	-
TDGP II, S.A.	61	129	-	-	84	209
TDGI, S.A.	160	514	-	-Brasil	-	30
	2,217	6,069	-	43,605	67,352	43,498
<b>Other related parties:</b>						
ALVALADE, Lda.	323	516	-	-Brasil	-Brasil	-
AUTO COMPETIÇÃO, Lda.	126	189	-	-Brasil	-Brasil	-
BONAPARTE, S.A.	-	33	-	-Brasil	-Brasil	-
C+PA, S.A.	-	6	-	-Brasil	-Brasil	-
CND, Lda.	986	3,318	-	-Brasil	-Brasil	-
COMERCIO DE AUTOMÓVEIS, Lda.	151	252	-	-Brasil	-Brasil	-
EDUCARE, Lda.	86	337	-	-Brasil	-Brasil	-
EMPA, S.A.	127	184	-	-Brasil	-Brasil	-
EPOS, S.A.	-	193	-	-Brasil	-Brasil	-
ESTA, S.A.	-	51	-	-Brasil	-Brasil	-
GO CORP, S.A.	-	21	-	-	23	3
HOTEL BAÍA, Lda.	276	605	-	-Brasil	-Brasil	-
HOTEL TRÓPICO, S.A.	104	235	-	-Brasil	-Brasil	-
IMOPREDOUÇOS, S.A.	90	4	-	-Brasil	-Brasil	-
IMOTD, S.A.	-	7	-	-Brasil	-Brasil	-
LAGOAS HOTEL, S.A.	-	75	-	-	2	2
OCC, Lda.	175	182	-	-Brasil	-Brasil	-
QUINTA DE CRAVEL, S.A.	-	7	-	-Brasil	-Brasil	-
SINERAMA, S.A.	-	26	-	-Brasil	-Brasil	-
SMOTORS, S.A.	-	25	-	-Brasil	-Brasil	-
SOMAFEL, S.A.	5	261	-	-Brasil	-Brasil	-
TDA, Lda.	972	1,255	-	-Brasil	-Brasil	-
TDD, S.A.	-	169	-	-Brasil	-Brasil	-
TDE, S.A.	-	6	-	-Brasil	-Brasil	-
TDGI, Lda.	165	354	-	-Brasil	-Brasil	-
TDO, Lda.	-	119	-	-Brasil	-Brasil	-
TDVIA, S.A.	-	6	-	-Brasil	-Brasil	-
TDHC, S.A.	-	20	-	-Brasil	-Brasil	-
TEDAL, S.A.	-	14	-	-Brasil	-Brasil	-
TEIXEIRA DUARTE (Angola), Lda.	671	870	-	-Brasil	-Brasil	-
TEIXEIRA DUARTE (Moçambique), Lda.	204	152	-	-Brasil	-Brasil	-
TRANSBRITAL, S.A.	-	4	-	-Brasil	-Brasil	-
OTHER	320	884	-	-Brasil	-	11
	4,781	10,379	-	-	25	17
	6,998	16,448	-	43,605	67,376	43,514

	Obtained financing		Deferrals		Other receivable and payable accounts	
	2019	2018	2019	2018	2019	2018
<b>Subsidiaries:</b>						
TEIXEIRA DUARTE - E.C., S.A.	-	-	257	257	(404,003)	(444,288)
TEIXEIRA DUARTE - E.C., S.A. (Suc. of Angola)	-	-	2	-	-	90
TDGP II, S.A.	22,679	10,962	-	-	(18,072)	(21,445)
TDGI, S.A.	-	-Brasil	-Brasil	-	2,633	1,617
	22,679	10,962	259	257	(419,442)	(464,026)
<b>Other related parties:</b>						
ALVALADE, Lda.	-	-Brasil	-Brasil	-Brasil	-	7
AUTO COMPETIÇÃO, Lda.	-	-Brasil	-Brasil	-Brasil	-	16
BONAPARTE, S.A.	-	-Brasil	-Brasil	-	658	330
C+PA, S.A.	-	-Brasil	-Brasil	-	858	1,106
CND, Lda.	-	-Brasil	-Brasil	-Brasil	-	254
EDUCARE, Lda.	-	-Brasil	-Brasil	-Brasil	-	24
EMPA, S.A.	-	-Brasil	-Brasil	-Brasil	-	116
EPOS, S.A.	-	-Brasil	-Brasil	-	1,598	(302)
ESTA, S.A.	-	-Brasil	-Brasil	-	435	342
GO CORP, S.A.	-	-Brasil	-Brasil	-	1,519	490
HOTEL BAÍA, Lda.	-	-Brasil	-Brasil	-Brasil	-	26
HOTEL TRÓPICO, S.A.	-	-Brasil	-Brasil	-Brasil	-	8
IMOPREDOUÇOS, S.A.	-	-Brasil	-Brasil	-	2,238	2,408
IMOTD, S.A.	-	-Brasil	-Brasil	-	379	431
LAGOAS HOTEL, S.A.	-	-Brasil	-Brasil	-	2,614	2,508
QUINTA DE CRAVEL, S.A.	-	-Brasil	-Brasil	-	252	252
SINERAMA, S.A.	-	-Brasil	-Brasil	-	252	151
SMOTORS, S.A.	-	-Brasil	-Brasil	-	(277)	(194)
SOMAFEL, S.A.	-	-Brasil	-Brasil	-Brasil	-	(6)
TDA, Lda.	-	-Brasil	-Brasil	-Brasil	-	120
TDD, S.A.	-	-Brasil	-Brasil	-	2,085	1,389
TDE, S.A.	-	-Brasil	-Brasil	-Brasil	-	(154)
TDO, Lda.	-	-Brasil	-Brasil	-	2,146	768
TDVIA, S.A.	-	-Brasil	-Brasil	-	(1,153)	(979)
TDHC, S.A.	-	-Brasil	-Brasil	-	(237)	(210)
TEDAL, S.A.	-	-Brasil	-Brasil	-	404	202
TEIXEIRA DUARTE (Angola), Lda.	-	-Brasil	-Brasil	-Brasil	-	45
TEIXEIRA DUARTE (Moçambique), Lda.	-	-Brasil	-Brasil	-Brasil	-	102
TRANSBRITAL, S.A.	-	-Brasil	-Brasil	-	1,019	(3)
Other	-	-Brasil	-Brasil	-	37	(10)
	-	-Brasil	-Brasil	-	14,827	9,237
	22,679	10,962	259	257	(404,615)	(454,789)

The main transactions with subsidiaries and other related parties during the periods ended 31 December 2019 and 2018 were as follows:

	Installments rendered		Financial income		Other income	
	2019	2018	2019	2018	2019	2018
<b>Subsidiaries:</b>						
TEIXEIRA DUARTE - E.C., S.A.	7,585	5,374	1,521	278	1,912	1,317
TEIXEIRA DUARTE - E.C., S.A. (Suc. of Angola)	1	386	-	-Brasil	-Brasil	-
TEIXEIRA DUARTE - E.C., S.A. (E.E. of Algeria)	-	3	-	-Brasil	-Brasil	-
TEIXEIRA DUARTE - E.C., S.A. (Suc. of Brazil)	1	90	-	-Brasil	-Brasil	-
TEIXEIRA DUARTE - E.C., S.A. (Suc. of Venezuela)	-	1	-	-Brasil	-Brasil	-
TDGP II, S.A.	140	1,846	-	77	-	159
TDGI, S.A.	220	1,032	-	-	148	288
	<b>7,947</b>	<b>8,732</b>	<b>1,521</b>	<b>355</b>	<b>2,060</b>	<b>1,764</b>
<b>Other related parties:</b>						
AUTO COMPETIÇÃO, Lda.	(16)	73	-	-Brasil	-Brasil	-
AVENIDA, Lda.	-	94	-	-Brasil	-Brasil	-
BONAPAPEL, Lda.	-	26	-	-Brasil	-Brasil	-
CND, Lda.	(11)	526	-	-Brasil	-Brasil	-
COMÉRCIO DE AUTOMÓVEIS, Lda.	-	64	-	-Brasil	-Brasil	-
EDUCARE, Lda.	29	102	-	-Brasil	-Brasil	-
EMPA, S.A.	10	328	-	-Brasil	-Brasil	-
EPOS, S.A.	66	520	-	-Brasil	-	9
ESTA, S.A.	74	222	-	-	123	216
GO CORP, S.A.	-	35	-	-Brasil	-Brasil	-
HOTEL BAÍA, Lda.	(9)	58	-	-Brasil	-Brasil	-
HOTEL TRÓPICO, S.A.	-	100	-	-Brasil	-Brasil	-
IMOPREDOUÇOS, S.A.	74	8	-	-Brasil	-Brasil	-
LAGOAS HOTEL, S.A.	1	130	-	-Brasil	-	9
RECOLTE, S.A.	1	112	-	-Brasil	-Brasil	-
SINERAMA, S.A.	-	50	-	-Brasil	-	2
SMOTORS, S.A.	2	51	-	-Brasil	-Brasil	-
SOMAFEL, S.A.	54	520	-	-Brasil	-	38
TDA, Lda.	32	156	-	-Brasil	-Brasil	-
TDD, S.A.	123	513	-	-Brasil	-	18
TDGI, Lda.	20	32	-	-Brasil	-Brasil	-
TDGI - Manutenção, A.C.E.	1	73	-	-Brasil	-	4
TDHC, S.A.	-	46	-	-Brasil	-	3
TDO, Lda.	1	240	-	-Brasil	-	15
TDSP - Alta Vista II, Lda.	-	(49)	-	-Brasil	-Brasil	-
TDSP - Alta Vista IV, Lda.	(31)	73	-	-Brasil	-Brasil	-
TDSP - Gualaxos, Lda.	(12)	66	-	-Brasil	-Brasil	-
TDSP - Participações Lda.	-	105	-	-Brasil	-Brasil	-
TDSP - Verum Mooca, Lda.	-	(28)	-	-Brasil	-Brasil	-
TDVIA, S.A.	-	11	-	-Brasil	-	28
TEIXEIRA DUARTE (Angola), Lda.	(37)	212	-	-Brasil	-Brasil	-
TEIXEIRA DUARTE (Moçambique), Lda.	(52)	194	-	-Brasil	-Brasil	-
VAUCO, LDA	(27)	(21)	-	-Brasil	-Brasil	-
Other	(22)	470	-	-Brasil	-	19
	<b>271</b>	<b>5,112</b>	<b>-</b>	<b>-</b>	<b>123</b>	<b>361</b>
	<b>8,218</b>	<b>13,844</b>	<b>1,521</b>	<b>355</b>	<b>2,183</b>	<b>2,125</b>

	Purchases and acquisitions		Services Obtained		Expenses with staff		Financial charges	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Subsidiaries:</b>								
TEIXEIRA DUARTE - E.C., S.A.	-	122	878	888	-	(246)	17,820	17,922
TEIXEIRA DUARTE - E.C., S.A. (Suc. of Angola)	-	-	(2)	-	-Brasil	-Brasil	-Brasil	-
TDGPIL, S.A.	-	-Brasil	-	209	-	-	733	1,485
TDGI, S.A.	-	-	35	127	-	-Brasil	-Brasil	-Brasil
	-	122	911	1,224	-	(246)	18,553	19,407
<b>Other related parties:</b>								
GO CORP, S.A.	-	-	4	5	-	-Brasil	-Brasil	-
LAGOAS HOTEL, S.A.	-	-	27	26	-	-Brasil	-Brasil	-
SOMAFEL, S.A.	-	-	(14)	14	-	-Brasil	-Brasil	-
TDGI - Manutenção, A.C.E.	-	-	2	114	-	-Brasil	-Brasil	-
Other	-	-Brasil	-Brasil	-Brasil	-Brasil	-	9	-
	-Brasil	-	19	159	-	-	9	-
	-	122	930	1,383	-	(246)	18,562	19,407

## 6. INTANGIBLE ASSETS

During the period ended on 31 December 2019, the movements that occurred in the intangible assets, as well as in the respective accumulated amortisations, were as follows:

	Opening balance	Additions	Transfers and write-offs	Closing balance
<b>Gross asset:</b>				
Software	171	33	62	266
Intangible assets underway	62	-	(62)	-
	233	33	-	266
<b>Amortisations depreciations</b>				
Software	99	40	-	139
	99	40	-	139
<b>Net value of intangible assets</b>	134			127

During the period ended on 31 December 2018, the movements that occurred in the intangible assets, as well as in the respective accumulated amortisations, were as follows:

	Opening balance	Additions	Transfers and write-offs	Closing balance
<b>Gross asset:</b>				
Software	94	59	18	171
Intangible assets underway	65	15	(18)	62
	159	74	-	233
<b>Amortisations depreciations</b>				
Software	84	15	-	99
	84	15	-	99
<b>Net value of intangible assets</b>	75			134



**7. FIXED TANGIBLE ASSETS**

During the period ended on 31 December 2019, the movements that occurred in the fixed tangible assets, as well as in the respective accumulated depreciations, were as follows:

	Opening balance	Initial balance	Additions	Closing balance
Gross asset:				
Buildings and other constructions	612	-	-	612
Transportation equipment:	11	-	-	11
Administrative equipment	426	10	(2)	434
	1,049	10	(2)	1,057
Accumulated depreciations:				
Buildings and other constructions	85	61	-	146
Transportation equipment:	6	5	-	11
Administrative equipment	213	100	(1)	312
	304	166	(1)	469
Net value of tangible assets	745			588

During the period ended on 31 December 2018, the movements that occurred in the fixed tangible assets, as well as in the respective accumulated depreciations, were as follows:

	Opening balance	Additions	Closing balance
Gross asset:			
Buildings and other constructions	612	-	612
Transportation equipment:	11	-	11
Administrative equipment	243	183	426
	866	183	1,049
Accumulated depreciations:			
Buildings and other constructions	24	61	85
Transportation equipment:	-	6	6
Administrative equipment	79	134	213
	103	201	304
Net value of tangible assets	763		745

**8. GOODWILL**

The amounts relating to *Goodwill in the periods ended 31 December 2019 and 2018* were:

	2019		
	Gross quantities	Amortizations depreciations	Net quantities
Investments in subsidiaries	32,504	(13,001)	19,503

	2018		
	Gross quantities	Amortizations depreciations	Net quantities
Investments in subsidiaries	32,504	(9,751)	22,753

In the financial year ended 31 December 2019, based on the business plan of the subsidiary TDGI, S.A., management did not identify any signs of impairment.

## 9. SHARES - EQUITY METHOD

On December 31, 2019 and 2018, the Company had recorded the following different investment amounts under the item “Financial stakes - Equity method:

	2019	2018
	Net quantities	Net quantities
Investments in subsidiaries	1,085,154	1,131,984

### Subsidiary companies

In the period ending on 31 December of 2019, the Company held shares in the following subsidiary companies:

Corporate name	Head Office	Percentage of effective participation
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	Edifício 2, Lagoas Park, Porto Salvo - Oeiras	100.00%
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	Edifício 2, Lagoas Park, Porto Salvo - Oeiras	100.00%
TDGI - Tecnologia de Gestão de Imóveis, S.A.	Edifício 2, Lagoas Park, Porto Salvo - Oeiras	100.00%

The main financial information, adjusted for the application of the equity method related to subsidiaries as of December 31, 2019 and 2018, is as follows:

	Assets		Liabilities		Income		Net result	
	2019	2018	2019	2018	2019	2018	2019	2018
TEIXEIRA DUARTE - E.C., S.A.	1,381,875	1,454,532	955,910	966,219	514,902	531,216	8,924	3,248
TDGPIL, S.A.	873,235	872,141	221,788	233,389	70,961	45,455	21,780	28,757
TDGI, S.A.	26,938	19,173	19,196	14,254	47,146	40,161	4,314	2,857
	2,282,048	2,345,846	1,196,894	1,213,862	633,009	616,832	35,018	34,862

On 1 January 2018, the Teixeira Duarte Group considered the companies in Angola and Venezuela as operating in hyperinflationary economies, in compliance with the application of IAS 29, with significant impacts on the companies' equity. However, on 1 January 2019, the Angolan economy was no longer considered as a hyperinflationary economy, for which reason IAS 29 ceased to apply to companies domiciled in that geographical region. Also on 31 December 2018, the Teixeira Duarte Group changed the measurement model of a group of "homogeneous class" assets from the cost model to the revaluation model, applied again in 2019, which resulted in an increase in the equity of the companies holding these assets.

Therefore, the financial statements of the companies for the purpose of applying the equity method, as of 31 December 2018 and 2019, include the set of impacts mentioned above, with a very significant effect on the company's equity.

The following movements occurred in the holdings in the subsidiaries during the period ended on 31 December 2019 and 2018:

	Equity stakes	Goodwill	Total
Balance on January 1st, 2018	1,117,703	26,003	1,143,706
Amortisation	-	(3,250)	(3,250)
Effects of the application of equity method:			
- Effect on the result of the period	34,862	-	34,862
- Effect on equity	(15,081)	-	(15,081)
- Received dividends	(5,500)	-	(5,500)
Balance on December 31, 2018	1,131,984	22,753	1,154,737
Balance on January 1st, 2019	1,131,984	22,753	1,154,737
Amortisation	-	(3,250)	(3,250)
Effects of the application of equity method:			
- Effect on the result of the period	35,018	-	35,018
- Effect on equity	(80,348)	-	(80,348)
- Received dividends	(1,500)	-	(1,500)
Balance on December 31, 2019	1,085,154	19,503	1,104,657

Details of investments in subsidiaries during the financial year ending 31 December 2019 and 2018 were as follows:

	Equity stakes	
	2019	2018
TEIXEIRA DUARTE - E.C., S.A.	425,965	488,314
TDGPIL, S.A.	651,447	638,752
TDGI, S.A.	7,742	4,919
	1,085,154	1,131,984

Effects of the application of the equity method in the periods ending on 31 December 2019 and 2018, is detailed as follows:

	Gains / losses		Equity adjustments		Dividends	
	2019	2018	2019	2018	2019	2018
TEIXEIRA DUARTE - E.C., S.A.	8,924	3,247	(71,272)	(68,459)	-	-
TDGPIL, S.A.	21,780	28,758	(9,085)	53,640	-	(4,000)
TDGI, S.A.	4,314	2,857	9	(262)	(1,500)	(1,500)
	35,018	34,862	(80,348)	(15,081)	(1,500)	(5,500)

**10. GAINS / LOSSES ATTRIBUTED TO SUBSIDIARIES**

During the periods ending 31 December 2019 and 2018, the company presented the following changes in investments in financial stakes in subsidiaries:

	2019	2018
Income:		
Application of equity method	35,018	34,862
	35,018	34,862

**11. REVENUE**

In the periods ending on 31 December 2019 and 2018, the revenue recognised by the company had the following decomposition:

	2019	2018
Services rendered	8,230	13,910
Interest (Note 17)	1,521	355
	9,751	14,265

In the periods ending on 31 December 2019 and 2018, the Company's turnover was geographically distributed as follows:

	2019	2018
	Service Provision	Service Provision
Angola	(25)	1,744
Algeria	-	3
Belgium	-	17
Brazil	(51)	617
Spain	1	120
Mozambique	(52)	396
Portugal	8,357	11,012
Venezuela	-	1
	8,230	13,910

**12. CONTINGENT LIABILITIES****Tax processes**

Following several inspections of the financial years 2012 and 2013, conducted by the Tax and Customs Authority (AT) of the accounting elements of TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. (TDGPIL, S.A.), a company with 100% its share capital owned by Teixeira Duarte, the following corrections were made to the tax losses initially recorded by this subsidiary:

	Calculated tax loss	AT correction
2012	13,294	2,299
2013	26,221	5,000

Nature of corrections made:

**(a) Financial costs not accepted**

With the exception of the situations listed in the following points, the corrections result from the fact that the financial charges incurred due to the investment made in owned companies, under the form of ancillary payments subject to the supplementary provisions regime, have been disregarded as a taxable expense.

Given that TDGPIL, S.A. is subject to corporation tax in accordance with the RETGS - Special Taxation Regime for Company Groups (Article 69 et seq. of the Corporate Income Tax Code), the correction for the 2012 financial year subjected Teixeira Duarte, as the parent company, to an additional settlement, and it filed a challenge within the legal deadlines.

With reference to this correction, and based on fundamentally identical supporting arguments on the part of AT, we report that TEIXEIRA DUARTE - Engenharia e Construções, S.A. obtained a favorable outcome in terms of corporation tax for 2007 (as it was the dominant company in the RETGS for that financial year, of which TDGPIL, S.A. was a member), by a decision of the Supreme Administrative Court, with an identical outcome expected in the remaining financial years in dispute.

**b) Application of article 51 of the corporation tax (IRC) code**

The correction to the tax loss calculated in 2013 is related in full to the incorrect application, according to the AT, of article 51 of the IRC (Corporation Tax) Code. This correction was subject to a legal challenge by the Company, in its capacity as the parent company.

Following several inspections carried out by the AT of the calculation of corporation tax for the financial years 2013, 2014, 2015 and 2016, payable by the group of companies taxed under the RETGS, of which the Company is the parent company, the following corrections were made:



**(c) Application of article 90 of the corporation tax (IRC) code**

	Corrected tax
2013	811
2014	1,097
2015	559
2016	653

These corrections resulted from AT having a different understanding as to the use of the deductions provided for in article 90 of the Corporation Tax Code in the Municipal and State Surcharge, calculated under the scope of application of the RETGS, and were contested in court by the Company, in its capacity as parent company.

After the filing of these legal proceedings, the Company was notified of a change in understanding on the part of AT in the 2016 process, and it is expected that the same will happen for the remaining disputed financial years.

**(d) Net Financing Costs (article 67 of the Corporation Tax Code)**

During the 2018 financial year, the Company was notified of the Report on Conclusions on the inspection carried out by the AT on corporate income tax payable by the RETGS in 2015, having determined a correction to the tax base, calculated as amounting to 22,710 thousand euros.

This correction, related to the use, in 2015, of the “break” calculated in previous years under the scope of article 67 of the Corporation Tax Code, was challenged by the Company in its capacity as parent company.

**13. EFFECTS FROM EXCHANGE RATE CHANGES**

The quotes used to covert the assets and liabilities expressed in foreign currency to Euros on December 31, 2019 and 2018, were as follows:

	Closing exchange rate		
	2019	2018	Variation
American Dollars (USD)	1.1234	1.1450	-1.89%

**14. INCOME TAX**

The Company is the parent company of a group of companies taxed under the Special Taxation Regime for Company Groups (RETGS), which covers all companies in which it directly or indirectly holds at least 75% of the respective share capital, provided that the stake in question gives it more than 50% of voting rights and, at the same time, its head offices and effective

management are in Portugal and it is taxed under the general Corporation Income Tax regime (“IRC”).

All other subsidiary companies that are not covered by the RETGS, pay tax individually, based on the respective taxable items and the applicable rates of IRC, and municipal and state surtaxes.

The Company and most of its subsidiaries based in Portugal are subject to corporation tax at a rate of 21% of taxable income. Entities with reportable profit are also subject to the Municipal Surcharge, whose rate may vary to the maximum of 1.5%, as the State Surcharge, incident on taxable profit in excess of EUR 1,500, 7,500 and EUR 35,000, at the rates of 3%, 5% and 9%, respectively.

These entities are also subject to regional taxation, at the rates and with the fees, charges and expenses provided for in article 88 of the IRC (Corporation Tax) Code.

In the calculation process of the taxable income, amounts that are not tax deductible are added to, and subtracted from the accounting result. These differences between the book value profit and the profit for tax purposes may be of a temporary or permanent nature.

Pursuant to the legislation in force in Portugal, tax losses are reportable for a period of twelve (5) years for those that occurred during the 2018 tax year onwards, being subject to deduction from taxable income calculated *subsequently*, with this deduction being limited to 70% of the taxable income calculated during the tax period in which it is earned.

In accordance with the legislation in force, tax returns in Portugal are subject to review and correction by the tax authorities for a period of four years, unless tax losses have been deducted or inspections, claims or appeals, in which cases, depending on the circumstances, this period may be increased or suspended.

The review period of tax returns of entities with a presence in other countries varies between three and five years.

The Board of Directors believes that any corrections resulting from tax reviews/inspections of these statements will have no significant effect on the individual financial statements reported at 31 December 2019.

The tax charge recorded in the periods ended on 31 December 2019 and 2018 can be presented in the following manner:

	2019	2018
Deferred tax:		
Deferred tax in Portugal	2,723	2,326
	2,723	2,326

The relationship, in Portugal, between the book expense and profit in the periods ended on 31 December 2019 and 2018, is as follows:

	2019	2018
Net result for that period	7,879	4,672
Adjustments for taxable profit:		
Definite differences:		
To add	30,019	28,153
To deduct	(39,241)	(35,561)
Tax loss	(1,343)	(2,736)
Collectable Material	-	-
Deferred tax	2,723	2,326
Income tax expense	2,723	2,326

The movements occurred in the assets and liabilities by deferred taxes in the periods ending on December 31, 2019 and 2018, were as follows:

	2019			
	Opening balance	Constitution	Adjustment	Final balance
Assets by deferred taxes:				
Reportable tax losses	8,369	282	(667)	7,984
Double international taxation	18	-	21	39
Financing net expenses	-	2,441	(2,441)	-
	8,387	2,723	(3,087)	8,023

	2018			
	Opening balance	Constitution	Adjustment	Final balance
Assets by deferred taxes:				
Reportable tax losses	-	681	7,688	8,369
Double international taxation	-	18	-	18
Financing net expenses	-	1,627	(1,627)	-
	-	2,326	6,061	8,387

Verified incorporations were recognized as a gain or income for the period under the heading "Income tax for the period".

The adjustment recorded in the period ended 31 December 2019 and 2018, is related to its use under the RETGS (Note 3.2 j)).

## 15. FINANCIAL INSTRUMENTS

The current financial assets and liabilities for the periods ended on 31 December 2019 and 2018 were broken down as follows:

### 15.1 FINANCIAL ASSETS

#### Customers

On 31 December 2019 and 2018, the "Customers" items had the following breakdown:

	2019		
	Non-group	Group	Total
Current account customers (Note 5)	74	6,998	7,072

	2018		
	Non-group	Group	Total
Current account customers (Note 5)	154	16,448	16,602

#### Other credits receivable

On 31 December 2019 and 2018, the "Other accounts receivable" item had the following breakdown:

	2019	2018
Debtors by accrued income	7,910	3,573
Other debtors:		
Advance payments to suppliers	354	354
RETGS	18,424	11,831
Other	4,466	43,699
	23,244	55,884
	31,154	59,457

On 31 December 2019 and 2018, the item entitled "Debtors due to accrued income" essentially relates to the provision of services provided and not invoiced on the reporting date.

On 31 December 2018, the item "Other debtors - Others" refers to related parties.

#### Other Assets

On December 31, 2019 and 2018 the remaining current assets is broken down as follows:

	2019	2018
Government and other public entities:		
Income tax	5,493	1,548
Deferrals:		
Expenses to be recognized	891	318

As of 31 December 2018, the "Income tax" item refers to the Special Taxation Regime for Groups of Companies (RETGS).

#### Other financial investments

On 31 December 2019 and 2018 the heading "Other financial investments" net of impairment is broken down as follows:

	2019	2018
Employment Compensation Fund	13	12

## 15.2 FINANCIAL LIABILITIES

#### Suppliers

On 31 December 2019 and 2018, the "Suppliers" items had the following breakdown:

	2019		
	Non-group	Group	Total
Current account suppliers (Note 5)	804	67,376	68,180

	2018		
	Non-group	Group	Total
Current account suppliers (Note 5)	907	43,514	44,421

#### Other debts payable

On December 31, 2018 and 2015 the heading "Other debts payable" is broken down as follows:

	2019		2018	
	Chain	Non-current	Chain	Non-current
Creditors for accrued expenses	2,517	-	10,668	-
Other Creditors:				
Staff	983	40	2,833	260
Shareholders	-	-	77	-
RETGS	39,596	-	31,094	-
Related parties	172,822	216,746	130,322	259,246
Other	331	-	43,061	-
	213,732	216,786	207,387	259,506
	216,249	216,786	218,055	259,506

#### Other liabilities

On 31 December 2019 and 2018, the "remaining current liabilities" item breaks down as follows:

	2019	2018
Government and other public entities:		
Income tax	6,426	-
Retention of income tax	28	153
Added value tax	103	707
Contributions for Social Security	28	196
Other taxes	5	4
	6,590	1,060
Deferrals:		
Income to be recognised	1	-

**Obtained financing**

On 31 December 2019 and 2018, the item entitled “current and non-current loans obtained” had the following breakdown:

		2019			2018		
		Chain	Non-current	Total	Chain	Non-current	Total
Bank loans	a)	26,841	208,861	235,702	33,900	208,904	242,804
Bank overdrafts	a)	-	1,603	1,603	-	3,871	3,871
Securities market - Other financing	b)	-	8,850	8,850	-	8,850	8,850
Subsidiary companies	Note 5	22,679	-	22,679	10,962	-	10,962
		49,520	219,314	268,834	44,862	221,625	266,487

During the period ended on 31 December 2019, the following movements occurred in “financing obtained”:

		2019			
		Opening balance	Increase	Decrease	Closing balance
Bank loans		242,804	-	(7,102)	235,702
Bank overdrafts		3,871	1,603	(3,871)	1,603
Securities market - Other financing		8,850	-	-	8,850
Subsidiary companies		10,962	34,149	(22,432)	22,679
		266,487	35,752	(33,405)	268,834

During the period ended on 31 December 2018, the following movements occurred in “financing obtained”:

		2018			
		Opening balance	Increase	Decrease	Closing balance
Bank loans		106,525	208,875	(72,596)	242,804
Bank overdrafts		58,645	3,871	(58,645)	3,871
Securities market - Other financing		9,100	-	(250)	8,850
Subsidiary companies		56,640	182,710	(228,388)	10,962
		230,910	395,456	(359,879)	266,487

On December 31, 2019 the heading “Obtained financing” contains the different contracted operations along with various financial institutions and related parties, bearing interest at normal market rates.

**(a) Bank loans**

On December 31, 2019, the bank loans bank related to the overdrafts and the secured accounts bore interest at normal market rates.

The bank loans contracted by the Company essentially correspond to:

Bank	Type of Financing	Start date	Maturity date	Financing	Currency	Total amount financed (€)	Limit used by the Company (€)	Limit used by rest of the Group - (€)
Banco Comercial Português, S.A.	Bank Loans	27 November 2017	31 December 2033	Group	Euros	31,705	32	31,673
Banco Comercial Português, S.A.	Bank Loans	30 January 2018	15 June 2021	Group	Euros	13,650	46	12,615
Banco Comercial Português, S.A.	Bank Loans	5 January 2009	15 December 2033	Group	Euros	141,020	141,020	-
Banco Comercial Português, S.A.	Escrow account	June 7th, 2014	31 December 2033	Group	Euros	9,273	-	3,800
Caixa Geral de Depósitos, S.A.	Bank Loans	30 September 2014	15 December 2033	Group	Euros	83,000	67,805	15,195
Banco Santander, S.A.	Escrow account	31 October 2012	30 December 2021	Single	Euros	12,160	6,229	-
Banco BIC, S.A.	Escrow account	7 November 2014	31 December 2020	Group	Euros	5,000	-	30
Banco BIC, S.A.	Escrow account	6 August 2015	31 December 2020	Group	Euros	21,742	20,570	775
Banco Português de Investimento, S.A.	Bank Loans	July 5th, 2016	5 November 2021	Group	Euros	10,516	-	6,911
Novo Banco, S.A.	Bank Loans	26 January 2015	15 December 2021	Group	Euros	32,144	-	30,502
Novo Banco, S.A.	Bank overdrafts	1 February 2007	31 December 2033	Group	Euros	15,396	1,603	4,782
						375,606	237,305	106,283

**(b) Commercial role**

On December 31, 2019, the Company has negotiated the following commercial paper programs:

Bank	Type of Financing	Start date	Due date	Financing	Currency	Total amount financed (€)	Limit used by the Company (€)	Limit used by the rest of the group (€)
Novo Banco, S.A.	Commercial Paper	28 December 2015	15 June 2027	Group	Euros	95,000	8,850	86,150
Novo Banco, S.A.	Commercial Paper	30 December 2013	31 December 2033	Group	Euros	191,250	-	182,750
Novo Banco, S.A.	Commercial Paper	14 January 2016	31 December 2033	Group	Euros	16,900	-	16,700
						303,150	8,850	285,600

The Obtained financing above is refundable according to the following terms of redemption:

	2019	2018
Less than a year	49,520	44,862
1 to 2 years	10,217	42
2 to 3 years	11,437	10,217
3 to 4 years	16,292	11,437
4 to 5 years	20,769	15,877
Over 5 years	160,599	184,052
	268,834	266,487



To guarantee the financing obtained as described above, mortgages were constituted and several pledges were made (Note 16).

