

REPORT AND ACCOUNTS

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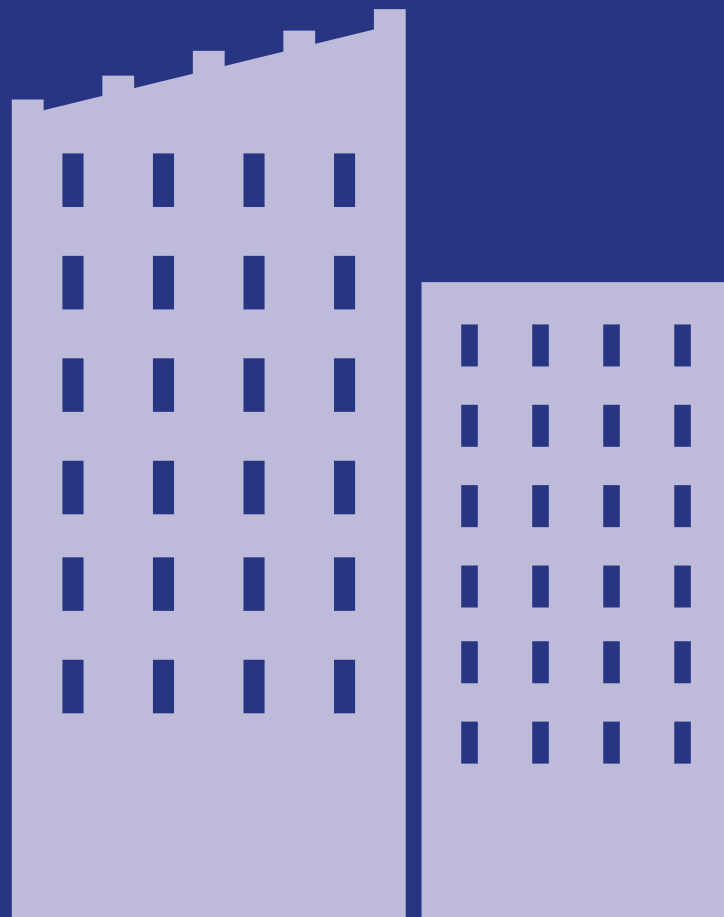




**REPORT AND  
ACCOUNTS**

**2020**

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SECTION

# 01



The logo consists of the word "CONDURIL" in a bold, white, sans-serif font, centered within a white square border.

**CONDURIL**

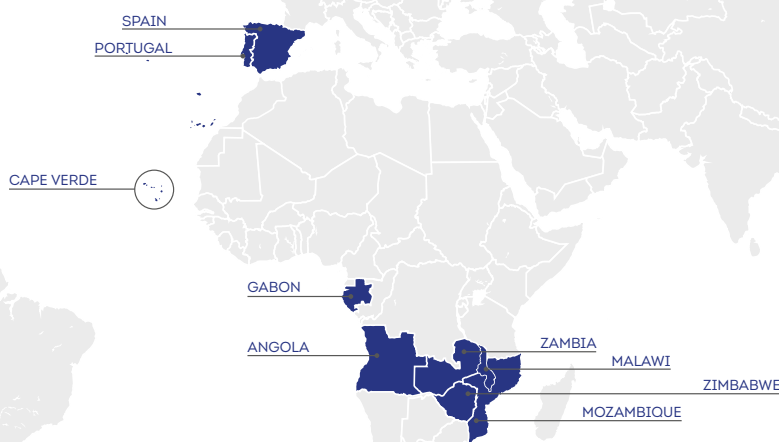


TO BE WINNERS, COMPANIES SHOULD BE SCRUPULOUS REGARDING THE ESTABLISHMENT OF SPECIFIC GOALS AND THE PRACTICE OF THOSE REFERENCES.

IT IS ALSO EXTREMELY IMPORTANT TO ESTABLISH CLEAR CORPORATE AND ETHICAL VALUES AS AN INTEGRAL PART OF OUR BUSINESS CULTURE, BEING RIGOROUS IN THE WAY THEY ARE OBSERVED IN THE ORGANISATION'S EVERYDAY LIFE. ESPECIALLY IN THE CONSTRUCTION SECTOR, THE EXISTENCE OF VALUES CLEARLY ASSUMED BY THE COMPANY CONSTITUTE *PER SE* AN ATTRIBUTE OF MAJOR IMPORTANCE AND A DISTINCTIVE FACTOR THAT DEEPLY MARKS IT IN THE MARKET, PROVIDING IT WITH RELEVANT AND GENERAL COMPETITIVE CHARACTERISTICS.

OVER THE LAST FIFTY YEARS, DURING WHICH WE HAVE LED THIS COMPANY, WE HAVE PERSISTENTLY TRIED TO IMPROVE OUR OPERATION; AND, FROM A CERTAIN MOMENT ON, THAT CONCERN REQUIRED THE INTERNAL PUBLICATION OF A SET OF DOCUMENTS THAT PROVIDED WRITTEN RECORDS, FOR CONSULTATION, OF THE COMPANY'S MOST IMPORTANT MANAGEMENT TOPICS, WHICH ESTABLISHED HOW ALL EMPLOYEES, WITHIN THEIR JOB DUTIES, SHOULD GUIDE THEIR DECISIONS AND BEHAVIOUR, ESPECIALLY WITHIN: THE SCOPE OF CONDURIL'S STRATEGY; THE PERFORMANCE OF CONSTRUCTION WORKS; CONTROL; CLIENT CARE; THE RELATIONSHIP WITH OTHER EMPLOYEES AND WITH THE SOCIETY IN GENERAL AS EMPLOYEES OF CONDURIL; THE COMPLIANCE WITH OUR VALUES AND PRINCIPLES.





## VISION

Conduril develops its activity in the field of Civil Engineering and its main goal, in both technical and economic terms, is to become one of the best Portuguese engineering companies (and to be recognised by the market as such), and, at the same time, to possess the following characteristics:

To be a great company at a national scale, both in technical and economic terms, capable of responding to any work of civil engineering both in the domestic market and abroad.

To be, in terms of the total number of active people, at a national level, a medium sized company, flexible and capable of responding to different market demands, and, with great technical ability be able to, above all else, become a solid base of support for its activities abroad.



## MISSION

Our mission is to create lasting wealth for our shareholders and the sustainability of the best working conditions and remuneration for our employees, as well as their satisfaction, as the first vector of our social responsibility – whether active or retired, especially through the retirement complement that is approximately 22.5% higher than regular pensions, stemming from our pension fund, created in 1989 – and the sustainability of the Conduril Academy in Angola and Mozambique, as well as maintenance of the university scholarships in those countries, whose support entails Conduril's continuity, which means the persistent achievement of results.



## VALUES

We believe that we can only create value and wealth, that is, win, acting the right way. In order words: with honesty, confidence and accountability based on a culture of integrity, which means: Honesty, Transparency, Justice and a strict adherence to the rules and regulations; these are our values and the foundations of all our principles.

"We are determined to promote and preserve during 'the next one hundred (100) years' our values and fundamental principles, cultivating, with focus, the necessary survival conditions": Cohesion, Consistency, Meritocracy, Loyalty, Rigour, Ethics and Culture.

FOR A COMPANY THAT OPERATES IN THE INTERNATIONAL MARKET, ITS CAPACITY TO ADAPT TO THE SOCIETY IN WHICH IT IS WORKING IS CRUCIAL, TRYING TO BE PART OF THE EXISTING SOCIAL ENVIRONMENT IN THE BEST POSSIBLE WAY, RESPECTING THE LOCAL CUSTOMS AND REASONABLY COOPERATING WITH INTELLIGENCE WITHIN ITS SOCIAL RESPONSIBILITY.

A CULTURE SUCH AS CONDURIL'S, WHICH VALUES ACTION, PROMOTES TRANSPARENCY, EMPOWERS ITS EMPLOYEES AND ENCOURAGES COMMUNICATION, BRINGS KINETIC ENERGY TO THE PLAN AND IS A COMMITMENT TO ITS EMPLOYEES.

IT IS THIS SET OF 'NORMATIVE DOCUMENTS', WHICH HAS BEEN MADE AVAILABLE TO ALL, BOTH ORALLY AND IN WRITING, THROUGHOUT THESE FIFTY YEARS, THAT CULMINATED, IN 2019, WITH THE UNIFIED PUBLICATION OF THE COMPANY'S ESSENTIAL GOVERNANCE, EMBODIED IN OUR 'CONSTITUTION'. THIS DOCUMENT IS THE TRUE BINDER BETWEEN ALL EMPLOYEES, CAPABLE OF ENSURING CONDURIL'S CONTINUITY WITH ALL THE BENEFITS THIS ENTAILS: FOR ALL OF US AS EMPLOYEES; FOR ALL THOSE WHO ARE TOUCHED BY OUR ACTIVE SOCIAL RESPONSIBILITY, PRESENT AND FUTURE; AND FOR THE ENTIRE COUNTRY.



*IN CONDURIL'S "CONSTITUTION", 2019*

# MANAGEMENT BODIES

## BOARD OF THE GENERAL MEETING

Crisóstomo Aquino de Barros (President)  
Amadeu Augusto Vinhas  
Filipa Bastos Pinho Ferreira Lemos

## BOARD OF DIRECTORS

António Luís Amorim Martins (Chairman)  
Maria Benedita Andrade de Amorim Martins  
Maria Luísa Andrade Amorim Martins  
António Baraças Andrade Miragaia  
António Emanuel Lemos Catarino  
Jorge Lúcio Teixeira de Castro  
Miguel José Alves Montenegro de Andrade  
Ricardo Nuno Araújo Abreu Vaz Guimarães

## EXECUTIVE COMMITTEE

Maria Benedita Andrade de Amorim Martins (CEO)  
Maria Luísa Andrade Amorim Martins (Vice-CEO and CFO)  
António Baraças Andrade Miragaia  
António Emanuel Lemos Catarino  
Jorge Lúcio Teixeira de Castro  
Miguel José Alves Montenegro de Andrade  
Ricardo Nuno Araújo Abreu Vaz Guimarães

## STATUTORY AUDIT BOARD

Ademar Américo Soares Paiva (President)  
Maria de Lourdes Lopes Chaves  
Júlio Gales Ferreira Pinto  
João Ricardo Araújo Monteiro Rocha (Alternate)

## STATUTORY AUDITOR

Horwath & Associados, SROC, Lda.  
Represented by  
Ana Raquel B. L. Esperança Sismeyro  
João Miguel Neiva de Oliveira Coelho Pires (Alternate)

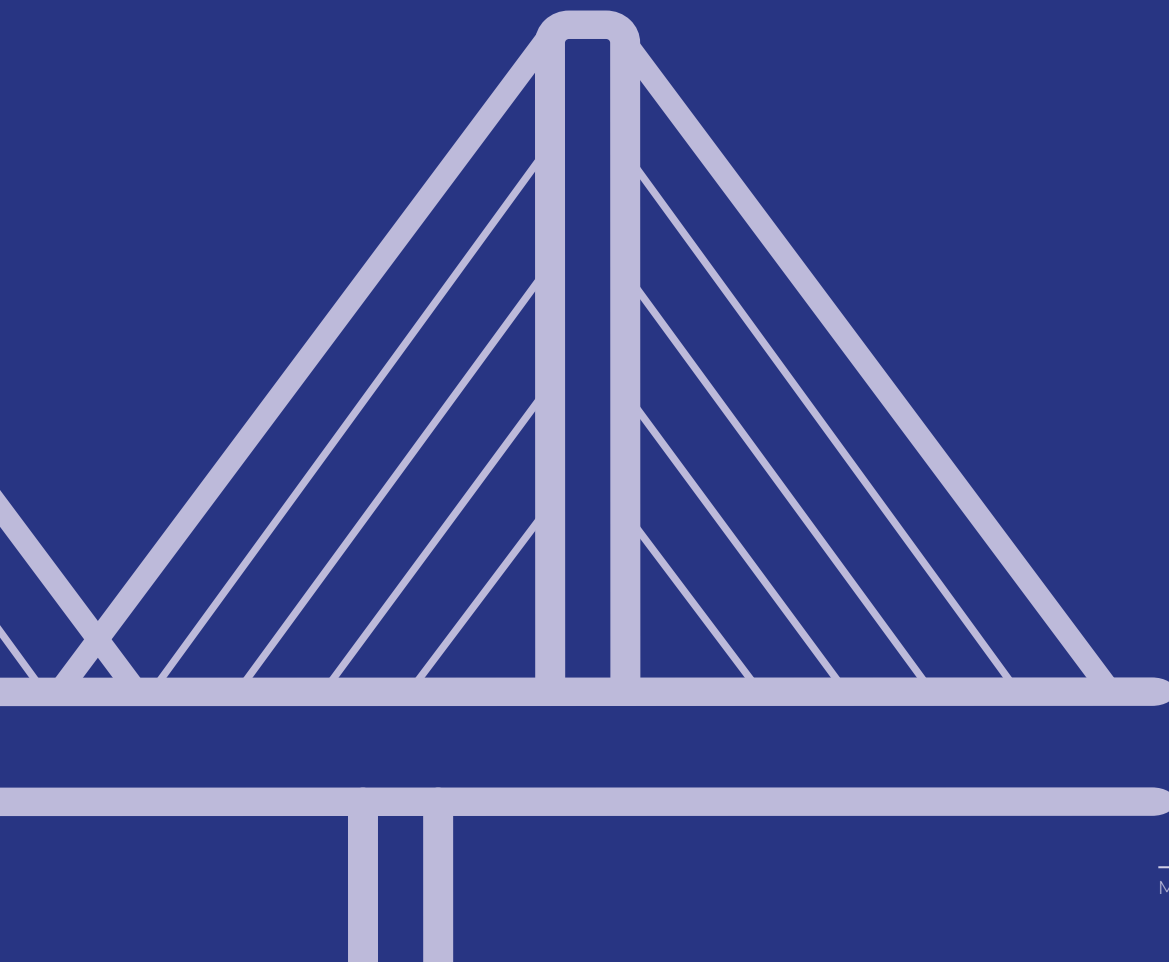
SECTION

# 02



# **MANAGEMENT REPORT**

THE BOARD OF DIRECTORS OF CONDURIL  
- ENGENHARIA, S.A., IN COMPLIANCE  
WITH THE ARTICLES OF ASSOCIATION  
AND APPLICABLE LEGAL PROVISIONS,  
PRESENTS AND SUBMITS TO THE  
GENERAL MEETING OF SHAREHOLDERS,  
THE MANAGEMENT REPORT, THE  
ACCOUNTS FOR THE PERIOD AND  
OTHER FINANCIAL STATEMENTS, FOR THE  
FINANCIAL YEAR 2020.