## 16. GUARANTEES AND COMMITMENTS

### Guarantees

On 31 December 2019 and 2018, the Company had granted bank guarantees and sureties to third parties, as follows:

	2019	2018
Bank guarantees and sureties	15,172	28,726

The guarantees were mainly provided:

- For the purposes of suspending a tax enforcement procedure instigated against the subsidiary Teixeira Duarte - Engenharia e Construções, S.A. relating to corporation tax (IRC) debt from the 2010 period, the Company submitted a guarantee, amounting to 10,139 thousand euros, which was accepted by the Tax Authority (AT).
- For the purposes of suspending tax enforcement proceedings instigated against the Company, and relating to the corporation tax (IRC) debt for the 2013 period, bank guarantees with an overall amount of 1,125 thousand euros were issued in favor of AT.
- For the purposes of suspending tax enforcement proceedings instigated against the Company, and relating to the corporation tax (IRC) debt for the 2014 period, bank guarantees with an overall amount of 1,528 thousand euros were issued in favor of AT.
- For the purposes of suspending tax enforcement proceedings instigated against the Company, and relating to the corporation tax (IRC) debt for the 2015 period, a bank guarantee amounting to 898 thousand euros was issued in favour of AT.
- For the purposes of suspending tax enforcement proceedings instigated against the Company, and relating to the corporation tax (IRC) debt for the 2016 period, a bank guarantee amounting to 1.482 thousand euros was issued in favour of AT.

The following liens and mortgages were also provided, in addition to the aforementioned guarantees:

Bank	Type of Financing	Start date	Due date	Amount	Collateral
Banco BIC, S.A.	Escrow account	6 August 2015	31 December 2020	21,742	GB from BIC AO (23M €) to BIC PT; Property Mortgage no. 2254 (TD Suc. Angola) Commercial Complex and Workshops Automotive Pole - Talatona
Banco Comercial Português, S.A.	Bank Loans	27 November 2017	31 December 2033	31,705	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda ; Angola Hotels Mortgage: Alvalade and Baía and Mozambique hotels: Avenida and Tivoli Beira
Banco Comercial Português, S.A.	Bank Loans	30 January 2018	15 June 2021	13,650	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda ; Angola Hotels Mortgage: Alvalade and Baía and Mozambique hotels: Avenida and Tivoli Beira
Banco Comercial Português, S.A.	Bank Loans	5 January 2009	15 December 2033	141,020	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda ; Angola Hotels Mortgage: Alvalade and Baía and Mozambique hotels: Avenida and Tivoli Beira
Banco Comercial Português, S.A.	Escrow account	June 7th, 2017	31 December 2033	9,273	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda ; Angola Hotels Mortgage: Alvalade and Baía and Mozambique hotels: Avenida and Tivoli Beira
Caixa Geral de Depósitos, S.A.	Bank Loans	30 September 2014	15 December 2033	83,000	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda ; Angola Hotels Mortgage: Alvalade and Baía and Mozambique hotels: Avenida and Tivoli Beira
Novo Banco, S.A.	Bank overdrafts	1 February 2007	31 December 2033	15,396	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda ; Angola Hotels Mortgage: Alvalade and Baía and Mozambique hotels: Avenida and Tivoli Beira
Novo Banco, S.A.	Bank Loans	26 January 2015	15 December 2021	32,144	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda ; Angola Hotels Mortgage: Alvalade and Baía and Mozambique hotels: Avenida and Tivoli Beira + Pledge 70,000 BCP shares (TDGPll) + Pledge 1,936,396 BCP shares (C+PA)
Novo Banco, S.A.	Commercial Paper	30 December 2013	31 December 2033	191,250	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda ; Angola Hotels Mortgage: Alvalade and Baía and Mozambique hotels: Avenida and Tivoli Beira + Pledge 12,500,000 EPOS Shares and 200,000,000 C+PA Shares (TEDAL) + Pledge 1,325,000 Participation Units TDF (TDGPll) + Mortgage on Operations Center TD Montijo (TDGPll) + Mortgage 9 Lots Mafamude (Quinta Cravel) + Mortgage 10 Lots Santa Marinha Design District venture - Santa Marinha (V8)
Novo Banco, S.A.	Commercial Paper	14 January 2016	31 December 2033	16,900	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda ; Angola Hotels Mortgage: Alvalade and Baía and Mozambique hotels: Avenida and Tivoli Beira + Pledge 1,000,000 TDGI shares (TD SA)
Novo Banco, S.A.	Commercial Paper	28 December 2015	15 June 2027	95,000	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda ; Angola Hotels Mortgage: Alvalade and Baía and Mozambique hotels: Avenida and Tivoli Beira + Pledge of 1,045,610 shares of Recolte Espanha (TEDAL) + Pledge of 50% of the shares of TDE
				651,080	

On December 31, 2019, the Company issued comfort letters in favour of companies of the group as follows:

	Debt value	Currency	Values in thousand euros
TDA - Comércio e Indústria, Lda.	1,891,400,000	AON	3,527
TEIXEIRA DUARTE - Engenharia e Construções (Angola), Lda.	4,390,650,000	AON	8,189
TEIXEIRA DUARTE - Engenharia e Construções (Angola), Lda.	30,000,000	USD	1,085
RECOLTE, Servicios y Medioambiente, S.A.	2,000,000	EUR	2,000
BONAPARTE - Imóveis Comerciais e Participações, S.A.	1,000,000	EUR	1,000
RECOLTE, Servicios y Medioambiente, S.A.	4,500,000	EUR	4,500
BONAPARTE - Imóveis Comerciais e Participações, S.A.	17,000,000	EUR	17,000
RECOLTE, Servicios y Medioambiente, S.A.	512,579	EUR	513
RECOLTE, Servicios y Medioambiente, S.A.	584,758	EUR	585
			38,399

#### Sureties

At 31 December 2019, the Company had issued sureties in favor of group companies, as follows:

Bank	Entity	Type	Currency	Values in thousand euros
Caixa Geral de Depósitos, S.A.	Somafel, S.A.	Guarantor	EUR	3,363
Caixa Geral de Depósitos, S.A.	Teixeira Duarte - E.C., S.A.	Guarantor	EUR	11,795
Caixa Geral de Depósitos, S.A.	Recolte, S.A.	Guarantor	EUR	63
Caixa Geral de Depósitos, S.A.	TDGPIL, S.A.	Guarantor	EUR	2,235
Caixa Geral de Depósitos, S.A.	TD VIA, S.A.	Guarantor	EUR	2,902
				20,358

#### 17. FINANCIAL RESULTS

In the periods ended on 31 December 2019 and 2018, the financial results were broken down as follows:

	2019	2018
Financial expenses and losses:		
Supported interests - Interest from obtained financing	(24,294)	(23,555)
Other supported interests	(8)	-
Other financing expenses:	(3,250)	(3,329)
	(27,552)	(26,884)
Income and financial earnings:		
Obtained interests	1,521	355
	1,521	355
	(26,031)	(26,529)

#### 18. EMPLOYEE BENEFITS

During the periods ended on 31 December 2019 and 2018, the average number of employees hired directly by Portugal was 98 and 192 people, respectively.

In the periods ended on those dates, the expenses with personnel had the following break-down:

	2019	2018
Remuneration of corporate bodies	741	1,124
Remuneration of staff	3,341	8,432
Indemnity	2,126	813
Charges on earnings	829	1,811
Industrial accidents and occupational diseases insurance	46	65
Other staff costs	140	(249)
	7,223	11,996

#### 19. EXTERNAL SUPPLIES AND SERVICES

In the periods ended on 31 December 2019 and 2018, the supplies and external services heading was broken down as follows:

	2019	2018
Subcontracts	1	53
Specialised Services	3,684	5,372
Materials	69	316
Energy and fluids	2	3
Travel, stays and transport	321	446
Different Services	260	216
	4,337	6,406

#### 20. OTHER INCOME

On December 31, 2019 and 2018, the other income and gains were as follows:

	2019	2018
Equipment hire	-	83
Performance of social body responsibilities	271	408
Other supplementary income	1,817	989
Gains from divestment of financial assets	-	1,587
Other	1,165	672
	3,253	3,739

## 21. OTHER EXPENSES

On December 31, 2019 and 2018, the other expenses and losses were as follows:

	2019	2018
Taxes and rates	51	26
Insufficiency for tax estimate	126	1,646
Other	121	96
	298	1,768

## 22. FINANCIAL RISKS MANAGEMENT

### General principles

The Company is exposed to a number of financial risks arising from its activities, among which the following deserve special mention:

- Interest rate risks arising from financial liabilities;
- Credit risk, particularly from amounts receivable from customers related to the company's operating activities;
- Liquidity risk, as regards the maintenance of cash balance stability.

The Company's Financial Department ensures the centralised management of the financing operations, applications of cash surplus, exchange transactions as well as the counterpart risk of the Company.

It is also responsible for the identification, quantification and for the proposal and implementation of measures aimed at the management/mitigation of the financial risks to which the Company is exposed.

Following is a more detailed description of Company's main financial risks and measures implemented to manage them.

### (a) Interest rate risk

The objective of the interest rate risk management policy is the minimization of the cost of debt subject to the maintenance of a low level of volatility of financial costs.

As at 31 December 2019 and 2018, the financial liability is composed only and exclusively of variable interest tax.

In case the market interest rates were less by 1% during the periods ended on December 31, 2019 and 2018, the income of those periods would have diminished by 9.523 thousand euros and 10.107 thousand euros, respectively. In case the same market interest rates had been greater by 1% during the same periods, the income of those periods would have increased by 9.523 thousand euros and 10.107 thousand euros, respectively.

### (b) Credit risk

On December 31, 2019 and 2018, the accounts receivable balances of clients for whom adjustments were not recorded by the Board of Directors, considering that the same are realisable, are the following:

	2019	2018
Balances		
Unexpired	919	6,338
Up to 180 days	5	1,071
From 180 to 360 days	1,116	2,616
Over 360 days	5,032	6,577
	7,072	16,602

### (c) Settlement risk:

This risk can occur if the sources of financing, such as the cash flows from operating activities, divestment, credit lines and from financing operations, do not meet the financing needs, such as the cash outflows for operating activities and financing, investments, remuneration of shareholders and debt repayment.

In order to mitigate this risk, the Company seeks to maintain a liquidity position and an average maturity of debt that allows it to repay its debt within reasonable periods of time.

The financial liability valid up to a year is, whenever deemed appropriate, substituted by medium and long term maturity.

The maturity of the financial liabilities at 31 December 2019 and 2018 is as follows:

2019					
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Suppliers	68,180	-	-Brasil	-	68,180
Obtained financing	49,520	10,217	11,437	197,660	268,834
Government and other public entities	6,590	-	-Brasil	-	6,590
Other debts payable	216,249	42,500	42,540	131,746	433,035
	340,539	52,717	53,977	329,406	776,639

2018					
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Suppliers	44,421	-	-Brasil	-	44,421
Obtained financing	44,862	42	10,217	211,366	266,487
Government and other public entities	1,060	-	-Brasil	-	1,060
Other debts payable	218,055	42,560	42,560	174,386	477,561
	308,398	42,602	52,777	385,752	789,529

## 23. CAPITAL

### Share capital

As at 31 December 2019, the Company's paid-in capital, totally underwritten and paid-up, was composed of 420,000,000 shares with the nominal value of 0.50 euro each.

### Legal reserve

Commercial legislation establishes that at least 5% of annual net profit must be appropriated to a legal reserve until the reserve equals at least 20% of capital. This reserve is not distributable, except in the case of the Company's liquidation, but may be used to absorb losses, after all the other reserves have been depleted, or incorporated in the share capital.

### Other reserves

The other reserves are composed only and exclusively by free reserves.

### Application of results

On 27 Mar 2019, the General Meeting resolved to approve the accounts for the 2018 period and it was decided that the Net Profit of 4,671,723.84 euros (four million, six hundred and seventy one thousand, seven hundred and twenty three euros and eighty four cents) would be applied as follows:

	Value
Other reserves	4,671,723.84

As presented in the Management Report, the proposed application of results for the financial year ended 31 December 2019, amounting to €7,878,767.21 (seven million, eight hundred and seventy-eight thousand, seven hundred and sixty-seven euros and twenty-one cents) is as follows:

	Value
Other reserves	7,878,767.21

## 24. OTHER INFORMATION

The Board of Directors approved and authorised the issuance of the financial statements for the year 2019 on 24 April 2020.

The Board of Directors discloses that the Company does not have any debts to the State in a situation of late payment.

The Board of Directors reports that the Company's Social Security status is regularised, within the legally stipulated periods.

### Additional disclosures

The total fees billed by the official accounts auditor company for the statutory audit of the financial statements were as follows:

	2019	2018
Accounts Auditor Fees	61	61



## **25. SUBSEQUENT EVENTS AT THE DATE OF THE BALANCE SHEET**

The Company is monitoring the development of the pandemic situation, decreed on 11 March 2020 by the World Health Organization, and it is acting in accordance with the recommendations of the World Health Organization and the Portuguese General Directorate of Health. As a result, contingency and preventive measures have been taken to follow the guidelines of these entities and to mitigate and contain the public health risk, and to balance these intentions with the steps necessary to safeguard the continuity of the business and the impact of the situation on all of its *stakeholders*.

Currently, due to the direct and indirect nature of the possible impacts, as well as the unpredictability of their scale or duration, it is not possible to identify or quantify them.

With the exception of that mentioned in the preceding paragraphs, after the close of the period no events occurred subsequent to the balance sheet date that should be recorded or disclosed on the financial statements at 31 December 2019.





**Teixeira Duarte**

Reports and accounts 2019

# Consolidated Financial Statements 2019

## CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND 2018

Items	Notes	2019	2018
<b>Non-current assets:</b>			
Goodwill	19	12,214	12,271
Intangible assets	20	60,267	65,013
Fixed tangible assets	21	479,776	552,632
Investment Properties	22	208,478	194,091
Usage right	23	41,603	-
Investments in associates and joint-ventures	7 and 24	22,235	16,821
Other financial investments at amortized cost	25	2,806	4,219
Other financial investments at fair value through other comprehensive income	7 and 25	15,866	16,930
Assets for deferred tax	27	147,993	149,435
Customers	28	16,458	23,441
Other debtors	28	12,694	11,091
<b>Total of non-current assets</b>		<b>1,020,390</b>	<b>1,045,944</b>
<b>Current assets:</b>			
Inventories	9 and 10	202,111	192,645
Customers	28	236,183	186,103
Other debtors	28	38,517	22,194
Other financial investments at amortized cost	25	-	14,665
Other financial investments at fair value through other comprehensive income	7 and 25	10	-
Cash and cash equivalents	30	135,380	171,991
Other current assets	31	182,528	189,262
		<b>794,729</b>	<b>776,860</b>
Assets for sale	26	34,897	34,897
<b>Total of current assets</b>		<b>829,626</b>	<b>811,757</b>
<b>TOTAL OF ASSET</b>	<b>7</b>	<b>1,850,016</b>	<b>1,857,700</b>
<b>Equity:</b>			
Equity	33	210,000	210,000
Adjustments of shareholdings in associates and joint-ventures	24	(443)	(673)
Currency conversion adjustments	46	(444,577)	(303,790)
Reserves and retained income	34	520,545	450,960
Consolidated net result	17	14,414	11,127
<b>Equity attributable to shareholders</b>		<b>299,939</b>	<b>367,624</b>
Non-controlling interests	35	36,585	35,736
<b>EQUITY TOTAL</b>		<b>336,524</b>	<b>403,360</b>
<b>Non-current liabilities:</b>			
Loans	36	692,004	730,200
Provisions	37	45,053	43,946
Lease liabilities	39	34,594	-
Financial Leases	39	-	3,814
Liabilities by deferred taxes	27	111,672	112,548
Other Creditors	38	376	-
Other non-current liabilities	40	80,002	63,654
<b>Total of non-current liabilities</b>		<b>963,701</b>	<b>954,162</b>
<b>Current liabilities:</b>			
Loans	36	119,899	124,076
Lease liabilities	39	6,919	-
Suppliers	38	148,122	139,646
Financial Leases	39	-	2,794
Other Creditors	38	26,920	21,472
Other current liabilities	40	224,370	188,629
		<b>526,230</b>	<b>476,617</b>
Liabilities for sale	26	23,561	23,561
<b>Total of current liabilities</b>		<b>549,791</b>	<b>500,178</b>
<b>TOTAL OF LIABILITY</b>	<b>7</b>	<b>1,513,492</b>	<b>1,454,340</b>
<b>TOTAL OF LIABILITY AND EQUITY</b>		<b>1,850,016</b>	<b>1,857,700</b>

(Values in thousand euros)

The annex notes are an integral part of the consolidated statement of the financial position for the quarter ending 31 December 2019.

## CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED ON 31 DECEMBER 2019 AND 2018

Items	Notes	2019	2018
<b>Operating income:</b>			
Sales and services rendered	7 and 8	877,497	873,712
Other operating income	8	171,511	140,551
<b>Total of operating income</b>	<b>8</b>	<b>1,049,008</b>	<b>1,014,263</b>
<b>Operating costs:</b>			
Cost of sales	9	(210,866)	(247,195)
Production changes	10	1,690	(18,812)
External supplies and services	11	(338,332)	(286,677)
Expenses with staff	12	(239,174)	(221,976)
Amortizations and depreciations	7, 20, 21 and 23	(57,713)	(43,546)
Provisions and impairment losses in depreciable and amortizable asset and Goodwill	7 and 37	(1,872)	(15,258)
Other operating costs	14	(72,291)	(96,922)
<b>Total of operating costs</b>		<b>(918,558)</b>	<b>(930,386)</b>
<b>Operational income</b>	<b>7</b>	<b>130,450</b>	<b>83,877</b>
Costs and financial losses	7 and 15	(118,692)	(150,250)
Income and financial earnings	7 and 15	30,488	77,228
Earnings from investment activities:			
Income related to affiliates and joint-ventures	7 and 15	1,407	220
Other	7 and 15	309	18,100
<b>Financial Results</b>		<b>(86,488)</b>	<b>(54,702)</b>
<b>Earnings before tax</b>	<b>7</b>	<b>43,962</b>	<b>29,175</b>
Income tax	16	(27,292)	(19,679)
<b>Consolidated net income for the year</b>		<b>16,670</b>	<b>9,496</b>
<b>Net results attributable to:</b>			
Shareholders	17	14,414	11,127
Non-controlling interests	35	2,256	(1,631)
<b>Income by share:</b>			
Basic (euros)	17	0.03	0.03
Diluted (euros)	17	0.03	0.03

(Values in thousand euros)

The annex notes are an integral part of the consolidated income statement for the year ended on 31 December 2019



## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

Items	Notes	2019	2018
Consolidated net income for the year		16,670	9,496
Income and expenses that will not be reclassified for results			
Other equity variations		(9,750)	9,191
Other financial investments at fair value through other comprehensive income, net of taxes	25	(127)	598
Revaluation surplus, net of tax	21	76,234	166,473
		66,357	176,262
Income and expenses that can be reclassified for results			
Currency conversion adjustments	46	(150,093)	(247,986)
Adjustments of shareholdings in associates and joint-ventures	24	230	(888)
Impact of the application of IAS 29 in Angola and Venezuela on 1 January 2018		-	59,405
Impact of the application of IFRS 9 on 1 January 2018		-	(1,772)
		(149,863)	(191,241)
Result known directly in equity		(83,506)	(14,979)
Comprehensive income for the year		(66,836)	(5,483)
Comprehensive income attributable to:			
Shareholders		(67,685)	58
Non-controlling interests		849	(5,541)

(Values in thousand euros)

The annex notes are an integral part of the consolidated statement of the other comprehensive income for the year ended on 31 December 2019.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2019 AND 2018

					Reserves and retained income									
Items	Notes	Equity	Adjustments of shareholdings in associates and joint-ventures	Effect of currency adjustments	Legal reserve	Other reserves	Fair value reserve - financial investments	Revaluation reserve - real estate	Hedge operation reserve	Retained income	Consolidated net result	Total equity attributable to shareholders	Non-controlling interests	Total
Balance on January 1st, 2018	33	210,000	215	(67,455)	42,000	195,213	-	-	(8,490)	733	(4,650)	367,566	41,277	408,843
Comprehensive income for the year														
Consolidated net income for the year	-	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	11,127	11,127	(1,631)	9,496
Impact of the application of IAS 29 in Angola and Venezuela on 1 January 2018	-	-	-Brasil	-Brasil	-	58,113	-	-Brasil	-Brasil	-Brasil	-	58,113	1,292	59,405
Impact of the application of IFRS 9 on 1 January 2018	-	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	(1,572)	-	(1,572)	(200)	(1,772)
Variation in currency conversion adjustments	46	-	-	(236,335)	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	(236,335)	(11,651)	(247,986)
Changes in the fair value of other investments through other comprehensive income, net of taxes	25	-	-Brasil	-Brasil	-	-	598	-	-	-	-	598	-	598
Revaluation surplus, net of tax	21	-	-Brasil	-Brasil	-Brasil	-Brasil	-	162,085	-	-Brasil	-	162,085	4,388	166,473
Effect of the application of equity method:	24	-	(888)	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	(888)	-	(888)
Other	-	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	8,490	(1,560)	-	6,930	2,261	9,191
Operations with shareholders in the year:														
Appropriation of the consolidated net income for 2017:	-	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	(4,650)	4,650	-	-Brasil	-
Transfer to retained earnings	-	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	(4,650)	4,650	-	-Brasil	-
Balance on December 31, 2018		210,000	(673)	(303,790)	42,000	253,326	598	162,085	-	(7,049)	11,127	367,624	35,736	403,360
					Reserves and retained income									
Items	Notes	Equity	Adjustments of shareholdings in associates and joint-ventures	Effect of currency adjustments	Legal reserve	Other reserves	Fair value reserve - financial investments	Revaluation reserve - real estate	Retained income	Consolidated net result	Total equity attributable to shareholders	Non-controlling interests	Total	
Balance on January 1st, 2019	33	210,000	(673)	(303,790)	42,000	253,326	598	162,085	(7,049)	11,127	367,624	35,736	403,360	
Comprehensive income for the year														
Consolidated net income for the year	-	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	14,414	14,414	2,256	16,670	
Variation in currency conversion adjustments	46	-	-	(140,787)	-	-Brasil	-Brasil	-Brasil	-Brasil	-	(140,787)	(9,306)	(150,093)	
Changes in the fair value of other investments through other comprehensive income, net of taxes	25	-	-Brasil	-Brasil	-Brasil	-	(127)	-	-Brasil	-	(127)	-	(127)	
Revaluation surplus, net of tax	21	-	-Brasil	-Brasil	-Brasil	-Brasil	-	73,675	-	-	73,675	2,559	76,234	
Effect of the application of equity method:	24	-	230	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	230	-	230	
Purchase of non-controlling interests	35	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	(1,641)	-	(1,641)	1,641	-	
Other	-	-	-Brasil	-Brasil	-Brasil	-Brasil	-	(5,963)	(7,486)	-	(13,449)	3,699	(9,750)	
Operations with shareholders in the year:														
Appropriation of the consolidated net income for 2018:	-	-	-Brasil	-Brasil	-	4,672	-	-	6,455	(11,127)	-	-Brasil	-	
Transfer to other reserves and results carried forward	-	-	-Brasil	-Brasil	-	4,672	-	-	6,455	(11,127)	-	-Brasil	-	
Balance on December 31, 2019		210,000	(443)	(444,577)	42,000	257,998	471	229,797	(9,721)	14,414	299,939	36,585	336,524	

(Values in thousand euros)

The annex notes are an integral part of the consolidated statement of changes in equity for the year ended on 31 December 2019.

## CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2019 AND 2018

Items	Notes	2019	2018
<b>OPERATIONAL ACTIVITIES</b>			
Receipts from customers		868,704	900,503
Payment to suppliers		(533,399)	(567,711)
Payment to staff		(235,144)	(219,319)
Cash flow generated by operations		100,161	113,473
Payment/receipt of income tax		(12,892)	(29,664)
Other receipts/payments related to the operational activity		(27,099)	(27,748)
Cash flows of operational activities [1]		60,170	56,061
<b>INVESTMENT ACTIVITIES:</b>			
Receipts related to:			
Financial investments	30	25,467	169,663
Tangible fixed assets and investment properties		19,637	15,987
Interests and similar gains		7,291	7,145
Dividends	30	626	1,423
		53,021	194,218
Payments related to:			
Financial investments	30	-	(214)
Tangible fixed assets and investment properties		(47,142)	(28,245)
Intangible assets		(2,479)	(916)
		(49,621)	(29,375)
Cash flows from investment activities [2]		3,400	164,843
<b>FINANCING ACTIVITIES:</b>			
Receipts related to:			
Obtained loans	36	1,292,365	1,817,989
Payments related to:			
Obtained loans	36	(1,329,737)	(1,962,354)
Lease liabilities		(10,171)	-
Interests and similar costs		(25,924)	(27,077)
		(1,365,832)	(1,989,431)
Cash flows from financing activities [3]		(73,467)	(171,442)
Variation of cash and cash-equivalent items (4)=(1)+(2)+(3)		(9,897)	49,462
Effect of exchange rate differences		(21,660)	(31,736)
Cash and cash equivalents - perimeter alteration	5	(5,054)	-
Cash and cash-equivalent items at the beginning of the period	30	171,991	154,265
Cash and cash-equivalent items at the end of the period	30	135,380	171,991

(Values in thousand euros)

The annex notes are an integral part of the cash flow statement for the year ended on 31 December 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

## 1 - INTRODUCTION

Teixeira Duarte, S.A. ("Company" or "TD, S.A.") with head office in Porto Salvo, was incorporated on 30 November 2009, with share capital of EUR 210,000,000, represented by 420,000,000 shares with the nominal value of EUR 0.50 each (Note 33), and its core business is the implementation and management of investments, the coordination and supervision of other companies integrated in or related to its business Group.

The corporate universe of Teixeira Duarte ("Group") is composed of the participated companies indicated in Note 4. The Group's core activities are: Construction; Concessions and Services; Real Estate; Hospitality; Distribution; Energy and Automotive (Note 7).

Reference should also be made to the fact that the Group has repositioned the operation of La Guaria Port in Venezuela, from the Construction sector to Concessions and Services, and in this document, the notes to the consolidated financial statements for the first half of the 2018 financial year were - only in relation to these sectors - reclassified to allow an adequate level of comparability.

The stated values will be expressed in thousands of euros, unless expressly indicated. The operations conducted abroad are included in the consolidated financial statements pursuant to the policy described in Notes 2.9 and 2.10.

## 2 - MAIN ACCOUNTING PRINCIPLES

### 2.1 - Basis of presentation

The consolidated financial statements have been prepared under the assumption of the continuity of operations, based on the accounting books and records of the companies included in the consolidation (Note 4), adjusted in accordance with the consolidation process, in order to conform with the provisions of the International Financial Reporting Standards adopted by the European Union, effective for financial years beginning on 1 January 2019. With regard to Group companies that use different accounting standards, adjustments were made for conversion to the IFRS.

These standards include the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective interpretations, issued by the IFRS Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"), respectively, whose adoption has been approved by the European Union. Hereinafter, these standards and interpretations shall be referred to in general as "IFRS".

The financial statements have been prepared according to the historical cost convention, modified by applying fair value to investment property and financial assets at fair value through other comprehensive income. The Group also adopted the revaluation model for certain classes of tangible fixed assets, according to note 21.

Fair value is the amount for which an asset can be exchanged, or a liability settled between knowledgeable and willing parties in an arm's length transaction, regardless of whether that price can be directly observed or estimated using other valuation techniques. When estimating the fair value of an asset or liability, the Group considers the characteristics that market participants would also take into consideration when valuing the asset or liability at the measurement date.

### Standards, interpretations, amendments and revisions which entered into force during the year

Prior to the date of approval of these financial statements, the European Union endorsed the following mandatory accounting standards, interpretations, amendments and revisions for the financial year beginning on January 1, 2019:

Standard/Interpretation	Effective date (financial years starting on or after)	Contents
IFRS 16 - Leases	01/jan/19	This standard replaces IAS 17, with a significant impact on how lessees are accounted for, who are now required to recognise a lease liability equivalent to future lease payments and a "usage right" asset for all lease contracts, except for certain short-term leases and low value assets. The definition of a lease contract has also been changed and is based on the "right to control the use of an identified asset".
IFRIC 23 - Uncertainty over income tax treatments	01/jan/19	This is an interpretation of IAS 12 - Income Tax, referring to the measurement and recognition requirements to be applied when there are uncertainties regarding the acceptance of a certain tax treatment by the tax authorities, regarding income tax. In the event of uncertainty as to the position of the Tax Administration on a specific transaction, the entity should make its best estimate and record the tax assets or liabilities in the light of IAS 12, and not IAS 37 - "Provisions, contingent liabilities and contingent assets", based on the expected value or most likely value. IFRIC 23 may be applied retrospectively, or modified retrospectively.
Amendment to IFRS 9 - Prepayment elements with negative compensation	01/jan/19	This amendment introduces the possibility of classifying financial assets with prepayment conditions with negative compensation at amortised cost, provided that specific conditions are met, instead of being classified at fair value through results.
Improvement to standards 2015 - 2017	01/jan/19	This improvement cycle affects the following standards: IAS 23 (this improvement clarifies that the specific loans obtained, that still remain open, after the qualifying assets to which they relate are in a condition for use or sale, must be added to generic loans to calculate the average capitalisation interest rate on other assets subject to qualification), IAS 12 (this improvement clarifies that the tax impacts inherent to dividends are recognised on the date on which the entity records the responsibility for the payment of dividends, which are recognised under results for the financial year, in other comprehensive income or in capital, depending on the transaction or event that gave rise to the dividends) and IFRS 3 and IFRS 11 (these improvements clarify that: (i) when obtaining control over a business that is a joint operation, the interest previously held by the investor are remeasured at fair value, and (ii) when an investor in a joint operation, who does not exercise joint control, obtains joint control in an operation that is a business, the previously held interest is not remeasured).
IAS 19 - Changes, reductions and settlements of defined benefit plans	01/jan/19	This change requires an entity: (i) to use updated assumptions to determine current service cost and net interest for the remaining period after the change, reduction or settlement of the plan; and (ii) to recognise any reduction in excess coverage under results for the year, as part of the costs of past services, or as a settlement gain or loss, and under other comprehensive income, even if the excess coverage was not previously recognised due to the effect of the "asset ceiling".
Amendment to IAS 28 - Long-term investments in associates and joint ventures	01/jan/19	This amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investment in associates and joint ventures) that are not being measured using the equity method, must be accounted for under IFRS 9, and are subject to the estimated losses impairment model, before any impairment test on the investment as a whole.



Regarding the aforementioned standards, interpretations, amendments and revisions, and except for the effects resulting from the adoption of IFRS 16 - "Leases", described in the following paragraph, there were no other material effects on the attached consolidated statements resulting from the adoption thereof.

The Group adopted IFRS 16 for the first time on 1 January 2019 and the modified retrospective method was applied. The comparative financial information for the year ended 31 December 2018 is not restated because the Group opted to measure these assets at the date of the first application of IFRS 16, recording on that date the liability relating to future rents, and an asset of the same amount.

The introduction of IFRS 16 replaces IAS 17, which provided for a classification of leases as either operational or financial, which now have similar accounting treatments with the application of IFRS 16. The application of IFRS 16 included all operating lease contracts that, at the date of application of IFRS 16, terminated in over 12 months (excluding contracts with a total amount below 5,000 euros).

The impact of the first application of IFRS 16, as of January 1, 2019, was the recording usage right asset of 43,511 thousand euros, and a lease liability of the same amount.

#### **Standards, interpretations, amendments and revisions which shall enter into force in future years**

The following standards, interpretations, amendments and revisions, of compulsory application in future financial years had been endorsed by the European Union by the date of approval of these financial statements:

Standard/Interpretation	Effective date (financial years starting on or after)	Contents
Conceptual structure - Changes in the reference to other IFRSs	01/jan/20	With the publication of the new conceptual structure, the IASB introduced changes to the text of several standards and interpretations, in order to clarify the application of the new definitions of assets / liabilities and expenditure / income, in addition to some of the characteristics of financial reporting. These changes apply retrospectively, unless this is impractical.
IAS 1 and IAS 8 (amendment) - Definition of material	01/jan/20	This amendment introduces a change to the concept of material. It includes clarifications regarding the reference to unclear information, corresponding to situations where its effect is similar to omitting or distorting such information, in the overall context of the financial statements; it also includes clarifications regarding the term "main users of financial statements", who are defined as "current and future investors, financiers and creditors" who depend on the financial statements to obtain a significant part of the information they need.

Despite being endorsed by the European Union, these standards were not adopted in 2019, as their application is not yet mandatory.

#### **Standards, interpretations, amendments and revisions not endorsed by the European Union**

The following accounting standards and technical interpretations were issued by the IASB and have not yet been endorsed by the European Union:

Standard/Interpretation	Effective date (financial years starting on or after)	Contents
IFRS 3 (amendment) - Business definition	01/jan/20	This amendment constitutes a revision of the definition of business for the purposes of accounting for business combinations. The new definition requires an acquisition to include an <i>input</i> and a substantive process that together generate <i>outputs</i> . <i>Outputs</i> are now defined as goods and services that are provided to customers, that generate income from financial investments and other income, excluding returns in the form of cost reductions and other economic benefits to shareholders. "Combination tests" are now permitted to determine whether a transaction refers to the acquisition of an asset or a business.
IFRS 17 - Insurance contracts	01/jan/21	This standard replaces IFRS 4 and applies to all entities that issue 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 may be based on a complete model (' <i>building block approach</i> ') or a simplified model (' <i>premium allocation approach</i> '). The recognition of the technical margin differs according to whether it is positive or negative. IFRS 17 is applied retrospectively.
IFRS 9, IAS 39 and IFRS 7 (amendment) - Reform of benchmark interest rates (IBOR Reform)	01/jan/21	Amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (IBOR reform), aimed at reducing the potential impact of changes in benchmark interest rates on financial reporting, specifically in hedge accounting.

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group in the financial year ended on 31 December 2019.

It is not estimated that the future adoption of these standards and interpretations, issued by the IASB but not yet endorsed by the European Union, will have a significant impact on the attached financial statements.

## 2.2 - Judgments and estimates

The preparation of the consolidated financial statements in conformity with the recognition and measurement principles of the IFRS requires the Board of Directors to make judgements, estimates and assumptions that can affect the reported amounts of assets and liabilities.

These estimates are based on the best knowledge existing at all times and on the planned actions, and are periodically reviewed based on the available information. Changes in facts and circumstances may lead to the need to review the estimates, hence the actual future results may differ from these estimates.

The significant estimates and assumptions made by the Board of Directors in preparing these consolidated financial statements include, namely, the assumptions used to estimate the following aspects:

### Impairment of non-current assets (except goodwill)

The determination of a possible impairment loss can be triggered by the occurrence of different events, many of which are outside the sphere of influence of the Group, such as the

availability of future financing, the cost of capital or any other changes.

The identification of impairment indicators, the estimation of future cash flows and the determination of the net realizable value of assets imply a high degree of judgment by Management in terms of the identification and evaluation of different impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

### Impairment of goodwill

*Goodwill* is subject to annual impairment tests or whenever there are indications of a possible loss in value. The recoverable values of the cash flow generating units to which the *goodwill* is allocated, are determined based on expected cash flow. These calculations require the use of estimates by the Board of Directors regarding the future evolution of the business and discount rates considered.

### Useful lives of tangible and intangible assets

The useful life of an asset is the time during which an entity expects an asset to be available for use, which must be reviewed at least at the end of each financial year.

The determination of the useful lives of assets, the amortisation / depreciation method to be applied and estimated losses resulting from the replacement of equipment before the end of its useful life, for reasons of technological obsolescence, is essential to determine the amount of amortisation / depreciation to be recognised in the consolidated income statement for each financial year.

These three parameters are defined according to the management's best estimate for the assets and business in question, also considering the practices adopted by companies in the operational segments in which the Group operates.

#### Contingent provisions and liabilities

The Group periodically analyses possible obligations arising from past events that must be recognised or disclosed. The subjectivity inherent in determining the likelihood of the existence of a present liability and amount of internal resources necessary for the payment of the obligations could lead to significant adjustments, either by changing the assumptions made, or by the future recognition of provisions previously disclosed as contingent liabilities.

#### Recognition of deferred tax assets

Deferred tax assets are only recognised when there is a reasonable expectation that there will be sufficient future taxable profits to use them or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The carrying amount of deferred tax assets is reviewed by the management at the end of each year and takes into consideration the expectation of future tax performance.

#### Impairment losses in accounts receivable:

The credit risk associated to accounts receivable is evaluated at the end of each reporting date, taking into account the debtor's historical information and risk profile. The accounts receivable are adjusted according to the management's assessment of the estimated risks of recovery existing on the reporting date, which may prove to be erroneous.

On the other hand, expected impairment losses on granted credits are calculated by taking into account a set of historical information and assumptions, which may not be representative of future uncollectability from Group debtors.

#### Recognition of revenue from construction contracts

The Group recognises the earnings of construction contracts in accordance with the input method, which is defined as the relationship between the incurred costs in each contract up to the reporting date and the sum of these costs with the estimated costs to complete the contract. The assessment of the degree of completion of each contract is periodically reviewed, taking into consideration the most recent production indicators.

#### Revaluation of tangible fixed assets

Tangible fixed assets are measured at acquisition or construction cost, including expenses attributable to the purchase, less accumulated depreciation and impairment losses, when applicable. However, for a homogeneous class of assets, the revaluation model (revalued value less accumulated amortisation) may be adopted as the accounting policy for the subsequent measurement of these assets. Thus, the revalued amount corresponds to its fair value on the revaluation date.

#### Valuation of investment properties

Investment properties are measured at their fair value, which is determined based on valuations made by independent specialised entities and in accordance with generally accepted valuation criteria for the real estate market. These valuations are based on observable market data and require judgments by the valuator with respect to the transaction conditions of each property in the market, which might diverge from the outcome recorded in the future.

### 2.3 - Principles of consolidation

#### a) Controlled companies

The controlled companies are consolidated in each financial year through the full consolidation method. Control exists when the Group directly or indirectly holds a majority of the voting rights in the General Meeting, or has the power to determine the financial and operating policies.

Third party participation in the equity and net income of these companies is presented separately in the consolidated statement of profit and loss and other comprehensive income, under the respective headings of "Non-controlling interests"

Significant transactions and balances between these companies were eliminated during the consolidation process. Capital gains arising from the disposal of participated companies, made within the Group, were also annulled.

Whenever appropriate, adjustments are made to the financial statements of the subsidiaries with a view to the standardisation of their accounting policies with those of the Group.

#### b) Business combination

Business combinations, namely the acquisition of jointly controlled companies, are recorded through the acquisition method.

The acquisition cost corresponds to the sum of the fair values of the assets acquired, liabilities incurred or assumed and the equity instruments issued by the Group in exchange for the acquired

control. Costs related to the acquisition are recognised as a cost when incurred. When applicable, the acquisition cost also includes the fair value of contingent payments measured on the acquisition date. Subsequent alterations in the value of contingent payments are recorded in accordance with the accounting rules which regulate the recording of the assets or liabilities in question, unless they qualify as an adjustment in the provisional measurement period (with a maximum of 12 months).

The identifiable assets, liabilities and contingent liabilities of a subsidiary that meet the criteria to be recognised in accordance with IFRS 3 - Business Combinations ("IFRS 3"), are measured by their fair value on the acquisition date, except for non-current assets (or groups of assets) which are classified as held for sale, in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations ("IFRS 5"), which are recognised and measured at the respective fair value minus the costs to be incurred in their future sale.

Any excess of the acquisition cost increased by the value of the non-controlled interests relative to the fair value of the acquired assets and liabilities is recognised as *Goodwill*. If the cost of acquisition is less than the fair value of the identified net assets, the difference is recorded as net income gain for the period when the acquisition occurs, after re-confirmation of the attributed fair value.

If the process of recording of the business combinations is incomplete by the end of the year when the combination occurs, the Group discloses this same situation, and the provisioned values may be adjusted during the measurement period (the period between the acquisition date and the date when the Group obtains the complete information on the facts and circumstances that existed on the acquisition date and within the maximum of 12 months), or new assets and liabilities may be recognised so as to reflect facts and circumstances that existed on the reporting date and which, in known cases, would have affected the amounts recognised on the acquisition date.

Non-controlling interests are identified separately in equity by the equity attributable to the shareholders of the Parent Company. Non-controlling interests may be measured initially either at their fair value or by the proportion of the fair value of the assets and liabilities of the acquired subsidiary. This option is made separately for each transaction.

After the initial recognition the book value of the minority interests is determined as the value recognised initially plus the proportion of alterations of equity of the subsidiary.

The full income of a subsidiary is attributed to the non-controlling interests even if it is negative.

Changes in the percentage control of subsidiaries that do not result in a loss in control are recorded as equity transactions. The value of the Group's interests and the non-controlled interests is adjusted to reflect the percentage changes. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the transaction price is recognised directly under equity and attributed to the shareholders of the Parent Company.

When the Group loses control over a subsidiary, the gain or loss in the sale is calculated as the difference between (i) the aggregate amount of the fair value of the price and the fair value of the retained interests and (ii) the book value of the assets (including goodwill) and the liabilities of the subsidiary and of the non-controlling interests. Amounts recognised previously as other comprehensive income are transferred to profit or loss for the year or transferred to retained earnings in the same way as would be the case if the related assets or liabilities were sold. The fair value of the retained interests corresponds to the fair value in the initial recognition for the effect of subsequent recording under IFRS 9 - Financial instruments or, as and when applicable, the cost for the effect of the initial recognition of an investment in an associate or joint venture.

#### c) Investments in associates and joint-ventures

An associate or joint-venture is a company in which the Group exercises significant influence, through participation in decisions relative to its financial and operating policies, but does not have control over it.

Financial investments in most of the associates and joint-ventures (Note 24) are recorded through the equity method, except when they are classified as held for sale, with the shares initially stated at acquisition cost, which is increased or decreased according to the difference between this cost and the proportional value of the holding in the equity of these companies reported on the date of acquisition or first application of this method.

Pursuant to the equity method, financial holdings are adjusted periodically by the amount corresponding to the participation in the net income of the associates and joint-ventures against "Earnings from associates and joint-ventures", and through other changes in their equity against "Adjustments of holdings in associates and joint-ventures", as well as through the recognition of impairment losses. Furthermore, the dividends received from these companies are recorded as a reduction in the value of financial investments.

Losses in associates and joint ventures which exceed the investment made in these entities are not recognised unless the Group has undertaken liabilities for losses concerning these associates or joint ventures.

Any excess of the acquisition cost over the fair value of the identifiable net assets is recorded as "Investments in associates and joint-ventures - goodwill". In cases where the acquisition cost is lower than the fair value of the identified net assets, the difference is recorded as a gain in the income statement for the year in which the acquisition occurs.

Unrealised gains on transactions with associates and joint-ventures are eliminated in proportion to the Group's interest in the associate and joint-venture, against the investment made in that associate and joint-venture. Unrealised losses are eliminated in a similar manner, but only to the extent that the loss does not show that the transferred asset is impaired.

#### d) *Goodwill*

Differences between the acquisition cost of the investments in subsidiaries, associates and joint-ventures, plus, in the case of subsidiaries, the value of the non-controlled interests and fair value of the identifiable assets and liabilities of these companies on their acquisition date, if positive, are recorded as goodwill (in the case of subsidiaries and joint-ventures) or maintained under the heading of investments in associates.

Goodwill is recognised as an asset and is not subject to amortisation, and is presented separately in the consolidated statement of financial position or under the heading "Investments in associates and joint-ventures" (Notes 19 and 24). Regarding the goodwill of subsidiaries, annually, or whenever there are indications of a possible loss in value, the goodwill values are subject to impairment tests. Any impairment loss is immediately recorded as a cost in the consolidated income statement for the period and is not subject to subsequent reversal.

Upon the disposal of a subsidiary, associate or joint-venture, the corresponding *Goodwill* is included in the determination of the capital gain or loss.

Where the acquisition cost is less than the fair value of the identified net assets, the difference is recognised as a gain for the period in which the acquisition occurs.

#### 2.4 - Intangible assets

Intangible assets essentially comprise contractual rights and costs incurred in specific projects with future economic value, and are stated at cost, minus accumulated depreciation and impairment losses. Intangible assets are recognised only if it is probable that they will produce future economic benefits for the Group, are controllable by the Group and their value can be measured reliably.

Internally generated intangible assets, including expenditure on current research and development, are recognised as a cost for the period when they are incurred.

Internal costs relating to the maintenance and development of software are recorded as costs in the income statement when incurred, except when such costs relate directly to projects which will probably generate future economic benefits for the Group. In these situations, these expenses are capitalised as intangible assets.

Amortisation is calculated, after the beginning of use of the assets, through the straight-line method, in accordance with the year of utility that the Group expects of the assets concerned.

#### 2.5 - Tangible fixed assets

Tangible fixed assets used in production, services rendered or for administrative use are recorded at acquisition or construction cost, including the expenses incurred with their acquisition, minus accumulated depreciation and impairment losses, when applicable.

However, for a homogeneous class of assets, on 31 December 2018 the Group adopted the revaluation model (revalued value less accumulated depreciation) as the accounting policy for the subsequent measurement of these assets. Thus, the revalued amount corresponds to its fair value on the revaluation date.

Revaluations will be performed every two years, or whenever there are indications of changes in the value of assets, by independent valuers so as to ensure that the carrying amount is not materially different from the amount which would be determined using fair value at the end of the reporting period.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised under other comprehensive income and accumulated under equity in the "revaluation surplus" account. However, the increase is recognised under results, as it reverses a decrease in the revaluation of the same asset that was previously recognised under results.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease is recognised under results. However, the decrease is recognised under other comprehensive income, up to the point of any credit balance existing in the revaluation surplus with respect to this asset. The decrease recognised under other comprehensive income reduces the amount accumulated under equity, in the "Revaluation surplus" account.

Tangible fixed assets are depreciated through the straight-line method, according to their estimated useful life, from the date on which they are available to be used for the intended purpose



and cease when the assets become classified as non-current assets held for sale. Depreciation is calculated in accordance with the following estimated useful lives:

	Service life in years
Buildings and other constructions	5 - 50
Basic equipment	4 - 8
Transportation equipment:	3 - 7
Tool and utensils	3 - 7
Administrative equipment	2 - 10
Other fixed tangible assets	1 - 4

Improvements and upgrades are only recognised as assets when they correspond to the replacement of goods, which are written-off, or lead to an increase in future economic benefits.

The fixed tangible assets underway represent assets even during construction, being recorded in the cost of acquisition, deducted from the possible impairment. These tangible fixed assets are depreciated as from the time when the underlying assets are able to be used for the intended purposes.

The gains and losses arising from the sale or write-off of property, plant and equipment are determined by the difference between the net realisable value and the net book value at the date of sale / write-off, and are recorded at the net income in the income statement under "Other income operational "or" Other operating costs ", as applicable.

## 2.6 - Leases

IFRS 16 changed the way the Group accounts for leases previously classified as operational leases in accordance with IAS 17, which were not recorded in the consolidated financial position statement and are disclosed in the respective attached notes, as commitments that are assumed but not included on the balance sheet.

In the initial application, the Group presents assets related to finance leases previously included under "Property, plant and equipment" under "Usage right". The liability arising from the application of IFRS 16, is considered under "Lease liabilities" in current liabilities or non-current liabilities, depending on its maturity.

Assets acquired under lease contracts, as well as the corresponding liabilities, are accounted for by recognizing the asset under usage right, the corresponding accumulated depreciation and the debts pending settlement in accordance with the contractual financial plan.

In addition, interest included in the value of rent payments and usage right depreciations are recognized as expenses on the statement of results, and other comprehensive income of the financial year to which they relate.

Low value leases are excluded from this procedure. These are leases whose total contract amount is lower than 5000 euros, which are recorded under results according to the period to which they refer.

## 2.7 - Impairment of non-current assets, excluding goodwill

Impairment is assessed whenever events or changes in circumstances indicate that the amount at which an asset is recognised might not be recovered. When such indications exist, the Group determines the recoverable value of the asset, so as to determine the possible extent of the impairment loss.

In situations where the individual asset does not generate *cash-flows* independently of other assets, the recoverable value is estimated for the cash flow generating unit to which the asset belongs.

Whenever the amount for which the asset is recorded is greater than its recoverable value, an impairment loss of the difference is recognised, which is recorded in the income statement under the heading "Provisions and impairment losses in depreciable and amortisable assets and goodwill".

The recoverable amount is either the fair value less divestment costs, or usage value, whichever is higher. The net fair value is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable parties, minus the costs directly attributable to the sale. The value in use is the present value of estimated future cash flows that are expected from continued use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each individual asset or, when this is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses is recorded when there are indications that the recognised impairment losses no longer exist or have decreased. The reversal of impairment losses is recognised in the income statement under "Provisions and impairment losses in depreciable and amortisable assets and goodwill" for the year when the reversal occurs. However, the reversal of the impairment loss is made up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior years.

## 2.8 - Investment properties

Investment properties, which include land and buildings held for leasing, capital appreciation, or both, are recorded initially at their acquisition price or at construction cost (in the case of own construction investment), including any directly attributable expenditure.

After their initial recognition, all the investment properties, including those that are under construction, are measured at their fair value reflecting market conditions on the reporting date. All gains or losses arising from changes in the fair value of investment properties are recognised through profit or loss for the year when they occur and recorded under the heading "Variation in the fair value of investment properties", included in "Other operating income" or "Other operating costs", depending on whether they refer to gains or losses.

The fair value of each investment property is determined by the evaluations made by the independent specialised entity and in compliance with evaluation criteria generally accepted by the real-estate market.

The costs incurred for investment properties in use, namely maintenance, repairs, insurance and taxes, are recognised in the income statement for the year to which they refer. Improvements or upgrades are only recorded as assets when they correspond to the replacement of goods, which are written-off, or lead to an increase in future economic benefits.

## 2.9 - Assets, liabilities and transactions in foreign currency

These financial statements are presented in euros, as this is the currency of the parent company.

Transactions in currencies other than the Euro are recorded at the rates in force on the date of the transaction. On each reporting date, the monetary assets and liabilities expressed in foreign currencies are converted into Euro using the exchange rates in force on that date. Non-monetary assets and liabilities recorded at fair value denominated in foreign currencies are converted into Euro using the exchange rate in force on the date when the fair value was determined.

Favourable and unfavourable exchange rate differences arising from differences between the exchange rates on the date of the transactions and those in force on the collection, payment or reporting date of such transactions are recorded as gains and

costs in the income statement for the year, except those related to non-monetary items whose change in fair value is directly recorded in equity under the heading "Currency conversion adjustments" (Note 46).

The financial statements of subsidiary companies denominated in foreign currency are converted taking into consideration the exchange rate in force on the date of the financial statement, for the conversion of assets and liabilities, the historical exchange rate for converting the balances of the equity item, and average exchange rates for the financial year, for converting the items under the income statement, other comprehensive income and cash flows.

For the Venezuelan Bolivar currency, the exchange rate used for the conversion of items on the statement of results was the final exchange rate, as it is a hyperinflationary economy, as explained in note 2.10.

Pursuant to IAS 21 - Effects of changes in foreign exchange rates ("IAS 21"), the *goodwill* and fair value corrections determined upon the acquisition of foreign entities are considered in the reporting currency of these entities, and are converted into euros at the exchange rate in force on the reporting date. Exchange rate differences generated in this way are recorded in equity under the heading "Exchange rate adjustments" (Note 46).

## 2.10 - Companies in hyperinflationary economies

According to IAS 29 - "Financial reporting in hyperinflationary economies", the financial statements of an entity whose operating currency is the currency of a hyperinflationary economy, regardless of whether they are based on historical cost or current cost, must be expressed in terms of the current measurement unit at the end of the reporting period.

The standard mentions that hyperinflation is indicated by characteristics of a country's economic environment, specifically including the following characteristics:

- a) the general population prefers to preserve its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency that are held are immediately invested to maintain purchasing power;
- b) the general population sees monetary amounts not in terms of the local currency, but in terms of a stable foreign currency. Prices may be quoted in that currency;

- c) sales and purchases on credit are made at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- (d) interest rates, wages and prices are linked to a price index; and
- (e) the rate of inflation accumulated over three years approaches or exceeds 100%.

After an analysis of the Group, it was considered that the Venezuelan economy continues to meet these parameters in the financial year 2019, and therefore IAS 29 continues to apply from 1 January 2018; the financial statements are restated as described below:

#### Financial position statement

- Amounts on the financial position statement that have not yet been expressed in terms of the current unit of measurement on the reference date of that statement were restated by applying a general price index;
- Monetary items were not restated because they were already expressed in terms of the current unit at the end of the reporting period. Monetary items represent cash held and elements receivable or payable in cash;
- Assets and liabilities that by agreement were linked to price changes, such as index-linked bonds and loans, were adjusted under the terms of the agreement in order to determine the balance amount at the end of the reporting period;
- All other assets and liabilities were considered as non-monetary. However, some non-monetary items were recorded at current amounts at the end of the reporting period, such as net realisable value and fair value, and were therefore not restated. All other non-monetary assets and liabilities have been restated;
- Most non-monetary items were carried at cost or at cost less depreciation and accumulated impairment losses. Consequently, they were expressed in current amounts at the date of their acquisition. The restated cost of each item was determined by applying the change in a general price index to its historical cost and to its accumulated amortisation / impairment loss between the date of its acquisition (or date of change of operating currency) and the reporting date. Therefore, tangible and intangible assets, inventories and

goodwill were restated from the dates of their acquisition or change in operating currency;

- Where applicable, the restated amount of non-monetary items is reduced to their recoverable amount by virtue of the estimated future use of the item or its divestment;
- Items expressed at current cost (fair value) were not restated because they were already expressed in terms of the current measurement unit on the financial position statement date;
- Equity items, except for results carried forwards and any revaluation surplus, were restated by applying a general price index, from the dates on which the respective amounts were constituted. Finally, the restated results carried forward were determined from all other amounts on the restated financial position statement.

#### Statement of Results

- The statement of results, before restatement, generally reports current costs and income at the time when the underlying transactions or events occurred. Accordingly, the cost of sales and depreciation of fixed assets are recorded at current costs at the time of their consumption; and income and other current costs are recorded at current amounts at the time they were incurred;
- The restatement of the financial statements in accordance with IAS 29 gave rise to differences between the taxable income and the accounting result. Those differences were accounted for in accordance with IAS 12.

#### Net Financial Position

In a period of inflation, a company that holds an excess of monetary assets over monetary liabilities (net monetary position - debtor) loses purchasing power and consequently generates a loss; on the other hand, a company that holds an excess of monetary liabilities over monetary assets (net monetary position - creditor) gains purchasing power and consequently generates a gain, to the extent that the assets and liabilities are not indexed to a price level.

The gain or loss on the net monetary position was included in the net result for the financial year.

In the absence of official information, the price indexes for Venezuela were estimated based on the latest price index published by the National Bank of Venezuela (December 2015) and an as-

assessment was made of the average increase over the last three months of 2015. In subsequent periods, the Group made estimates based on the calculated increase.

During the 2018 financial year, Angola was considered a hyperinflationary economy. However, it ceased to be a hyperinflationary economic in the 2019 financial year and the GROUP suspended the application of IAS 29 as of 1 January 2019. However, the impacts generated in the previous year as a result of the adoption of that standard, specifically those associated with the re-measurement of non-monetary assets and liabilities, will continue until the assets are sold, consumed or amortized and until the liabilities are divested or liquidated.

#### 2.11 - Financing costs

Loan costs are recognised in the income statement for the year to which they refer, except to the extent that the financial costs of the loans received directly related to the acquisition, construction and production of assets that take a substantial period of time to become ready for their intended use are capitalised as part of the costs of the assets. The capitalisation of these costs begins after the beginning of the preparation of construction activities or development of the asset and is interrupted after the beginning of use or end of production or construction of the asset or when the project concerned is suspended. Any financial gain arising from loans obtained in advance and which may be allocated to a specific investment is deducted from financial costs eligible for capitalisation.

#### 2.12 - Grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and that the Group will comply with the grant conditions.

Operating grants, particularly for employee training, are recognised in the income statement in accordance with costs incurred.

Investment grants relating to the acquisition of tangible fixed assets are included under "Other current liabilities" and "Other non-current liabilities" (as applicable) and are credited to the income statement according to the straight-line depreciation / amortisation of the assets financed with the grants.

#### 2.13 - Inventories

Goods and raw materials are stated at acquisition cost, using

the average cost as the costing method.

Intermediate and finished products and work in progress are stated at the weighted average cost of production, which includes the cost of the incorporated raw materials, labour and manufacturing overheads (considering the depreciation of production equipment calculated on the basis of normal usage levels), which is below the net realisable value. Net realisable value corresponds to the normal sales price minus the production completion costs and marketing costs.

The difference between the cost value and respective realisation value of the inventories, when the latter is lower than the book value, is recorded as impairment losses in inventories.

#### 2.14 - Provisions

Provisions are recognised when and only when: i) the Group has a present obligation (legal or constructive) as a result of a past event, ii) it is probable that a transfer of economic benefits will be required to settle the obligation, and iii) a reliable estimate can be made of the amount of the obligation. The provisions are reviewed on each reporting date and adjusted to reflect the best estimate on that reporting date.

#### 2.15 - Segment reporting

A business segment is a group of assets and operations involved in the provision of products and services subject to risks and benefits that are different from other business segments. A geographic segment is a group of assets and operations involved in the provision of products and services in a specific economic environment, which is subject to risks and benefits different from those that affect segments that operate in other economic environments.

The Group presents business segments as operating segments, in a manner consistent with the way the management conducts the business.

#### 2.16 - Net operating income

Net operating income includes all the costs and revenues of operating activities, both recurrent and non-recurrent, including restructuring costs and the costs and revenues related to operating assets (tangible fixed assets and intangible assets). It also includes the capital gains or losses calculated on the sale of companies included in the consolidation using the full consolidation method. Hence, net financing costs, the net income of

associates and joint-ventures, other financial investments and income tax are excluded from net operating income.

## 2.17 - Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party in the respective contractual relationship.

All recognized financial assets are subsequently measured at amortised cost or at their fair value, depending on the model adopted by the Group and the characteristics of their contractual cash flows.

### a) Cash and cash equivalents

The amounts included in Cash and equivalent correspond to cash, bank deposits, term deposits and other cash investments, with a maturity of less than three months and which can be mobilised immediately with no significant risk of change in value.

### b) Debt instruments and accounts receivable

Debt instruments and accounts receivable are measured, when initially recognised, at their respective fair value and, subsequently, at their amortised cost, in accordance with the effective interest rate method. When there is evidence that they are impaired, the corresponding adjustment is recorded through profit or loss under the heading "Other Operating Costs". The recognised adjustment is measured by the difference between the value by which the accounts receivable are recognised and the actual value of the cash flows discounted from the effective interest rate determined at the initial recognition.

### c) Financial investments

Financial investments are recognised on the date when the inherent risks and rewards are transferred substantially. They are initially recorded at their acquisition value, corresponding to fair value, including transaction costs.

Financial investments are classified as follows:

#### Financial investments at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are financial investments that are available for sale and are classified as non-current assets.

After initial recognition, financial assets at fair value through other comprehensive income are measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in other comprehensive income. Upon their divestment, the cumulative gain or loss on these financial investments is not reclassified to the consolidated statement of results, but is only transferred only to the "Results carried forward" item.

Associated dividends are recognised on the consolidated statement of results when they are attributed/decided upon, unless they represent a recovery of part of the cost of the investment. Dividends are recorded on the consolidated statement of results under "Results related to investment activities".

#### Financial investments at fair value through the statement of results

Financial assets that do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income are measured at fair value through the statement of results.

Financial assets recorded at fair value through the statement of results are measured at the fair value determined at the end of each reporting period, with the respective gains or losses recognised on the consolidated statement of results, unless they form part of a hedging relationship.

### d) Equity Instruments

Equity instruments are classified according to the nature of the contract regardless of their legal form. Equity instruments are contracts that have a residual interest in the Group's assets after deducting its liabilities.

Equity instruments issued by the Group are recorded at the amount received net of the costs incurred to issue them.

### e) Accounts payable

Accounts payable are measured initially at fair value and subsequently at amortised cost in accordance with the effective interest rate method.

### f) Loans

Loans are initially recorded and recognized as liabilities at the amount received, net of costs of issuing such loans and later measured by the amortized cost method. Financial expenses,



calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual principle.

## 2.18 - Pension liabilities

The Group offers a retirement plan to its employees.

This insurance plan was established in the context of a social and incentive policy for workers and is of the exclusive initiative of the subsidiary companies where these benefits are attributed. Due to its optional nature, it is the exclusive decision of the respective administrations to make any appropriate contributions at any given time, taking into account current planned expenditure and the economic and financial situation. Therefore, contributions made by the Group are recorded as costs on the date on which they are made.

## 2.19 – Income tax

Income tax for the year is calculated based on taxable income of the companies included in consolidation and considers deferred taxation.

The current income tax rate is calculated based on the taxable income (which differs from accounting income) of the companies included in the consolidation in accordance with the tax rules in force at the head office of each company of the Group.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and their amounts for taxation purposes, as well as the resulting tax benefits obtained.

Deferred tax assets and liabilities are calculated and periodically evaluated using tax rates that are expected to be in force at the date of reversal of the temporary differences, are not discounted and are recognised as non-current assets or liabilities.

Deferred tax assets are only recorded when there are reasonable expectations of sufficient future tax profits to use them. On each reporting date, the temporary differences underlying deferred tax assets are reviewed to recognise or adjust them according to the current expectation of future recovery. Deferred tax liabilities are recognised for all taxable temporary differences.

## 2.20 - Contingent assets and liabilities

A contingent asset is a possible asset derived from past events and whose existence will only be confirmed by the occurrence

or not of uncertain future events.

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of future economic benefits is probable.

A contingent liability is (i) a possible liability arising from past events and whose existence will be confirmed by the occurrence or not of uncertain future events or (ii) a present liability which arises from past events, but which is not recognised because it is unlikely that there will be an outflow of funds or the possible outflow of funds cannot be measured reliably.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes to the financial statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

## 2.21 - Revenue

Sales and services rendered are recognised on the statement of results when there is a transfer of control of the goods or service rendered to the buyer and the amount of income is reasonably quantified. Returns of sold products are recorded as a reduction in sales, in the period to which they relate.

The Group recognises revenues from different businesses:

### Construction:

The construction business involves a unique performance obligation relating to the completion of a certain work under the terms defined in the respective terms of reference and the guidance and requests made by customers during the construction period. The Group believes that this performance obligation is met throughout the work execution period, since in situations of construction to order, the asset does not have an alternative use and the Group has the right to receive compensation for work performed up until the reporting date. In this way, *timing* the recognition of the performance obligation occurs during that period, determined using the *input* method (degree of completion method), based on the costs incurred for the project and the actual estimated margin for each project. As it is not a policy to provide project guarantees in excess of those defined by law, the Group has not identified any additional performance obligation related to extensions of the guarantee.