1. After a continuous decade of growth of the global product, the COVID-19 pandemic, which in a short period of time registered a worldwide spread, caused a general breakdown of the economic activity, with severe consequences in terms of its evolution, generating, in 2020, one of the lowest growth rates in living memory, less than -4%.

The measures to fight the pandemic assumed a restrictive nature. They conditioned the movement of people, goods and services, made public entities focus their efforts, throughout the year, on projects related to public health and the private economic agents proceeded with particular caution, which culminated in the collapse of internal and external trade, and the postponing of investments envisaged for 2020 and, most likely, for the next years.

**TABLE 1** - Evolution of the growth rate of real output

	2021	2020	2019
<b>WORLD</b>	5.2%	-4.4%	2.8%
<b>DEVELOPED COUNTRIES</b>	3.9%	-5.8%	1.7%
Portugal	6.5%	-10%	2.2%
<b>DEVELOPING COUNTRIES</b>	6.0%	-3.3%	3.7%
Angola	3.2%	-4.0%	-0.9%
Mozambique	2.1%	-0.5%	2.3%
Zambia	0.6%	-4.8%	1.4%
Malawi	2.5%	0.6%	4.5%
Gabon	2.1%	-2.7%	3.8%
Zimbabwe	4.2%	-10.4%	-6.5%

Source: International Monetary Fund (IMF)

In Portugal, the national entities are less pessimist, predicting a domestic product breakdown near 8% in 2020, and estimating the recovery of economic growth in 2021, although very limited by the uncertain evolution of the pandemic and by the implementation of measures foreseen in the aid package named "European bazooka".

Also in Africa, and specifically in countries where Conduril operates (Angola, Mozambique, Zambia, Malawi, Gabon and Zimbabwe), the economies suffered a strong penalisation caused by the pandemic.



Angola



2. During 2020, the activity of Conduril was forced to constantly readapt every means involved, due to the wide range of obstacles it faced, namely:



Portugal

- the closing of airspace and borders, as a response to the pandemic, affected not only the supply of goods and services, but mainly the mobility of human resources;
- the immediate closing of non-essential services by the public entities forced the Company to implement alternatives to ensure the provision of basic needs – such as, the provision of food, for example – of hundreds of displaced employees working in several ongoing construction works;
- the increasing climate of tension and terrorism in the province of Cabo Delgado, in Mozambique, led to the termination by mutual agreement of the work contract funded by the Japanese government, which Conduril was performing in that region;
- the effects of COVID-19 in Malawi also led to the termination by mutual agreement of the work contract funded by the Japanese government, which Conduril was performing in that country;

- the reinforcement of means of accommodation and transport due to the capacity limitations imposed;
- the shortage of some goods used throughout the production process led to the escalation of their prices;
- the focus of the public entities on supporting the fight against the epidemic led to the postponing (in some cases, even the cancellation) of several projects in the sector in which Conduril operates, with particular emphasis in Africa, where a drastic decrease of the tenders for work contracts was verified.

In light of these difficulties, Conduril's turnover decreased 24% in 2020, in comparison to the previous year, amounting to 111 million euros. However, it should be stressed that, according to the perspective presented in the 2019 report, the weight of the turnover in the Portuguese market increased to 55% (in comparison to 36%, in 2019), with the remaining 45% divided between the African countries in which Conduril is present. The additional effort to maintain the quality standards that Conduril is recognised for and the best possible conditions for its employees had a direct impact in the profitability decrease, ending the year with a net income of 1,136,000 euros.



The main economic and financial indicators maintain comfortable values and offer a clear picture of the solid consolidation policy which has always ruled the activity of Conduril:

INDICATORS	2020	2019	2018
Assets (€)	386,854,139	385,563,980	370,596,384
Liabilities (€)	208,576,165	176,324,270	158,164,579
Equity (€)	178,277,974	209,239,710	212,431,805
Net debt (€)	11,697,763	-487,178	-19,124,841
Turnover (€)	110,964,706	146,741,149	119,700,251
GAV (€)	45,919,661	55,664,544	57,112,124
EBITDA (€)	11,536,107	19,386,158	25,185,566
Net income for the period (€)	1,136,131	2,461,138	3,045,198
Financial autonomy	46%	54%	57%
General liquidity	159%	184%	199%
Solvency ratio	85%	119%	134%

In this atypical year of 2020, some important aspects must be highlighted:

- the beginning of two construction works in Portugal that implied a great investment effort and which, due to their dimensions and characteristics, will go down in Conduril's history: the work contract of the 3<sup>rd</sup> extension phase of the eastern pier of the Sines port for APS - Administração dos Portos de Sines e do Algarve, S.A., and the construction of the Alto Tâmega dam and the hydroelectric power plant of the Tâmega power generation system, for Iberdrola Generación S.A. Unipessoal;
- the new work contracts, namely: the modernisation of the Beira Alta line in the Guarda-Vilar Formoso and Celorico da Beira-Guarda railway sections, and the construction of the new Pedro Miguel church, in Faial island (Azores), in Portugal; the construction of three new bridges on EN105 in the province of Benguela, in Angola; the construction of the 1<sup>st</sup> phase of the irrigation channel in the Shrive Valley, in Malawi; and the rehabilitation of the water supply network between Owendo and Ntoun, in Gabon;
- the completion of the construction of the suspended pedestrian bridge in Arouca, Portugal, and the rehabilitation of the road between Condé and Ebo, in Angola; and,
- the several certifications duly accredited by external entities that the Company has been renewing, updating and reinforcing, year after year:

	PORTUGAL	ANGOLA	MOZAMBIQUE
Quality management system	<b>FOLLOW-UP</b> NP EN ISO 9001:2015 APCER	<b>RENEWAL</b> NP EN ISO 9001:2015 APCER	<b>FOLLOW-UP</b> NP EN ISO 9001:2015 APCER
Occupational health and safety management system	<b>MIGRATION</b> ISO 45001:2019 APCER	<b>MIGRATION</b> NP ISO 45001:2019 APCER	<b>MIGRATION</b> NP ISO 45001:2019 APCER
Environmental management system	<b>RENEWAL</b> NP EN ISO 14001:2015 APCER	<b>GRANTING</b> NP EN ISO 14001:2015 APCER	<b>FOLLOW-UP</b> EN ISO 14001:2015 APCER
Accreditation of the central laboratory	<b>FOLLOW-UP</b> NP EN ISO/IEC 17025:2018 IPAC		<b>FAVOURABLE OPINION</b> (it is awaiting the audit which will grant the certification) NP EN ISO/IEC 17025:2018 IPAC
EC Marking for the metal structures	<b>MAINTENANCE</b> (Edirio) EN 1090-1:2009+A1:2011 APCER		
EC Marking for the bituminous mixtures produced in the batching plant installed in the "IP5 - Vilar Formoso/border" construction work	<b>OBTAINMENT</b> EN 13108-1:2006 + EN 13108-1:2006/AC:2008 and EN 13108-5:2006 + EN 13108-5:2006/AC:2008 APCER		

APCER - Portuguese Association of Certification  
IPAC - Portuguese Institute for Accreditation

Regarding the participation in the concessionaires of two of the road sub-concessions in Portugal:

- in the last quarter of 2020, Conduril and the remaining equity holders of SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A. came to an agreement for the sale of the sub-concession of Baixo Alentejo and respective operator, Planestrada - Operação e Manutenção Rodoviária, S.A. With the purchase and sale agreement signed in December, the operation had the green light from the Portuguese Competition Authority in February 2021 and is awaiting the authorisations of the remaining official entities. This business is expected to be completed until the end of the first semester of 2021;
- in respect to the Company's participation in the sub-concession of Algarve Litoral, and as mentioned in the 2019 report, an arbitration proceeding initiated in that year, includes a claim for compensation of 445 million euros and also an injunction application, in order to prevent the financial collapse of RAL - Rotas do Algarve Litoral, S.A. The expectation was that this proceeding would be resolved during 2020; however, and even though the arbitral tribunal has been constituted in February 2020, due to the pandemic, only the hearing of witnesses has begun. On 9 March 2021, the arbitral tribunal decided, as a cautionary measure, to condemn Infraestruturas de Portugal, S.A. to pay the amount requested in the injunction. Therefore, and since this is a matter of public interest, Conduril is convinced that the proceeding will have a favourable resolution until the end of 2021.

**3.** Continuing the strategy to reinforce and renovate our production capacity, an investment of over 32 million euros was made in equipment and

machinery, approximately 90% of which in Portugal. A large crane with a 1,350-ton capacity, which is essential for the construction works in the Sines port is the main feature in this investment amount.

Another essential pillar for the growth and support of the Company's strategy has been the technological transformations initiated in terms of information systems. This investment has enabled the optimisation and productivity earnings in management, which have been driven by a greater control of operations, the automation of several tasks, assurance of fast and cohesive information, without neglecting the increased risks that this area entails and that the Company aims to anticipate and mitigate.



Malawi

- 4.** 2020 was a particularly challenging year that forced all of us to reinvent on a daily basis, with the chameleonic capacity to adapt to a continuously uncertain future and a constantly changing present. In this scenario, the unique human capital of Conduril showed to be an asset with an exceptional capacity to adapt, overcome and be resilient.

The stimulus that Conduril aims to foster, together with its employees, for the development of their skills and qualifications through multiple training courses suffered a strong setback in 2020: the training hours were limited to 6,400 hours, in comparison to the 29,200 training hours in 2019. In Africa, the educational institutions were closed and the Conduril Academy, Conduril's training academy, had to adapt to the circumstances, while still trying to support the employees, but due to the legal requirements surrounding the fight against the pandemic, many training programmes were postponed.

More than 1,900 employees are spread throughout the many regions where Conduril operates, approximately 75% of which abroad. Due to the relocation of the latter, ensuring international mobility was always a concern for Conduril, and 2020 was a year in which protection and assistance insurance coverage was even more reinforced.

Conduril's concern with its employees in their retirement phase is also a top priority, and the Conduril Pension Fund was reinforced, amounting to 10,594,187 euros at the end of the year. This fund is entirely sustained by the Company's contributions and the income generated by the assets held.

- 5.** Within its good governance policy, Conduril, aware of the indispensability of an appropriate risk management, has a solid internal policy to identify, qualify and mitigate the risks that may have a negative impact in the definition of its goals.

The risk management at Conduril goes beyond the conventional categorisation of the strategic, financial and operational risks, since the Company knows that the risks are related to each other and may change in category over time. Aware that the risk must be managed and not avoided, the Company has a specific department for risk management. This management is based on the following pillars:

- mitigate the risk – through the implementation of controls and/or mechanisms that minimise the risk;
- transfer the risk – transfer the risk through insurance policies;
- acceptance – formally recognise the existence of the risk and monitor its impact in the organisation.

- 6.** It is expected that a progressive economy recovery begins in 2021. In Portugal, the recovery and resilience plan foresees that high investments will be made up to 2026, many of which are related to railway and road infrastructures, as well as health and educational facilities.

In Africa, the investment in several construction works is also expected, where external financing entities are of particular importance, since they assign lines of credit for cooperation and development projects.

The Company maintains its commercial area focused on opportunities, not only in the current markets, but also in new ones, where it has researched several projects and presented several proposals, expecting them to be translated into work contracts in a short-term horizon.

To these perspectives, Conduril adds its current portfolio of ongoing works, which amounts to more than 550 million euros, divided by the several regions where Conduril currently operates. Despite the current uncertainty due to the worldwide COVID-19 pandemic, and taking into account the role of the industry where the Company operates and the amount of works previously mentioned, the Board of Directors considers it has the appropriate resources to maintain its activity, with the continuity of the operations ensured.

#### 7. Other information:

**a)** Conduril has branches in Angola, Mozambique, Botswana, Cape Verde, Zambia, Malawi, Gabon and Morocco. Due to the inactivity of the Botswana operation during several years, the Company decided to close this branch on 31 December 2020.

**b)** There are no overdue debts to the State or any other public entity, including the Social Security.

**c)** The share capital is fully subscribed and paid-in, and is composed of 2,000,000 ordinary shares with a nominal value of 5 euros each.

**d)** The 200,000 shares owned by the Company were not object of any transaction during the year.

**e)** The securities issued by Conduril - Engenharia, S.A. held by members of the Board of Directors were maintained in relation to the previous financial year, except for the number of shares of the shareholder Maria Benedita Andrade de Amorim Martins, who acquired, in the stock exchange, on 28 January, 100 shares for the unit value of 35 euros, and the shareholder Maria Luísa Andrade Amorim Martins Mendes, who acquired, in the stock exchange, on 17 and 18 March, respectively, 469 and 103 shares for the unit value of 32 euros, on 18 and 20 March, respectively, 500 and 400 shares for the unit value of 30 euros, and, on 27 March, 500 shares for the unit value of 29.80 euros.



Portugal



**f)** Business or operations between the Company or any other entity controlled by it and the members of its management and supervisory bodies are non-existent or take the nature of transactions without special economic meaning for any of the parties involved and are performed in the scope of the current activity of the Group, under normal market conditions for similar operations. If they exist, the same are subject to the authorisation by deliberation of the Board of Directors, respecting the provisions of the Portuguese Companies Act.

**8.** The Board of Directors proposes that the net income for the 2020 period, in the amount of 1,136,131 euros, has the following distribution:

- Dividends: 540,000 euros, corresponding to 0.30 euros per share;
- Other reserves: 596,131 euros.

**9.** In this singular year, the Board of Directors leaves a note of particular appreciation to all its employees for the dedication and commitment demonstrated. This recognition is extended to all those who supported the Company's activities and placed their confidence in it, namely, clients, suppliers, financial institutions and other business partners, without forgetting the members of the Management Bodies. Only with the cooperation of all, has it been possible to overcome this demanding journey.