For the purpose of determining the total price of the contract,

all the variable components associated with it are taken into account, specifically discounts, bonuses, price reviews, penalties, additional work, requests for recovery of costs incurred, among other aspects.

Revenue from these variable components is recognized only when it is reliably measurable and its realization is highly likely, mitigating a potential significant reversal if it does not occur in the future.

It should also be noted that the revenue from these variable components is understood by the Group as a single performance obligation, i.e., it cannot be disassociated from the purpose established in the construction contract that was initially signed.

Whenever there is a significant time lag (more than 12 months) between the time that goods or services are made available to the customer and the moment that they are paid for, an assessment is made of the potential existence of a significant financing component in the contract. If any, this component is treated as a stand-alone performance obligation, with the respective interest recognized as income over the estimated financing period.

In addition, the existence of a significant financing component in advances received from customers is also assessed. If applicable, that component is treated as a stand-alone performance obligation, and the respective interest is recognized as an expense over the estimated financing period.

If the situation in the previous paragraph does not occur at the level of advances received from customers, these are treated as unique performance obligations directly associated with the construction contracts to which they are related and are therefore treated as liabilities associated with contracts with customers. As of 31-12-2019, given the representative nature of advances from customers, as well as the fact that they are consumed in proportion as the customer is invoiced, the management considers that there are no advances from customers that would fall under the concept of a significant financing component.

#### Real estate:

As regards the sale of real estate assets, the Group believes that its performance obligation is met at the time of delivery and when the corresponding transfer of control occurs. This is considered to occur at the time of the public deed of purchase and sale, since until that moment the customer does not benefit from the acquired asset and does not have control over it or access

to it, and there are no other significant performance obligations to be met from that moment onwards. Particularly with regard to real estate construction and sale projects developed by the Group, where there is a commitment by the Group to sell assets with certain characteristics, the Group believes that, although the development of the asset and its characteristics are provided for in the promissory contract that is entered into, the Group has the ability to control the process and the customer does not have the ability to decide on changes or considerations about it. Therefore, the respective revenue is recognised at a moment in time after the aforementioned public purchase and sale deed.

As regards the lease of real estate assets held by the Group, the performance obligation of Teixeira Duarte consists of assigning the right of use, by leasing, of the real estate/store specifically referred to in each contract that is entered into. The Group believes that the revenue should be recognised over time, corresponding to the lease period, as the customer simultaneously receives and enjoys the benefits arising from Teixeira Duarte's performance and execution upon the assignment of the usage right during that period.

#### Hospitality:

As regards hotel services, the Group believes that the obligation to perform the service, depending on its nature, occurs over time, as the service is provided. Therefore, it believes that revenue should be recognised over time, corresponding to the duration of the stay in a hotel, as the customer enjoys the associated benefits during this period. When other performance obligations are established, particularly by requesting other services (*Food & Beverage*, *SPA*, or other services provided by the Group), these are recognised at a moment in time when the customer obtains the benefits associated with them.

#### Distribution:

As regards distribution services, the Group believes that the performance obligation that it assumes towards customers consists of the sale/delivery of goods at a wholesale or retail market in the distribution network (supermarkets) held by the Teixeira Duarte Group. This obligation is met when the goods purchased by the customer are delivered, as until this moment the customer neither benefits from the acquired goods nor has control or access over it. Therefore, the respective revenue is recognised at that moment in time.

#### Automotive:

As regards the sale of cars, the Group considers that its performance obligation is met at the time of delivery and when the corresponding transfer of control occurs, since up to that moment the customer neither benefits from the acquired goods nor has control or access over it. The Group believes that there are no other performance obligations or commitments established with customers under the scope of the respective contracts that are established.

#### Other services:

As regards other lines of revenue, particularly services provided to customers, of a continuous or occasional nature, it is understood that there are separate performance obligations when such agreements provide for various assets to be delivered or services to be provided, from which the customer can benefit separately. These are differentiated in the terms contracted between the parties. The Group believes that the revenue attributed to each performance obligation identified in the contracts is recognised at the moment that the respective control is transferred, particular over time or at a moment in time, based on its characteristics, depending on whether the customer benefits from its execution over this same period or from a certain date.

Expenses and income are recorded in the period to which they relate, regardless of the date of their payment, receipt or invoicing. Costs and income for which the amounts are not known are estimated.

#### **2.22 - Accruals and Deferrals**

Income and costs are recorded on an accrual basis, through which they are recognised as they are generated, regardless of when they are received or paid. Income and expenditure whose actual value is unknown are estimated.

Differences between the amounts invoiced and the corresponding income and costs generated are recorded under "Other current assets" and "Other current liabilities".

#### **2.23 - Classification of financial position**

Assets which are realisable and liabilities payable less than one year from the reporting date are classified, respectively, as current assets and liabilities.

Liabilities relative to which there is no unconditional right to defer their payment for a period of at least twelve months after the reporting date are also classified as current.

#### **2.24 - Impairment of financial assets**

The Group recognizes expected impairment losses for debt instruments, measured at amortized cost or at fair value through other comprehensive income, as well as for accounts receivable from customers, from other debtors, and for assets associated with contracts with customers.

The amount of expected impairment losses for the aforementioned financial assets is updated at each reporting date in order to reflect the changes in credit risk that have occurred since the initial recognition of the respective financial assets.

Expected impairment losses are estimated using an uncollectibility matrix based on the credit history of the Group's customers over the last six years (five years for 2018), adjusted based on specific factors attributable to customers, as well as by the macroeconomic conditions that are estimated for the future. For this purpose, the balances of customers and other debtors were grouped together, taking into account similar credit risk profiles (country, business unit, type of debtor - public or private, and others) and expiry intervals.

#### **2.25 - Non-current assets held for sale**

Non-current assets (or discontinued operations) are classified as held for sale whenever it is determined that their value will be recovered through their sale and not through their continued use. This situation is considered to occur only when: (i) the sale is highly probable; (ii) the asset is available for sale immediately in its current conditions; (iii) the management is committed to a sales plan and, (iv) it is expected that the sale will take place within the period of twelve months.

Non-current assets (or discontinued operations) classified as held for sale are measured at the lowest value of their book value and respective fair value minus the costs of their sale.

#### **2.26 - Earnings per share**

Basic earnings per share are calculated by dividing the earnings attributable to the ordinary shareholders of TD, S.A. by the weighted average number of shares in circulation during the year.

Diluted earnings per share are calculated by dividing the earnings attributable to the ordinary shareholders of TD, S.A. by the weighted average number of shares in circulation during the year, adjusted by potential ordinary diluting shares.

Potential ordinary diluting shares can result from options over

shares and other financial instruments issued by the Group, convertible into shares of the Company.

#### **2.27 - Subsequent events**

Events occurring after the reporting date that provide additional information about conditions that existed on the reporting date are duly reflected in the consolidated financial statements.

Events occurring after the reporting date that provide additional information on conditions that occurred after the reporting date are disclosed in the notes to the consolidated financial statements (Note 48).

### **3 - ALTERATIONS OF ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

There were no changes to accounting policies during the financial year ending 31 December 2019, compared to the policies considered for preparing the financial information for the financial year ending 31 December 2018, except:

- Suspension of the application of IAS 29 - Hyperinflationary Economies to companies in Angola;
- Application of IFRS 16;

### **4 - COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER**

As at 31 December 2019, Teixeira Duarte, S.A. and the following controlled companies were included in the consolidation, by the full method:

Social Denomination	Head Office	% Effective participation
<b>INTERNAL MARKET</b>		
<b>CONSTRUCTION</b>		
CONSTRUSALAMONDE, ACE	Edifício 2, Lagoas Park - Porto Salvo	92.50%
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	Edifício 2, Lagoas Park - Porto Salvo	67.74%
Teixeira Duarte - Engenharia e Construções, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
<b>CONCESSIONS AND SERVICES</b>		
DPLG - Desenvolvimento do Terminal Especializado de Contentores do Porto de La Guaira, Sociedade Unipessoal Lda.;	Rua das Pretas, 4 - Fração 4 D - Funchal	100.00%
TDAP - Atividades Portuárias, S.A.	Rua das Pretas, 4 - Fração 4 D - Funchal	100.00%
TDGI AÇORES - Unipessoal, Lda.	Zona Industrial Chã do Rego d'Água, Lote 39 - Cabouco, Ilha de São Miguel - Açores	100.00%
TDGI - Tecnologia de Gestão de Imóveis, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TDGI Manutenção, ACE	Edifício 2, Lagoas Park - Porto Salvo	100.00%
<b>REAL ESTATE</b>		
Fundo de Investimento Imobiliário Fechado TDF	Av. Professor Doutor Cavaco Silva, Parque das Tecnologias, Edifício 3 - Porto Salvo	100.00%
IMOPEDROUÇOS - Sociedade Imobiliária, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
IMOTD - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
MALANGA - Investimentos Imobiliários, Unipessoal Lda.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
QUINTA DE CRAVEL - Imobiliária, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TD VIA - Sociedade Imobiliária, S.A.	Edifício 2, Lagoas Park - Porto Salvo	93.75%
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TRANSBRITAL - Britas e Empreendimentos Imobiliários, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
V8 - Gestão Imobiliária, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
<b>HOSPITALITY</b>		
ESTA - Gestão de Hotéis, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
GO CORP TRAVEL SOLUTIONS - Agência de Viagens, S.A.	Rua Encosta das Lagoas, nº 8 - Porto Salvo	100.00%
LAGOASFUT - Equipamento Recreativo e Desportivo, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
LAGOAS HOTEL, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TDH - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TDHC - Instalações para Desporto e Saúde, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
<b>DISTRIBUTION</b>		
BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TEDAL - Participações e Distribuição, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TEDAL II - Distribuição e Investimentos, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TEIXEIRA DUARTE - Distribuição, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
<b>AUTOMOTIVE</b>		
SMOTORS, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TDO - Investimento e Gestão, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TEDAL III - Automóveis e Investimentos, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TEDAL IV - Participações e Automóveis, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%



Social Denomination	Head Office	% Effective participation
<b>OTHER</b>		
C + P.A. - Cimento e Produtos Associados, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TDO - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TEDAL - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
<b>EXTERNAL MARKET</b>		
<b>SOUTH AFRICA</b>		
<b>CONSTRUCTION</b>		
Global Net Distributors (Pty) Ltd.	10 Ninth Avenue - Northmead, Gauteng 1501	100.00%
<b>ANGOLA</b>		
<b>CONCESSIONS AND SERVICES</b>		
EDUCARE - Actividades Educativas e Culturais, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	42.40%
<b>REAL ESTATE</b>		
AFRIMO - Empreendimentos Imobiliários, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	51.00%
TEIXEIRA DUARTE - Engenharia e Construções (Angola), Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
<b>HOSPITALITY</b>		
ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
ANGOPREDIAL - Empreendimentos Imobiliários, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
HOTEL TRÓPICO, S.A.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	80.00%
HOTEL BAÍA, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
<b>DISTRIBUTION</b>		
CND - Companhia Nacional de Distribuição, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%

Social Denomination	Head Office	% Effective participation
COM 1 - Comércio e Distribuição, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
DCG - Distribuição e Comércio Geral, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
IMO 1 - Empreendimentos Imobiliários, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
OCC – Operador Central de Comércio, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	80.00%
<b>AUTOMOTIVE</b>		
AUTO 1 - Comércio Automóvel, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
Auto Competição Angola, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
AUTO 8, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
Comércio de Automóveis, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
TDA - Comércio e Indústria, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
VAUCO - Automóveis e Equipamentos, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100.00%
<b>OTHER</b>		
Investipart – Participações e Investimentos, S.A.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	36.00%
<b>ALGERIA</b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE ALGERIE, SPA	8 Rooute Ben Aknoun, Rés de Chanssée El Biar - Alger	99.94%
<b>BÉLGICA</b>		
<b>CONCESSIONS AND SERVICES</b>		
TDGI, S.A.	Avenue Jean-Monnet, 1, 1348 Louvain-La-Neuve – RPM Bruxelles	100.00%
<b>BRAZIL</b>		

Social Denomination	Head Office	% Effective participation
<b>CONSTRUCTION</b>		
EMPA, S.A. - Serviços de Engenharia	Rua Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
SOMAFEL – Obras Ferroviárias e Marítimas, Ltda.	Rua Iguatemi, n.º 448, 6.º andar conjuntos 602, 604, 606, 608 e 610 Bairro Itaim Bibi, São Paulo	67.74%
<b>CONCESSIONS AND SERVICES</b>		
GONGOJI Montante Energia, S.A.	Rua Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
PAREDÃO de Minas Energia, S.A.	Rua Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
TABOQUINHA Energia, S.A.	Rua Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
TDGI FACILITIES E MANUTENÇÃO DE INSTALAÇÕES LTDA.	Rua Iguatemi, n.º 448, 6.º andar Conjunto 602, sala 18 Bairro Itaim Bibi, São Paulo	100.00%
<b>REAL ESTATE</b>		
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	Rua Irene Ramos Gomes de Matteo, nº 97 - Casa 097 Pina - Recife	100.00%
TDSP - Participações, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 01 Itaim Bibi - São Paulo	100.00%
TDSP - Elisa de Moraes Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 02 Itaim Bibi - São Paulo	90.00%
TDSP - Bela Vista Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 06 Itaim Bibi - São Paulo	92.65%
TDSP - Galeno de Castro Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 03 Itaim Bibi - São Paulo	92.65%
TDSP – Maratona Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 08 Itaim Bibi - São Paulo	92.65%
TDSP - Direitos Humanos Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 04 Itaim Bibi - São Paulo	92.65%
TDSP – Alta Vista I Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 19 Itaim Bibi - São Paulo	92.65%
TDSP – Verum Mooca Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 18 Itaim Bibi - São Paulo	100.00%
TDSP - Gilberto Sabino Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 05 Itaim Bibi - São Paulo	100.00%
TDSP – Alta Vista II Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 20 Itaim Bibi - São Paulo	92.65%
TDSP – Gualaxos Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 07 Itaim Bibi - São Paulo	100.00%
TDSP – Alta Vista III Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar Conjunto 602 Itaim Bibi - São Paulo	92.65%
TDSP – Zanzibar Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 09 Itaim Bibi - São Paulo	92.50%

Social Denomination	Head Office	% Effective participation
TDSP – Dionísio da Costa Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 10 Itaim Bibi - São Paulo	92.50%
TDSP – Baceunas Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 11 Itaim Bibi - São Paulo	100.00%
TDSP – Maria de Jesus Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 12 Itaim Bibi - São Paulo	95.00%
TDSP – Volta Redonda Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 13 Itaim Bibi - São Paulo	95.00%
TDSP - Nilo Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 14 Itaim Bibi - São Paulo	100.00%
TDSP – Alta Vista IV Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 15 Itaim Bibi - São Paulo	92.65%
TDSP – Princesa Isabel Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 16 Itaim Bibi - São Paulo	90.00%
TDSP – Carolina Ribeiro - Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 17 Itaim Bibi - São Paulo	95.00%
TDSP – 18 Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 23 Itaim Bibi - São Paulo	100.00%
<b>OTHER</b>		
EMES – Participações, Ltda.	Rua Iguatemi, nº 448, 6º andar Conjunto 602, sala 21 Itaim Bibi - São Paulo	100.00%
<b>COLOMBIA</b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE – Engenharia e Construções (Colômbia) S.A.S.	Carrera 11 nº 94 – 02 oficina 201 Centro empresarial Manhattan, Bogotá	100.00%
<b>CYPRUS</b>		
<b>OTHER</b>		
LEVENEL, Limited	Irakli, 2, Egkomi, 2413 Nicosia	100.00%
<b>SPAIN</b>		
<b>CONSTRUCTION</b>		
UTE VIANA	Av. Alberto Alcocer, 24 - 7º Madrid	100.00%
<b>CONCESSIONS AND SERVICES</b>		
RECOLTE, Servicios Y Medioambiente, S.A. Sociedade Unipersonal.	Av. Alberto Alcocer, 24 - 7º Madrid	100.00%
TDGI - Mantenimiento y Servicios Integrales, S.L.	Av. Alberto Alcocer, 24 - 7º Madrid	100.00%
<b>UNITED STATES OF AMERICA</b>		

Social Denomination	Head Office	% Effective participation
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE CONSTRUCTION SERVICES, LLC	1030 Salem Road Union, NJ 07083	100.00%
<b>REAL ESTATE</b>		
TDRE INVESTMENTS, LLC.	4100 Spring Valley Road, Suit 310, Dallas Texas 75244	100.00%
TDRE LEE PARK, LLC.	4100 Spring Valley Road, Suit 310, Dallas Texas 75244	100.00%
TDRE HOOD, LLC.	4100 Spring Valley Road, Suit 300, Dallas Texas 75244	100.00%
<b>MACAU</b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE - Engenharia e Construções (Macau), Lda.	Av. Dr. Mário Soares, nº 25 Edifício Montepio Apr. 26 e 28 – 3º andar Macau	100.00%
<b>MOZAMBIQUE</b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	Av. Július Nyerere, nº 130 Maputo	74.46%
<b>CONCESSIONS AND SERVICES</b>		
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Av. Július Nyerere, nº 130 Maputo	69.55%
<b>REAL ESTATE</b>		
IMOPAR - Centro Comercial de Maputo, S.A.	Av. Július Nyerere, nº 130 Maputo	100.00%
MALANGA - Empreendimentos Imobiliários, S.A.	Av. Július Nyerere, nº 4 - R/C Maputo	74.71%
<b>HOSPITALITY</b>		
AVENIDA - Empreendimentos Turísticos e Hoteleiros, Lda.	Av. Július Nyerere, nº 627 Maputo	100.00%
Sociedade Hotel Tivoli, Lda.	Av. 25 de Setembro, 1321 Maputo	65.00%
TIVOLI BEIRA - Hotelaria e Serviços, Lda.	Av. Július Nyerere, nº 130 Maputo	100.00%
<b>PERU</b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE PERÚ – Ingeniería y Construcciones, Sociedad Anónima Cerrada	Avenida Arenales, nº 773 Lima	100.00%
<b>VENEZUELA</b>		
<b>CONSTRUCTION</b>		
Consortio Boyacá - La Guaira	Av. San Juan Bosco, Edifício Centra Altamira Piso 5, Oficina 54, Urb. Altamira Caracas	57.20%
TEGAVEN – Teixeira Duarte y Asociados, C.A.	Av. Venezuela del Rosal con Calle Mohedano, Torre JWM Piso 5, Of. 5-2, Urb El Rosal - Caracas	100.00%



## 5 - CHANGES IN THE CONSOLIDATION SCOPE

During the financial year ending 31 December 2019, the following departures occurred when compared to the consolidation perimeter on 31 December 2018:

- MMK Cement, Limited Liability Company
- TDE - Empreendimentos Imobiliários, S.A.
- Consórcio Puente Daule - Guayaquil II.

The impact of the exit of these companies on the Group's financial statements is as follows:

<b>Asset</b>	
Tangible Fixed Assets (Note 21)	430
Investment Properties (Note 22)	4,588
Associates and joint ventures (Note 24)	479
Assets for deferred tax (Note 27)	253
Inventories (Notes 9 and 10)	13,969
Other debtors	189
Cash and cash equivalents	5,054
Other Assets	7,619
<b>Total assets</b>	<b>32,581</b>
<b>Liability</b>	
Liabilities for deferred tax (Note 27)	695
Suppliers	278
Other Creditors	1,634
Other liabilities	23,823
<b>Total liabilities</b>	<b>26,430</b>
<b>Total net value</b>	<b>6,151</b>

TDD - Distribuição Brasil, Ltda was dissolved during the financial year ended 31 December 2019.

The following incorporations during the financial year ended 31 December 2019 should also be mentioned:

### Real estate:

- TDSP – 18 Empreendimentos Imobiliários SPE, Ltda.

## 6 - EXCHANGE RATES

The following exchange rates were used to convert the assets and liabilities expressed in foreign currency into Euro as at 31 December 2019 and 2018, as well as the earnings of the operations developed in countries where the functional currency is different from the Euro, for the year ended on 31 December 2019 and 2018:

Currency	Closing exchange rate			Mean exchange rate		
	2019	2018	Var	2019	2018	Var
Venezuelan bolivar	58,228.6642	813.5683	-	58,228.6642	128.2807	-
Algerian dinar	133.4442	135.5660	(1.6%)	133.5831	137.5775	(2.9%)
Kuwaiti Dinar	0.3402	n/a	-	0.3402	n/a	-
Tunisian Dinar	3.1329	3.4485	(9.2%)	3.2834	3.1193	5.3%
Dirham from Emirates	4.1260	4.2058	(1.9%)	4.1188	4.3374	(5.0%)
Moroccan Dirham	10.7442	10.9560	(1.9%)	10.7926	11.0913	(2.7%)
American dollars	1.1234	1.1450	(1.9%)	1.1214	1.1803	(5.0%)
Cape Verde Escudo	110.2650	110.2650	-	110.2650	110.2650	-
Angola Kwanza	536.2617	353.0155	51.9%	410.1322	294.5685	39.2%
Mozambican metical	68.7000	70.2400	(2.2%)	69.4985	71.2377	(2.4%)
Peruvian Novo Sol	3.7196	3.8667	(3.8%)	3.7458	3.8807	(3.5%)
Macanese pataca	9.0097	9.2365	(2.5%)	9.0480	9.5269	(5.0%)
Colombian Peso	3,690.6300	3,718.3900	(0.7%)	3,690.8039	3,512.5138	5.1%
South Africa Rand	15.7773	16.4594	(4.1%)	16.1924	15.5474	4.1%
Brazilian real	4.5157	4.4440	1.6%	4.4195	4.2980	2.8%

## 7 - INFORMATION BY OPERATING SEGMENTS

The Group organises its activity according to the following business segments:

- Construction;
- Concessions and services;
- Real estate;
- Hotel services;
- Distribution;
- Automobile.

The sales and services rendered and the earnings of each of operating segment referred to above for the semesters ended on 31 December 2019 and 2018, were as follows:

Segment	Sales and services rendered						Operational income	
	2019			2018			2019	2018
	External clients	Intersegmental	Total	External clients	Intersegmental	Total		
Construction (*) (Note 32)	532,934	24,472	557,406	493,775	17,268	511,043	59,735	21,359
Concessions and services (*)	130,115	9,198	139,313	111,054	13,905	124,959	(602)	9,714
Real estate	19,973	11,340	31,313	71,528	10,196	81,724	56,842	48,257
Hospitality	40,204	1,082	41,286	38,853	587	39,440	6,773	8,387
Distribution	123,779	880	124,659	128,343	1,887	130,230	6,741	(2,795)
Automotive	30,492	2,024	32,516	30,159	3,241	33,400	4,814	8,532
Not allocated to segments	-	-Brasil	-Brasil	-Brasil	-Brasil	-	(3,843)	(9,902)
Removals	-	(48,996)	(48,996)	-	(47,084)	(47,084)	(10)	325
	877,497	-	877,497	873,712	-	873,712	130,450	83,877
Costs and financial losses (Note 15)							(118,692)	(150,250)
Income and financial earnings (Note 15)							30,488	77,228
(144,593)							1,716	18,320
Earnings before tax							43,962	29,175

(\*) - Amounts from 2018 restated as explained above in the introductory note.

Inter-segmental transactions are carried out under market conditions and terms, equivalent to transactions made with third parties.

Other information:

Segment	Expenditures of fixed capital		Amortizations and depreciations in results		Provisions and impairment losses	
	2019	2018	2019	2018	2019	2018
Construction (*)	31,028	17,001	27,927	23,824	4,043	4,295
Concessions and services (*)	1,939	4,949	5,189	4,460	2,734	444
Real estate	21,640	13,744	3,292	2,903	(3,778)	3,742
Hospitality	1,601	3,263	8,658	4,031	61	10
Distribution	1,532	6,888	6,911	6,400	(1,220)	6,630
Automotive	135	132	5,529	1,710	32	137
Not allocated to segments	43	199	207	218	-	-
	57,918	46,176	57,713	43,546	1,872	15,258

(\*) - Amounts from 2018 restated as explained above in the introductory note.

The assets and liabilities of the segments and their respective reconciliation with the consolidated total, as at 31 December 2019 and 2018, are as follows:

Segment	Assets								Liabilities	
	2019				2018				2019	2018
	Investments in associates and joint-ventures (note 24)	Financial assets at fair value through other comprehensive income (Note 25)	Other Assets	Total	Investments in associates and joint-ventures (note 24)	Financial assets at fair value through other comprehensive income (Note 25)	Other Assets	Total		
Construction	2,888	12,836	1,794,661	1,810,385	2,134	12,978	1,850,492	1,865,604	988,016	975,325
Concessions and services	2,338	100	111,932	114,370	1,249	76	117,939	119,264	47,349	43,351
Real estate	3,378	1,161	1,141,463	1,146,002	75	1,285	1,124,972	1,126,332	475,343	457,749
Hospitality	-	17	243,138	243,155	-	12	234,698	234,710	79,096	71,653
Distribution	-	13	205,431	205,444	-	10	248,399	248,409	109,739	145,517
Automotive	-	9	217,800	217,809	24	7	207,273	207,304	94,904	88,905
Not allocated to segments	13,631	1,740	916,327	931,698	13,339	2,562	896,707	912,608	795,908	841,532
Removals	-	-	(2,818,847)	(2,818,847)	-	-	(2,856,531)	(2,856,531)	(1,076,863)	(1,169,692)
	22,235	15,876	1,811,905	1,850,016	16,821	16,930	1,823,949	1,857,700	1,513,492	1,454,340

The sales and services rendered, and information on non-monetary non-current assets by geographic segment are broken down as follows for the years ended on 31 December 2019 and 2018:

Geographic segment	Sales and services rendered		Non-current and non-monetary assets	
	2019	2018	2019	2018
Portugal	236,116	233,265	251,642	196,576
Angola	228,533	284,433	462,074	536,284
Algeria	107,367	122,347	14,926	20,451
Brazil	173,059	136,013	26,311	16,529
Spain	43,596	35,989	12,209	17,528
Mozambique	30,650	30,587	32,871	31,818
Venezuela	16,568	15,651	109	1,014
Other	41,608	15,427	2,196	3,807
	877,497	873,712	802,338	824,007

Non-current non-monetary assets include the items of *goodwill*-intangible assets, property, plant and equipment, usage right and investment properties.

## 8 - OPERATING INCOME

Operating income for the years ended on 31 December 2019 and 2018 was as follows:

	2019	2018
Sales and services rendered	877,497	873,712
Other operating income:		
Variation in the fair value of investment properties (Note 22)	65,852	41,098
Exchange rate differences	55,378	18,385
Sales of assets a)	25,376	47,316
Supplementary income	11,880	7,449
Reversal of impairment losses in accounts receivable (Note 28)	6,570	2,992
Works for own company b)	2,654	3,762
Tax refund	600	89
Reversal of impairment losses in inventories (Notes 9 and 10)	298	215
Gains in inventories	45	28
Corrections to prior financial years	28	296
Other operating income	2,830	18,921
	171,511	140,551
	1,049,008	1,014,263

- a) In the period ended December 31, 2019, the indicated gains were obtained from the divestment of property, plant and equipment amounting to 3,093 thousand euros (3,087 thousand euros in the period ended 31 December 2018) (Note 21) and from the divestment of 50 of the subsidiary "TDE - Empreendimentos Imobiliários, S.A., with a gain of 22,196 thousand euros, and of the subsidiary "MMK Cement, Limited Liability Company", with a gain of 87 thousand euros

During the financial year ended 31 December 2018, the Group divested "Lagoas Park, S.A." and TDHOSP - Gestão de Edifício Hospitalar S.A., with an overall gain of 44,100 thousand euros, and TDF - Sociedade Gestora de Fundos

de Investimento Imobiliário, S.A. and GND Trading ME FZE were dissolved, with gains of 129 thousand euros.

- b) Work for the company essentially involves the improvement of equipment.

Net exchange rate differences, recorded during the periods ending Saturday, December 31, 2019 and 2018, are due to payments and receipts, as well as exchange rate updates on balance sheets, recorded based on currencies other than the Euro.

## 9 - COST OF SALES

During the years ended on 31 December 2019 and 2018, the cost of sales was as follows:

	Raw material, consumables	Goods	Total
<b>Gross asset:</b>			
Balance as at 31 December 2017	13,453	70,321	83,774
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	-	5,382	5,382
Impact of the application of IAS 29 - Hyperinflation	71	2,648	2,719
Currency conversion adjustments	1,448	(27,722)	(26,274)
Regularization	-	(2,424)	(2,424)
Purchases	117,380	137,008	254,388
Cost for the year	(121,078)	(126,117)	(247,195)
<b>Balance on December 31, 2018</b>	<b>11,274</b>	<b>59,095</b>	<b>70,369</b>
Currency conversion adjustments	(1,616)	(14,173)	(15,789)
Perimeter alteration (Note 5)	(21)	(13,881)	(13,902)
Regularization	(2)	(420)	(422)
Purchases	87,733	141,493	229,226
Cost for the year	(84,042)	(126,824)	(210,866)
<b>Balance on December 31, 2019</b>	<b>13,326</b>	<b>45,290</b>	<b>58,616</b>
<b>Accumulated impairment losses in inventories:</b>			
Balance as at 31 December 2017	788	4,441	5,229
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	-	1,021	1,021
Impact of the application of IAS 29 - Hyperinflation	-	479	479
Currency conversion adjustments	(307)	(2,552)	(2,859)
Reinforcements (Note 14)	538	380	918
Reductions (Note 8)	(28)	(187)	(215)
Regularization	(5)	(10)	(15)
<b>Balance on December 31, 2018</b>	<b>986</b>	<b>3,572</b>	<b>4,558</b>
Currency conversion adjustments	(12)	(1,309)	(1,321)
Reinforcements (Note 14)	122	538	660
Reductions (Note 8)	-	(117)	(117)
Regularization	(90)	104	14
<b>Balance on December 31, 2019</b>	<b>1,006</b>	<b>2,788</b>	<b>3,794</b>
Net value as at 31 December 2018	10,288	55,523	65,811
Net value as at 31 December 2019	12,320	42,502	54,822



**10 - CHANGE IN PRODUCTION**

The statement of change in production recorded for the years ended on 31 December 2019 and 2018 was as follows:

	Ongoing products and works	Finished and intermediate products	Total
<b>Gross asset:</b>			
Balance as at 31 December 2017	148,809	13,920	162,729
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	244	-	244
Impact of the application of IAS 29 - Hyperinflation	97	-	97
Currency conversion adjustments	(5,938)	-	(5,938)
Regularization	(10,185)	78	(10,107)
Production changes	(8,663)	(10,149)	(18,812)
Balance on December 31, 2018	124,364	3,849	128,213
Currency conversion adjustments	(703)	-	(703)
Perimeter alteration (Note 5)	-	(67)	(67)
Regularization	29,216	(33)	29,183
Production changes	2,562	(872)	1,690
Balance on December 31, 2019	155,439	2,877	158,316
<b>Accumulated impairment losses in inventories:</b>			
Balance as at 31 December 2017	217	-	217
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	46	-	46
Impact of the application of IAS 29 - Hyperinflation	47	-	47
Currency conversion adjustments	(109)	-	(109)
Reinforcements (Note 14)	1,203	-	1,203
Transfers	(24)	-	(24)
Balance on December 31, 2018	1,380	-	1,380
Currency conversion adjustments	(75)	-	(75)
Reinforcements (Note 14)	10,000	-	10,000
Reductions (Note 8)	(181)	-	(181)
Transfers	(96)	-	(96)
Balance on December 31, 2019	11,028	-	11,028
Net value as at 31 December 2018	122,985	3,849	126,834
Net value as at 31 December 2019	144,412	2,877	147,289

As at 31 December 2019 and 2018, the Inventories are detailed as follows: 2016

	2019	2018
Raw materials and consumables	12,320	10,288
Goods	42,502	55,523
Ongoing products and works	144,412	122,985
Finished and intermediate products	2,877	3,849
Total	202,111	192,645

As at 31 December 2019 and 2018, the real estate enterprises, presented under products and work in progress, are being developed by the following entities:

	2019	2018
TD VIA - Sociedade Imobiliária, S.A.	39,073	40,692
TDSP - Gilberto Sabino Empreendimentos Imobiliários SPE, Ltda.	17,762	3,301
V8 - Gestão Imobiliária, S.A.	13,925	16,596
QUINTA DE CRAVEL - Imobiliária, S.A.	13,536	16,435
TDSP - Maria de Jesus Empreendimentos Imobiliários SPE, Ltda.	10,186	4,896
TDSP - Nilo Empreendimentos Imobiliários SPE, Ltda.	7,820	6,615
TDSP - Baceunas Empreendimentos Imobiliários SPE, Ltda.	6,429	2,526
TDSP - Galeno de Castro Empreendimentos Imobiliários SPE, Ltda.	6,150	6,161
TDSP - Carolina Ribeiro Empreendimentos Imobiliários SPE, Ltda.	5,995	4,823
TDRE Hood, LLC	5,263	5,091
TDRE LEE Park, LLC	4,570	4,483
TDSP - Princesa Isabel Empreendimentos Imobiliários SPE, Ltda.	3,217	-
TDSP - Bela Vista Empreendimentos Imobiliários SPE, Ltda.	2,989	2,908
TDSP - 18 Empreendimentos Imobiliários, Ltda	2,831	-
TDSP - Alta Vista III Empreendimentos Imobiliários SPE, Ltda.	1,575	1,482
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	1,433	1,433
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	820	833
TDSP - Alta Vista IV Empreendimentos Imobiliários SPE, Ltda.	302	4,138
TDSP - Zanzibar Empreendimentos Imobiliários SPE, Ltda.	-	51
TDSP - Volta Redonda Empreendimentos Imobiliários SPE, Ltda.	-	30
TDSP - Gualaxos Empreendimentos Imobiliários SPE, Ltda.	-	6
Other	536	485
	144,412	122,985

As at 31 December 2019 and 2018, the following inventories had been pledged as security for liabilities:

Geography	2019	2018
Portugal	Mortgage 10 Lots Santa Marinha Design District Development	Mortgage 10 Lots Santa Marinha Design District Development
Portugal	Mortgage 9 Lots Mafamude	Mortgage 9 Lots Mafamude
Portugal	Mortgage on the Magnolia and Coina Development	Mortgage on the Magnolia and Coina Development
Portugal	Vale Figueira Mortgage	Vale Figueira Mortgage
Portugal	Mortgage on the Lezíria Park 2 development, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park	Mortgage on the Lezíria Park 2 development, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park
Brazil	Real Estate Development Condominium Portrait Pinheiros - São Paulo / Brazil (104 Independent Units)	Real Estate Development Condominium Portrait Pinheiros - São Paulo / Brazil (104 Independent Units)
Brazil	Real Estate Development Condominium Verissimo Mooca - São Paulo / Brazil (42 Independent Units)	-
Brazil	Quartier Brooklin Condominium Real Estate Development - São Paulo / Brazil (108 Independent Units)	-
Portugal	-	Mortgage of 65 fractions - Santa Marinha Design District Development - Vila Nova de Gaia
Portugal	-	Mortgage on Land in Pedregueiras - (14+10) Rural Buildings
Brazil	-	Real Estate Development Condominium Unique Alta Vista - São Paulo / Brazil (168 Independent Units)

**11 - EXTERNAL SUPPLIES AND SERVICES**

External supplies and services break down as follows for the financial years ended 31 December 2019 and 2018:

	2019	2018
Subcontracts	162,088	130,404
Hire and rental charges	27,294	19,074
Specialised work	26,362	33,255
Maintenance and repair	20,893	23,983
Fuel	12,626	7,527
Travel and accommodation	5,603	4,647
Fees	5,526	2,249
Transport of goods	5,475	7,770
Electricity	3,884	4,509
Surveillance and security	3,229	3,448
Transport of people	2,588	2,498
Advertising	2,391	3,103
Other	60,373	44,210
	338,332	286,677

**12 - STAFF COSTS**

The average number of employees in the years ended on 31 December 2019 and 2018, by operating segment, was as follows:

	2019	2018
Construction	6,198	5,298
Concessions and services	2,067	1,908
Real estate	222	262
Hospitality	1,049	1,079
Distribution	1,372	1,386
Automotive	387	412
Not allocated to segments	98	186
	11,393	10,530

The heading "staff costs", for the years ended on 31 December 2019 and 2018, is broken down as follows:

	2019	2018
Normal remunerations	117,952	108,695
Other remunerations	58,804	63,476
Charges with remunerations	35,943	32,281
Insurance	1,767	2,608
Retirement benefits	-	8
Other staff costs	24,708	14,908
	239,174	221,976

**13 - OPERATING LEASES**

In the financial year ending 31 December 2019, as a result of the adoption of IFRS 16, all lease agreements were covered by the new standard (Notes 23 and 39).

In the financial year ending 31 December 2018, costs of 186 thousand euros were recognized for revenue from operational leasing contracts listed under the "External supplies and services" item.

Revenue from operational leasing contracts held by the Group on 31 December 2018 had the following maturities:

	2018
2019	48
2020	11
2021	1
	60

**14 - OTHER OPERATING COSTS**

Other operating costs for the years ended on 31 December 2019 and 2018 were as follows:

	2019	2018
Variation in the fair value of investment properties (Note 22)	27,324	14,373
Taxes	16,897	18,200
Reversal of inventory impairment losses (Notes 9 and 10)	10,660	2,121
Impairment losses of debts receivable (Note 28)	4,646	36,331
Losses incurred in the divestment of assets (a)	1,782	2,703
Bad debts	632	7,416
Loss of inventories	249	5,544
Other operating costs	10,101	10,234
	72,291	96,922

a) The stated losses were incurred from the divestment of property, plant and equipment, amounting to 1746 thousand euros (1,419 thousand euros in 2018) (Note 21) and from the dissolution of the company TDD - Distribuição Brasil, Ltda, recording a loss of 36 thousand euros.

During the financial year ending 31 December 2017, Teixeira Duarte Internacional, LTD. was dissolved and posted losses of 1,284 thousand euros.

## 15 - FINANCIAL RESULTS

The financial results for the years ended on 31 December 2019 and 2018 were as follows:

	2019	2018
Financial costs and losses:		
Supported interests	(24,822)	(27,296)
Unfavourable exchange rate differences	(68,936)	(99,427)
Other costs and financial losses	(24,934)	(23,527)
	(118,692)	(150,250)
Financial income and gains:		
Obtained interests	3,655	6,953
Favourable exchange rate differences	21,979	31,255
Net monetary position c)	92	38,445
Other income and financial earnings	4,762	575
	30,488	77,228
Earnings from investment activities:		
Earnings from associates and joint ventures (a)	1,407	220
Dividends (b)	626	1,423
Other investments	(310)	16,677
Gains / losses in assets available for sale	(7)	-
	1,716	18,320
Financial Results	(86,488)	(54,702)

- a) The results of associated companies and joint ventures from the financial year ending 31 December 2019 include the effect of applying the equity method to investments in associates and joint ventures, amounting to 1.407 thousand euros (220 thousand euros in 2018) (Note 24).
- b) The amounts presented in 2019 and 2018 correspond to dividends received from "Financial assets at fair value through other comprehensive income";
- c) The presented amount corresponds to the gain arising from the application of IAS 29 to companies in Venezuela.

Net exchange rate differences, recorded during the periods ending Saturday, December 31, 2019 and 2018, are due to payments and receipts, as well as exchange rate updates on balance sheets, recorded based on currencies other than the Euro.

In the financial years ended 31 December 2019 and 2018, no interest was capitalized in the acquisition cost of qualifying assets.

## 16 - INCOME TAX

"TD, SA" is the dominant company of a group of companies that pay tax under the Special Taxation Regime for Groups of Companies (RETGS), covering all companies in which it directly or indirectly holds at least 75% of the respective equity, provided that the stake in question grants it over 50% of voting rights and that, at the same time, have effective headquarters and management in Portugal and pay tax under the general Corporation Income Tax regime ("IRC").

All other subsidiary companies that are not covered by the RETGS, pay tax individually, based on the respective taxable items and the applicable rates of IRC, and municipal and state surtaxes.

The "TD, SA" and most of its subsidiaries headquartered in Portugal are subject to Corporation Tax (IRC), at the rate of 21%, on the taxable amount. Entities with reportable profit are also subject to the Municipal Surcharge, whose rate may vary to the maximum of 1.5%, as the State Surcharge, incident on taxable profit in excess of EUR 1,500, 7,500 and EUR 35,000, at the rates of 3%, 5% and 9%, respectively.

These entities are also subject to regional taxation, at the rates and with the fees, charges and expenses provided for in article 88 of the IRC (Corporation Tax) Code.

In the calculation process of the taxable income, amounts that are not tax deductible are added to, and subtracted from the accounting result. These differences between the book value profit and the profit for tax purposes may be of a temporary or permanent nature.

In addition, pursuant to the legislation in force in Portugal, tax losses are reportable for a period of twelve (5) years for those that occurred during the 2019 tax year onwards, being subject to deduction from taxable income calculated subsequently, with this deduction being limited to 70% of the taxable income calculated during the tax period in which it is earned.

In accordance with the legislation in force, tax returns in Portugal are subject to review and correction by the tax authorities for a period of four years, unless tax losses have been deducted or inspections, claims or appeals, in which cases, depending on the circumstances, this period may be increased or suspended.

The review period of tax returns of entities with a presence in other countries varies between three and five years.

The Board of Directors believes that any corrections which might arise from any tax reviews/inspections to these tax returns will not significantly affect the consolidated financial statements as at 31 December 2019.

The Group records deferred taxes corresponding to the temporary differences between the book value of the assets and liabilities and the corresponding tax base, as laid down in IAS 12 - Income Tax (Note 27).

The income taxes recognised for the years ended on 31 December 2019 and 2018 are as follows:

	2019	2018
Current tax:		
Income tax in Portugal	(6,993)	(10,456)
Income tax in other jurisdictions	(17,608)	(11,955)
<b>Current Tax</b>	<b>(24,601)</b>	<b>(22,411)</b>
Deferred tax (Note 27):	(2,691)	2,732
	<b>(27,292)</b>	<b>(19,679)</b>

In addition to the amounts of deferred taxes recorded directly in the income statement, deferred taxes amounting to (32,615) thousand euros were recorded directly in equity for the year ended on 31 December 2019 (71,251 thousand euros as at 31 December 2018) (Note 27).

As at 31 December 2019 and 2018, the reconciliation between the nominal and effective income tax rate may be presented as follows:

	2019		2018	
	Rate %	Tax	Rate %	Tax
Earnings before tax		<b>43,962</b>		<b>29,175</b>
Nominal rate and tax on income	(21.0%)	(9,232)	(21.0%)	(6,127)
Differential of tax rates of other countries	(36.1%)	(15,851)	(54.1%)	(15,796)
Earnings from associated companies and joint ventures (equity method)	0.7%	295	0.2%	46
Tax losses generated in the year for which deferred tax assets were not recognised	24.2%	10,632	42.7%	12,460
Difference between capital gains and losses for tax and accounting purposes	9.5%	4,186	9.8%	2,855
Costs not accepted for tax purposes	(8.2%)	(3,598)	(21.9%)	(6,389)
Autonomous taxation	(0.6%)	(270)	(3.4%)	(996)
Surcharge	(2.8%)	(1,225)	(5.2%)	(1,520)
Differences in estimates	(3.8%)	(1,654)	5.7%	1,662
Other tax components	(17.9%)	(7,885)	(29.5%)	(8,607)
Deferred tax for the year	(6.1%)	(2,691)	9.4%	2,732
Effective rate and tax on income	(62.1%)	<b>(27,292)</b>	(67.5%)	<b>(19,679)</b>



## 17 - EARNINGS PER SHARE

Earnings per share for the years ended on 31 December 2019 and 2018 were calculated taking into account the following amounts:

	2019	2018
Earnings for the effect of calculating net earnings per basic share (net income for the year)	14,414	11,127
Weighted average number of shares for the effect of calculating earnings per basic share (thousand)	420,000	420,000
Earnings per basic share	0.03	0.03

Since for the financial years ended on 31 December 2019 and 2018 there were no dilution effects of the earnings per share, the diluted earnings per share are the same as the basic earnings per share.

## 18 - DIVIDENDS

At the General Meeting of Shareholders held on 27 May 2019 it was decided not to distribute dividends, taking into consideration the separate financial statements of the Company as at 31 December 2018.

No dividends were distributed for the year ended 31 December 2018, referring to the year 2017.

## 19 - GOODWILL

During the years ended on 31 December de 2019 and 2018, the movements in the values of *goodwill* calculated upon the acquisition of subsidiaries, as well as in related impairment losses were as follows:

	2019	2018
Gross asset:		
Opening balance	27,526	27,571
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	-	55
Impact of the application of IAS 29 - Hyperinflation	-	25
Currency conversion adjustments	(57)	(125)
Closing balance	27,469	27,526
Accumulated impairment losses	(15,255)	(15,255)
Net asset:	12,214	12,271

The values of the *goodwill* as at 31 December 2019 and 2018 refer to the following entities:

Participated company	Operating segment	2019	2018
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Construction	12,107	12,107
Auto Competição Angola, LDA	Automotive	107	164
		12,214	12,271

*Goodwill* related to companies associated with joint ventures form an integral part of the value of the corresponding investments.

The values of *goodwill* are tested annually for impairment or whenever there are indications that they may be impaired.

The recoverable amount of the cash-generating units to which *goodwill* is allocated is determined based on the calculation of its use value, which uses cash flow forecasts based on the latest financial forecasts approved by the respective Boards of Directors over a period of five years, discounted by the discount rates shown in the table below, which were calculated based on the weighted average cost of capital (WACC), adjusted for risks, specific to the market in which each unit is placed. Cash flows beyond this five-year period were forecast using the rates specified in the same table. These rates do not exceed the average long-term growth for the markets in which those cashgenerating units are allocated.

The Boards of Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the book value of these cash-generating units to exceed its recoverable amount.

The main assumptions considered in determining the value in use of *goodwill* are as follows:

Participated company	2019			2018		
	Book value of the goodwill	Discount rate	Perpetuity growth rate	Book value of the goodwill	Discount rate	Perpetuity growth rate
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	12,107	5.6%	1.00%	12,107	6.4%	1.25%
Auto Competição Angola, Lda.	107	15.8%	1.00%	164	14.3%	1.50%
	12,214			12,271		

## 20 - INTANGIBLE ASSETS

During the years ended on 31 December 2018 and 2017, the movement in intangible assets and their respective accumulated amortisation and impairment losses was as follows:

	Industrial property	Other	Fixed assets under construction	Advances for intangible assets	Total
<b>Gross asset:</b>					
Balance as at 31 December 2017	88,722	89	2,936	-	91,747
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	9,005	14	-	-	9,019
Impact of the application of IAS 29 - Hyperinflation	4,078	6	-	-	4,084
Currency conversion adjustments	(17,705)	(32)	(302)	-	(18,039)
Additions	439	-	131	347	917
Transfers and write-offs	(8,563)	-	(24)	-	(8,587)
Sales	(34)	-	-Brasil	-	(34)
<b>Balance on December 31, 2018</b>	<b>75,942</b>	<b>77</b>	<b>2,741</b>	<b>347</b>	<b>79,107</b>
Currency conversion adjustments	(9,351)	(13)	(40)	(119)	(9,523)
Additions	858	-	1,202	419	2,479
Transfers and write-offs	8,122	(6)	(566)	-	7,550
Sales	(16)	-	-Brasil	-	(16)
<b>Balance on December 31, 2019</b>	<b>75,555</b>	<b>58</b>	<b>3,337</b>	<b>647</b>	<b>79,597</b>
<b>Accumulated amortisation and impairment losses:</b>					
Balance as at 31 December 2017	14,149	89	-	-	14,238
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	1,420	14	-	-	1,434
Impact of the application of IAS 29 - Hyperinflation	951	6	-	-	957
Currency conversion adjustments	(3,011)	(32)	-	-	(3,043)
Transfers and write-offs	(2,665)	-	-Brasil	-	(2,665)
Stiffeners	3,207	-	-Brasil	-	3,207
Sales	(34)	-	-Brasil	-	(34)
<b>Balance on December 31, 2018</b>	<b>14,017</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>14,094</b>
Currency conversion adjustments	(1,996)	(13)	-	-	(2,009)
Transfers and write-offs	1,445	(6)	-	-	1,439
Stiffeners	5,811	-	-Brasil	-	5,811
Sales	(5)	-	-Brasil	-	(5)
<b>Balance on December 31, 2019</b>	<b>19,272</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>19,330</b>
<b>Net value:</b>					
As at 31 December 2018	61,925	-	2,741	347	65,013
As at 31 December 2019	56,283	-	3,337	647	60,267

On 31 December 2019 the "Industrial property" item presented the amount of 49,223 thousand euros referring to surface rights (56,641 thousand euros on 31 December 2018).

## 21 - TANGIBLE FIXED ASSETS

During the years ended on 31 December 2019 and 2018, the movement in fixed tangible assets and their depreciation and accumulated impairment losses was as follows:

	Land and Natural Resources	Buildings and other constructions	Basic equipment	Transportation equipment	Tool and utensils	Administrative equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advances on account of tangible fixed assets	Total
<b>Gross asset:</b>										
Balance as at 31 December 2017	30,939	445,299	360,898	78,659	41,990	34,340	10,937	7,297	143	1,010,502
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	2,562	87,572	23,957	8,395	136	4,779	1,197	1,071	38	129,707
Impact of the application of IAS 29 - Hyperinflation	2,422	44,125	11,103	3,489	70	2,221	853	2,161	17	66,461
Currency conversion adjustments	(6,021)	(220,366)	(48,103)	(18,056)	(1,957)	(10,008)	(2,733)	(2,326)	(86)	(309,656)
Additions	-	5,108	12,964	6,356	2,958	1,048	1,409	5,034	-	34,877
Transfers and write-offs	(2,705)	35	(7,493)	(2,426)	(1,573)	(988)	(68)	(4,265)	-	(19,483)
Sales	(40)	(6,616)	(4,787)	(3,219)	(397)	(857)	(412)	-	-	(16,328)
Revaluation	-	473,051	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	473,051
Balance on December 31, 2018	27,157	828,208	348,539	73,198	41,227	30,535	11,183	8,972	112	1,369,131
Impact of the application of IAS 29 - Hyperinflation	-	-	91	16	-	-Brasil	-	(6)	-	101
Currency conversion adjustments	(3,066)	(242,929)	(25,641)	(9,398)	(611)	(4,938)	(1,586)	(2,371)	(38)	(290,578)
Perimeter alteration (Note 5)	-	-	(406)	-	(1)	(47)	(1)	-	-	(455)
Additions	-	1,995	19,745	6,907	2,449	1,180	282	2,626	-	35,184
Transfers and write-offs	(1,049)	(5,197)	(13,306)	(3,419)	(489)	(578)	(504)	(5,816)	-	(30,358)
Sales	(4,605)	(2,043)	(15,462)	(5,785)	(4,700)	(437)	(270)	-	-	(33,302)
Revaluation	-	217,892	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	217,892
Balance on December 31, 2019	18,437	797,926	313,560	61,519	37,875	25,715	9,104	3,405	74	1,267,615
<b>Depreciation and losses from accrued impairment:</b>										
Balance as at 31 December 2017	164	163,951	300,807	67,870	34,050	30,140	6,943	-	-	603,925
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	-	25,111	19,755	7,736	112	4,164	648	-	-	57,526
Impact of the application of IAS 29 - Hyperinflation	-	18,732	9,115	2,685	60	1,995	430	-	-	33,017
Exchange conversion effect	-	(67,718)	(37,406)	(16,622)	(345)	(8,809)	(1,524)	-	-	(132,424)
Stiffeners	-	17,092	19,343	3,712	2,947	1,325	783	-	-	45,202
Transfers and write-offs	-	(1,405)	(8,858)	(2,350)	(1,400)	(917)	(65)	-	-	(14,995)
Sales	-	(1,857)	(4,210)	(3,010)	(306)	(715)	(917)	-	-	(11,015)
Revaluation	-	235,263	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	235,263
Balance on December 31, 2018	164	389,169	298,546	60,021	35,118	27,183	6,298	-	-	816,499
Impact of the application of IAS 29 - Hyperinflation	-	-	9	2	-	-Brasil	-Brasil	-Brasil	-	11
Exchange conversion effect	-	(113,019)	(20,560)	(7,201)	106	(4,455)	(879)	-	-	(146,008)
Perimeter alteration (Note 5)	-	-	(5)	-	(1)	(19)	-	-	-	(25)
Stiffeners	-	17,082	18,147	3,378	2,621	1,178	659	-	-	43,065
Transfers and write-offs	-	(589)	(10,360)	(1,890)	(757)	(314)	(237)	-	-	(14,147)
Sales	(164)	(1,095)	(10,969)	(3,880)	(3,867)	(419)	(167)	-	-	(20,561)
Revaluation	-	109,005	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-	109,005
Balance on December 31, 2019	-	400,553	274,808	50,430	33,220	23,154	5,674	-	-	787,839
<b>Net value:</b>										
As at 31 December 2018	26,993	439,039	49,993	13,177	6,109	3,352	4,885	8,972	112	552,632
As at 31 December 2019	18,437	397,373	38,752	11,089	4,655	2,561	3,430	3,405	74	479,776

According to IAS 16, after initial recognition, tangible fixed assets can be measured in accordance with two models:

- Cost Model;
- Revaluation model

On 31 December 2019 and 2018, the Group opted for the revaluation model for a restricted set of tangible fixed assets, and this policy was then applied to an entire homogeneous class.

The adoption of the revaluation model assumes that the fair value can be reliably determined, and the asset in question is measured at its revalued value, corresponding to its fair value at the date of the revaluation, less any accumulated depreciation and subsequent impairment.

In order to ensure that the financial statements more accurately reflect the fair value of the net assets, it was decided to change the measurement model applied to all hotels, all distribution stores and also to stores in the vehicle sector, as these form part of the homogeneous class of assets in which it is believed that the difference between the value recognized on the financial statements and the corresponding fair value is most significant.

The increase in the value of the assets was directly reflected in equity or in results, in the event of a reduction in value due to impairment.

Revaluations should be carried out sufficiently frequently to ensure that the carrying amount does not materially differ from the corresponding fair value at the reporting date (IAS 16:31).

At 31 December 2019 and 2018, the impact of the revaluation of these tangible fixed assets was as follows:

2019							
Fixed tangible assets	Gross assets	Accrued amortizations	Net value	Evaluation value	Impact on revaluation	Deferred tax	Impact of net revaluation
<b>Hotels</b>							
Portugal	15,657	(10,148)	5,509	6,044	535	(112)	423
Angola	231,954	(137,910)	94,044	144,633	50,589	(15,177)	35,412
Mozambique	28,570	(9,720)	18,850	20,571	1,721	(551)	1,170
	276,181	(157,778)	118,403	171,248	52,845	(15,840)	37,005
<b>Distribution sector stores</b>							
Angola	105,503	(26,018)	79,485	112,700	33,215	(9,964)	23,251
	105,503	(26,018)	79,485	112,700	33,215	(9,964)	23,251
<b>Stores in the automotive sector</b>							
Angola	88,127	(34,211)	53,916	76,743	22,827	(6,849)	15,978
	88,127	(34,211)	53,916	76,743	22,827	(6,849)	15,978
	469,811	(218,007)	251,804	360,691	108,887	(32,653)	76,234

Fixed tangible assets	2018						
	Gross assets	Accrued amortizations	Net value	Evaluation value	Impact on revaluation	Deferred tax	Impact of net revaluation
<b>Hotels</b>							
Portugal	8,174	(5,140)	3,034	5,770	2,736	(574)	2,162
Angola	87,046	(42,889)	44,157	147,992	103,835	(31,151)	72,684
Mozambique	11,916	(3,655)	8,261	19,487	11,226	(3,592)	7,634
	107,136	(51,684)	55,452	173,249	117,797	(35,317)	82,480
<b>Distribution sector stores</b>							
Angola	84,345	(15,200)	69,145	117,640	48,495	(14,549)	33,946
	84,345	(15,200)	69,145	117,640	48,495	(14,549)	33,946
<b>Stores in the automotive sector</b>							
Angola	19,583	(4,062)	15,521	87,017	71,496	(21,449)	50,047
	19,583	(4,062)	15,521	87,017	71,496	(21,449)	50,047
	211,064	(70,946)	140,118	377,906	237,788	(71,315)	166,473

All real estate was valued by independent, professionally qualified and recognised appraisers with recent experience in the location and category of the valued properties.

It should also be noted that the useful lives of the revalued real estate were not changed.

The additions made to tangible fixed assets in the year ended 31 December 2019 relate mainly to investments made in plant and equipment.

At 31 December 2019, the tangible fixed assets in progress are essentially buildings and other constructions in progress.

## 22 - INVESTMENT PROPERTIES

During the years ended on 31 December 2019 and 2018, the movement in investment properties was as follows:

	2019	2018
Opening balance	194,091	217,647
Perimeter alteration (Note 5)	(4,588)	-
Currency conversion adjustments	(35,504)	(53,020)
Increases / (divestments)	15,951	2,319
Change in fair value (Notes 8 and 14)	38,528	26,725
Transfers from/to tangible fixed assets	-	420
Closing balance	208,478	194,091

During the years ended on 31 December 2019 and 2018, the movement in investment properties by geographic area was as follows:

	2019	2018
Portugal	10,312	698
Angola	28,216	26,027
	38,528	26,725

Income from investment property amounted to 5006 thousand

euros for the year ended 31 December 2019 (4821 thousand euros at 31 December 2018). For the financial year ended on 31 December 2019, direct operating costs related to investment properties reached EUR 1,057 thousand (EUR 1,243 thousand as at 31 December 2018).

The fair value of each operational investment property is periodically determined through assessments made by specialised and independent entities and in accordance with the evaluation methodologies generally accepted for the real estate market, namely income methods, comparatively with market prices or replacement costs, depending on the specific situations of each property.

The main assumptions and methods inherent to the assessment of support for the market value of the investment properties were as follows:

- *Yield:*
  - Portugal between 4% and 10%;
- Average of the comparative method and income multiples;
- Average of the comparative method and cost.

IAS 40 - Investment property ("IAS 40") does not require the determination fair value of investment properties on the basis of a valuation made by an independent valuator. On 31 December 2019 and 2018, all investment properties were appraised by independent appraisers with relevant and recognized professional qualifications, as well as recent experience in localization and in the category of valued investment property.

These valuations have applied methods currently used in this market, based on the use of the income method, replacement cost method or market price comparisons, according to the specific situations of each property. Considering that the assets are leased, the income method was used, but also taking into



account the other methods used to assess the reasonableness of the results achieved through this method. According to this method, the income of the current leasing contracts under the current conditions was used and, once the year of these contracts had ended, a yield adapted to each property was used.

### 23 - USAGE RIGHTS

During the financial year ended 31 December 2019, the following movements occurred under the “usage rights” item due to the application of IFRS 16:

	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other fixed tangible assets	Total
<b>Gross asset:</b>						
Balance on January 1st, 2019	42,358	920	233	-	-	43,511
Additions	1,623	8	1,041	7	-	2,679
Transfers and write-offs	(2)	14,140	2,229	-	192	16,559
Balance on December 31, 2019	43,979	15,068	3,503	7	192	62,749
<b>Depreciation and losses from accrued impairment:</b>						
Balance on January 1st, 2019	-	-Brasil	-Brasil	-Brasil	-Brasil	-
Exchange conversion effect	(279)	(6)	(8)	-	-	(293)
Stiffeners	8,166	1,335	900	1	21	10,423
Transfers and write-offs	-	10,689	280	-	47	11,016
Balance on December 31, 2019	7,887	12,018	1,172	1	68	21,146
<b>Net value</b>						
As at 31 December 2019	36,092	3,050	2,331	6	124	41,603

### 24 - INVESTMENTS IN ASSOCIATES AND JOINT-VENTURES

The following associates and joint-ventures were recorded through the equity method as at 31 December 2019:

Social Denomination	Head Office	% Effective participation
ADOQUINES VARGAS, (ADOQUINVAR), C.A.	Instalaciones de Bolivariana de Puertos Puerto de La Guaria – Parroquia Maiquetia Municipio Vargas del Estado Vargas	49.00%
ALVORADA PETRÓLEO, S.A.	Rua Paraíba, nº 1000, sala 1518 15º andar – Bairro Funcionário Belo Horizonte - Minas Gerais - Brasil	43.21%
ALSOMA, GEIE.	3 Av André Malraux - Levallois Peret - França	30.48%
AK10 - Empreendimentos e Participações SPE Ltda.	Alameda Santos, nº 960, 19º andar, Edifício CYK Cerqueira César – São Paulo	25.00%
CAIS DE CRUZEIROS 2ª FASE, ACE	Rua da Tapada da Quinta de Cima - Linhó – Sintra	16.94%
CONBATE, ACE	Edifício 2, Lagoas Park - Porto Salvo	20.00%
Consórcio Puente Daule Guayaquil	Av. Francisco de Orellana, Kilometro uno e medio (1,5) y Juan Tanca Marengo, Edifício Cofin, piso seis (6) Guayaquil, Equador	20.00%
Consortio Minero Luso Vargas C.A. (CONLUVAR)	Av. Venezuela com Calle Mohedano, Torre JWM Piso 5, Of. 5-2, Urb El Rosal – Caracas – Venezuela	49.00%
CONSORCIO OPSUT 2010	Calle 4, Casa nº 4, Urbanización Los Laureles Valle de la Pascoa - Venezuela	51.00%
DOURO LITORAL, ACE	Tower Plaza, Rotunda Edgar Cardoso, nº 23, 12º andar, sala F - Vila Nova de Gaia	40.00%
D.L.O.E.A.C.E. – Douro Litoral Obras Especiais, ACE	Edifício 2, Lagoas Park - Porto Salvo	40.00%

Social Denomination	Head Office	% Effective participation
FERROVIAL/TEIXEIRA DUARTE – Obras Hidráulicas do Alqueva, ACE	Edifício Central Park Rua Alexandre Herculano, Edifício 1 - 4º Piso, Fração B e C - Linda-a-Velha	50.00%
IMOC - Empreendimentos Imobiliários, S.A.	Av. Julius Nyerere, 130 - Maputo	49.92%
METROLIGEIRO - Construção de Infraestruturas, ACE	Rua Abranches Ferrão, nº 10 – 5º F - Lisboa	26.80%
MESOFER, ACE	Rua Mário Dionísio, nº 2 , 2799-557 Linda-a-Velha	24.73%
NOVA ESTAÇÃO, ACE	Edifício 6 – Piso 1, Lagoas Park - Porto Salvo	25.00%
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	Edifício 2, Lagoas Park - Porto Salvo	57.30%
TDE - Empreendimentos Imobiliários, S.A.	Edifício 2, Lagoas Park - Porto Salvo	50.00%
TDGISERV Services, LLC (a)	PO Box 7098, Doha - Qatar	49.00%
TRÊS PONTO DOIS – Trabalhos Gerais de Construção Civil, Vía e Catenária de Modernização da Linha do Norte, ACE	Av. das Forças Armadas, 125 - 2º C - Lisboa	50.00%

The investments in associates and joint-ventures showed the following movements in the years ended on 31 December 2019 and 2018:

	Equity stakes	Goodwill	Total
Balance as at 31 December 2017	20,296	-	20,296
Effects of the application of the equity method:			
Effect on net income for the year (Note 15)	220	-	220
Effect on equity	(888)	-	(888)
Increases	214	-	214
Currency conversion adjustments	(99)	-	(99)
Other	(2,922)	-	(2,922)
Balance on December 31, 2018	16,821	-	16,821
Effects of the application of the equity method:			
Effect on net income for the year (Note 15)	1,407	-	1,407
Effect on equity	230	-	230
Perimeter alteration (Note 5)	(479)	-	(479)
Sales	(24)	-	(24)
Currency conversion adjustments	335	-	335
Other	3,945	-	3,945
Balance on December 31, 2019	22,235	-	22,235

Investments in associated companies and joint-ventures as at 31 December 2019 and 2018 are broken down as follows:

Associates and joint-ventures	2019			2018		
	Equity stakes	Goodwill	Value of financial position	Equity stakes	Goodwill	Value of financial position
IMOC - Empreendimentos Imobiliários, S.A.R.L.	13,631	-	13,631	13,339	-	13,339
TDE - Empreendimentos Imobiliários, S.A.	3,378	-	3,378	-	-Brasil	-
TDGISERV Services, LLC (a)	2,338	-	2,338	770	-	770
Consórcio Puente Daule Guayaquil	1,024	-	1,024	-	-Brasil	-
RPK Gulfstream Ltd.	-	-Brasil	-	479	-	479
Alvorada Petróleo, S.A.	-	-Brasil	-	75	-	75
Other	1,864	-	1,864	2,158	-	2,158
	22,235	-	22,235	16,821	-	16,821

The holdings referred to above are stated using the equity method, which, for the years ended on 31 December 2019 and 2018, had the following impacts:

Associates and joint-ventures	2019		
	Gains and losses in associates and joint ventures (Note 15)	Adjustments of holdings	Total
Alvorada Petróleo, S.A.	(100)	10	(90)
Consórcio Puente Daule Guayaquil	390	-	390
IMOC - Empreendimentos Imobiliários, S.A.R.L.	(225)	204	(21)
TDE - Empreendimentos Imobiliários, S.A.	(19)	-	(19)
TDGISERV Services, LLC (a)	1,552	16	1,568
Other	(191)	-	(191)
	1,407	230	1,637

Associates and joint-ventures	2018		
	Gains and losses in associates and joint ventures (Note 15)	Adjustments of holdings	Total
Alvorada Petróleo, S.A.	(50)	(609)	(659)
IMOC - Empreendimentos Imobiliários, S.A.R.L.	(664)	(11)	(675)
SCP AK-10 Empreendimentos e Participações SPE LTDA.	(39)	-	(39)
TDGISERV Services, LLC (a)	1,152	(268)	884
Other	(179)	-	(179)
	220	(888)	(668)

The main financial information relative to the associates and joint ventures at 31 December 2019 and 2018 is as follows:

	Total assets		Total liabilities		Total net assets		Share of the Group in net assets	
	2019	2018	2019	2018	2019	2018	2019	2018
Alvorada Petróleo, S.A.	1,665	1,858	1,721	1,684	(56)	173	-	75
IMOC - Empreendimentos Imobiliários, S.A.R.L.	28,455	28,477	1,149	1,756	27,306	26,721	13,631	13,339
Consórcio Puente Daule Guayaquil	20,597	-	15,477	-	5,120	-	1,024	-
SCP AK-10 Empreendimentos e Participações SPE LTDA.	6	-	45	38	(39)	(38)	-	-
TDE - Empreendimentos Imobiliários, S.A.	17,861	-	11,105	-	6,756	-	3,378	-
TDGISERV Services, LLC (a)	11,605	8,535	6,834	6,964	4,771	1,571	2,338	770
Other	14,155	13,751	9,931	7,274	4,224	6,477	1,864	2,637
	94,344	52,621	46,262	17,716	48,082	34,904	22,235	16,821

## 25 - OTHER FINANCIAL INVESTMENTS

At 31 December 2019 and 2018, the details of other financial investments were as follows:

	2019		2018	
	Non-current	Current	Non-current	Current
Financial assets at fair value through other comprehensive income				
Aginyo Inversiones Y Gestiones Inmobiliarias S.L.	12,213	-	12,398	-
Banco Comercial Português, S.A.	1,352	-	1,553	-
TDHOSP – Gestão de Edifício Hospital, S.A.;	-	-	768	-
EIA - Ensino, Investigação e Administração, S.A.	624	-	624	-
KUIKILA Investments, Lda.	526	-	483	-
MATADOURO DE MACAU, S.A.R.L.	317	-	317	-
ILTA - Urbanizadora da Ilha de Tavira, S.A.	256	-	256	-
Macau CPM Holdings	150	-	150	-
COLT Resources Inc.	156	-	146	-
Other	272	10	235	-
	15,866	10	16,930	-
Financial assets at amortized cost				
Government Debt Security of the People's Republic of Angola Government	2,806	-	4,219	14,665
	2,806	-	4,219	14,665
	18,672	10	21,149	14,665

The fair value of shares held in Banco Comercial Português, S.A. and COLT Resources Inc. was measured based on market price.