Ermesinde, 10 March 2021

The Board of Directors,

SECTION

# 03



**FINANCIAL  
STATEMENTS  
AND NOTES**

# BALANCE SHEET

## AS AT 31 DECEMBER 2020 AND 2019

Amounts expressed in EURO

	NOTES	2020	2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	3;7	84,234,277	57,051,173
Intangible assets	3;6	5,274,507	5,258,100
Permanent participations (equity method)	3;9	2,257,550	5,543,856
Other financial investments	3;9;19	75,786,243	91,710,938
Deferred tax assets	3;17	5,167,297	88,998
Subtotal		172,719,874	159,653,065
<b>CURRENT ASSET</b>			
Inventories	3;10	12,923,051	11,465,615
Clients	3;19	93,258,613	108,583,253
Clients with retention payments	3;19	4,966,487	3,620,234
State and other public bodies	21	15,942,631	14,312,058
Other accounts receivable	3;19;21	60,495,934	78,243,769
Deferrals	3;21	711,048	421,147
Financial assets held for trading	3;19	1,805,766	-
Non-current assets held for sale	3;18	17,956,097	-
Cash and bank deposits	3;4	6,074,637	9,264,839
Subtotal		214,134,264	225,910,915
<b>TOTAL ASSETS</b>		<b>386,854,139</b>	<b>385,563,980</b>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Paid-in capital		10,000,000	10,000,000
Own shares	3	(950,000)	(950,000)
Legal reserves		3,044,492	3,044,492
Other reserves		205,080,202	202,619,064
Retained profit		989,547	453,463
Revaluation surpluses		2,172,444	2,708,790
Adjustments/Other changes in equity		(43,194,843)	(11,097,237)
Subtotal		177,141,843	206,778,572
Net income for the period		1,136,131	2,461,138
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>3</b>	<b>178,277,974</b>	<b>209,239,710</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Provisions	3;13	11,444,368	10,425,600
Financing obtained	3;8;19	57,301,161	41,497,192
Deferred tax liabilities	3;17	5,311,699	1,347,247
Subtotal		74,057,228	53,270,039
<b>CURRENT LIABILITIES</b>			
Trade creditors	3	51,943,452	56,046,356
Advanced payments from clients	3	34,582,776	12,149,091
State and other public bodies	21	13,687,719	16,680,407
Financing obtained	3;8;19	21,588,615	24,858,703
Other accounts payable	3;21	11,156,134	12,069,095
Deferrals	3;11;21	1,560,241	1,250,579
Subtotal		134,518,937	123,054,231
<b>TOTAL LIABILITIES</b>		<b>208,576,165</b>	<b>176,324,270</b>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>		<b>386,854,139</b>	<b>385,563,980</b>

The Management,

The Chartered  
Accountant,



# PROFIT AND LOSS ACCOUNT BY NATURE

AS AT 31 DECEMBER 2020 AND 2019

Amounts expressed in EURO

INCOME AND EXPENSES	NOTES	2020	2019
Sales and services provided	3,12,21,22	110,964,706	146,741,149
Grants received as compensation for expenses		-	-
Gains/losses allocated to subsidiaries, associated companies and joint ventures	3,9	398,199	407,312
Variation of inventories in production	3,10	-	-
Own work capitalised	3	1,616,003	1,146,133
Cost of goods sold and materials consumed	10	(30,085,139)	(35,986,774)
External supplies and services	21	(57,576,514)	(53,366,410)
Personnel expenses	3,20,21	(34,383,553)	(36,278,386)
Impairment of inventories (losses/reversals)	3,10	-	-
Impairment of doubtful debts (losses/reversals)	3,19	-	132
Provisions (increases/reductions)	3,13	(795,127)	(174,637)
Impairment of non-depreciable/amortisable investments (losses/reversals)		-	-
Increases/reductions of fair value		1,671	-
Other income	14,21	24,124,577	11,102,863
Other expenses	14,21	(3,522,171)	(14,379,729)
Operating income before depreciations, financing costs and taxes		10,742,651	19,211,653
Depreciation and amortisation expenses/reversals	3,6,7	(4,557,209)	(3,989,302)
Impairment of depreciable/amortisable investments (losses/reversals)		-	-
Net operating income (before financing costs and taxes)		6,185,442	15,222,351
Interests and similar income obtained		-	-
Interests and similar expenses supported	3,21	(3,258,629)	(3,815,872)
Income before taxation		2,926,812	11,406,479
Income taxes	3,17	(1,790,681)	(8,945,341)
<b>NET INCOME FOR THE PERIOD</b>		<b>1,136,131</b>	<b>2,461,138</b>
Income of discontinued operations (net of tax) inc. in the net income for the period		-	-
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE:</b>			
Holders of equity of the parent entity		1,136,131	2,461,138
Non-controlling interests		-	-
Subtotal		1,136,131	2,461,138
<b>EARNINGS PER SHARE (BASIC)</b>		<b>0,63</b>	<b>1,37</b>

The Management,

The Chartered  
Accountant,

## CASH FLOW STATEMENT

AS AT 31 DECEMBER 2020 AND 2019

Amounts expressed in EURO

ITEMS	NOTES	2020	2019
<b>OPERATING ACTIVITIES FLOW</b>			
Cash receipts from clients		143,496,627	101,558,713
Payments to suppliers		(93,839,044)	(82,236,569)
Payments to employees		(30,422,568)	(30,455,883)
Cash flow generated by operations		19,235,015	(11,133,739)
Payment/Receipt of income taxes		(443,699)	(1,563,798)
Other cash receipts/payments		(10,905,462)	(3,807,529)
<b>OPERATING ACTIVITIES FLOW (1)</b>		<b>7,885,853</b>	<b>(16,505,065)</b>
<b>INVESTMENT ACTIVITIES FLOW</b>			
CASH PAYMENTS ARISING FROM:			
Property, plant and equipment		(8,137,295)	(428,610)
Intangible assets		-	-
Financial investments		(42,397)	(2,722,144)
Other assets		-	-
CASH RECEIPTS ARISING FROM:			
Property, plant and equipment		276,594	-
Other assets		8,514	-
Interest and similar income		2,957,882	3,066,560
Dividends		130,743	118,600
<b>INVESTMENT ACTIVITIES FLOW (2)</b>		<b>(4,805,958)</b>	<b>34,407</b>
<b>FINANCING ACTIVITIES FLOW</b>			
CASH RECEIPTS ARISING FROM:			
Financing obtained		95,446,590	84,312,985
Capital increases and other equity instruments		-	-
Other financing operations		-	-
CASH PAYMENTS ARISING FROM:			
Financing obtained		(96,225,572)	(62,650,342)
Leasing financing		(2,239,729)	(1,582,546)
Interests and similar expenses		(2,516,050)	(3,616,814)
Dividends		-	(900,000)
Other financing operations		-	-
<b>FINANCING ACTIVITIES FLOW (3)</b>		<b>(5,534,762)</b>	<b>15,563,283</b>
Net increase/decrease in cash and cash equivalents (1 + 2 + 3)		(2,454,867)	(907,376)
Effects of foreign exchange rate		(735,335)	(1,343,215)
Cash and cash equivalents at the beginning of the period		9,264,839	11,515,429
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4</b>	<b>6,074,637</b>	<b>9,264,839</b>

The Management,

The Chartered  
Accountant,

# STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDING ON 31 DECEMBER 2020

Amounts expressed in EURO

SHAREHOLDERS' FUNDS ATTRIBUTED TO HOLDERS OF EQUITY OF THE PARENT ENTITY											
NOTES	PAID-IN CAPITAL	OWN SHARES	LEGAL RESERVES	OTHER RESERVES	RETAINED PROFIT	REVALUATION SURPLUSES	ADJUSTMENTS/OTHER CHANGES IN EQUITY	NET INCOME FOR THE PERIOD	TOTAL	NON-CONTROLLING INTERESTS	TOTAL SHAREHOLDERS' FUNDS
<b>POSITION AS AT 1 JANUARY 2020</b>	10,000,000	(950,000)	3,044,492	202,619,064	453,463	2,708,790	(11,097,237)	2,461,138	209,239,710	-	209,239,710
Application of the income for the period				2,461,138				(2,461,138)			-
Position as at 1 January 2020 after application of income	10,000,000	(950,000)	3,044,492	205,080,202	453,463	2,708,790	(11,097,237)	-	209,239,710	-	209,239,710
<b>CHANGES IN THE PERIOD:</b>											
First adoption of the new accounting framework									-	-	-
Changes in accounting policies									-	-	-
Differences in the translation of financial statements							(28,467,704)		(28,467,704)		(28,467,704)
Realisability of the revaluation surpluses					536,346	(536,346)			-	-	-
Revaluation surpluses									-	-	-
Adjustments by deferred taxes									-	-	-
Application of the equity method							(3,267,838)		(3,267,838)		(3,267,838)
Other recognised changes in equity					(263)		(362,063)		(362,326)		(362,326)
					536,084	(536,346)	(32,097,605)	-	(32,097,867)	-	(32,097,868)
<b>NET INCOME FOR THE PERIOD</b>								1,136,131	1,136,131	-	1,136,131
Overall result								1,136,131	1,136,131		1,136,131
<b>OPERATIONS WITH EQUITY HOLDERS IN THE PERIOD</b>											
Capital subscriptions											
Subscriptions of share issuance premiums											
Distributions											
Contributions to cover losses											
Other operations											
<b>POSITION AT THE END OF DECEMBER 2020</b>	<b>3</b>	<b>10,000,000</b>	<b>(950,000)</b>	<b>3,044,492</b>	<b>205,080,202</b>	<b>989,547</b>	<b>2,172,444</b>	<b>(43,194,842)</b>	<b>1,136,131</b>	<b>178,277,974</b>	<b>178,277,974</b>

The Management,

The Chartered Accountant,

# NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

## 1. INTRODUCTORY NOTE

### ACTIVITY

Conduril - Engenharia, S.A. ("Conduril" or "Company"), is a company founded in 1959 and transformed in a company limited by shares in 1976, with registered office at Av. Eng.º Duarte Pacheco, 1835 – 4445-416 Ermesinde – Valongo, Portugal, whose main activity is civil engineering contracts and all other works related to the exercise of this activity.

We believe that these financial statements are a true and proper representation of the Company's operations, as well as its financial position and performance and cash flows.

The individual and consolidated financial statements are filed in the Company's registered office.

All amounts expressed in these notes are presented in euros, rounded to the nearest unit.

## COVID-19

The COVID-19 outbreak was classified as a pandemic by the World Health Organization (WHO) on 11 March 2020, and the state of emergency in Portugal was declared on 18 March 2020 and from that date on in all the countries where Conduril operates. So, in the last months, we have been living in a context of great uncertainty, directly and indirectly caused by the COVID-19 pandemic. From the beginning, Conduril has been closely following every development related to the disease, cautiously implementing the measures considered adequate, according to the recommendations issued by the relevant international authorities and the competent entities of the countries in which Conduril operates. The impact of the pandemic on the Company's activity was essentially felt in some production stoppages/suspensions, as well as in the costs associated with the necessary measures taken in the scope of occupational safety. In addition, the Company adhered to moratorium plans for some bank loans, within the economic support plans, to combat the socio-economic impacts of the pandemic caused by the COVID-19 disease.

Conduril's Management ensured the preparation of contingency and prevention action plans considered necessary and appropriate, in order to anticipate and mitigate the adverse effects and economic and financial impacts on its activities. These plans have been constantly revised and updated, considering the evolution of the pandemic and its effects in each of the regions in which Conduril is present. Taking into account the facts occurred up to the moment, and despite the uncertainty of the next months, in terms of the epidemiological situation and the government measures implemented and to be implemented in other countries, it is not expected that the pandemic impacts may jeopardise the continuity of Conduril's operations. However, at this stage, due to the uncertainty of the duration of the pandemic, it is not possible to quantify its impact on the financial statements, but Conduril expects to overcome this scenario, progressively returning to the implementation of its strategy, in order to ensure, as quickly as possible, the return to the levels of growth and profitability expected.

## 2. ACCOUNTING FRAMEWORK FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

**2.1. These financial statements have been prepared bearing in mind the continuation of the Company's operations, from the accounting records of the Company and in accordance with the rules of the Accounting Standardisation System, governed by the following legislation:**

- Decree-law no. 158/2009, of 13 July, as amended by Decree-law no. 98/2015, of 2 June (Accounting Standardisation System);
- Decree Order no. 220/2015, of 24 July (Financial Statements Models);
- Notice no. 8254/2015, of 29 July (Framework);
- Notice no. 8256/2015, of 29 July (Accounting Standards and Financial Reporting);
- Decree Order no. 218/2015, of 23 July (Code of Accounts).

These financial statements reflect only the individual accounts of the Company, prepared in accordance with the law. Although the financial investments have been registered by the equity method, which is in accordance with the generally accepted accounting principles, these financial statements do not include the effect of the full consolidation at the level of assets, liabilities, income and expenses. The Company prepares and presents consolidated financial statements, separately.

## **2.2. Indication and comment on the balance sheet and the income statement whose contents are not comparable with those of the previous financial year:**

The amounts presented for comparison purposes are comparable and presented in accordance with the model resulting from the amendments introduced by the legislation mentioned in the previous paragraph.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of the attached financial statements are the following:

### **3.1. Measurement bases used in the preparation of the financial statements**

The attached financial statements have been prepared bearing in mind the continuation of the Company's operations, from the accounting books and records of the Company, maintained in accordance with the Accounting Standards and Financial Reporting (NCRF).

The Board of Directors assessed the capacity of the Company, its subsidiaries and associated companies to continuously operate, based on relevant information, facts and circumstances of financial, commercial or other nature, including subsequent events to the reference date of the financial statements, available regarding the future. As a result of the assessment performed, the Board of Directors concluded that Conduril has the necessary resources to maintain its activities, with no intention of ceasing those activities in the short-term, so it considered adequate to assume the continuity of the operations in the preparation of the financial statements.

### **A. INTANGIBLE ASSETS**

The intangible assets, which essentially comprise development rights and computer programmes, are registered at acquisition cost, net of eventual impairment losses and accumulated amortisation. These assets are written down from the moment in which the underlying assets are completed or in use, by the straight-line method, for a period of 60 and 6 years, respectively.

The intangible assets are only recognised when it is probable that they derive future economic benefits for the Company, are controllable by the Company and that they can be measured reliably.

The development costs for which the Company demonstrates ability to complete their development and start their marketing and/or use, and for which it is probable that their created asset will generate future economic benefits, are capitalised. The development costs that do not meet these criteria are registered as expense in the period in which they are incurred.

The gains or losses arising from the sale or write-off of these assets are determined as the difference between the sale price and the accounting net value at the date of sale/write-off, and are registered by the net value in the income statement, as "Other income" or "Other expenses".

#### **B. PROPERTY, PLANT AND EQUIPMENT**

The property, plant and equipment acquired up to 1 January 2009, are registered at their considered cost, which corresponds to the acquisition cost or the revaluated acquisition cost in accordance with the generally accepted principles in Portugal until that date, net of accumulated depreciation and impairment losses.

The property, plant and equipment acquired after that date, are registered at acquisition cost, net of the corresponding depreciation and accumulated impairment losses.