The fair value of the share in Aginyo Inversiones y Gestiones Inmobiliarias S.L. was determined by an independent appraisal performed during the financial year ended 31 December 2019.

For the remaining financial assets indicated above (shares in unlisted companies), the Board of Directors of the Group consid-

ered that their acquisition cost, less, if necessary, the respective impairment losses, corresponded to the best estimate of their fair value at 31 December 2019.

During the financial years ended 31 December 2019 and 2018, the following movements occurred in other financial investments:

	2019		2018	
	Non-current	Current	Non-current	Current
Opening balance	21,149	14,665	27,413	-
Increases	32	10	11,792	-
Reductions	(791)	(9,654)	(6,169)	-
Variation of fair value	(168)	-	532	-
Currency Variation	(1,616)	(5,011)	2	-
Transfers	-	-	(13,897)	14,665
Other variations	66	-	1,476	-
Closing balance	18,672	10	21,149	14,665

## 26 - ASSETS AND LIABILITIES HELD FOR SALE

As at 31 December 2019 and 2018, the assets and liabilities held for sale are detailed as follows:

	2019	2018
<b>Assets held for sale:</b>		
Goodwill	1,979	1,979
Fixed tangible assets	441	441
Investment Properties	30,548	30,548
Other investments	1,159	1,159
Inventories	199	199
Clients - current	115	115
Other debtors	5	5
Cash and cash equivalents	24	24
Other Assets	427	427
<b>Total assets held for sale</b>	<b>34,897</b>	<b>34,897</b>
<b>Liabilities held for sale:</b>		
Loans	21,698	21,698
Liabilities by deferred taxes	(1,848)	(1,848)
Financial Leases	2,417	2,417
Suppliers	212	212
Other Creditors	634	634
Other liabilities	448	448
<b>Total liabilities held for sale</b>	<b>23,561</b>	<b>23,561</b>
<b>Total net value</b>	<b>11,336</b>	<b>11,336</b>

As of 31 December 2019 and 2018, the companies Bonaparte - Imóveis Comerciais e Participações, S.A. and AEBT - Vias do Baixo Tejo, S.A. are classified as "Assets and Liabilities Held for Sale".

## 27 - DEFERRED TAX

All situations which could significantly affect future taxes are recorded by applying the rules on deferred taxes.

For the years ended on 31 December 2019 and 2018, the movements which occurred in deferred tax assets and liabilities, according to the temporary differences which generated them, are as follows:



## 2019

	Opening balance	Perimeter alteration (Note 5)	Constitution		Reversal		Currency conversion & adjustments	Closing balance
			Net income (Note 16)	Equity (Note 16)	Net income (Note 16)	Equity (Note 16)		
Assets by deferred taxes:								
Inventory impairments	388	-	2,107	-	(49)	-	-	2,446
Impairment of clients	1,273	-	-Brasil	-	(6)	-	-	1,267
Impairment of financial assets at fair value through other comprehensive income	108,638	-	-	39	(2,251)	(2)	-	106,424
Double international taxation credit	11,242	-	4,149	-	-Brasil	-	(5,312)	10,079
Reportable tax losses	18,946	-	7,032	-	(6,018)	-	(3,975)	15,985
Provision for work losses	716	-	237	-	(23)	-	48	978
Other	8,232	(253)	904	-	(3,872)	-	5,803	10,814
	149,435	(253)	14,429	39	(12,219)	(2)	(3,436)	147,993
Liabilities by deferred taxes:								
Income taxable in future periods	305	-	7	-	(25)	-	(215)	72
Investment Properties	22,078	(606)	8,440	-	(756)	-	(8,558)	20,598
Reassessment of fixed tangible assets	75,120	(89)	-	32,652	(3,191)	-	(24,210)	80,282
Other	15,045	-	779	-	(353)	-	(4,751)	10,720
	112,548	(695)	9,226	32,652	(4,325)	-	(37,734)	111,672

## 2018

				Constitution		Reversal			
	Opening balance	Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	Impact of the application of IFRS 9	Net income (Note 16)	Equity (Note 16)	Net income (Note 16)	Equity (Note 16)	Currency conversion & adjustments	Balance balance
Assets by deferred taxes:									
Inventory impairments	150	11	-	365	-	(23)	-	(115)	388
Impairment of clients	42	-	684	557	-	(10)	-	-	1,273
Impairment of financial assets at fair value through other comprehensive income	108,572	-	-Brasil	-	66	-	-Brasil	-	108,638
Double international taxation credit	10,321	-	-Brasil	-Brasil	-Brasil	-Brasil	-	921	11,242
Reportable tax losses	21,954	-	-	4,357	-	(1,498)	-	(5,867)	18,946
Provision for work losses	308	-	-	566	-	(66)	-	(92)	716
Other	13,685	240	-	7,659	-	(1,429)	(2)	(11,921)	8,232
	155,032	251	684	13,504	66	(3,026)	(2)	(17,074)	149,435
Liabilities by deferred taxes:									
Income taxable in future periods	974	-	-	70	-	(564)	-	(175)	305
Investment Properties	23,128	-	-	7,954	-	(98)	-	(8,906)	22,078
Reassessment of fixed tangible assets	5,059	381	-	-	71,315	(73)	-	(1,562)	75,120
Other	5,882	23,899	-	640	-	(183)	-	(15,193)	15,045
	35,043	24,280	-	8,664	71,315	(918)	-	(25,836)	112,548

According to the tax returns of the companies that recorded deferred tax assets due to tax losses as at 31 December 2019 and 2018, they were carried forward as follows:

	2019			2018		
	Tax loss	Deferred tax assets	Usage deadline	Tax loss	Deferred tax assets	Usage deadline
Generated in 2014	-	-	2026	9,486	2,371	2026
Generated in 2015	4,389	1,490	2027	4,447	1,509	2027
Generated in 2016	5,843	1,480	2028	6,573	1,643	2028
Generated in 2017	40,484	8,822	2022	48,777	10,564	2022
Generated in 2018	2,454	785	2023	9,450	2,859	2023
Generated in 2019	10,266	3,408	2024	-	-Brasil	-
	63,436	15,985		78,733	18,946	

Furthermore, as at 31 December 2019 and 2018, the tax losses and credits for which no deferred tax assets were recorded as a precaution, are broken down as follows:

	2019			2018		
	Tax loss	Tax credit	Usage deadline	Tax loss	Credit credit	Usage deadline
Generated in 2016	1,098	330	2028	3,958	1,187	2028
Generated in 2017	849	255	2022	3,492	1,048	2022
Generated in 2018	26,037	7,811	2023	41,533	12,460	2023
Generated in 2019	35,442	10,632	2024	-	-Brasil	-
	63,426	19,028		48,983	14,695	

Deferred tax assets are only recorded insofar as it is considered that taxable profits are likely to occur in future taxation periods which may be used to recover the tax losses or deductible tax differences. This appraisal is based on business plans of Group companies, which are periodically reviewed and updated, and on prospects of generating taxable results.

**28 - CUSTOMERS AND OTHER RECEIVABLES**

On December 31, 2019 and 2018, balances with these entities had the following composition:

	Chain		Non-current	
	2019	2018	2019	2018
<b>Clients:</b>				
Clients current account	241,315	190,830	16,458	23,441
Clients with bad debt	39,163	52,747	19,126	18,596
	<b>280,478</b>	<b>243,577</b>	<b>35,584</b>	<b>42,037</b>
Impairment losses	(44,295)	(57,474)	(19,126)	(18,596)
	<b>236,183</b>	<b>186,103</b>	<b>16,458</b>	<b>23,441</b>
<b>Other debtors:</b>				
Staff	447	928	-	-
Other debtors	38,287	23,711	14,056	11,091
	<b>38,734</b>	<b>24,639</b>	<b>14,056</b>	<b>11,091</b>
Impairment losses	(217)	(2,445)	(1,362)	-
	<b>38,517</b>	<b>22,194</b>	<b>12,694</b>	<b>11,091</b>

During the years ended on 31 December 2019 and 2018, the movements which occurred in the impairment of the accounts receivable were as follows:

Accumulated impairment losses on customers and other receivables:

Balance as at 31 December 2017	56,098
Impact of the application of IFRS 9	2,456
Currency conversion adjustments	(11,674)
Reinforcements (Note 14)	36,331
Reversals (Note 8)	(2,992)
Regularization	(1,704)
Balance on December 31, 2018	78,515
Currency conversion adjustments	(7,563)
Reinforcements (Note 14)	4,646
Reversals (Note 8)	(6,570)
Regularization	(4,028)
Balance on December 31, 2019	65,000

Reconciliation of accumulated impairment losses at 31 December 2019 and 2018:

	2019	2018
Accumulated impairment losses recognised in accordance with IAS 39	60,933	73,898
Accumulated impairment losses recognised in accordance with IFRS 9	4,067	4,617
	<b>65,000</b>	<b>78,515</b>

The Group's exposure to credit risk (Note 42) is attributable to the accounts receivable from its operating activity. The balances shown in the statement of the financial position are net of im-

pairment losses arising from bad debt which were estimated by the Group in accordance with its experience and based on its assessment of the economic situation and environment.

The Board of Directors believes that the book value of the accounts receivable corresponds to the best estimate of their fair value.

The Group has no significant concentration of credit risks, since it is diluted over a wide range of customers and other debtors.

**29 - RELATED PARTIES**

The transactions and balances between "TD, S.A." and the companies of the Group included in the consolidation perimeter, which are related parties, were eliminated in the consolidation process and are not disclosed in the present note. The balances and transactions between the Group and the associates and joint-ventures, related and individual companies with significant voting power which have their own companies, are detailed below.

The terms or conditions applied between these related parties are, in substance, identical to those which would normally be contracted, accepted and applied between independent entities in comparable operations.

The main balances with related parties as at 31 December 2019 and 2018 can be broken down as follows:

	Balance Receivable		Balance Payable		Granted loans		Other debts	
	2019	2018	2019	2018	2019	2018	2019	2018
ADOQUINES VARGAS, (ADOQUINVAR), C.A.	-	67	-	-Brasil	-Brasil	-Brasil	-Brasil	-
AEBT - Auto Estradas do Baixo Tejo, S.A.	-	7	-	-	115	-	-Brasil	-
AVIA PORTUGAL, S.A.	-	8	-	-Brasil	-Brasil	-Brasil	-Brasil	-
BONAPARTE - Imóveis Comerciais e Participações, S.A.	70	-	-Brasil	-Brasil	-Brasil	-	725	-
CINTEL - Construção Interceptor Esgotos, S.A.	47	46	-	-	5	4	-	-
CONBATE, ACE	-	33	1	1	-	-Brasil	-Brasil	-
Consórcio Puente Daule - Guayaquil	168	-	-Brasil	-Brasil	-Brasil	-Brasil	-Brasil	-
DOURO LITORAL, ACE	19	24	(21)	28	-	-	3	-
DOURO LITORAL OBRAS ESPECIAIS, ACE	-	-	2	2	-	-Brasil	-Brasil	-
EIA - Ensino de Investigação e Administração, S.A.	9	9	-	-Brasil	-Brasil	-Brasil	-Brasil	-
IMOC - Empreendimentos Imobiliários, S.A.R.L.	419	35	95	21	-	-	1,630	-
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	-	49	-	-Brasil	-Brasil	-Brasil	-Brasil	-
METROLIGEIRO - Construção de Infraestruturas, ACE	32	32	-	-	11	11	-	-
NOVA ESTAÇÃO, ACE	213	267	88	88	13	13	-	-
Promociones Inmobiliárias 3003, C.A.	-	-Brasil	-Brasil	-Brasil	-Brasil	-	(466)	(34)
RPK Gulfstream, Ltd.	-	-Brasil	-Brasil	-Brasil	-	1,251	-	-
TDE - Empreendimentos Imobiliários, S.A.	252	-	1	-	4,900	-	-Brasil	-
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	7	7	55	55	-	-Brasil	-Brasil	-
TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	-	-	35	35	-	-Brasil	-Brasil	-
TDGISERV Services, LLC (a)	121	52	-	-	463	447	-	-
TDHOSP - Gestão de Edifício Hospitalar, S.A.	479	224	-	-Brasil	-Brasil	-Brasil	-Brasil	-
	1,836	860	256	230	5,507	1,726	1,892	(34)

The main transactions carried out with related parties during the years ended on 31 December 2019 and 2018 were as follows:

	Sales and services rendered		Purchases and Services received		Interest debited	
	2019	2018	2019	2018	2019	2018
AEBT - Auto Estradas do Baixo Tejo, S.A.	12	24	-	-Brasil	-Brasil	-
ADOQUINES VARGAS, (ADOQUINVAR), C.A.	-	65	-	-Brasil	-Brasil	-
AVIA PORTUGAL, S.A.	-	1	-	-Brasil	-Brasil	-
BONAPARTE - Imóveis Comerciais e Participações, S.A.	540	-	42	-	-Brasil	-
CONBATE, ACE	109	108	-	-Brasil	-Brasil	-
Consórcio Minero Luso Vargas - CONLUVAR	-	-Brasil	-Brasil	-Brasil	-Brasil	-
Consórcio Puente Daule - Guayaquil	1,017	-	-Brasil	-Brasil	-Brasil	-
DOURO LITORAL, ACE	47	74	2	9	-	-
IMOC - Empreendimentos Imobiliários, S.A.R.L.	486	174	142	498	-	-
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	-	376	-	-Brasil	-Brasil	-
TDE - Empreendimentos Imobiliários, S.A.	-	-Brasil	-Brasil	-	25	-
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	-	-Brasil	-	(3)	-	-
TDGISERV Services, LLC (a)	70	50	-	-Brasil	-Brasil	-
TDHOSP - Gestão de Edifício Hospitalar, S.A.	5,028	1,940	153	-	-Brasil	-
	7,309	2,812	339	504	25	-

The remunerations of the members of the governing bodies of TD, S.A. for the years ended on 31 December 2019 and 2018 were as follows:

	2019	2018
<b>Executive Directors:</b>		
Short-term benefits	727	1,151
<b>Supervisory Board:</b>		
Short-term benefits	66	66
<b>Chartered accountant:</b>		
Short-term benefits	61	61
	854	1,278

The remunerations of the members of the governing bodies of TD, S.A. for the years ended on 31 December 2019 and 2018 were as follows:

	2019	2018
<b>Senior staff:</b>		
Short-term benefits	6,398	7,144
	6,398	7,144

### 30 - NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

#### Cash and cash equivalents

As at 31 December 2019 and 2018, the cash and equivalent was detailed as follows:

	2019	2018
Bank deposits	108,255	129,629
Time deposits	20,335	22,066
Other treasury applications	5,068	18,332
Cash	1,722	1,964
	135,380	171,991

The cash and equivalent heading includes cash, deposits payable on demand, cash investments and term deposits with maturity of less than three months, repayable on demand, and for which the risk of change of value is insignificant.

#### Flows of investment activities

Revenue from financial investments for the years ended on 31 December 2019 and 2018 refer to the disposal of equity interests in the following companies:

	2019	2018
TDE - Empreendimentos Imobiliários, S.A.	15,000	-
Government Debt Security of the People's Republic of Angola Government	9,645	5,546
TDHOSP - Gestão de Edifício Hospital, S.A.	768	17,126
MTS - Metro Transportes do Sul, S.A.	-	1,050
AEBT - Auto Estradas do Baixo Tejo, S.A.	-	360
Lagoas Park, S.A.	-	122,433
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	-	23,011
Other	54	137
	25,467	169,663

Payments related to financial investments in the financial years ending on December 31, 2019 and 2018, concern the purchase of shares to the following associated company:

	2019	2018
Alvorada Petróleo, S.A.	-	214
	-	214

Dividends received in the financial years ending on December 31, 2019 and 2018 were as follows:

	2019	2018
AEBT - Vias do Baixo Tejo, S.A.	310	-
Macau CPM Holdings	303	984
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	-	439
Other	13	-
	626	1,423

### 31 - OTHER CURRENT AND NON-CURRENT ASSETS

At 31 December 2019 and 2018, other non-current assets had no value and other current assets had the following breakdown:



	Current	
	2019	2018
<b>Government and other public entities:</b>		
Corporate Income Tax (IRC)	-	9,634
Value Added Tax	11,255	8,343
Other	2,201	7,499
	<b>13,456</b>	<b>25,476</b>
<b>Associates, participated companies and other shareholders:</b>		
Associated companies	5,375	1,771
Participated companies	191	538
Other shareholders	938	420
	<b>6,504</b>	<b>2,729</b>
<b>Accrued income:</b>		
Interests receivable	502	553
Values to be invoiced (Note 32)	108,867	114,743
Other accrued income	7,511	4,728
	<b>116,880</b>	<b>120,024</b>
<b>Deferred costs:</b>		
Insurance paid in advance	2,033	1,713
Interest payable	34	5
Other deferred costs	12,684	14,027
	<b>14,751</b>	<b>15,745</b>
<b>Other current assets:</b>		
Advance payments to suppliers	30,937	25,288
	<b>30,937</b>	<b>25,288</b>
	<b>182,528</b>	<b>189,262</b>

## 32 - CONSTRUCTION CONTRACTS

For the years ended on 31 December 2019 and 2018, the income and expenditure recognised for construction contracts in progress are as follows:

	2019	2018
<b>Net income:</b>		
Issued invoices	535,455	475,135
Change in:		
Deferred income - works (Note 40)	3,355	(7,406)
Accrued income - works (Note 31)	(5,876)	26,046
	<b>532,934</b>	<b>493,775</b>
<b>Net costs:</b>		
Invoice costs	467,529	469,587
Change in:		
Provisions for guarantees (Note 37)	3,052	(2,218)
Provisions for future losses (Note 37)	2,618	5,047
	<b>473,199</b>	<b>472,416</b>
Calculated earnings (Note 7):	<b>59,735</b>	<b>21,359</b>

Additionally, as at 31 December 2019 and 2018, the withholdings made by customers relative to construction contracts amounted to EUR 3,505 thousand and EUR 1.994 thousand, respectively.

## 33 - SHARE CAPITAL

As at 31 December 2019 and 2018, the underwritten and paid-up share capital was represented by 420,000,000 shares with the nominal value of 0.50 euro each.

As at 31 December 2019, TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A. directly held 197,000,000 shares representing the share capital of Teixeira Duarte, S.A., corresponding to 46.9% of its share capital.

As at 31 December 2018, TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A. directly held 202,201,978 shares representing the share capital of Teixeira Duarte, S.A., corresponding to 48.14% of its share capital.

## 34 - RESERVES AND RETAINED EARNINGS

**Legal reserve:** Pursuant to the current legislation, the Company is obliged to transfer at least 5% of its annual net profit to the legal reserve, until it reaches at least 20% of the share capital. This reserve is not distributable to shareholders, but may be used to absorb losses, after all other reserves have been depleted, or incorporated in the share capital.

**Fair value reserve - Financial investments:** The fair value reserve of financial investments reflects changes in the fair value of financial assets recorded at fair value against other comprehensive income, and it cannot be distributed or used for observing losses.

**Revaluation reserve - Real estate:** This reserve may not be distributed, unless it is paid in or the respective assets subject to revaluation have been divested.

**Other reserves:** Other reserves are available for distribution, under the terms and subject to the limits stated in the Code of Commercial Companies.

## 35 - NON-CONTROLLING INTERESTS

The changes in this caption in the years ended 31 December 2019 and 2018 were as follows:

	2019	2018
Opening balance	35,736	41,277
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	-	1,292
Impact of the application of IFRS 9	-	(200)
Currency conversion adjustments	(9,306)	(11,651)
Dividends	(381)	(1,091)
Purchase of non-controlling interests	1,641	-
Revaluation of tangible assets	2,559	4,388
Other changes in the equity of the participated companies	4,080	3,352
Net income for the year attributable to non-controlling interests	2,256	(1,631)
Closing balance	36,585	35,736

### 36 - LOANS

As at 31 December 2019 and 2018, the loans received were as follows:

	2019	2018
<b>Non-current liabilities:</b>		
Bank loans a)	319,604	376,100
Commercial role b)	367,300	343,900
Debentures loans c)	5,100	10,200
	<b>692,004</b>	<b>730,200</b>
<b>Current liabilities:</b>		
Bank loans a)	113,299	84,976
Commercial role b)	1,500	34,000
Debentures loans c)	5,100	5,100
	<b>119,899</b>	<b>124,076</b>
	<b>811,903</b>	<b>854,276</b>

#### a) Bank loans

As at 31 December 2019, the internal bank loans, bank overdrafts and escrow accounts earned interest at the weighted annual average rate of 2.52% (2.44% as at 31 December 2018).

As at 31 December 2019, the most significant bank loans contracted by the Group essentially correspond to:

Geography	Bank	Type Financing	Date Contract	Due Date	Curren- cy	Amount Currency	Amount (€)
Portugal	Banco Comercial Português	Loan	05/01/2009	15/12/2033	EUR	141,020	141,020
Angola	BCGA - Banco Caixa Geral Angola (Angola)	Loan	23/01/2014	30/04/2021	AON	444,445	829
Portugal	Caixa Geral de Depósitos	Loan	27/01/2014	15/12/2020	EUR	1,556	1,556
Portugal	Caixa Geral de Depósitos	Loan	27/01/2014	15/12/2020	EUR	2,528	2,528
Portugal	Caixa Geral de Depósitos	Loan	22/09/2014	15/12/2033	EUR	9,960	9,960
Portugal	Caixa Geral de Depósitos	Loan	22/09/2014	15/12/2033	EUR	2,235	2,235
Portugal	Caixa Geral de Depósitos	Loan	22/09/2014	15/12/2033	EUR	3,000	3,000
Portugal	Caixa Geral de Depósitos	Loan	22/09/2014	15/12/2033	EUR	67,805	67,805
Portugal	Banco Comercial Português	Loan	18/12/2014	02/04/2021	EUR	1,000	1,000
Portugal	Banco Comercial Português	Loan	18/12/2014	02/04/2021	EUR	9,200	9,200
Portugal	Novo Banco	Loan	26/01/2015	15/12/2021	EUR	30,502	30,502
Portugal	Banco BPI	Loan	05/07/2016	05/11/2021	EUR	6,911	6,911
Portugal	Banco Comercial Português	Loan	12/08/2016	31/12/2033	EUR	10,103	10,103
Portugal	Caixa Geral de Depósitos	Loan	12/08/2016	31/12/2033	EUR	7,191	7,191
Portugal	Novo Banco	Loan	12/08/2016	31/12/2033	EUR	9,695	9,695
Portugal	Banco BAI Europa	Loan	22/09/2016	31/12/2021	USD	918	817
Portugal	Caixa Económica Montepio Geral	Factoring with recourse	17/01/2017	31/12/2020	EUR	7,494	7,494
Spain	Banco Santander	Loan	16/06/2017	20/07/2021	EUR	830	830
Brazil	Banco Itaú	Loan	26/07/2017	29/02/2020	BRL	3,108	688
Portugal	Banco BAI Europa	Loan	04/09/2017	31/12/2020	EUR	327	327
Spain	Banco Santander	Loan	22/11/2017	22/11/2022	EUR	397	397
Portugal	Banco Comercial Português	Loan	27/11/2017	31/12/2033	EUR	6,959	6,959
Portugal	Banco Comercial Português	Loan	27/11/2017	31/12/2033	EUR	24,714	24,714
Portugal	Caixa Geral de Depósitos	Loan	12/01/2018	31/12/2033	EUR	3,942	3,942
Portugal	Novo Banco	Loan	12/01/2018	31/12/2033	EUR	6,241	6,241
Portugal	Banco Comercial Português	Loan	16/01/2018	31/12/2033	EUR	4,552	4,552
Portugal	Banco Comercial Português	Loan	30/01/2018	15/06/2021	EUR	11,372	11,372
Portugal	Banco Comercial Português	Loan	30/01/2018	15/06/2021	EUR	1,243	1,243
Portugal	Caixa Geral de Depósitos	Loan	30/01/2018	15/06/2021	EUR	2,600	2,600
Spain	De Lage Landen International	Loan	10/10/2018	10/10/2023	EUR	342	342
Brazil	Banco Mercedes Benz	Loan	21/02/2019	24/10/2022	BRL	7,629	1,689
Brazil	Sandvik Credit	Loan	27/03/2019	04/10/2023	EUR	4,988	4,988
Brazil	Banco Mercedes Benz	Loan	18/04/2019	18/06/2022	BRL	1,398	310
Brazil	Banco Itaú	Loan	15/05/2019	31/12/2020	BRL	7,448	1,649
Brazil	Banco Bradesco	Loan	24/07/2019	26/07/2021	BRL	15,272	3,382
Brazil	Scania	Loan	24/09/2019	03/11/2022	BRL	10,001	2,215
Brazil	Komatsu	Loan	10/10/2019	20/04/2023	BRL	1,082	240
Brazil	Banco Luso Brasileiro	Loan	23/12/2019	01/06/2020	BRL	5,000	1,107

As at 31 December 2019 and 2018, the bank loans also included the pledged accounts of the value of 50,153 thousand euros and 72,316 thousand euros, respectively.

#### b) Commercial role

As at 31 December 2019, the Group had negotiated the following commercial paper programmes:

Geography	Bank	Type Financing	Date Contract	Due Date	Spread	Currency	Amount (€)
Portugal	Novo Banco	Commercial Paper	16/12/2005	15/12/2023	1.60%	EUR	42,500
Portugal	Caixa Geral de Depósitos	Commercial Paper	07/07/2010	31/12/2033	2.50%	EUR	20,850
Portugal	Novo Banco	Commercial Paper	30/12/2013	31/12/2033	2.00%	EUR	182,750
Portugal	Banco Finantia	Commercial Paper	02/05/2014	02/05/2020	4.25%	EUR	1,500
Portugal	Banco BIC Português	Commercial Paper	18/11/2014	02/01/2020	3.25%	EUR	5,000
Portugal	Novo Banco	Commercial Paper	28/12/2015	15/06/2027	1.95%	EUR	95,000
Portugal	Novo Banco	Commercial Paper	14/01/2016	31/12/2033	1.55%	EUR	16,700
Portugal	Banco BPI	Commercial Paper	30/01/2018	30/01/2021	2.90%	EUR	4,500
							368,800

As a result of the commitment of successive renewal during the financial year of the programme contracts, some existing issues as at 31 December 2019 and 2018 are classified as non-current liabilities.

#### c) Debentures loans

A TEIXEIRA DUARTE – Engenharia e Construções S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. entered into a contract with Banco Comercial Português, S.A. for the Provision of Assistance and Placement Services for a Private Bond Issue Offer, as well as a Paying Agent Contract related to the Grouped Issue of Bonds by Private Subscription, amounting to 10,200 thousand euros (1,000 thousand euros from TEIXEIRA DUARTE – Engenharia e Construções S.A. and 9,200 thousand euros from TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A.) known as “Teixeira Duarte - Engenharia e Construções, S.A. / Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. – 2014/2021”. Interest is paid quarterly at a rate of 4.57% and repayment will be made at par value in two installments of equal amounts to be paid on 2 April 2020 and 2 April 2021.

As at 31 December 2019 and 2018, the repayment of the non-current bank loans is defined as follows:

	2019	2018
2020	-	59,485
2021	89,947	65,804
2022	40,237	40,130
2023	38,885	39,547
2024	37,812	37,014
2025 and the following	485,123	488,220
	692,004	730,200

As at 31 December 2019 and 2018, financing agreements in foreign currency were expressed in the following currencies:

	2019		2018	
	Currency	Euros	Currency	Euros
Venezuelan bolivar	-	-	143,668	177
American dollars	918	817	2,293	2,003
Angola Kwanza	5,554,361	10,358	4,962,223	14,057
Colombian Peso	8,957	2	6,143	2
Brazilian real	74,995	16,608	17,029	3,832

The loans denominated in foreign currency earn interest at market rates and were converted into Euro based on the exchange rate on the reporting date.