Depreciations are calculated after the beginning of use of the assets, by the straight-line method, on an annual basis.

The depreciation rates used in the present period correspond to the following estimated useful lives:

	YEARS
Buildings and other constructions	4 – 50
Machinery and other equipment	3 – 30
Transport equipment	4 – 12
Office equipment	3 – 25
Other property, plant and equipment	4 – 20

Maintenance and repair costs, which do not increase the useful life of these fixed assets are registered as expenses in the period in which they occur. The costs of major repairs and renovations are included in the accounting value of the asset whenever it is expected that this would involve additional future economic benefits.

Property, plant and equipment in progress represent assets still in the construction phase or in transit, and are registered at acquisition cost net of eventual impairment losses. These assets are depreciated from the moment they are in a state of use.

The gains or losses arising from the sale or write-off of these assets are determined as the difference between the sale price and the accounting net value at the date of sale/write-off, and are registered by the net value in the income statement, as "Other income" or "Other expenses".

#### **C. GOODWILL**

Goodwill represents the excess of the acquisition cost over the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

The differences between the acquisition cost of investments in subsidiaries and associated companies, and the fair value of the identifiable assets and liabilities of these companies at the date of their acquisition, when negative, are recognised as income at the date of acquisition, after reassessment of the fair value of the identifiable assets and liabilities.

At the balance sheet date, an evaluation of the recoverable amount of the net value of the goodwill is made, and the respective impairment losses recognised whenever the accounting value of goodwill exceeds its recoverable amount.

The gain or loss on disposal of an entity includes the accounting value of goodwill related to the entity sold, unless the business to which that goodwill is related is maintained generating benefits to the Company. Impairment losses related to goodwill cannot be reversed.

#### **D. LEASES**

Classification of leases as financial or operating is made based on the substance and not on the form of the contract. The lease agreements in which the Company acts as lessee are classified as finance leases, if the risks and rewards incident to ownership lie with the lessee, and as operating leases, if the risks and rewards incident to ownership do not lie with the lessee.

In accordance with the financial method, the cost of the asset is registered as an asset, the corresponding responsibility is registered as a liability, in the item "Financing obtained", and the interests included in the value of rentals and the assets reintegration are registered as costs in the income statement for the concerning period.

Operating lease instalments are recognised as expenses in the income statement, on a straight-line basis, over the rental period.

#### **E. FINANCIAL INVESTMENTS**

Financial investments in subsidiaries, associated companies and jointly controlled entities are registered by the equity method, with the participations initially accounted at the acquisition cost, which is adjusted proportionally to the participation in the corresponding equity, at the date of acquisition or at the date of the first adoption of the equity method.

Under the equity method, permanent participations are adjusted annually by the amount corresponding to the participation in the net profit/loss of the subsidiaries and associated companies as opposed to income or expenses in the period. The participations are also adjusted by the value corresponding to the participation in other variations in the equity of these companies, as opposed to the item "Adjustments in financial assets". Furthermore, the dividends received from these companies are registered as a decrease in investments.

The remaining investments are registered at acquisition cost or, in the case of financing granted, at nominal value (there are situations where the nominal value differs from the fair value at the date of acquisition). An assessment of the investments in associated companies is made whenever there are indications that the asset may be impaired, with the impairment losses that are shown to exist being registered as costs. Income obtained from financial investments (dividends or profit distributed) are registered in the income statement for the period in which distribution is decided and announced.

#### **F. INTEGRATION OF BRANCHES**

The accounting information of the branches where the Company develops its activity, namely Angola, Mozambique, Morocco, Botswana, Cape Verde, Zambia, Malawi and Gabon, is monthly integrated in accounting. The balances and transactions occurred in the period between the registered office and the branches are eliminated.

When the functional currency of the branch is different from the reporting currency of the Company, the process of integration is performed through the translation of the variations of assets and liabilities, income and expenses at the exchange rate in force on the date of each monthly integration. On the reporting date, the



exchange differences resulting from monetary assets and liabilities are calculated and registered on a monthly basis as changes in equity.

In the accounting information of the branches are mainly used accounting policies in force in Portugal. To guarantee the uniformity of the accounting policies, whenever the local legislation is different from the laws in force in Portugal, the proper adjustments are made.

#### **G. IMPAIRMENT OF NON-CURRENT ASSETS (EXCEPT FOR GOODWILL)**

Whenever an event or change in circumstances is identified that would indicate that the amount by which the asset is registered cannot be recovered, an assessment of impairment is performed with reference at the end of each period.

Whenever the amount by which the asset is registered is higher than its recoverable amount, an impairment loss is recognised, registered as an expense in the item "Impairment of depreciable/amortisable investments (losses/reversals)". The recoverable amount is the highest between the assets' net selling price and the use value. The net selling price is the amount that would have been achieved with the disposal of the asset in a transaction between independent and knowledgeable entities, deducted from the costs directly attributable to the disposal. The use value is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

After the recognition of an impairment loss, the expense with the amortisation/depreciation of an asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

The reversal of impairment loss recognised in previous periods is registered when it is concluded that the recognised impairment losses no longer exist or have decreased. This assessment is made whenever it is believed that impairment losses previously recognised have been reversed. The reversal of impairment losses is recognised as income in the income statement. However, the reversal of the impairment loss is performed up to the limit of the amount that would be recognised (net of amortisation or depreciation), if the impairment loss had not been registered in previous periods.

#### **H. COSTS OF FINANCING OBTAINED**

Costs related to financing are recognised as an expense on an accrual basis, even in cases where these costs are directly attributable to the acquisition, construction or production of an asset whose period of time to get ready for its intended use is substantial, in which case it could be capitalised until the moment in which all the activities necessary to prepare the asset eligible for its use or sale are complete.

#### **I. INVENTORIES**

Goods and raw, subsidiary and consumable materials are stated at acquisition cost or at market price, whichever is lower (using the average cost as a costing method). Market price means the net realisable value or the replacement cost.

Finished or semi-finished products, by-products and products and works in progress are valued at production cost (which includes the cost of raw materials, labour and production overheads) or at market price in case this is lower. Market price means the net realisable value.

In cases where the market price is lower than the acquisition cost, impairment losses are recognised.

## **J. FINANCIAL INSTRUMENTS**

### **i. Debtors**

Debtors are registered at their nominal value and presented at the balance sheet net of eventual impairment losses, recognised in the item "Impairment of doubtful debts (losses/reversals)", in order to reflect their net realisable value. There are no situations where the nominal value differs from the fair value and, therefore, where the debt should be measured using the effective interest method.

Impairment losses are recognised if there is objective and measurable evidence that, as a result of one or more events which occurred, the outstanding balance will not be fully or partially received. For that, the Company takes into consideration market information showing that the client is insolvent along with historical data of overdue and not paid amounts.

Recognised impairment losses correspond to the difference between the carrying amount and the present value of the estimated cash flows, discounted at the original effective interest rate, which is null whenever payment is expected to occur within less than one year.

### **ii. Financing**

Financing is registered as liabilities at its amortised cost. Financial expenses are calculated based on the effective interest rate and are registered in the income statement for the period on an accruals basis.

There are no situations where the application of the amortised cost method has a materially relevant impact on the measurement, when compared to the nominal value.

### **iii. Trade creditors**

Trade creditors and other creditors are registered at their nominal value, as they do not bear interests, being the effect of the use of the effective interest method considered immaterial.

### **iv. Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified based upon their contractual substance, regardless of the legal form they assume.

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be effected through the delivery of cash or another financial asset, regardless of its legal form. Financial liabilities are recognised initially at fair value net of transaction costs incurred, and subsequently at amortised cost, using the effective interest rate method.

An instrument is classified as an equity instrument when there is no contractual obligation for its settlement to be effected through the delivery of cash or another financial asset, regardless of its legal form, which evidence a residual interest in the assets of an entity after deducting all of its liabilities.

The costs directly attributable to the issuance of equity instruments are recognised in equity as a deduction to the amount issued. Amounts paid or received related to purchases or sales of equity instruments are registered in equity, net of transaction costs.

The distributions made of an equity instrument are deducted to equity as dividends, when declared.

#### **v. Own shares**

Own shares are accounted at the acquisition cost as an allowance to equity. Gains or losses arising from disposal of own shares are registered in the item "Other reserves", not affecting the profit/loss of the period.

#### **vi. Discounted bills and accounts receivable in factoring**

The Company derecognises financial assets in its financial statements, only when the contractual rights to the cash flows inherent to those assets have already expired, or when the Company substantially transfers all the risks and benefits inherent to the ownership of those assets to a third entity. If the Company substantially retains the risks and benefits inherent to the ownership of those assets, it continues to recognise them in its financial statements, by registering in liabilities, in the item "Financing obtained", the monetary consideration for the assets transferred.

Consequently, clients' balances represented by discounted bills that have not yet reached their maturity date and accounts receivable in factoring as at the balance sheet date, with the exception of operations of "Factoring without resource", are recognised in the financial statements of the Company, in liabilities, until they are collected.

#### **vii. Cash and cash equivalents**

The amounts included in the item "Cash and cash equivalents" correspond to cash on hand, bank deposits, term deposits and other treasury applications, which mature in less than three months and are subject to insignificant risk of change in value.

### **K. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised only when the Company has a present obligation (legal or constructive) as result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the best estimate at that date. Provisions for restructuring costs are recognised whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

Contingent liabilities are defined by the Company as: (i) possible obligations arising from past events and whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events not under full control of the Company, or (ii) present obligations arising from past events, but which are not recognised because it is unlikely that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Company. The Company does not recognise the contingent assets in its financial statements; it only proceeds to its disclosure if it considers that the economic benefits which may result from there to the Company are likely. When the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

**L. ECONOMIC PERIODS**

Income and expenses are registered in the period to which they relate, regardless of the corresponding payment or receipt, on an accruals basis. Differences between the amounts received or paid and the corresponding income and expenses are registered in the items "Other accounts receivable", "Other accounts payable" or "Deferrals".

**M. INCOME TAXES**

The income taxes registered in profit/loss include the effects of current taxes and deferred taxes. The current income tax is determined based on the taxable profit of the Company, in accordance with the tax rules in force.

Deferred taxes refer to the temporary differences between the amounts of the assets and liabilities for the purposes of accounting records and the respective amounts for the purposes of taxation, as well as those arising from the tax benefits obtained and the temporary differences between the tax and accounting results. The tax is recognised in the income statement, except when related with items, which are moved in equity, a fact that implies their recognition in equity.

Deferred tax assets and liabilities are calculated and periodically evaluated using the taxation rates, which are expected to be in force on the date of reversal of temporary differences.

Deferred taxes refer to temporary differences between the accounting values of the assets and liabilities and their tax base, using the tax rates approved or substantially approved, at the balance sheet date, in each jurisdiction and which are expected to be applied when the temporary differences are reversed.

Deferred tax liabilities are recognised for all taxable temporary differences (except for goodwill not deductible for tax purposes), differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax assets are recognised to the extent when it is probable that future taxable profits will be available to absorb deductible temporary differences for tax purposes.

Deferred tax assets are registered only when there are reasonable expectations of sufficient taxable profits for them to be used. Every year, a revaluation of the temporary differences underlying to the deferred tax assets is made, with the purpose of recognising or adjust them according to the present expectation of their future recovery.

**N. NON-CURRENT ASSETS HELD FOR SALE**

Non-current assets are classified as held for sale if the balance sheet value is realisable through a sales transaction, rather than through its continuing use. This situation is only verified when: (i) the sale is probable and the assets are available for immediate sale in the present conditions; (ii) the management is committed with a sales plan; and (iii) the sale is expectable to occur within twelve months.

Non-current assets classified as held for sale are measured at the lower value between the carrying amount and fair value net of expectable expenses with its sale.

**O. GOVERNMENT AND OTHER PUBLIC ENTITIES SUBSIDIES**

Subsidies for vocational training programmes or exploration subsidies are registered in the item "Grants received as compensation for expenses" of the

income statement for the period in which these programmes are carried out, independently of when they are received, unless it becomes receivable in a later period, in which it will be income for the period when it was received.

Non-reimbursable subsidies related to the assets are registered in the balance sheet as "Other changes in equity" and recognised in the income statement proportionally to the reintegrations of the subsidised assets, in each period.

#### **P. RETIREMENT COMPLEMENTS**

The Company has assumed the commitment of attributing a number of pecuniary benefits to its employees at complementary title of retirement pensions for old age or disability. To cover those responsibilities, the Company created a defined benefit Pension Fund in 1989, exclusive to its employees, whose annual charges, determined according to actuarial calculations, are registered in accordance with the NCRF 28 – "Employee benefits".

The actuarial responsibilities are calculated according to the "Projected Unit Credit Method", by using the actuarial and financial assumptions considered appropriate.

#### **Q. REVENUE**

The Company recognises the income of works, contract by contract, in accordance with the NCRF 19 – "Construction contracts" under the percentage of completion method, which is understood as the relation between costs incurred in each work until a certain date and the sum of those costs with the costs estimated for the work completion. The differences between the values resulting from the application of the level of completion to the estimated income and the invoiced values are included in the items "Other accounts receivable" and "Deferrals".

Variations in works in the amount of revenue agreed in the contract are recognised in the income for the period when it is highly possible that the client will approve the amount of revenue arising from the variation, and that this can be reliably measured.

Claims for reimbursement of costs not included in the contract price are included in contract revenue when negotiations are at an advanced stage and it is probable that the client will accept the claim, and that it will be reliably measurable.

To meet the costs incurred during the warranty period of the works, the Company recognises every year liabilities to fulfil this legal obligation, which is calculated taking into account the annual production volume and the costs incurred in the past with works in warranty period. When it is probable that total costs foreseen in the construction contract will exceed its defined income, the expected loss shall be immediately recognised in the income statement for the period.

Dividends from participations registered at cost are recognised as income in the income statement for the period in which its attribution is decided.

#### **R. EXPENSES WITH THE PREPARATION OF PROPOSALS**

The expenses made with the preparation of proposals for several tenders are recognised in the income statement for the period in which they are incurred.

#### **S. OWN WORK CAPITALISED**

Own work capitalised corresponds to construction and improvement works carried out by the Company itself, as well as the major repairs of equipment and include expenses with materials, direct labour and general expenses.

Those expenses are object of capitalisation only when fulfilled the following requirements:

- The assets developed are identifiable;
- There is a strong probability of the assets generating future economic benefits; and
- They can be reliably measured.

#### **T. SUBSEQUENT EVENTS**

Events that occur after the balance sheet date that provide evidence or additional information on conditions existing at the balance sheet date ("adjusting events"), are reflected in the financial statements of the Company. Events after the balance sheet date that provide information on conditions arising after the balance sheet date ("non-adjusting events"), when material, are disclosed in the notes to the financial statements.

#### **U. JUDGEMENTS AND ESTIMATES**

The preparation of the financial statements was based on best knowledge and experience of past and/or present events, considering assumptions relating to future events.

The most significant accounting estimates reflected in the financial statements for the periods ending on 31 December 2020 and 2019 include:

- Useful lives of tangible assets;
- Record of provisions and impairment losses;
- Recognition of revenue in works in progress;
- Recognition of the present value of responsibilities with retirement benefits; and
- Calculation of fair value of the financial instruments.

The estimates were determined based on the best information available at the preparation date of the financial statements. However, situations may occur in subsequent periods that, not being foreseeable at the date, have no impact on the estimates. Changes to the estimates that occur after the date of the financial statements, will be corrected in profit/loss, using a prospective method, in accordance with NCRF 4.

### **3.2. Other relevant accounting policies**

#### **A. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in circulation during the period, excluding the number of own shares held.

#### **B. FOREIGN CURRENCY**

On initial recognition, transactions in foreign currency (a currency other than the functional currency) are registered at the exchange rates on the dates of the transactions. All assets and liabilities expressed in foreign currency have been converted into the functional presentation currency, using the exchange rates in force at the reporting date. Exchange gains and losses resulting from differences

between the exchange rates in force on the date of the transactions and those in force on the dates of collection, payments or the balance sheet date, are recognised as income and expenses in the income statement for the period. The non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences related to accounts receivable/payable whose maturity is not defined, are registered in the income statement for the period when those accounts receivable/payable are depreciated/disposed/liquidated. Financial statements of participated companies and branches expressed in foreign currency are translated into euros.

The exchange rates used to convert to euros were as follows:

CURRENCY	TRANSACTION CURRENCY	2020		2019	
		31 DECEMBER	EXCHANGE RATE	31 DECEMBER	EXCHANGE RATE
American Dollar	Euro	0.81493	n/a	0.89015	n/a
Moroccan Dirham	Euro	0.09145	0.09220	0.09290	0.09278
Botswana Pula	Euro	0.07540	0.07601	0.08400	0.08309
Mozambican Metical	Euro	0.01087	0.01242	0.01451	0.01430
Cape Verdean Escudo	Euro	0.00907	0.00907	0.00907	0.00907
CFA Franc	Euro	0.00152	0.00152	0.00152	0.00152
Zambian Kwacha	Euro	0.03852	0.04667	0.06336	0.06875
Malawian Kwacha	Euro	0.00105	0.00117	0.00121	0.00121
Angolan Kwanza	Euro	0.00125	0.00146	0.00180	0.00234
South African Rand	Euro	0.05549	n/a	0.06376	n/a
Namibian Dollar	Euro	0.05427	n/a	0.06370	n/a
Zimbabwean Dollar	Euro	0.00995	0.01568	0.05320	0.05688

### 3.3. Judgements on the application process of the accounting policies and which had greater impact in the amounts recognised in the financial statements

In the preparation of the financial statements according with NCRF (equivalent to GAAP), the Company uses estimates and assumptions that affect the application of the policies and amounts reported. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances on which the estimate was based, or as a result of new information or more experience.

### 3.4. Main assumptions concerning the future

The attached financial statements have been prepared bearing in mind the continuation of the Company's operations, from the accounting books and records of the Company, maintained in accordance with the accounting principles generally accepted in Portugal.

Events that occur after the balance sheet date that affect the value of the existing assets and liabilities at the balance sheet date are considered when preparing the financial statements for the period. Those events are disclosed in the notes to the financial statements, if material.

### 3.5. Major sources of uncertainty

The present note makes reference to the major assumptions for the future adopted in the preparation of the attached financial statements, which may involve a significant risk of material adjustments to the valuation of assets and liabilities in the following financial period.

**A. IMPAIRMENT OF ASSETS**

The determination of the impairment of assets requires an estimate of the present value of the future cash flows associated with those assets. In this calculation, the assumptions are adopted based on the Company's historical experience, as well as on future expectations. The Company considers that there is a controlled risk of these assumptions not taking place.

**B. USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

The expected useful lives of property, plant and equipment and intangible assets are reviewed on each reporting date. The useful lives of the assets depend on various factors related to both their use and their location.

**C. REVENUE AND CONSTRUCTION CONTRACTS**

The revenue of the ongoing construction contracts is recognised under the percentage of completion method of the contract. The stage of completion is translated into a relevant estimate based on the prediction of the costs incurred until the contract completion. This process is based on technical analyses performed by technicians.

**D. PROVISIONS FOR OTHER RISKS AND COSTS**

Provisions are recognised after the technical analyses, in order to determine the existence of a present obligation as a result of a past event, a probable outflow of resources. This estimate is equally supported by the opinion of the Company's lawyers and advisers.

**E. POST-EMPLOYMENT BENEFITS**

The responsibilities with retirement pensions are estimated based on the actuarial assessments performed by external experts. In the establishment of the responsibility, financial and actuarial assumptions are included, namely the discount rate, mortality and invalidity tables, growth rate of pensions and wages, among others.

In light of the above, relevant changes are not foreseen to the estimates made and, consequently, material variations in registered assets and liabilities based on those estimates are also not expected.

**4. CASH FLOWS****4.1. Management's comment about the amount of significant balances of cash and cash equivalents, which are not available for use**

The balance amount of "Cash and cash equivalents" is fully available.

**4.2. Breakdown of the amounts registered in "Cash and bank deposits"**

The cash and bank deposits balance is the following:

	31.12.2020	31.12.2019
Cash	20,163	224,989
Demand deposits	5,122,090	8,107,466
Term deposits	932,384	932,384
<b>TOTAL CASH AND BANK DEPOSITS</b>	<b>6,074,637</b>	<b>9,264,839</b>



## 5. RELATED PARTIES

### 5.1. Remunerations of the key management personnel

A. Total remunerations: 1,288,695 euros (2019: 1,334,593 euros).

### 5.2. Transactions between related parties

A. Nature of the related party relationship:

	COUNTRY	DIRECT %	TOTAL %
<b>BRANCHES:</b>			
Angola	-	-	-
Mozambique	-	-	-
Morocco	-	-	-
Botswana	-	-	-
Cape Verde	-	-	-
Zambia	-	-	-
Malawi	-	-	-
Gabon	-	-	-
<b>SUBSIDIARIES:</b>			
Conduril - Gestão de Concessões de Infraestruturas, S.A.	Portugal	100.00	100.00
Edirio - Construções, S.A.	Portugal	100.00	100.00
Métis Engenharia, Lda.	Angola	99.00	99.00
ENOP - Engenharia e Obras Públicas, Lda.	Mozambique	100.00	100.00
Urano, Lda.	Angola	99.00	99.00
Conduril Engenharia - Açores, S.A.	Portugal	100.00	100.00
Esquénio - Estudos e Projetos de Engenharia, S.A.	Portugal	100.00	100.00
Conduril Construction Zimbabwe (PVT) LTD	Zimbabwe	100.00	100.00
<b>JOINTLY CONTROLLED ENTITIES:</b>			
Groupeement Adriano, Jaime Ribeiro, Conduril - Construção, ACE	Morocco	33.33	33.33
Groupeement CJA / Lot 3 - Construção ACE	Morocco	33.33	33.33
Groupeement Túnel de Nador, Construção ACE	Morocco	50.00	50.00
RAL - Rodovias do Algarve Litoral, ACE	Portugal	16.67	16.67
RBA - Rodovias do Baixo Alentejo, ACE	Portugal	17.86	17.86
UTE Alcántara - Garrovillas	Spain	15.00	15.00
<b>ASSOCIATED COMPANIES:</b>			
Rotas do Algarve Litoral, S.A.	Portugal	21.64	23.64
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	Portugal	20.11	21.85
Planestrada - Operação e Manutenção Rodoviária, S.A.	Portugal	33.33	33.33
Marestrada - Operação e Manutenção Rodoviária, S.A.	Portugal	33.33	33.33
<b>KEY MANAGEMENT PERSONNEL:</b>			
<b>BOARD OF DIRECTORS:</b>			
António Luís Amorim Martins (President) – Chairman			
Maria Benedita Andrade de Amorim Martins (President of the Executive Committee) – CEO			
Maria Luísa Andrade Amorim Martins Mendes (Vice-President of the Executive Committee)			
António Baraças Andrade Miragaia			
António Emanuel Lemos Catarino			
Jorge Lúcio Teixeira Castro			
Miguel José Alves Montenegro Andrade			
Ricardo Nuno Araújo Abreu Vaz Guimarães			
<b>OTHER RELATED PARTIES:</b>			
Geonorte - Geotecnia e Fundações Especiais, Lda.	Portugal	-	-
Sociedade Agrícola da Quinta do Javali, Lda.	Portugal	-	-
Mugige Vinhos, Lda.	Angola	-	-

**B. Transactions and outstanding balances:**

As at 31 December 2020 and 2019, the Company presented the following transactions and balances in what concerns the related entities:

As at 31 December 2020:

RELATED PARTIES	OUTSTANDING BALANCES - ASSETS	OUTSTANDING BALANCES - LIABILITIES	ACCUMULATED IMPAIRMENT LOSSES	PROVISIONS
<b>ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:</b>				
Groupement Adriano, Jaime Ribeiro, Conduril - Construção, ACE	7,173,538	-	-	6,265,664
Groupement Túnel de Nador, Construção ACE	1,641,066	100,966	-	518,428
Groupement CJA / Lot 3 - Construção ACE	828,711	-	-	-
RAL - Rodovias do Algarve Litoral, ACE	362,450	24,462	-	6,226
RBA - Rodovias do Baixo Alentejo, ACE	757,894	338,373	-	544,192
	10,763,659	463,801	-	7,334,510
<b>SUBSIDIARIES:</b>				
Conduril - Gestão de Concessões de Infraestruturas, S.A.	5,898,752	-	336,000	497,963
Edirio - Construções, S.A.	4,153,260	3,276,797	437,960	-
Métis Engenharia, Lda.	8,889,780	8,046,567	-	-
ENOP - Engenharia e Obras Públicas, Lda.	7,625,539	5,980,694	-	-
Urano, Lda.	2,389,461	2,254,331	-	-
Conduril Engenharia - Açores, S.A.	330,292	241,518	-	-
Esquénio - Estudos e Projetos de Engenharia, S.A.	55,745	96,130	-	-
Conduril Construction Zimbabwe (PVT) LTD	1,538,618	-	-	-
	30,881,447	19,896,037	773,960	497,963
<b>ASSOCIATED COMPANIES:</b>				
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	17,408,516	-	20,000	-
Rotas do Algarve Litoral, S.A.	11,412,786	-	20,000	-
	28,821,302	-	40,000	-
<b>OTHER RELATED PARTIES:</b>				
UTE Alcántara - Garrovillas	1,220,412	-	-	-
Geonorte - Geotecnia e Fundações Especiais, Lda.	1,530	529,806	-	-
Geonorte - Geotecnia e Fundações Especiais, Lda. - Angola branch	70,496	-	-	-
Sociedade Agrícola da Quinta do Javali, Lda.	-	18,717	-	-
Mugige Vinhos, Lda.	3,087,317	-	-	-
	4,379,755	548,523	-	-

RELATED PARTIES	INCOME	EXPENSES
<b>ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:</b>		
RAL - Rodovias do Algarve Litoral, ACE	27,074	-
RBA - Rodovias do Baixo Alentejo, ACE	-	-
	27,074	-
<b>SUBSIDIARIES:</b>		
Edirio - Construções, S.A.	476,080	1,776,313
Métis Engenharia, Lda.	431,258	934,459
ENOP - Engenharia e Obras Públicas, Lda.	820,140	765,187
Urano, Lda.	63,861	1,151,058
Conduril Engenharia - Açores, S.A.	5,525	-
Esquénio - Estudos e Projetos de Engenharia, S.A.	22,965	216,931
Conduril Construction Zimbabwe (PVT) LTD	114,792	-
	1,934,621	4,843,948
<b>ASSOCIATED COMPANIES:</b>		
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	-	-
Planestrada - Operação e Manutenção Rodoviária, S.A.	-	-
	-	-
<b>OTHER RELATED PARTIES:</b>		
UTE Alcántara - Garrovillas	624	-
Geonorte - Geotecnia e Fundações Especiais, Lda.	141,946	2,019,544
Geonorte - Geotecnia e Fundações Especiais, Lda. – Angola branch	234,556	65,700
Sociedade Agrícola da Quinta do Javali, Lda.	-	205,294
Mugige Vinhos, Lda.	1,922,415	21,872
	2,299,541	2,312,410

The financing granted to the related parties, registered in other financial investments, are detailed in Note 9.2.