At 31 December 2019 and 2018, we present the reconciliation of the changes in liabilities arising from the financing activity:

	Initial balance	Increases		Currency effect	Closing balance
2019					
Loans	854,276	1,292,365	(1,329,737)	(5,001)	811,903
	854,276	1,292,365	(1,329,737)	(5,001)	811,903
2018					
Loans	1,008,278	1,817,989	(1,962,354)	(9,637)	854,276
	1,008,278	1,817,989	(1,962,354)	(9,637)	854,276

#### 37 - PROVISIONS

The movement in accumulated reserves during the years ended on 31 December 2019 and 2018 was as follows:

	Other provisions related to the staff	Guarantee to customers (Note 32)	Lawsuits	Losses in projects (Note 32)	Other provisions for risks and charges	Total
Balance as at 31 December 2017	6,364	15,110	1	1,022	13,300	35,797
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	-	775	2	-	169	946
Impact of the application of IAS 29 - Hyperinflation	-	176	-	-	1,071	1,247
Currency conversion adjustments	-	(1,888)	1	32	(709)	(2,564)
Stiffeners	5,722	3,319	1,812	5,645	4,487	20,985
Reductions	-	(597)	-	(630)	(3,658)	(4,885)
Uses	(4,591)	(310)	-	-Brasil	-	(4,901)
Transfers	-	(3,693)	-	-	1,014	(2,679)
Balance on December 31, 2018	7,495	12,892	1,816	6,069	15,674	43,946
Currency conversion adjustments	-	(617)	(72)	11	(1,281)	(1,959)
Stiffeners	6,000	3,355	1,151	5,324	2,139	17,969
Reductions	(1,005)	(2,486)	(365)	(2,717)	(4,392)	(10,965)
Uses	(4,533)	-	-Brasil	-Brasil	-	(4,533)
Transfers	-	2,800	1,330	-	(3,535)	595
Balance on December 31, 2019	7,957	15,944	3,860	8,687	8,605	45,053

The reinforcements and reductions were made against:

	2019			2018		
	Stiffeners	Reductions	Total	Stiffeners	Reductions	Total
Net income for the year:						
Provisions	13,028	(11,156)	1,872	20,107	(4,849)	15,258
Expenses with staff	7,653	(1,005)	6,648	5,722	-	5,722
Earnings from associates and joint works	85	-	85	19	-	19
Results related to other investments	15	-	15	-	-Brasil	-
Other operating costs	-	(30)	(30)	-	(36)	(36)
	20,781	(12,191)	8,590	25,848	(4,885)	20,963

In the financial year ended 31 December 2019, an impairment reversal of 1226 thousand euros related to tangible fixed assets was recorded under the item "Impairment provisions and losses on assets subject to depreciation and amortization and *Goodwill*" (Note 21) and an impairment of 2812 thousand euros related to intangible assets (Note 20).

During the 2018 financial year, an impairment of 4,863 thousand euros was posted under the item "Provisions and impairment losses in assets subject to depreciation and amortization, and *Goodwill*", referring to tangible fixed assets (Note 21).

### 38 - SUPPLIERS AND OTHER PAYABLES

On December 31, 2019 and 2018, these headings had the following composition:

	Current		Non-current	
	2019	2018	2019	2018
Other Creditors	26,920	21,472	376	-
Suppliers				
Suppliers Checking Account	148,110	139,646	-	-
Fixed asset suppliers	12	-	-Brasil	-
	148,122	139,646	-	-



**39 - LEASE LIABILITIES**

At 31 December 2019, the Group presents the following maturities relating to lease liabilities arising from the application of IRFS 16:

	2019
2020	6,919
2021	5,853
2022	4,876
2023	4,304
After 2023	19,561
	41,513
Current lease liabilities	6,919
Non-current lease liabilities	34,594

At 31 December 2018, the present value of the minimum payments of financial leases were payable as follows:

	2018
2019	2,794
2020	1,573
2021	1,354
2022	688
After 2022	199
	6,608

**40 - OTHER CURRENT AND NON-CURRENT LIABILITIES**

On December 31, 2019 and 2018, these headings had the following composition:

	Current		Non-current	
	2019	2018	2019	2018
<b>Government and other public entities:</b>				
Corporate Income Tax (IRC)	1,980	-	-Brasil	-
Income Tax Withholdings	1,912	3,438	-	-
Value Added Tax	15,325	12,652	-	-
Contributions for Social Security	5,056	3,917	-	-
Other	3,084	4,566	-	-
	27,357	24,573	-	-
<b>Associates, participated companies and other shareholders:</b>				
Participated companies	15	14	-	-
Other shareholders	174	1,620	-	-
	189	1,634	-	-
<b>Accrued costs:</b>				
Insurance to liquidate	101	122	-	-
Remunerations payable	11,887	14,033	-	-
Interest payable	1,348	2,453	-	-
Other costs payable	33,038	21,094	-	-
	46,374	37,702	-	-
<b>Deferred income:</b>				
Work invoiced and not executed (Note 32)	30,595	33,950	-	-
Other deferred income	4,956	4,227	-	-
	35,551	38,177	-	-
<b>Other:</b>				
Advance payments from clients	114,899	86,173	79,976	63,628
Advances on account of sales	-	370	26	26
	114,899	86,543	80,002	63,654
	224,370	188,629	80,002	63,654

#### 41 - CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

Following several inspections carried out by the Tax and Customs Authority (TA) for the financial years 2007 to 2013, TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, SA, a company directly owned at 100% of its share capital by "TD, SA", the following adjustments were made to the tax losses initially determined by this investee:

Exercise	Calculated tax loss	AT correction
2008	36,573	45,938
2009	46,203	24,807
2010	5,123	6,467
2011	12,779	3,213
2012	13,294	2,299
2013	26,221	5,000

The nature of corrections made is presented below:

##### 1. Financial costs not accepted

With the exception of the situations listed in the following points, the corrections result from the fact that the financial charges incurred due to the investment made in owned companies, under the form of ancillary payments subject to the supplementary provisions regime, have been disregarded as a taxable expense.

Given that TEIXEIRA DUARTE- Gestão de Participações e Investimentos Imobiliários, S.A. pays corporation tax (IRC) according to the Special Taxation Regime for Groups of Companies (article 69 onwards of the Corporate Income Tax Code), the corrections to tax losses over the financial years from 2008 to 2011 were subject to Corporate Income Tax settlement statements and compensatory interest issued to the parent company during these financial years - TEIXEIRA DUARTE - Engenharia e Construções, S.A.. This company contested the corrections

made by AT to the periods from 2008 to 2011.

The correction related to the 2012 financial year was subject to an additional settlement by the parent company from that financial year, "TD, S.A.", which has contested it within the legal periods.

With reference to this correction, and based on fundamentally identical supporting arguments on the part of AT, it is reported that TEIXEIRA DUARTE - Engenharia e Construções, S.A. obtained a favorable outcome in the context of the 2007 corporation tax, following a decision by the Supreme Administrative Court; an identical outcome is expected for the remaining years subject to dispute.

## 2. Application of Article 51 of the Corporation Tax Code

The correction to the tax loss calculated in 2013 is related in full to the incorrect application, according to the AT, of article 51 of the IRC (Corporation Tax) Code. This correction was subject to a legal challenge by "TD, S.A." in its capacity as the parent company.

## 3. Elimination of economic double taxation - revenue distributed by the TDF Fund

The correction to the 2008 tax loss includes the amount of 611 thousand euros relating to, according to AT, the improper application of item 10 of article 22 of the Tax Benefits Statute (EBF) to the distribution of revenue by the Real Estate Investment Fund TDF.

TEIXEIRA DUARTE - Engenharia e Construções, S.A., in its capacity as parent company during the 2008 financial year, contested this correction under the terms of the law.

As a result of an inspection carried out by AT of the accounting elements of the subsidiary company TEIXEIRA DUARTE - Engenharia e Construções, S.A. in 2008, the respective taxable profit ascertained on that date was corrected, amounting to 35,467 thousand euros.

As regards this correction, the subsidiary TEIXEIRA DUARTE - Engenharia e Construções, S.A., in its capacity as the controlling company of the group of companies in force at the time, contested 32,595 thousand euros, related to tax credit, the capital gains tax reinvestment regime and the application of article 22(10) of the EBF (Tax Benefits Statute).

Following an inspection of the subsidiary TDO - Investimento e Gestão, S.A. for the financial year 2014, AT also settled a Regional Surtax amounting to 102 thousand euros.

Given that this subsidiary was covered, in 2014, by the regime

provided for in article 36 of the Tax Benefits Statute, this correction was challenged in court.

Following several inspections carried out by the AT of the calculation of corporation tax for the years 2013, 2014 and 2015, owed by the group of companies taxed under the Special Taxation Regime for Company Groups (RETGS) of which "TD, SA" is the parent company, the following corrections were made:

## 1. Application of article 90 of the corporation tax (IRC) code

Exercise	Corrected tax
2013	811
2014	1,097
2015	559
2016	653

These corrections resulted from AT having a different understanding as to the use of the deductions provided for in article 90 of the Corporation Tax Code in the Municipal and State Surtax, calculated under the scope of application of the RETGS, and were contested in court by "TD,SA", in its capacity as parent company. After the filing of these legal proceedings, "TD,SA" was notified of a change in understanding on the part of AT in the 2016 process, and it is expected that the same will happen for the remaining disputed financial years.

## 2. Net Financing Costs (article 67 of the Corporation Tax Code)

During the 2018 financial year, "TD, SA" was notified of the Report on Conclusions on the inspection carried out by the AT on corporate income tax payable by the RETGS in 2015, having determined a correction to the tax base, calculated as amounting to 22,710 thousand euros.

This correction, related to the use, in 2015, of the "break" calculated in previous years under the scope of article 67 of the Corporation Tax Code, will be challenged by "TD,SA" in its capacity as parent company.

## Guarantees:

As at 31 December 2019 and 2018, the companies included in the consolidation perimeter had provided the following guarantees to third parties:

	2019	2018
Granted bank guarantees	288,358	275,996
Guarantee insurance	150,404	149,676

The bank guarantees were essentially provided for the effect of tenders, advances received and as a completion bonds for works.

TEIXEIRA DUARTE - Engenharia e Construções, S.A., EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A., SOMAFEL BRASIL - Obras Ferroviárias e Marítimas, LTDA, RECOLTE, Servicios y Medioambiente, S.A.U., EMPA, Serviços de Engenharia, S.A., and TEIXEIRA DUARTE - Engenharia e Construções (Colombia) S.A.S. have bond insurance provided as a performance guarantee for the execution of works and the provision of services.

Bank guarantees were issued in favor of AT for the purpose of suspending two tax enforcement proceedings filed against the subsidiary TEIXEIRA DUARTE - Engenharia e Construções, S.A., relating to corporate income tax debt for the 2008 period, the settlements of which were contested. The value of these bank guarantees amounted to 16,887 thousand euros on Tuesday, December 31, 2019.

For the purpose of suspending a tax enforcement proceeding filed with the subsidiary TEIXEIRA DUARTE - Engenharia e Construções, SA, relating to IRC (Corporation Tax) debt for the period of 2010, "TD, SA" presented a guarantee, amounting to EUR 10,139m, which was accepted by the AT.

For the purposes of suspending tax enforcement proceedings instigated against "TD, S.A." and relating to the corporation tax (IRC) debt for the 2013 period, bank guarantees with an overall amount of 1,125 thousand euros were issued in favor of AT.

The bank guarantees issued in favour of AT, for the purpose of suspending a tax enforcement proceeding filed against the subsidiary TEIXEIRA DUARTE - Engenharia e Construções, S.A. relating to the debt for retentions at source of corporation tax (IRC), with an updated amount of 1,001 thousand euros, were cancelled due to the payment in full of the instalment plan to which they related, on 30 September 2019.

For the purposes of suspending tax enforcement proceedings instigated against the subsidiary TDO – Investimento e Gestão, S.A., and relating to the corporation tax (IRC) debt for the 2014 period, a bank guarantee amounting to 181 thousand euros was issued in favour of AT.

For the purposes of suspending a tax enforcement procedure filed against "TD, SA", concerning the corporation tax debt for the 2014 period, bank guarantees amounting to a total of 1,528 thousand euros were issued in favor of AT.

For the purposes of suspending tax enforcement proceedings instigated against "TD, SA" and relating to the corporation tax (IRC) debt for the 2015 period, a bank guarantee amounting to 898 thousand euros was issued in favour of AT.

For the purposes of suspending tax enforcement proceedings instigated against "TD, SA" and relating to the corporation tax

(IRC) debt for the 2016 period, a bank guarantee amounting to 1,482 thousand euros was issued in favour of AT.

As of 31 December 2019, the Group's collateral broke down as follows:

Geography	Bank	Type Financing	Date Contract	Due Date	Collateral
Portugal	Novo Banco	Commercial Paper	16/12/2005	15/12/2023	Pledge 4,760,000 BCP shares + Pledge of all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Novo Banco	Overdraft	01/02/2007	31/12/2033	Pledge on all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Banco Comercial Português	Loan	05/01/2009	15/12/2033	Pledge on all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Caixa Geral de Depósitos	Commercial Paper	07/07/2010	31/12/2033	Pledge 4,675,000 Participation Units TDF Fund + Pledge of all Shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Caixa Geral de Depósitos	Escrow account	07/07/2010	31/12/2033	Pledge 4,675,000 Participation Units TDF Fund + Pledge of all Shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Novo Banco	Commercial Paper	30/12/2013	31/12/2033	Pledge of 12,500,000 EPOS Shares and 200,000,000 C+PA Shares + Pledge of 1,325,000 Shares in the TDF Fund + Mortgage on the TD Montijo Operations Center + Mortgage on 9 Lots in Mafamude + Mortgage on 10 Lots of the Santa Marinha Design District Development - Santa Marinha + Pledge of all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Angola	BCGA - Banco Caixa Geral Angola (Angola)	Loan	30/04/2014	30/04/2021	Mortgage on Hotel Trópico (Building no. 1826) - Ingombotas
Portugal	Caixa Geral de Depósitos	Loan	27/01/2014	15/12/2020	Pledge on all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Banco Comercial Português	Escrow account	27/06/2014	31/12/2033	Pledge on all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Caixa Geral de Depósitos	Loan	22/09/2014	15/12/2033	Pledge on all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Novo Banco	Loan	26/01/2015	15/12/2021	Pledge of 2,006,396 BCP shares
Portugal	Banco BIC Português	Escrow account	06/08/2015	05/08/2019	GB from BIC AO (€23M) to BIC PT / Mortgage on Building no. 2254 - Shopping Complex and Offices Vehicle Centre - Talatona
Portugal	Novo Banco	Commercial Paper	28/12/2015	15/06/2027	Pledge 1,045,610 Shares in Recolte España + Pledge of 50% of TDE Shares + Pledge of all Shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Novo Banco	Commercial Paper	14/01/2016	31/12/2033	Pledge 1,000,000 TDGI shares + Pledge of all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Caterpillar	Loan	02/06/2016	07/06/2020	Respective Equipment



Geography	Bank	Type Financing	Date Contract	Due Date	Collateral
Portugal	Caterpillar	Loan	11/07/2016	07/07/2020	Respective Equipment
Portugal	Caterpillar	Loan	19/07/2016	07/08/2020	Respective Equipment
Portugal	Banco Comercial Português	Loan	12/08/2016	31/12/2033	Mortgage on the developments of Magnólia and Coína + Vale Figueira, Lezíria Park 2, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park + Pledge of all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Caixa Geral de Depósitos	Loan	12/08/2016	31/12/2033	Mortgage on the developments of Magnólia and Coína + Vale Figueira, Lezíria Park 2, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park + Pledge of all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Novo Banco	Loan	12/08/2016	31/12/2033	Mortgage on the developments of Magnólia and Coína + Vale Figueira, Lezíria Park 2, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park + Pledge of all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Caterpillar	Loan	12/12/2016	22/12/2020	Respective Equipment
Brazil	Banco Itaú	Loan	26/07/2017	25/07/2021	Real Estate Development Condominium Portrait Pinheiros - São Paulo / Brazil (104 Independent Units)
Portugal	Banco Comercial Português	Loan	27/11/2017	31/12/2033	Pledge on all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Spain	RCI Banque (Spain)	Loan	20/12/2017	20/06/2021	Respective Equipment
Spain	RCI Banque (Spain)	Loan	30/01/2018	25/07/2021	Respective Equipment
Portugal	Banco Comercial Português	Loan	30/01/2018	15/06/2021	Pledge on all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Portugal	Caixa Geral de Depósitos	Loan	30/01/2018	15/06/2021	Pledge on all shares: Shares Automóvel Angola + Soc. Distribuição Angola + Pledge TDSP Brasil + TD Angola, Lda. + Mortgage on Angola Hotels: Alvalade and Baía + Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Brazil	Banco Itaú	Loan	13/05/2019	31/12/2021	Quartier Brooklin Condominium Real Estate Development - São Paulo / Brazil (108 Independent Units)
Brazil	Banco Itaú	Loan	15/05/2019	31/12/2020	Real Estate Development Condominium Verissimo Mooca - São Paulo / Brazil (42 Independent Units)

**Financial commitments:**

As at 31 December 2019 and 2018, the comfort letters provided by TEIXEIRA DUARTE, S.A. and its subsidiaries reached 337,686 thousand euros and 344,459 thousand euros, respectively.

As at 31 December de 2019 and 2018, factoring contracts without right of recourse were in force, which were recorded as reductions in accounts receivable of the value of 4,865 thousand euros and 5,024 thousand euros, respectively. According to the contractual conditions, the Group's liability is essentially restricted to the guaranteed acceptance of the invoices object of the factoring on the part of the customers.

## 42 - FINANCIAL RISK MANAGEMENT

### General principles:

The Group is exposed to a number of financial risks arising from its activities, among which the following deserve special mention:

- interest rate risks arising from financial liabilities;
- exchange rate risk mainly resulting from the existence of operations and assets located outside the Euro zone, specifically in Angola, Algeria, Brazil, Colombia, Ecuador, Macau, Morocco, Mozambique, Peru and Venezuela, as well as the availability of convertible currencies on some of these markets;
- credit risk, particularly from amounts receivable from customers related to the Group's operating activities;
- liquidity risk, as regards the maintenance of cash balance stability.

The Group's Financial Department ensures the centralised management of the financing operations, applications of cash surplus, currency conversion transactions, as well as the counterpart risk of the Group. It is also responsible for the identification, quantification and for the proposal and implementation of measures aimed at the management/mitigation of the financial risks to which the Group is exposed.

Following is a more detailed description of Group's main financial risks and measures implemented to manage them.

### Interest rate risk

The objective of the interest rate risk management policy is the minimization of the cost of debt subject to the maintenance of a low level of volatility of financial costs.

As at 31 December 2019, 96% of the financial liabilities had a variable interest rate (97% as at 31 December 2018) and 4% had a fixed interest rate (3% as at 31 December 2018).

Had the market interest rates been higher (lower) by 1% during the years ended on 31 December 2019 and 2018, the financial profit/(loss) of these years would have (decreased) increased by EUR (8,222) / 8,222 thousand and EUR (9,116) / 9,116 thousand, respectively.

### Exchange rate risk

The Group's operating activities are exposed to variations in the Euro exchange rate against other currencies.

In addition, considering the different countries where the Group runs its business, its exposure to the exchange rate risk by default results from its subsidiaries reporting assets and liabilities in currencies different from the currency of the report, specifically, Angola, Algeria, Brazil, Colombia, Ecuador, Macau, Morocco, Mozambique, Peru and Venezuela.

The exchange rate risk management policy followed by the Group is ultimately aimed at reducing the sensitivity of the Group's net income to currency fluctuations.

The monetary assets and liabilities denominated in foreign currency, converted into Euro as at 31 December 2019 and 2018, were as follows:

Currency	Assets		Liabilities	
	2019	2018	2019	2018
Venezuelan bolivar	491	9,347	960	19,749
Algerian dinar	18,671	13,150	21,386	21,616
Kuwaiti Dinar	26	-	-Brasil	-
Moroccan Dirham	63	84	2,215	2,265
American dollars	103,022	176,510	31,736	30,615
Australian Dollar	-	-Brasil	-	285
Cape Verdean escudo	2	-	1	4
Japanese yen	910	1,724	-	8
Pound Sterling	439	309	192	13
Angola Kwanza	73,589	99,939	69,155	189,821
Mozambican metical	20,580	57,331	39,299	17,515
Peruvian Novo Sol	5	5	-	122
Macanese pataca	-	-	325	24
Colombian Peso	-	-	2,144	3,179
South African Rand	39	38	12	35
Brazilian real	1,479	1,317	6,347	4,163
Qatar Rial	85	-	-Brasil	-
Russian ruble	-	-Brasil	-	2,868
	219,402	359,754	173,775	292,282

Exchange rate risk management is based on the continuous measurement and monitoring of relevant financial and accounting exposures.

The possible impacts generated in the heading "Currency conversion adjustments" as at 31 December 2019 and 2018 and in the net income for the years ended on that date, if there was a 5% appreciation of the abovementioned currencies, can be summarised as follows:

Currency	2019		2018	
	Earnings	Equity	Earnings	Equity
Venezuelan bolivar	(23)	-	(520)	-
Algerian dinar	(136)	-	(423)	-
Kuwaiti Dinar	1	-	-Brasil	-
Moroccan Dirham	(108)	-	(109)	-
American dollars	3,564	-	7,295	-
Australian Dollar	-	-	(14)	-
Japanese yen	45	-	86	-
Pound Sterling	12	-	15	-
Angola Kwanza	222	-	(4,494)	-
Mozambican metical	(936)	-	1,991	-
Peruvian Novo Sol	-	-	(6)	-
Macanese pataca	(16)	-	(1)	-
Colombian Peso	(107)	-	(159)	-
South African Rand	1	-	-Brasil	-
Brazilian real	(243)	-	(142)	-
Qatar Rial	4	-	-Brasil	-
Russian ruble	-	-	(143)	-
	2,281	-	3,376	-

The Board of Directors considers that the sensitivity analysis presented above, based on the position on the stated dates, may not be representative of the exchange rate risk exposure to which the Group is subject throughout the year.

#### Credit risk

Credit risk is primarily related to the balances receivable from customers and other receivables related to the Group's operating activities. The deterioration of global economic conditions or adversities that affect the economies on a local, national or international scale may result in the inability of the Group's customers to meet their obligations, with possible negative effects on the Group.

This risk is monitored on a regular basis by each of the Group's businesses for the purpose of:

- limiting credit granted to customers, considering their profile and age of the account receivable;
- monitoring the evolution of the level of credit granted;
- analysing the recoverability of receivables on a regular basis;
- the impairment losses of the accounts receivable are calculated considering:
  - the analysis of the age of the accounts receivable;

- the customer's risk profile;
- the customers' financial situation.

As at 31 December 2019 and 2018, the Board of Directors believes that the estimated impairment losses of the accounts receivable are adequately disclosed in the financial statements.

As at 31 December 2019 and 2018, the accounts receivable from customers (Note 28) for which no impairment losses were recorded, because the Board of Directors considered that they are achievable, are as follows:

	2019	2018
Balances		
Unexpired	51,302	59,891
Up to 180 days	89,398	62,187
From 180 to 360 days	24,171	4,305
Over 360 days	87,770	83,161
	252,641	209,544

The credit quality of the accounts receivable which are not yet due included in the table above is monitored on a regular basis, based on the objectives described above.

#### Liquidity risk

This risk can occur if the sources of financing, such as the cash flows from operating activities, divestment, credit lines and from financing operations, do not meet the financing needs, such as the cash outflows for operating activities and financing, investments, remuneration of shareholders and debt repayment.

As a way of mitigating this risk, the Group seeks to contract new financing and maintain a net position and an average debt maturity that allow it to amortize its debt in adequate periods of time.

The financial liability valid up to a year is, whenever deemed appropriate, substituted by medium and long term maturity.

The maturity of the financial liabilities at 31 December 2019 and 2018 is as follows:

2019					
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Loans	119,899	89,947	40,237	561,820	811,903
Suppliers	148,122	-	-Brasil	-	148,122
Lease liabilities	6,919	5,853	4,876	23,865	41,513
Other Creditors	26,920	376	-	-	27,296
Other liabilities	224,370	60,887	19,115	-	304,372
	526,230	157,063	64,228	585,685	1,333,206

2018					
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Loans	124,076	59,485	65,804	604,911	854,276
Suppliers	139,646	-	-Brasil	-	139,646
Financial Leases	2,794	1,573	1,354	887	6,608
Other Creditors	21,472	-	-Brasil	-	21,472
Other liabilities	188,629	16,722	34,716	12,216	252,283
	476,617	77,780	101,874	618,014	1,274,285

As at 31 December 2019 and 2018, the amount of available cash and the unused amount of the commercial paper programme and credit lines reached EUR 218,380 thousand and EUR 263,712 thousand, respectively.

#### 43 - FINANCIAL ASSETS AND LIABILITIES UNDER IFRS 9

The accounting policies established in IFRS 9 for financial instruments were applied to the following items:

2019				
	Loans and accounts receivable	Assets financial	Other financial liabilities and loans	Total
<b>Assets:</b>				
Cash and cash equivalents	135,380	-	-	135,380
Customers	252,641	-	-	252,641
Other financial investments at fair value through other comprehensive income	-	15,876	-	15,876
Other financial investments at amortized cost	-	2,806	-	2,806
Other debtors	51,211	-	-	51,211
Other Assets	154,321	-	-	154,321
<b>Total financial assets</b>	<b>593,553</b>	<b>18,682</b>	<b>-</b>	<b>612,235</b>
<b>Liabilities:</b>				
Loans	-	-	811,903	811,903
Suppliers	-	-	148,122	148,122
Other Creditors	-	-	27,296	27,296
Other liabilities	-	-	241,464	241,464
Lease liabilities	-	-	41,513	41,513
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,270,298</b>	<b>1,270,298</b>

	2018			
	Loans and accounts receivable	Financial assets	Other financial liabilities and loans	Total
<b>Assets:</b>				
Cash and cash equivalents	171,991	-	-	171,991
Customers	209,544	-	-	209,544
Other financial investments at fair value through other comprehensive income	-	16,930	-	16,930
Other financial investments at amortized cost	-	18,884	-	18,884
Other debtors	33,285	-	-	33,285
Other Assets	148,041	-	-	148,041
<b>Total financial assets</b>	<b>562,861</b>	<b>35,814</b>	<b>-</b>	<b>598,675</b>
<b>Liabilities:</b>				
Loans	-	-	854,276	854,276
Suppliers	-	-	139,646	139,646
Other Creditors	-	-	21,472	21,472
Other liabilities	-	-	189,533	189,533
Financial Leases	-	-	6,608	6,608
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,211,535</b>	<b>1,211,535</b>

#### 44 - MEASUREMENTS AT FAIR VALUE

##### Fair value estimate - assets and liabilities measured at fair value

The table below presents the Group's assets and liabilities measured at fair value as at 31 December 2019, according to the following hierarchical levels of fair value:

- Level 1: the fair value of financial instruments is based on prices on active liquid markets on the reference date of the financial position statement;
- Level 2: the fair value of financial instruments is not determined based on lending net market prices, but rather through use of valuation models;
- Level 3: the fair value of financial instruments is not determined based on lending net market prices, but rather through use of valuation models whose main inputs are not observable on the market.

Category	Item	Level 1	Level 2	Level 3
<b>Assets:</b>				
Other financial investments at fair value through other comprehensive income	Actions	1,508	-	-
Other financial investments at fair value through other comprehensive income	Actions	-	12,213	2,155
Investment Properties	Buildings and land	-	208,478	-

Except with respect to non-current loans, most financial assets and liabilities mature in the short term, hence it is considered that their fair value is identical to the respective book values.



Regarding loans, as demonstrated in Note 36, most loans are taken out at variable interest rates. It is considered that their book value (amortised cost) does not differ significantly from corresponding market value.

#### 45 – FEES AND SERVICE OF THE AUDITORS

In the financial years ended 31 December 2019 and 2018, the fees for services provided by audits to companies that make up the Group (Moore Stephens and BDO in Portugal; Moore; Moore Stephens and Deloitte in Brazil; Moore Stephens in Spain and Belgium; Deloitte in Angola and Venezuela; Ernst & Young in Mozambique and other auditors) were as follows:

	2019	2018
Legal accounts review services	741	651
Other reliability assurance services	2	9
Tax advisory services	20	5
Other services	13	15
	777	680

#### 46 – EXCHANGE RATE ADJUSTMENTS

During the financial years ending 31 December 2019 and 2018, exchange rate adjustments calculate during the conversion of the financial statements of companies denominated in foreign currencies, for each geographical area, were as follows:

	2019	2018
Angola	(139,407)	(218,700)
Algeria	380	(9,169)
Brazil	(2,599)	(14,959)
Mozambique	1,212	225
Venezuela	(10,059)	(5,896)
Other Markets	380	513
Total	(150,093)	(247,986)

#### 47 - APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the financial year ending 31 December 2019 were approved at a meeting of the Board of Directors on 24 April. However, they are still subject to approval, under the terms of commercial legislation in force in Portugal, by the General Meeting of Shareholders, which is scheduled to meet on 26 May 2020.

#### 48 - SUBSEQUENT EVENTS

TEIXEIRA DUARTE envisages the continuity of operations in the different sectors and markets in which it has been operating, although the Group is monitoring the pandemic situation decreed on March 11, 2020 by the World Health Organization and is acting in accordance with the recommendations of this body and the Portuguese Directorate General of Health. Contingency and preventive measures have been taken to comply with the guidelines received and to mitigate and contain the public health risk in order to safeguard the activity in the various sectors and markets on which it operates.

Due to the unpredictability of the facts, particularly regarding their scale and duration, it is not possible to identify or quantify the impacts of this situation and the Group is remaining focused on defending the interests of its *stakeholders*.



FÁBRICA  
1921

**Teixeira Duarte**

Reports and accounts 2019

# Reports, Opinions and Certifications of the Supervisory Bodies 2019

## REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders,

### Introduction

Pursuant to article 420(1)(g) of the Companies Code, the Supervisory Board presents its report on the supervisory activities that it conducted at TEIXEIRA DUARTE, S.A., as well as its opinion on the report and accounts for the financial year ended 31 December 2019, and on the proposed application of results.

The appraised report and accounts were approved by the Board of Directors at a meeting held on 24 April 2020 and include the Consolidated Management Report, Non-Financial Information, the Corporate Governance Report and the Individual and Consolidated Financial Statements.

### Report

Under the scope of attributes and competences legally conferred upon us, we monitor the activities of the Company and Group, specifically by means of the Chair of the Audit Committee regularly participating in monthly meetings of the Board of Directors, and in other meetings and contacts with the Board of Directors, management and other Group managers, as well as in meetings with the Official Accounts Auditor Company.

We also held periodic meetings in which we appraised the activity and business of the Company and the Group, and compliance with the law and the articles of incorporation, and we analyzed the interim reports and accounts, including the accounting policies and the adopted valuation criteria, in order to ensure that they lead to a correct appraisal of equity and results.

In addition, we supervised the process of preparing and disclosing annual financial and non-financial information, and:

- we have verified that the management report contains a clear explanation of the most significant aspects of the evolution of the businesses, of the financial and non-financial performance and of the financial situation of the Company and the Group;
- we have verified that both the management report and the corporate governance report provide detailed information on the operational, financial, market and other risks to which the different activities and group companies are subject, specifically exchange rate risk resulting from exposure to some markets where the Group has activities and whose currencies are very volatile with a significant impact on equity;
- we checked that the individual and consolidated financial statements and respective notes present a true and fair view

of the financial situation of the Company and TEIXEIRA DUARTE Group, respectively.