As at 31 December 2019:

RELATED PARTIES	OUTSTANDING BALANCES - ASSETS	OUTSTANDING BALANCES - LIABILITIES	ACCUMULATED IMPAIRMENT LOSSES	PROVISIONS
<b>ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:</b>				
Groupement Adriano, Jaime Ribeiro, Conduril - Construção, ACE	7,178,477	-	-	6,265,664
Groupement Túnel de Nador, Construção ACE	1,647,044	100,966	-	518,428
Groupement CJA / Lot 3 - Construção ACE	828,503	-	-	-
RAL - Rodovias do Algarve Litoral, ACE	293,526	24,462	-	-
RBA - Rodovias do Baixo Alentejo, ACE	680,293	338,373	-	401,171
	10,627,843	463,801	-	7,185,263
<b>SUBSIDIARIES:</b>				
Conduril - Gestão de Concessões de Infraestruturas, S.A.	5,897,107	-	336,000	495,585
Edirio - Construções, S.A.	3,286,561	2,504,874	231,310	-
Métis Engenharia, Lda.	13,211,353	13,250,020	-	-
ENOP - Engenharia e Obras Públicas, Lda.	8,513,049	7,538,012	-	-
Urano, Lda.	2,797,430	2,718,352	-	-
Conduril Engenharia - Açores, S.A.	87,790	152,732	-	-
Esquénio - Estudos e Projetos de Engenharia, S.A.	73,098	136,796	-	-
Conduril Construction Zimbabwe (PVT) LTD	230,772	1,356,053	-	-
	34,097,160	27,656,839	567,310	495,585
<b>ASSOCIATED COMPANIES:</b>				
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	17,408,516	-	20,000	-
Rotas do Algarve Litoral, S.A.	11,396,123	-	20,000	-
	28,804,639	-	40,000	-
<b>OTHER RELATED PARTIES:</b>				
UTE Alcántara - Garrovillas	1,134,094	-	-	-
Geonorte - Geotecnia e Fundações Especiais, Lda.	8,502	922,242	-	-
Geonorte - Geotecnia e Fundações Especiais, Lda. – Angola branch	391,351	209,016	-	-
Sociedade Agrícola da Quinta do Javali, Lda.	-	6,506	-	-
Mugige Vinhos, Lda.	1,737,090	-	-	-
	3,271,037	1,137,764	-	-

RELATED PARTIES	INCOME	EXPENSES
<b>ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:</b>		
RAL - Rodovias do Algarve Litoral, ACE	13,284	-
RBA - Rodovias do Baixo Alentejo, ACE	325,045	-
	338,329	-
<b>SUBSIDIARIES:</b>		
Edirio - Construções, S.A.	168,167	1,727,774
Métis Engenharia, Lda.	1,855,089	1,157,113
ENOP - Engenharia e Obras Públicas, Lda.	230,507	880,613
Urano, Lda.	426,141	1,504,867
Conduril Engenharia - Açores, S.A.	9,757	70,250
Esquério - Estudos e Projetos de Engenharia, S.A.	14,114	127,196
Conduril Construction Zimbabwe (PVT) LTD	118,443	-
	2,822,218	5,467,813
<b>ASSOCIATED COMPANIES:</b>		
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	-	-
Planestrada - Operação e Manutenção Rodoviária, S.A.	-	-
	-	-
<b>OTHER RELATED PARTIES:</b>		
UTE Alcántara - Garrovillas	29,293	-
Geonorte - Geotecnia e Fundações Especiais, Lda.	187,376	68,618
Geonorte - Geotecnia e Fundações Especiais, Lda. – Angola branch	95,241	2,383
Sociedade Agrícola da Quinta do Javali, Lda.	-	23,224
Mugige Vinhos, Lda.	2,260,500	-
	2,572,410	94,225

The financing granted to the related parties, registered in other financial investments, are detailed in Note 9.2.

## 6. INTANGIBLE ASSETS

### 6.1. Disclosure for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets

**A.** Depreciations for the period are calculated taking into account the following average useful lives and amortisation rates for each item:

INTANGIBLE ASSETS	USEFUL LIFE	AMORTISATION RATE
Research and development	6	16.67%
Computer programmes	6	16.67%
Development rights	60	1.66%
Other intangible assets	6	16.67%

**B.** Elements of intangible assets are depreciated by the straight-line method, based on their expected useful life.

C. The intangible assets are the following:

INTANGIBLE ASSETS	31.12.2020		31.12.2019	
	GROSS ASSETS	AMORTISATIONS AND IMPAIRMENT LOSSES	GROSS ASSETS	AMORTISATIONS AND IMPAIRMENT LOSSES
Research and development	27,740	1,571	-	-
Computer programmes	107,312	96,528	100,862	89,295
Industrial property	47,121	-	47,121	-
Development rights	5,814,545	624,112	5,814,545	615,133
Other intangible assets	2,006	2,006	2,006	2,006
<b>TOTAL</b>	<b>5,998,724</b>	<b>724,217</b>	<b>5,964,534</b>	<b>706,434</b>

D. The value of amortisations related to intangible assets included in the item "Depreciation and amortisation expenses/reversals" of the income statement is the following:

AMORTISATIONS FOR THE PERIOD	31.12.2020	31.12.2019
Research and development	1,571	-
Computer programmes	1,669	1,577
Development rights	8,979	14,579
<b>TOTAL</b>	<b>12,219</b>	<b>16,156</b>

E. The movements in the item "Intangible assets" during 2020 and 2019 are the following:

	2020					
	RESEARCH AND DEVELOPMENT	DEVELOPMENT RIGHTS	SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	TOTAL
<b>GROSS ASSETS:</b>						
Balance as at 31.12.2019	-	5,814,545	100,862	47,121	2,006	5,964,534
Additions	27,740	-	6,450	-	-	34,190
Transfers and write-offs	-	-	-	-	-	-
Balance as at 31.12.2020	27,740	5,814,545	107,312	47,121	2,006	5,998,724
<b>ACCUMULATED AMORTISATION:</b>						
Balance as at 31.12.2019	-	615,133	89,295	-	2,006	706,434
Additions	1,571	8,979	1,669	-	-	12,219
Transfers and write-offs	-	-	5,564	-	-	5,564
Balance as at 31.12.2020	1,571	624,112	96,528	-	2,006	724,217
<b>NET VALUE</b>	<b>26,169</b>	<b>5,190,433</b>	<b>10,784</b>	<b>47,121</b>	<b>-</b>	<b>5,274,507</b>

	2019				
	DEVELOPMENT RIGHTS	SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	TOTAL
<b>GROSS ASSETS:</b>					
Balance as at 31.12.2018	5,801,426	94,267	47,121	2,006	5,944,820
Additions	13,119	6,595	-	-	19,714
Transfers and write-offs	-	-	-	-	-
Balance as at 31.12.2019	5,814,545	100,862	47,121	2,006	5,964,534
<b>ACCUMULATED AMORTISATION:</b>					
Balance as at 31.12.2018	600,149	87,718	-	1,727	689,594
Additions	14,579	1,577	-	-	16,156
Transfers and write-offs	405	-	-	279	684
Balance as at 31.12.2019	615,133	89,295	-	2,006	706,434
<b>NET VALUE</b>	<b>5,199,412</b>	<b>11,567</b>	<b>47,121</b>	<b>-</b>	<b>5,258,100</b>

## 7. TANGIBLE ASSETS

### 7.1. Disclosure on property, plant and equipment

#### A. Measurement bases:

Tangible assets are valued according to the cost model, to which an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

#### B. Depreciation method used:

The Company amortises its property, plant and equipment assets according to the straight-line method. In accordance to this method, depreciation is constant during the useful life of the assets if its residual value does not change.

#### C. Useful lives and depreciation rates used:

Depreciations for the period are calculated taking into account the following average useful lives and amortisation rates for each item:

TANGIBLE ASSETS	USEFUL LIFE	AMORTISATION RATE
Land and natural resources	-	-
Buildings and other constructions	4 – 50	2% – 25%
Machinery and other equipment	3 – 30	3.33% – 33.33%
Transport equipment	4 – 12	8.33% – 25%
Office equipment	3 – 25	4% – 33.33%
Other property, plant and equipment	4 – 20	5% – 25%

#### D/E. Reconciliation of the carrying amount at the beginning and end of the period:

	2020							
	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	MACHINERY AND OTHER EQUIPMENT	TRANSPORT EQUIPMENT	OFFICE EQUIPMENT	OTHER PROPERTY, PLANT AND EQUIPMENT	INVESTMENTS IN PROGRESS	TOTAL
GROSS ASSETS:								
Balance as at 31.12.2019	2,622,286	25,456,405	84,209,149	23,444,616	1,998,671	1,515,708	18,560,201	157,807,036
Additions	-	1,027,427	25,644,881	3,539,280	117,664	175,743	1,657,629	32,162,625
Disposals	-	(34,335)	(3,379,868)	(168,244)	(6,397)	-	-	(3,588,844)
Transfers and write-offs	-	-	(31,885)	(6,056)	-	(9,625)	(315)	(47,882)
Balance as at 31.12.2020	2,622,286	26,449,497	106,442,277	26,809,596	2,109,938	1,681,826	20,217,515	186,332,935
ACCUMULATED DEPRECIATION:								
Balance as at 31.12.2019	-	17,111,479	62,361,007	18,614,844	1,665,086	1,003,447	-	100,755,863
Additions	-	523,352	3,109,124	729,929	47,365	135,220	-	4,544,991
Disposals	-	(4,464)	(3,043,920)	(127,603)	(3,247)	-	-	(3,179,233)
Transfers and write-offs	-	-	(30,671)	3,338	7,339	(2,967)	-	(22,961)
Balance as at 31.12.2020	-	17,630,367	62,395,540	19,220,508	1,716,543	1,135,700	-	102,098,658
NET VALUE	2,622,286	8,819,130	44,046,737	7,589,088	393,395	546,126	20,217,515	84,234,277

2019								
	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	MACHINERY AND OTHER EQUIPMENT	TRANSPORT EQUIPMENT	OFFICE EQUIPMENT	OTHER PROPERTY, PLANT AND EQUIPMENT	INVESTMENTS IN PROGRESS	TOTAL
<b>GROSS ASSETS:</b>								
Balance as at 31.12.2018	2,622,286	24,687,177	80,460,873	23,354,713	1,900,615	1,376,165	18,158,912	152,560,741
Additions	-	5,303	5,363,001	1,668,471	98,056	139,543	1,350,682	8,625,056
Disposals	-	-	(1,628,798)	(1,564,528)	-	-	-	(3,193,326)
Transfers and write-offs	-	763,925	14,073	(14,040)	-	-	(949,393)	(185,435)
Balance as at 31.12.2019	2,622,286	25,456,405	84,209,149	23,444,616	1,998,671	1,515,708	18,560,201	157,807,036
<b>ACCUMULATED DEPRECIATION:</b>								
Balance as at 31.12.2018	-	16,631,639	61,328,618	19,587,300	1,623,626	848,517	-	100,019,700
Additions	-	479,840	2,669,543	622,757	46,076	154,930	-	3,973,146
Disposals	-	-	(1,484,485)	(1,581,173)	(4,616)	-	-	(3,070,274)
Transfers and write-offs	-	-	(152,669)	(14,040)	-	-	-	(166,709)
Balance as at 31.12.2019	-	17,111,479	62,361,007	18,614,844	1,665,086	1,003,447	-	100,755,863
<b>NET VALUE</b>	<b>2,622,286</b>	<b>8,344,926</b>	<b>21,848,142</b>	<b>4,829,772</b>	<b>333,585</b>	<b>512,261</b>	<b>18,560,201</b>	<b>57,051,173</b>

## 7.2. Amount of expenditures recognised in the carrying amount of fixed assets during its construction

TANGIBLE ASSETS	EXPENDITURES RECOGNISED DURING CONSTRUCTION	
	31.12.2020	31.12.2019
Buildings and other constructions	1,653,799	963,089
Machinery and other equipment	3,830	387,593
Transport equipment	-	-
Other property, plant and equipment	-	-
<b>TOTAL</b>	<b>1,657,629</b>	<b>1,350,682</b>

## 7.3. Depreciation recognised in profit/loss or as part of other assets costs during the period

TANGIBLE ASSETS	DEPRECIATION RECOGNISED IN PROFIT/LOSS 2020	DEPRECIATION RECOGNISED IN PROFIT/LOSS 2019
Buildings and other constructions	523,352	479,840
Machinery and other equipment	3,109,124	2,669,543
Transport equipment	729,929	622,757
Office equipment	47,365	46,076
Other property, plant and equipment	135,220	154,930
<b>TOTAL</b>	<b>4,544,990</b>	<b>3,973,146</b>



#### 7.4. Accumulated depreciation at the end of the period

ACCUMULATED DEPRECIATION	31.12.2020	31.12.2019
Buildings and other constructions	17,630,367	17,111,479
Machinery and other equipment	62,395,540	62,361,007
Transport equipment	19,220,508	18,614,844
Office equipment	1,716,543	1,665,086
Other property, plant and equipment	1,135,700	1,003,447
<b>TOTAL</b>	<b>102,098,658</b>	<b>100,755,863</b>

#### 7.5. Items of fixed assets in progress

The most significant values included in the item “Investments in progress”, as at 31 December 2020 and 2019, refer to the following projects:

	31.12.2020	31.12.2019
Buildings and other constructions	20,213,685	18,559,886
Machinery and other equipment	-	-
Transport equipment	-	-
Other property, plant and equipment	3,830	315
<b>TOTAL</b>	<b>20,217,515</b>	<b>18,560,201</b>

#### 7.6. Property, plant and equipment by geographical location

2020	GROSS ASSETS	ACCUMULATED DEPRECIATION	NET AMOUNT
Portugal	76,093,805	34,029,933	42,063,872
Angola	82,576,836	51,146,484	31,430,352
Mozambique	11,501,338	5,662,673	5,838,665
Morocco	68,482	68,482	-
Botswana	60,163	60,163	-
Cape Verde	4,476	2,834	1,642
Zambia	11,150,762	8,250,114	2,900,648
Malawi	3,405,430	1,661,812	1,743,618
Gabon	1,471,643	1,216,163	255,480
<b>TOTAL</b>	<b>186,332,935</b>	<b>102,098,658</b>	<b>84,234,277</b>

2019	GROSS ASSETS	ACCUMULATED DEPRECIATION	NET AMOUNT
Portugal	49,038,866	32,590,728	16,448,138
Angola	82,556,598	50,938,259	31,618,339
Mozambique	10,471,000	4,925,526	5,545,474
Morocco	1,511,896	1,511,896	-
Botswana	60,163	48,647	11,516
Cape Verde	4,476	2,834	1,642
Zambia	10,917,143	8,279,699	2,637,444
Malawi	1,775,252	1,383,560	391,692
Gabon	1,471,642	1,074,714	396,928
<b>TOTAL</b>	<b>157,807,036</b>	<b>100,755,863</b>	<b>57,051,173</b>

## 8. LEASES

### 8.1. Finance leases – Lessees

**A.** Net carrying amount for each asset category at 31 December 2020 and 2019:

	31.12.2020	31.12.2019
Buildings and other constructions	151,875	-
Machinery and other equipment	17,255,608	4,178,738
Transport equipment	4,990,923	2,618,762
<b>TOTAL</b>	<b>22,398,406</b>	<b>6,797,500</b>

**B.** Reconciliation between the total of the future lease minimum payments at 31 December 2020 and 2019 and its present value:

	31.12.2020	31.12.2019
Minimum payments up to 1 year	5,366,152	1,982,108
Minimum payments for more than 1 year and no more than 5 years	17,568,642	4,226,871
Minimum payments for more than 5 years	-	-
<b>TOTAL MINIMUM PAYMENTS</b>	<b>22,934,794</b>	<b>6,208,979</b>
Future interest payments	465,950	106,959
<b>PRESENT VALUE OF RESPONSIBILITIES</b>	<b>22,468,844</b>	<b>6,102,020</b>

**C.** Total of the future minimum lease payments at the balance sheet date and its present value:

	MINIMUM PAYMENTS		PRESENT VALUE	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
No more than 1 year	5,366,152	1,982,108	5,168,492	1,932,060
More than 1 year and no more than 5 years	17,568,642	4,226,871	17,300,352	4,169,960
More than 5 years	-	-	-	-
<b>TOTAL</b>	<b>22,934,794</b>	<b>6,208,979</b>	<b>22,468,844</b>	<b>6,102,020</b>