- we have appraised the Legal Accounts Certificate and the Audit Report on the individual financial statements and the consolidated financial statements issued by the Official Accounts Auditor Company, which contain no qualifications, but they include a paragraph emphasizing the matter of the Covid-19 pandemic. We also appraised the Additional Report addressed to the Supervisory Board, issued under the terms of current legislation, which describes how the aforementioned Company conducted the audit and verified the conclusions.

We believe that the audit services were provided independently, under the terms of the current legislation, and the Statutory Audit Firm has not asked this Board to approve other services that are legally permitted, in addition to the audit.

### OPINION

Under these terms, taking into consideration the information provided to us by the Board of Directors and by the Company services, as well as the conclusions stated on the Legal Accounts Certificate and Audit Report of the individual and consolidated financial statements, issued by the Official Accounts Auditor Company, we are of the opinion that:

- a) the Management Report should be approved;
- b) the individual and consolidated financial statements relative to 2019 should be approved;
- c) the proposed appropriation of net income submitted by the Board of Directors should be approved.

### Statement referred to in article 245(1)(c) of the Securities Code.

Pursuant to subparagraph c) of number 1 of article 245 of the Portuguese Securities Market Code, the members of the Supervisory Board state that, to the best of their knowledge, the annual accounts and other documents presenting the accounts were prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial situation and net income of TEIXEIRA DUARTE, S.A. and the companies included in the consolidation perimeter. They further state that the management report faithfully reflects the business evolution, performance and position of TEIXEIRA DUARTE, S.A. and the companies included in the consolidation perimeter, presenting a description of the main risks and uncertainties of the business.



### Supervening information

As mentioned in summary in the management report, at the start of 2020 the World Health Organization declared the existence of a worldwide pandemic, caused by a novel coronavirus known as COVID 19, the scale and duration of which are as yet difficult to determine. As of this date, it is also uncertain and difficult to predict all of the potential direct or indirect adverse impacts of this new circumstance, on markets where the Teixeira Duarte Group operates and in the companies that make up the group. The Board of Directors is convinced that these potential impacts will not call into question the continuity of its businesses and the profitability and recovery of its assets.

Lisbon, 29 April, 2020

*Óscar Manuel Machado de Figueiredo - Chairman*

*Ana Cristina Louro Ribeiro Doutor Simões - Director*

*João Salvador Matias - Director*





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## AUDIT REPORT

*(Free translation from a report originally issued in Portuguese language.*

*In case of doubt the Portuguese version will always prevail)*

## REPORT ON THE AUDIT OF THE INDIVIDUAL FINANCIAL STATEMENTS

### Opinion

We have examined the accompanying financial statements of TEIXEIRA DUARTE, S.A. (the entity), comprising the balance sheet at December 31, 2019 (which reflects a total of 1.158.185 thousand euros and a shareholders' equity of 381.545 thousand euros, including a net profit for the period of 7.879 thousand euros), the income statement, the changes in equity and the cash flow statement for the year ended that date, and the annex to the financial statements which includes a summary of the main accounting policies.

In our opinion, the attached financial statements give, in all material aspects, a true and fair view of the financial position of TEIXEIRA DUARTE, S.A. at December 31, 2019, the results of its operations, the changes in equity and its cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards approved by the Portuguese standard setters.

### Basis for Opinion

We conducted our audit in accordance with the International Auditing Standards (ISAs) and guidelines issued by the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are described below in the section "Auditor responsibilities for the audit of the financial statements". We are independent with respect to the Company in accordance with legal and regulatory provisions of the Code of Ethics approved by the Portuguese Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Emphasis

Due to its relevance, we call your attention for the mention in Note 25 of the accompanying notes to the financial statements regarding the magnitude of the economic impacts of COVID-19, which cannot be estimated.

Our opinion is not modified with respect to this matter.

## Relevant audit matters

Relevant audit matters are those that, in our professional judgment, played a greater role in auditing the financial statements of the current year. These matters were considered in the context of the audit of the financial statements as a whole and in the formation of our opinion and we do not express a separate opinion on these matters.

KEY AUDIT MATTERS	SYNTHESIS OF OUR AUDIT APPROACH
<b>Valuation of financial investments in subsidiaries</b>	
<p>As disclosed in notes 3.2.a) and 9 of the notes to the financial statements, the financial investments in subsidiary companies, amounting to Euro 1,085 million are measured by the equity method. An evaluation of these investments is regularly carried out when there are indications that the asset may be impaired, which, if verified, results in the recognition of a loss in the income statement.</p> <p>The possible impairment of the financial investments were considered a relevant matter in our audit, because the carrying amount of these assets is significant and the process of assessing impairment is complex.</p>	<p>We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:</p> <ul style="list-style-type: none"><li>• Obtaining the financial statements of the subsidiaries, and their audit reports;</li><li>• Investigation of evidence that these assets may be impaired;</li><li>• Analysis of the consistency of the assumptions used in the preparation of the business plan, in the light of historical data and the relevant information available. We tested the arithmetic calculations of the model used;</li><li>• Evaluation of the proper application of the equity method valuation procedures, and test of the accuracy of the calculations made;</li><li>• Validation of the disclosures included in the notes to the financial statements.</li></ul>

## Responsibilities of management board and the supervisory board for the financial statements

Company's management board are responsible for:

- preparation of the financial statements presenting a true and fair view of the financial position, financial performance and cash flows of the Company, in accordance with the Accounting and Financial Reporting Standards in Portugal;
- preparation of the management report, including the corporate governance report, in accordance with legal and regulatory provisions;
- establishing and maintenance a proper internal control system in order to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- adopting the appropriated accounting policies, taking into account the circumstances; and
- evaluation of the entity ability in maintaining its activity, annual disclose, if applicable, the matters that may cast significant doubts about going concern of its activities and the going concern basis of accounting.

The supervisory body is responsible for supervising the process of preparation and disclosure of the financial information of the Entity.



## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to obtain reasonable assurance about financial statements as a whole are free from material misstatement, whether due to fraud or error and make an audit report with our opinion. Reasonable assurance is a high but not absolute level of assurance 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 aggregate can reasonably influence user's economic decisions based on these financial statements.

As part of an audit in accordance with the ISAs, we make professional judgements and maintain professional scepticism during the audit and also:

- identify and evaluate the material misstatement risks of financial statements due to fraud or error, audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate in the circumstances to set an opinion. The risk of not detecting a material misstatement resulting from fraud is bigger than due to error, once fraud can be accompanied by collusion, forgery, intentional omissions, false statements or override of internal controls;
- obtain an understanding of internal control relevant to the audit with the purpose of designing audit procedures taking into account the circumstances, but not to express an opinion about the effectiveness of the entity's internal control;
- the appropriateness of the accounting policies adopted and reasonableness of accounting estimates and disclosures by management board;
- conclude on the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern. This responsibility exists even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern. Our conclusions are based on obtained audit evidence till the date of audit report. Therefore, the potential effects of inherent limitations on the auditor's ability to detect material misstatements are greater for future events or conditions that may cause the entity to cease to continue as a going concern;
- assessing of the adequacy of the overall presentation of the financial statements, including disclosures and if those financial statements reflects the underlying transactions and events in order to achieve appropriate presentation;
- shall communicate with those charged with governance the scope and timing and communicate significant findings from the audit, including significant deficiencies in internal control that the auditor has identified during audit;
- the matters that we have communicated to those in charge of governance, including the supervisory board, determine which were the most important in auditing the financial statements of the current year and which are the relevant audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;
- declare to the supervisory body 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, respective safeguards.

Our examination also included the verification that the information contained in the report of the management board agrees with the financial statements, and the verifications provided for in numbers 4 and 5 of article 451 of the Portuguese Companies Law, as well as the verification that the non-financial statement has been presented.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Management Report**

As requested by the article 451º, n.º 3, paragraph e) of the Portuguese Companies Law, we confirm that Management Report has been prepared in accordance with legal and regulatory provisions and that the information contained in it agrees with the audited financial statements and with the acknowledge about the entity, and we did not find any material inaccuracy. However, we should point out that the Entity did not prepare an independent management report on the individual activity since, as usual, all relevant information will be included in the consolidated management report. As provided in article 451, paragraph 7 of the Companies Law, this opinion does not apply to the non-financial statement included in the management report.

### **Regarding the non-financial statement planned for in article 66-B of the Portuguese Companies Law**

In compliance with article 451, paragraph 6 of the Portuguese Companies Law, we hereby inform that the Entity included in its management report the non-financial statement provided for in article 66-B of the Portuguese Companies Law.

### **About the Corporate Governance Report**

In compliance with article 451, paragraph 4, of the Portuguese Companies Law, we are of the opinion that the corporate governance report includes the elements required by the Entity pursuant to article 245-A of the Portuguese Securities Code, and no material inaccuracies have been identified in the information disclosed therein, complying with the provisions of subparagraphs c), d), f), h), i) and m) of the said article.

### **On the additional elements provided for in Article 10 of Regulation (EU) No 537/2014**

In compliance with Article 10 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, and in addition to the relevant audit matters mentioned above, we also report the following:

- We have been elected auditors of TEIXEIRA DUARTE, S.A. for the first time at the general meeting of shareholders held on May 30, 2015 for a period of four years (2015 to 2018). We have been reelected in the general meeting of shareholders, of May 27, 2019 for another similar period (2019 to 2022);
- The management board has confirmed to us that it is not aware of the occurrence of any fraud or suspected material fraud in the financial statements. In the planning and execution of our audit under ISA we have maintained professional skepticism and devised audit procedures to respond to the possibility of material misstatement of financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the financial statements due to fraud.
- We confirm that our audit opinion is consistent with the additional report we prepared and delivered to the supervisory board on April 28, 2020.
- We declare that we have not provided any services prohibited under Article 77 number 8 of the Statutes of the Order of Statutory Auditors, that the assurance services rendered in addition to the audit were authorized by the Audit Committee and that we maintained our independence from the Group during the performance of the audit.

Lisbon, April 28, 2020

**AUDIT REPORT**

*(Free translation from a report originally issued in Portuguese language.  
In case of doubt the Portuguese version will always prevail)*

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS****Opinion**

We have examined the accompanying consolidated financial statements of TEIXEIRA DUARTE, S.A. (the Group), comprising the consolidated statement of financial position at December 31, 2019 (which reflects a total of 1.850.016 thousand euros and a total shareholders' equity of 336.524 thousand euros, including a consolidated net profit attributable to shareholders, for the period, of 14.414 thousand euros), the consolidated statement of income and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the attached consolidated financial statements give a true and fair view, in all material aspects, of the consolidated financial position of TEIXEIRA DUARTE, S.A. at December 31, 2019, and its financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

**Basis for Opinion**

We conducted our audit in accordance with the International Auditing Standards (ISAs) and guidelines issued by the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are described below in the section "Auditor responsibilities for the audit of the financial statements". We are independent with respect to the Company in accordance with legal and regulatory provisions of the Code of Ethics approved by the Portuguese Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Emphasis

Due to its relevance, we call your attention for the mention in Note 48 of the accompanying notes to the financial statements, regarding the magnitude of the economic impacts of COVID-19, which cannot be estimated.

Our opinion is not modified with respect to this matter.

## Relevant audit matters

Relevant audit matters are those that, in our professional judgment, played a greater role in auditing the consolidated financial statements of the current year. These matters were considered in the context of the audit of the consolidated financial statements as a whole and in the formation of our opinion and we do not express a separate opinion on those matters.

KEY AUDIT MATTERS	SYNTHESIS OF OUR AUDIT APPROACH
<b>1. International Exposure</b>	
<p>As disclosed in Note 7 to the financial statements, the Group's business activity is separated into 6 business segments, with relevant operations in 7 countries, with different economic contexts and operational risks.</p> <p>The Group's activity outside Portugal represents 73.1% of turnover. As mentioned in note 42 to the financial statements, several territories where the Group operates, namely Angola, Venezuela and Brazil, are subject to significant exchange rate variations of their currencies against the euro.</p> <p>Exposure to these countries' currencies entails increased risks for the Group, namely:</p> <ol style="list-style-type: none"> <li>I) <i>Foreign exchange risk</i>, due to the strong devaluation of local functional currencies against the euro;</li> <li>II) <i>Liquidity risk</i>, resulting from the difficulty of repatriating foreign currency from these territories; and</li> <li>III) <i>Credit Risk</i>, arising from difficulties in recovering credits related to the Group's operational activities.</li> </ol> <p>Due to their significance and unpredictability, we considered these issues as relevant matters to our audit.</p>	<p>Our audit approach included the execution of several procedures to mitigate the risks of material misstatement, as follows:</p> <ul style="list-style-type: none"> <li>• Measurement of the degree of exposure of the Group to geographies with high exchange rate and liquidity risk;</li> <li>• Assessment of the collection risks and the levels of any impairment on accounts receivable;</li> <li>• Analysis of the currency translation of the financial statements of the subsidiaries of different geographies, by reference to the International Financial Reporting Standards (IFRS);</li> <li>• Review of the description of the types of risks that the Group is exposed and the validation of the adequacy of the Group's disclosures regarding the risk management policy;</li> <li>• Inquiry to the management about the strategy and action plans to reduce the Group's exposure in geographies of greater instability and business risk;</li> <li>• Validation of the disclosures included in the accompanying notes to the consolidated financial statements.</li> </ul>

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**KEY AUDIT MATTERS**

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**SYNTHESIS OF OUR AUDIT APPROACH**

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**2. Revenue recognition of construction contracts**

As shown in note 7 to the financial statements, the Group's revenue comes from several business segments, with construction being the segment with the greatest relevance, accounting for 57,8% of the group's revenue (55,4% in 2018).

As mentioned in note 2.21 of accompanying notes to the consolidated financial statements, income and expenditure from the construction sector are recognized in accordance with IFRS 15 - Revenue from Contracts with Customers, being the revenue and margins associated with construction contracts in progress recognized according to the percentage of completion, which is determined by the ratio between the expenses incurred and the total estimated expenses for each work.

Given the uncertainty and judgment associated with the estimates of the expenses to be incurred until the completion of the works, we consider this matter relevant for the purposes of our audit.

We have performed audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Obtaining and reconciling the construction work charts with the amounts included in the financial position and in the income statement;
- Review of contracts that support total project revenue;
- Selection of a sample of contracts and verifying the measurement costs and budgets that support the percentage of completion, and analysis of costs incurred and cost estimates to complete the work;
- Verification of the proper application of accounting policy in accordance with IFRS 15 - Revenue from contracts with customers;
- Review of the reasonableness of provisions for guarantees and for onerous contracts; and
- Validation of the disclosures included in the accompanying notes to the consolidated financial statements.

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**3. Measurement and recognition of impairment on accounts receivable**

As shown in notes 14 and 28 to the financial statements, the Impairment losses on customers represent 63,421 thousand euros, approximately 20.1% of customer balances. In the year of 2019 additional impairments, in a total amount of 4,646 thousand euros, have been recognized in the accounts.

The identification of impaired customers' balances and the determination of its recoverable amount is a process that involves the analysis of the nature and ageing's debt, the financial condition of the debtor, the non-compliance with payment agreements and the perspective for collection.

We considered this subject as a relevant audit matter, mainly because the recovery of credits in some geographies it is particularly slow and the estimates used by management require a high degree of judgment.

We have performed audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Analysis of the aging and recoverability of customer balances, as well as assertions used by the management in the quantification of impairment losses;
- Review of specific balances with entities based in higher risk geographies (Angola, Argélia and Venezuela), considering the debt's age, the debtor's financial capacity and the collection history;
- Discussion with the management regarding the criteria and assumptions used as basis of the judgments to recognize, or not, the customers impairment losses;
- Review of the calculations of adjustments recognized to the nominal value of credits and evaluation of the assumptions used by management, namely, the estimate of the receipt term and the discount rate used; and,
- Validation of the disclosures included in the accompanying notes to the consolidated financial statements.

## KEY AUDIT MATTERS

## SYNTHESIS OF OUR AUDIT APPROACH

### 4. Revaluation of tangible fixed assets

As disclosed in notes 2.2, 2.5 and 21 to the financial statements, the Group continued to adopt the revaluation model as an adequate accounting policy for the subsequent measurement of a homogeneous class of assets.

The effects of this revaluation represent an increase of the tangible fixed assets and of the net equity of 108,887 thousand euros and 76,234 thousand euros, respectively, net of the effect of the deferred tax liability of 32,653 thousand euros.

The adoption of the revaluation model assumes that fair value can be reliably determined.

The revaluations were performed by independent appraisers to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

We have considered this topic as a relevant audit matter, considering the relevance of the effects of the revaluation of these tangible fixed assets on the consolidated financial statements.

We have performed audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Discussion with the management regarding the criteria and assumptions that were the basis of the judgments to recognize, or not, certain assets as belonging to the homogeneous classes that have been revaluated;
- Analysis of independent valuations performed and the revaluation effects for each element included in the homogeneous asset classes;
- Assessment of the reasonableness of the main assumptions used by the experts;
- Assessment of the registration of external appraisers with the Securities Market Commission and analysis of their independence;
- Revision of the calculation of the effects of revaluation, regarding to their accuracy and completeness of the amounts determined;
- Analysis of the recognition of possible impairment losses in tangible assets; and
- Validation of the disclosures included in the accompanying notes to the consolidated financial statements.

### 5. Valuation of Investment Properties

The Financial Position of the Group, as of December 31, 2019, amounts to 208,478 thousand euros regarding the investment property (194,091 thousand euros at December 31, 2018). As stated in Notes 2.2, 2.8 and 22 to the financial statements, these Investment Properties are measured at fair value, which is determined through valuations performed by specialized and independent entities.

The Investment Properties are essentially located in Portugal and Angola, the latter being subject to the effects of the exchange variation of the local currency.

Considering the expression of these assets in the consolidated financial statements and the judgment involved, we believe that this area is a relevant matter of our audit.

We have performed audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Verification of the register of external evaluators with the Securities Market Commission and analysis of their independence;
- Analysis of information on real estate, included in the evaluations, and validation of this information with the documents and records of the Group;
- Assessment of the reasonableness of the main assumptions used by the experts;
- Validation of the fair value recorded with the values included in the evaluations;
- Validation of the appropriate exchange rate conversion of the fair values of the Investment Properties located abroad;
- Validation of the disclosures included in the accompanying notes to the consolidated financial statements.

**KEY AUDIT MATTERS**
**SYNTHESIS OF OUR AUDIT APPROACH**
**6. Deferred Tax Assets Recoverability**

As described in note 27 to the financial statements, as of December 31, 2019, the deferred tax assets balance amounts to 147.993 thousand euros. The recover of deferred tax assets depend on the existence of future taxable profits, and include:

- 106,424 thousand euros related to impairment losses on financial assets;
- 15,985 thousand euros resulting from tax losses originating between 2015 and 2019;
- 10,079 thousand euros resulting from credits for international double taxation; and
- 15,505 thousand euros related to other situations.

In accordance with IAS12 - "Income taxes", deferred tax assets can only be recorded to the extent that it is probable that future taxable profits will exist on the estimated date for their reversal.

The Group prepared an estimate of taxable profits for future periods, based on its Business Plan and other assumptions made by the management.

Considering the nature, extent, and risk of recoverability of this class of assets, we understand that this area is a relevant matter in our audit.

Our audit approach included the execution of several procedures to mitigate the risks of material misstatement, as follows:

- Understanding and analyzing the main assumptions considered by the management to determine the estimated results before taxes for future periods;
- Assessment of the reasonableness of the interpretation of the relevant tax legislation considered by the Group in the estimate of future taxable profits;
- Review of calculations made to demonstrate the recoverability of deferred tax assets, taking into account the understanding of the assumptions and the interpretation of the tax legislation described above;
- Examination for occurrences that may indicate possible risks in the recovery of deferred tax assets, namely if there are any restrictions to carry forward the right to deduct; and
- Validation of the disclosures included in the accompanying notes to the financial statements.

**Responsibilities of management board and the supervisory board for the consolidated financial statements**

Company's management board is responsible for:

- preparation of the consolidated financial statements presenting a true and fair view of the financial position, financial performance and cash flows of the Group, in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union;
- preparation of the management report, including the corporate governance report, in accordance with legal and regulatory provisions;
- establishing and maintenance a proper internal control system in order to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- adopting the appropriated accounting policies, taking into account the circumstances; and
- evaluation of the Group ability in maintaining its activity, annual disclose, if applicable, the matters that may cast significant doubts about going concern of its activities and the going concern basis of accounting.

The supervisory body is responsible for supervising the process of preparation and disclosure of the financial information of the Group.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our responsibility is to obtain reasonable assurance about consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and make an audit report with our opinion. Reasonable assurance is a high but not absolute level of assurance 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 aggregate can reasonably influence user's economic decisions based on these financial statements.

As part of an audit in accordance with the ISAs, we make professional judgements and maintain professional scepticism during the audit and also:

- identify and evaluate the material misstatement risks of consolidated financial statements due to fraud or error, audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate in the circumstances to set an opinion. The risk of not detecting a material misstatement resulting from fraud is bigger than due to error, once fraud can be accompanied by collusion, forgery, intentional omissions, false statements or override of internal controls;
- obtain an understanding of internal control relevant to the audit with the purpose of designing audit procedures taking into account the circumstances, but not to express an opinion about the effectiveness of the Group's internal control;
- the appropriateness of the accounting policies adopted and reasonableness of accounting estimates and disclosures by management board;
- conclude on the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and to conclude whether there is a material uncertainty about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we should draw attention in our report to the related disclosures included in the financial statements or, if these disclosures are not appropriate, to modify our opinion. Our findings are based on the audit evidence obtained as of the date of our report. However, future events or conditions may cause the Group to discontinue its activities;
- assessing of the adequacy of the overall presentation of the consolidated financial statements, including disclosures and if those financial statements reflects the underlying transactions and events in order to achieve appropriate presentation;
- we obtained sufficient and appropriate audit evidence regarding the financial information of the entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and performance of the Group's audit and we are ultimately responsible for our audit opinion;
- shall communicate with those charged with governance, including the supervisory board, among other things, the scope and timing and communicate significant findings from the audit, including significant deficiencies in internal control that the auditor has identified during audit;
- the matters that we have communicated to those in charge of governance, including the supervisory board, determine which were the most important in auditing the financial statements of the current year and which are the relevant audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;
- declare to the supervisory body 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, respective safeguards.

Our examination also included the verification that the information contained in the report of the management board agrees with the financial statements, and the verifications provided for in numbers 4 and 5 of article 451 of the Portuguese Companies Law, as well as the verification that the non-financial statement has been presented.



## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Management Report**

As requested by the article 451º, n.º 3, paragraph e) of the Portuguese Company Law, we confirm that Management Report has been prepared in accordance with legal and regulatory provisions and that the information contained in it agrees with the audited financial statements and with the acknowledge about the entity, and we did not find any material inaccuracy. As provided in article 451, paragraph 7 of the Portuguese Companies Law, this opinion does not apply to the non-financial statement included in the management report.

### **Regarding the non-financial statement planned for in article 508-G of the Portuguese Companies Law**

In compliance with article 451, paragraph 6 of the Portuguese Companies Law, we hereby inform that the Entity included in its management report the non-financial statement provided for in article 508-G of the Portuguese Companies Law.

### **About the Corporate Governance Report**

In compliance with article 451, paragraph 4, of the Commercial Companies Law, we are of the opinion that the corporate governance report includes the elements required by the Entity pursuant to article 245-A of the Portuguese Securities Code, and no material inaccuracies have been identified in the information disclosed therein, complying with the provisions of subparagraphs c), d), f), h), i) and m) of the said article.

### **On the additional elements provided for in Article 10 of Regulation (EU) No 537/2014**

In compliance with Article 10 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, and in addition to the relevant audit matters mentioned above, we also report the following:

- We were elected auditors of TEIXEIRA DUARTE, S.A. for the first time at the general meeting of shareholders held on May 30, 2015 for a period of four years (2015 to 2018). We have been reelected in the general meeting of shareholders, of May 27, 2019 for another similar period (2019 to 2022);
- The management board has confirmed to us that it is not aware of the occurrence of any fraud or suspected material fraud in the financial statements. In the planning and execution of our audit under ISA we have maintained professional skepticism and devised audit procedures to respond to the possibility of material misstatement of consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- We confirm that our audit opinion is consistent with the additional report we prepared and delivered to the supervisory board on April 28, 2020.
- We declare that we have not provided any services prohibited under Article 77 n.º 8 of the Statutes of the Order of Statutory Auditors, that the assurance services rendered in addition to the audit were authorized by the Audit Committee and that we maintained our independence from the Group during the performance of the audit.

Lisbon, April 28, 2020



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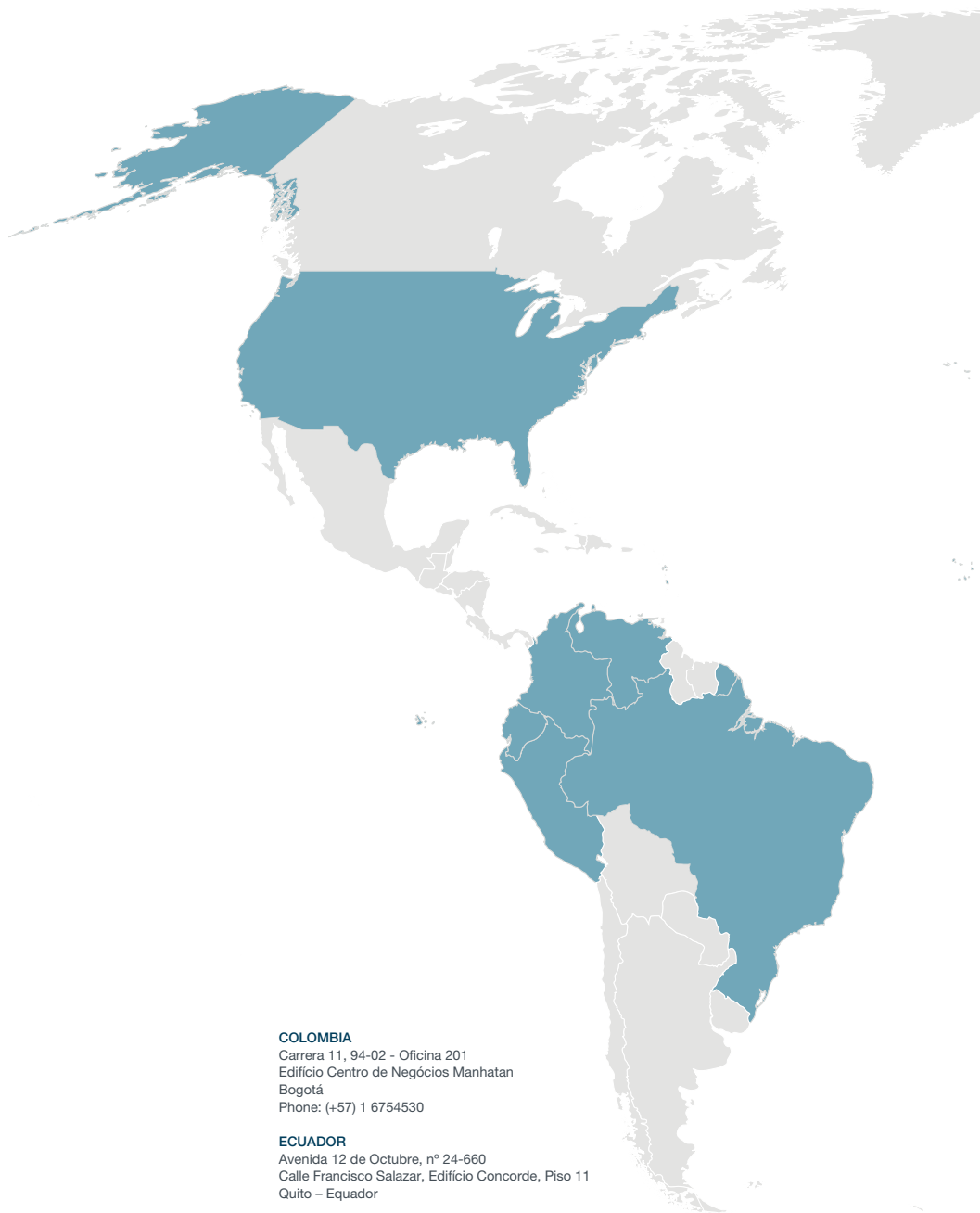
## UNITED STATES OF AMERICA

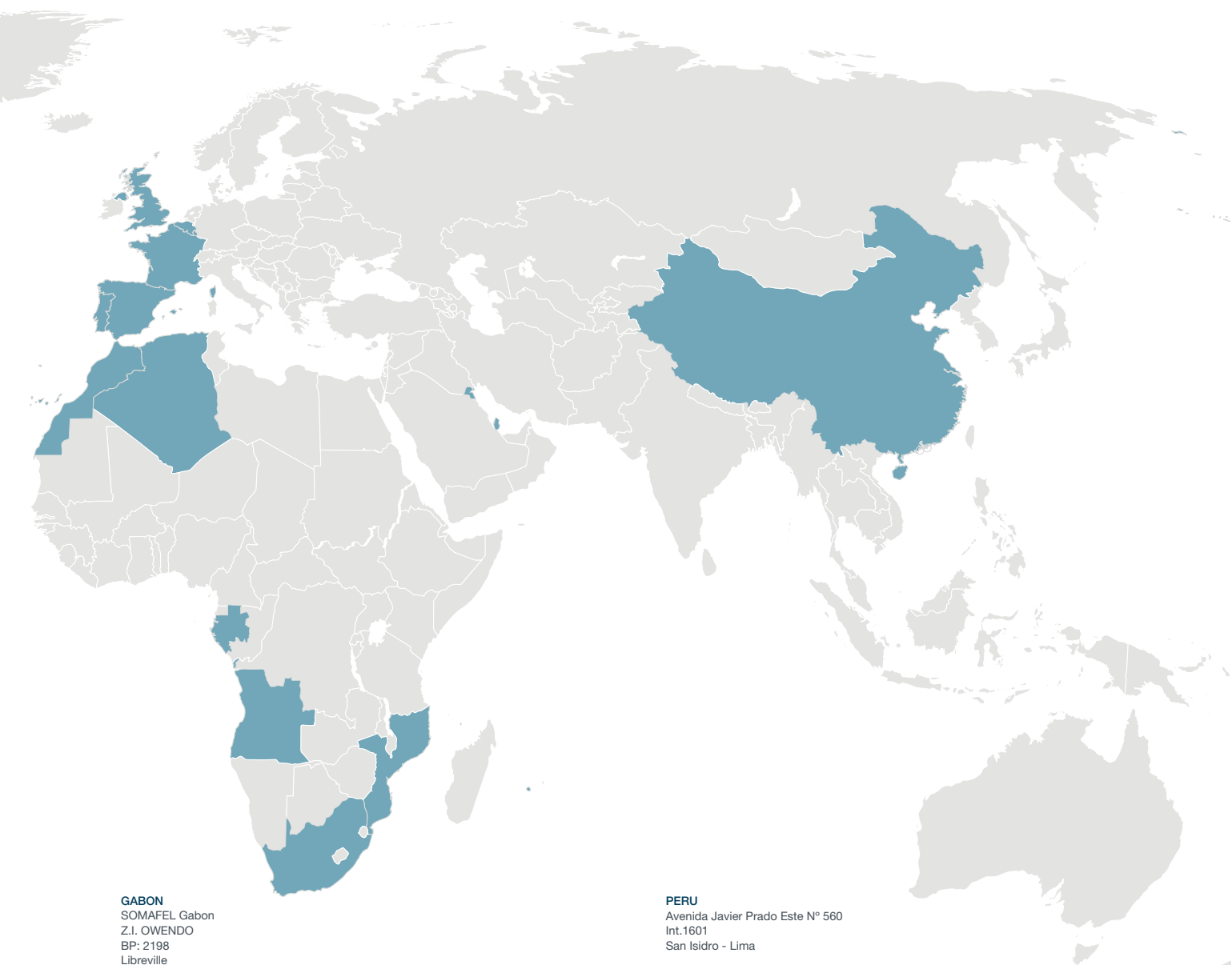
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