## 9. INTERESTS IN JOINT VENTURES AND INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

**9.1.** Breakdown of the amounts registered in “Permanent participations – equity method”

	31.12.2020	31.12.2019
Subsidiaries	2,257,550	4,792,395
Jointly controlled entities	-	40,671
Associated companies	-	710,789
<b>TOTAL</b>	<b>2,257,550</b>	<b>5,543,856</b>

## 9.2. Subsidiaries

### A. List and description of the subsidiaries:

COMPANY	TYPE OF PARTICIPATION	METHOD USED
Conduril - Gestão de Concessões de Infraestruturas, S.A.	100.00%	Equity method
Edirio - Construções, S.A.	100.00%	Equity method
Métis Engenharia, Lda.	99.00%	Equity method
ENOP - Engenharia e Obras Públicas, Lda.	100.00%	Equity method
Urano, Lda.	99.00%	Equity method
Conduril Engenharia - Açores, S.A.	100.00%	Equity method
Esquénio - Estudos e Projetos de Engenharia, S.A.	100.00%	Equity method
Conduril Construction Zimbabwe (PVT) LTD	100.00%	Equity method

### B. Carrying amount and data about the entities:

31.12.2020 COMPANY	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Conduril - Gestão de Concessões de Infraestruturas, S.A.	-	5,065,709	(497,963)	(2,378)
Edirio - Construções, S.A.	-	4,697,145	274,540	(206,651)
Métis Engenharia, Lda.	1,051,152	10,309,482	4,111,668	270,258
ENOP - Engenharia e Obras Públicas, Lda.	357,095	13,651,575	357,097	(55,762)
Urano, Lda.	407,910	3,749,890	1,657,293	221,267
Conduril Engenharia - Açores, S.A.	279,598	1,214,598	361,598	5,503
Esquénio - Estudos e Projetos de Engenharia, S.A.	34,353	165,219	34,353	(16,722)
Conduril Construction Zimbabwe (PVT) LTD	127,442	2,571,816	127,442	360,402
<b>TOTAL</b>	<b>2,257,550</b>			

31.12.2019 COMPANY	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Conduril - Gestão de Concessões de Infraestruturas, S.A.	-	5,066,751	(495,585)	(1,205)
Edirio - Construções, S.A.	-	3,611,898	481,190	(382,931)
Métis Engenharia, Lda.	2,467,579	16,369,499	5,542,402	283,374
ENOP - Engenharia e Obras Públicas, Lda.	572,875	14,741,947	572,875	380,099
Urano, Lda.	827,182	5,292,352	2,260,658	300,400
Conduril Engenharia - Açores, S.A.	274,095	940,939	356,095	(10,727)
Esquénio - Estudos e Projetos de Engenharia, S.A.	51,075	175,745	51,075	1,075
Conduril Construction Zimbabwe (PVT) LTD	599,590	4,200,921	599,590	628,763
<b>TOTAL</b>	<b>4,792,395</b>			

In 2019, two new companies 100% owned by Conduril - Engenharia, S.A. were formed.

Related to these participations, in 2020, in the item “Other financial investments” are registered the following amounts concerned to financing granted:

COMPANY	FINANCING GRANTED	ACCUMULATED IMPAIRMENT LOSSES
Conduril - Gestão de Concessões de Infraestruturas, S.A.	336,000	336,000
Edirio - Construções, S.A.	712,500	437,960
ENOP - Engenharia e Obras Públicas, Lda.	12,068	-
Métis Engenharia, Lda.	3,049,838	-
Urano, Lda.	1,259,118	-
Conduril Engenharia - Açores, S.A.	82,000	-
<b>TOTAL</b>	<b>5,451,524</b>	<b>773,960</b>

### 9.3. Joint ventures

#### A. List and description of the interests in significant joint ventures:

COMPANY	TYPE	OTHER PARTICIPANTS
Groupement Adriano, Jaime Ribeiro, Conduril - Construção, ACE	Jointly controlled entity	Elevation and Jaime Ribeiro e Filhos
Groupement CJA / Lot 3 - Construção ACE	Jointly controlled entity	Elevation and Jaime Ribeiro e Filhos
Groupement Túnel de Nador, Construção ACE	Jointly controlled entity	Jaime Ribeiro e Filhos
RAL - Rodovias do Algarve Litoral, ACE	Jointly controlled entity	Elevation and Tecnovia
RBA - Rodovias do Baixo Alentejo, ACE	Jointly controlled entity	Elevation and Tecnovia

#### B. Proportion of ownership interest held and data about the entities:

31.12.2020 COMPANY	PROPORTION OF THE INTEREST HELD	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Groupement Adriano, Jaime Ribeiro, Conduril - Construção, ACE	33.33%	-	12,407,607	(18,798,872)	135,332
Groupement CJA / Lot 3 - Construção ACE	33.33%	-	n/a	n/a	n/a
Groupement Túnel de Nador, Construção ACE	50%	-	8,818,385	(1,036,855)	(42,050)
RAL - Rodovias do Algarve Litoral, ACE	16.67%	-	3,872,077	(37,350)	(281,328)
RBA - Rodovias do Baixo Alentejo, ACE	17.86%	-	1,327,837	(3,046,988)	(800,748)
<b>TOTAL</b>		<b>-</b>			

31.12.2019 COMPANY	PROPORTION OF THE INTEREST HELD	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Groupement Adriano, Jaime Ribeiro, Conduril - Construção, ACE	33.33%	-	12,407,607	(18,798,872)	135,332
Groupement CJA / Lot 3 - Construção ACE	33.33%	-	n/a	n/a	n/a
Groupement Túnel de Nador, Construção ACE	50%	-	8,818,385	(1,036,855)	(42,050)
RAL - Rodovias do Algarve Litoral, ACE	16.67%	40,671	3,929,418	243,980	(289,841)
RBA - Rodovias do Baixo Alentejo, ACE	17.86%	-	923,493	(2,246,197)	(5,589,899)
<b>TOTAL</b>		<b>40,671</b>			

At the preparation date of the financial statements, the financial statements of the groups Groupement CJA / Lot 3 - Construção ACE, Groupement Túnel de Nador, Construção ACE and Groupement Adriano, Jaime Ribeiro, Conduril - Construção, ACE were not available. These groups do not have a significant activity; therefore, the Board of Directors considers that there are no relevant impacts regarding these participations.

**C.** Method used in the recognition of interests in joint ventures:

The interests in jointly controlled companies were recognised in the financial statements by the equity method, from the date in which the control is shared. According to this method, investment is initially recognised by the cost, being the carrying amount adjusted by the corresponding value to the proportion held in net profit/loss, dividends received and variation in equity.

**9.4. Associated companies****A.** List and description of the associated companies:

COMPANY	PARTICIPATION	METHOD USED
Rotas do Algarve Litoral, S.A.	23.64%	Equity method
Marestrada - Operação e Manutenção Rodoviária, S.A.	33.33%	Equity method

**B.** Carrying amount and data about the entities:

31.12.2020 COMPANY	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Rotas do Algarve Litoral, S.A.	-	172,507,587	(13,076,916)	(14,144,068)
Marestrada - Operação e Manutenção Rodoviária, S.A.	-	2,324,331	(31,233)	(662,054)
<b>TOTAL</b>	<b>-</b>			

31.12.2019 COMPANY	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Rotas do Algarve Litoral, S.A.	-	176,237,035	(3,226,340)	(10,936,496)
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	-	326,818,452	(16,308,301)	4,922,123
Planestrada - Operação e Manutenção Rodoviária, S.A.	547,581	2,641,830	1,642,907	793,496
Marestrada - Operação e Manutenção Rodoviária, S.A.	163,208	2,799,062	489,674	(345,790)
<b>TOTAL</b>	<b>710,789</b>			

The assets related to the participations in SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A. and Planestrada - Operação e Manutenção Rodoviária, S.A. were classified in December 2020 in the item "Non-current assets held for sale" (Note 18).

Related to the participations in associated companies, in December 2020, in the item "Other financial investments" are registered the following amounts concerned to financing granted:

COMPANY	FINANCING GRANTED	ACCUMULATED IMPAIRMENT LOSSES
Rotas do Algarve Litoral, S.A.	11,412,786	40,000
<b>TOTAL</b>	<b>11,412,786</b>	<b>40,000</b>

### 9.5. Gains/Losses in subsidiaries and joint ventures

GAINS/LOSSES IN SUBSIDIARIES AND JOINT VENTURES	31.12.2020	31.12.2019
Expenses and losses in subsidiaries, associated companies and joint ventures	(530,051)	(1,577,813)
Income and gains in subsidiaries, associated companies and joint ventures	852,515	1,734,872
Elimination of the income related to the sales of property, plant and equipment to branches	238,658	251,141
Elimination of the expenses related to the sales of property, plant and equipment to branches	(888)	(888)
Provisions for losses in Group's companies (Note 13)	(162,035)	-
<b>TOTAL</b>	<b>398,199</b>	<b>407,312</b>

## 10. INVENTORIES

### 10.1. Accounting policies adopted in the measurement of inventories and cost formula used

Inventories are valued by cost or net realisable value, if this is lower. Cost includes purchase costs, conversion costs and other costs incurred in bringing the inventories to their present condition. The purchase costs comprise the purchase price, import duties and other taxes, transport expenses, handling, trade discounts, rebates and other similar items. The conversion costs include expenses directly related to units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in finished goods. The allocation of fixed production overheads is based on the normal capacity of the production facilities.

The Company values its inventories by the weighted average cost formula, which assumes that the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period.

### 10.2. Total carrying amount of inventories and carrying amount in appropriate classifications

The carrying amount of inventories is the following:

INVENTORIES	31.12.2020	31.12.2019
Raw, subsidiary and consumable materials	13,666,785	12,199,703
Goods	-	9,646
Finished and semi-finished products	129,375	129,375
	13,796,159	12,338,724
Impairment losses	(873,109)	(873,109)
<b>TOTAL</b>	<b>12,923,051</b>	<b>11,465,615</b>

### 10.3. Amount of inventories recognised as expense during the period

The amount of inventories recognised as expense during the period was the following:

	GOODS		RAW, SUBSIDIARY AND CONSUMABLE MATERIALS	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Initial inventory	9,646	9,646	11,326,594	11,592,168
Impairment losses in stocks	-	-	-	-
Purchases	-	-	31,552,221	35,721,200
Inventories adjustments and reclassification	-	-	-	-
Ending inventory	(9,646)	(9,646)	(12,793,676)	(11,326,594)
<b>EXPENSES IN THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>30,085,139</b>	<b>35,986,774</b>

	FINISHED AND SEMI-FINISHED PRODUCTS		PRODUCTS AND WORK IN PROGRESS	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Initial inventory	129,375	129,375	-	-
Accumulated impairment losses	-	-	-	-
Ending inventory	(129,375)	(129,375)	-	-
<b>VARIATION OF INVENTORIES IN PRODUCTION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 10.4. Amount of impairment losses in inventories recognised in the income for the period

The value of impairment losses recognised in the result of the period was the following:

IMPAIRMENT LOSSES IN INVENTORIES	31.12.2020	31.12.2019
Goods	-	-
Raw, subsidiary and consumable materials	-	-
Finished and semi-finished products	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

### 10.5. Movement during the period of impairment losses in inventories

RAW, SUBSIDIARY AND CONSUMABLE MATERIALS	
Accumulated impairment losses on 31.12.2019	873,109
Increases	-
Reversal	-
Utilisations	-
<b>ACCUMULATED IMPAIRMENT LOSSES ON 31.12.2020</b>	<b>873,109</b>

RAW, SUBSIDIARY AND CONSUMABLE MATERIALS	
Accumulated impairment losses on 31.12.2018	873,109
Increases	-
Reversal	-
Utilisations	-
<b>ACCUMULATED IMPAIRMENT LOSSES ON 31.12.2019</b>	<b>873,109</b>

## 11. CONSTRUCTION CONTRACTS

### 11.1. Amount of contract revenue recognised as revenue in the period

The revenue of each construction contract includes the initial amount of revenue agreed, as well as variations in works, claims and incentive payments to the extent that it is probable that will result in revenue and are capable of being reliably measured. As at 31 December 2020 and 2019, the amount of revenue recognised as revenue in the period was the following:

WORK/CONTRACT	REVENUE IN THE PERIOD 2020	REVENUE IN THE PERIOD 2019
Construction contracts	110,102,975	143,931,123
<b>TOTAL</b>	<b>110,102,975</b>	<b>143,931,123</b>

### 11.2. Methods used to determine the contract revenue recognised in the period

The recognition of revenue in the period is made according to the percentage of completion method. Under this method, revenue is matched with the contract costs incurred when reaching the stage of completion. Contract revenue is recognised as revenue in the income statement in the accounting periods in which the work is performed. In the cases the outcome of the contracts cannot be estimated reliably, revenue shall be recognised only to the extent of contract costs incurred that it is probable to be recoverable.

### 11.3. Methods used to determine the stage of completion of ongoing contracts

In order to determine the stage of completion of a contract, it is used the method that most reliably measures the work performed. Depending on the nature of the contract, the method used to determine the stage of completion can vary as follows:

- The proportion that contract costs incurred for work performed to date bear to the estimated total contract costs (most used methodology);
- Survey of the work performed;
- Completion of a physical proportion of the work performed.

### 11.4. Information related to the ongoing construction contracts

31.12.2020	EXPENSES INCURRED	RECOGNISED INCOME	ADVANCES RECEIVED	RETENTION
Ongoing contracts	346,675,072	461,375,472	27,960,078	1,925,954
<b>TOTAL</b>	<b>346,675,072</b>	<b>461,375,472</b>	<b>27,960,078</b>	<b>1,925,954</b>

31.12.2019	EXPENSES INCURRED	RECOGNISED INCOME	ADVANCES RECEIVED	RETENTION
Ongoing contracts	227,251,912	297,574,025	4,334,241	967,961
<b>TOTAL</b>	<b>227,251,912</b>	<b>297,574,025</b>	<b>4,334,241</b>	<b>967,961</b>



## 12. REVENUE

### 12.1. Accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the provision of services

The Company recognises revenue according to the following criteria:

**A. SALES** – are recognised in the income statement when the risks and benefits inherent to the ownership have been transferred to the buyer, when there is not a continued management involvement to a degree usually associated with ownership, when the amount of revenue can be reasonably measured, when it is probable that the economic benefits associated with the transaction will flow to the entity, and when the expenses incurred or to be incurred with the transaction can be reliably measured.

**B. PROVISION OF SERVICES** – are recognised in the income statement with reference to the stage of completion of the provision of services at the balance sheet date.

**C. INTEREST** – is recognised using the effective interest method.

**D. DIVIDENDS** – are recognised from the moment in which is established the shareholder's right of receiving the payment.

### 12.2. Amount of each significant category of revenue recognised during the period, including the revenue from:

	31.12.2020	31.12.2019
Sales of goods	-	2,434
Provision of services	110,964,706	146,738,716
Interest	2,805,942	2,693,455
Dividends	127,917	118,586
<b>TOTAL</b>	<b>113,898,565</b>	<b>149,553,190</b>

## 13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### 13.1. Provisions

The Company recognises a provision when, cumulatively, there is a present obligation as a result of a past event; it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

During the period ending on 31 December 2020, the movements relating to provisions occurred were the following:

PROVISIONS	OPENING BALANCE	INCREASES	REVERSAL	ADJUSTMENTS	CLOSING BALANCE
Guarantees to clients	2,739,626	517,906	(90,076)	28,192	3,195,648
Other provisions	5,126	406,074	(38,776)	33,413	405,837
	2,744,752	923,980	(128,852)	61,605	3,601,485
Financial investments (Note 9)	7,680,848	162,035	-	-	7,842,883
<b>TOTAL</b>	<b>10,425,600</b>	<b>1,086,015</b>	<b>(128,852)</b>	<b>61,605</b>	<b>11,444,368</b>

During the period ending on 31 December 2019, the movements relating to provisions occurred were the following:

PROVISIONS	OPENING BALANCE	INCREASES	REVERSAL	ADJUSTMENTS	CLOSING BALANCE
Guarantees to clients	2,416,744	614,869	(291,987)	-	2,739,626
Other provisions	153,286	5,127	(153,372)	85	5,126
	2,570,030	619,996	(445,359)	85	2,744,752
Financial investments (Note 9)	9,043,386	25,370	(1,387,908)	-	7,680,848
<b>TOTAL</b>	<b>11,613,416</b>	<b>645,366</b>	<b>(1,833,267)</b>	<b>85</b>	<b>10,425,600</b>

Provisions for financial investments refer to the subsidiaries in the scope of the application of the equity method, namely of Groupement Adriano, Jaime Ribeiro, Conduril - Construção, ACE, Conduril - Gestão de Concessões de Infraestruturas, S.A., Groupement Túnel de Nador, Construção ACE, RBA - Rodovias do Baixo Alentejo, ACE, RAL - Rodovias do Algarve Litoral, ACE and Marestrada - Operação e Manutenção Rodoviária, S.A.

### 13.2. Proceedings in litigation

Following the several ongoing proceedings in litigation, the Company is convinced that the risk of losing these proceedings is unlikely and their outcome will not affect the material form of its financial position, being this belief sustained by Conduril's internal legal office, as well as by its legal advisers.

Regarding the tax proceedings, there are proceedings arising from legal disputes filed by Conduril related to the additional settlements of IRC (Corporate Income Tax) (2011, 2012 and 2014), with the Company's opinion being, based on the opinions of its tax advisers, that the outcome will be favourable, and this is the reason why no provisions were registered in the financial statements.

### 13.3. Guarantees provided

As at 31 December 2020, the Company had assumed responsibilities for the guarantees provided in the amount of 118,921,974 euros (as at 31 December 2019, the amount was 80,483,265 euros).

The bank guarantees were essentially provided for the purpose of tenders, as a good performance guarantee of works and finance.

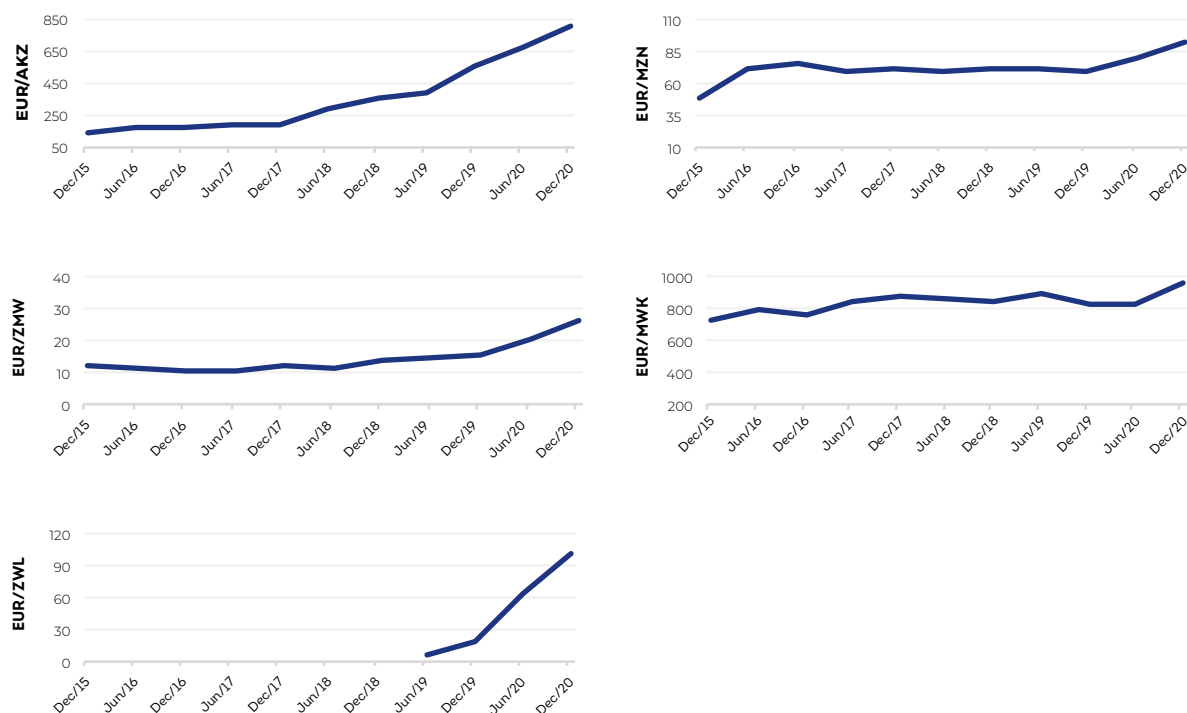
### 13.4. Management of financial risks

#### A. GENERAL PRINCIPLES

Among the several risks a company faces, the financial risks are those with the most direct impact on the cash flows and on its income statement. The activity of Conduril is exposed to several financial risks, such as exchange rate risk, interest rate risk, credit risk and liquidity risk. These risks are the result of the uncertainty inherent to the financial markets, which is reflected in the capacity to estimate future cash flows and returns. The risk management policy of Conduril is a continuous process in constant development, applied to the implementation of its strategy, trying to minimise the adverse effects arising from these uncertainties, typical of financial markets.

#### B. EXCHANGE RATE RISK

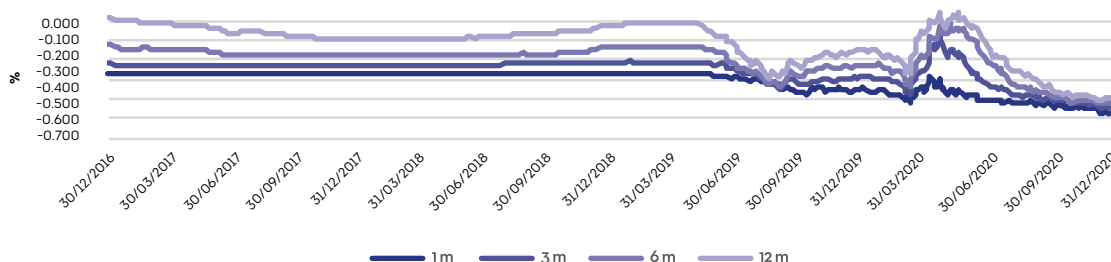
Since the activity of Conduril is mainly located in Portugal and Africa (Angola, Mozambique, Zambia, Malawi, Gabon and Zimbabwe), the Company is exposed to the exchange rate risk of the currencies in use in those countries. In order to address this risk, the contracts are celebrated in USD/EUR, whenever possible. The evolution of the kwanza, metical, Zambian kwacha, Malawian kwacha and Zimbabwean dollar currencies against the euro impact the financial statements, and the financial instruments used to hedge these currencies are limited or non-existent.



### C. INTEREST RATE RISK

The interest rate risk essentially results from the indebtedness indexed to variable rates. Aware of the perspectives regarding the interest rate evolution, only a small percentage of the Company's indebtedness is indexed to an interest rate coverage. We are permanently monitoring this issue, in order to be able to take, in good time, the necessary measures to reduce the impact of this variable on Conduril's financing.

Evolution of the Euribor rate



### D. CREDIT RISK

The exposure of Conduril to credit risk is mainly related to the accounts receivable resulting from the operating activities: sales debts and services provided to clients. The management of this risk aims to guarantee the recovery of the credits in the established deadlines, without affecting the financial balance of the Company. This risk is regularly monitored. The management of these risks aims to:

- i. evaluate the client in accordance with internal procedures that imply detailed analyses of the entities and the amounts involved. For this evaluation, we also resort to information entities and credit risk profiles available in the market;
- ii. limit the credit granted to clients, considering the deadline for receipt of each client;
- iii. monitor the evolution of the level of credit granted;
- iv. perform an impairment analysis of the amounts to receive on a regular basis.

### E. LIQUIDITY RISK

Liquidity risk is defined as the risk of lack of ability to settle or fulfil its obligations on the stipulated deadline and at a reasonable price. An essential instrument for liquidity risk management is the annual and global liquidity plan, prepared based on the liquidity plans of each establishment. These plans are updated every month. The existence of liquidity implies the definition of parameters for the management of that liquidity, which allow to maximise the return obtained and minimise the costs of opportunity related to holding that liquidity safely and efficiently. In 2020, due to the additional uncertainty that COVID-19 brought to the financial markets, Conduril cautiously decided to adhere to the moratorium regime for some bank loans and obtained additional lines of credit within COVID-19 financial supports.

The risk management in Conduril aims at:

- Liquidity – guarantee the permanent and efficient access to enough funds to deal with current payments in the respective due dates;
- Safety – minimise the probability of default in terms of refund of any application of funds; and

- Financial efficiency – guarantee to minimise the cost of opportunity of the surplus liquidity holding at the short-term.

Conduril's policy is to reconcile the due dates of assets and liabilities, managing their maturities in a balanced way.

Managing its exposure to liquidity risk, Conduril's policy is to ensure the hiring of credit instruments of different natures and in amounts adjusted to the specificities of its needs, guaranteeing comfortable levels of liquidity. It is also a Company rule to contract those facilities without providing any guarantee.

## 14. THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

### 14.1. Exchange differences recognised in profit/loss

	31.12.2020	31.12.2019
Exchange losses		
- Other expenses	1,101,882	11,000,415
<b>TOTAL</b>	<b>1,101,882</b>	<b>11,000,415</b>
Exchange gains		
- Other income	12,401,259	2,419,830
<b>TOTAL</b>	<b>12,401,259</b>	<b>2,419,830</b>

### 14.2. Net exchange differences classified in a separate component of equity

EXCHANGE DIFFERENCES IN EQUITY	
Balance as at 31.12.2019	(13,794,135)
Exchange losses	(31,782,579)
Exchange gains	-
<b>BALANCE AS AT 31.12.2020</b>	<b>(45,576,714)</b>

EXCHANGE DIFFERENCES IN EQUITY	
Balance as at 31.12.2018	(9,974,400)
Exchange losses	(3,819,735)
Exchange gains	-
<b>BALANCE AS AT 31.12.2019</b>	<b>(13,794,135)</b>

## 15. EVENTS AFTER THE BALANCE SHEET DATE

### 15.1. Disclosure updating about the conditions at the balance sheet date

Between the balance sheet date and the issuance of the financial statements, no information on the conditions that existed at the balance sheet date were received, so no adjustments in amounts recognised in the present financial statements were made.

## 15.2. Authorisation for the issue of financial statements

These financial statements were approved by the Board of Directors, in the meeting of 10 March 2021. The Board of Directors believes that these financial statements are a true and proper representation of the Company's operations, as well as its financial position and performance and cash flows.

## 16. ENVIRONMENTAL ISSUES

### 16.1. Description of the measurement bases adopted, as well as the methods used in the calculation of value adjustments

From its activity, the Company has a legal or contractual responsibility to prevent, reduce or repair environmental damage. To fulfil this obligation, the Company incurred in expenses that amounted to 188,139 euros (in 2019, they amounted to 97,227 euros) during the period ending on 31 December 2020.

To measure the environmental expenses incurred, the Company recognises the expenses effectively made in the period.

### 16.2. Environmental expenses allocated to profit/loss

All environmental expenses should be considered in profit/loss if they were expenses incurred in that period, i.e., if they do not aim to prevent future damage or provide future benefits.

Therefore, environmental expenses allocated to profit/loss refer to past or present activities, or restoration of environmental conditions in the state in which they were before contamination.

AMOUNT ALLOCATED TO PROFIT/LOSS	
Waste treatment	188,139
<b>TOTAL</b>	<b>188,139</b>

## 17. INCOME TAXES

### 17.1. Main components of tax expense and income

	31.12.2020	31.12.2019
Current tax and adjustments:		
Current tax for the period	2,762,858	8,987,938
	<b>2,762,858</b>	<b>8,987,938</b>
Deferred taxes:		
Deferred taxes related to temporary differences	(972,177)	(42,597)
	<b>(972,177)</b>	<b>(42,597)</b>
<b>INCOME TAXES EXPENSE</b>	<b>1,790,681</b>	<b>8,945,341</b>

Current tax and deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

During the period ending on 31 December 2020 and 2019, no debits/credits were made directly to equity related to the deferred taxes.

## 17.2. Relation between tax expense/income and accounting profit

RECONCILIATION OF THE EFFECTIVE TAX RATE	31.12.2020	31.12.2019
Income before taxation	2,926,812	11,406,479
Income taxes expense	1,790,681	8,945,341
Effective tax rate	61.18%	78.42%
<b>Nominal tax rate (21% in Portugal; 30% in Angola, in 2019, and 25%, in 2020)</b>	<b>1,081,512</b>	<b>3,365,860</b>
<b>ADJUSTMENTS:</b>		
Differentiated rates of taxation and effect of double taxation	875,886	379,902
Application of the equity method	(110,356)	156,759
Value adjustments of non-deductible assets	7,191	-
Expenses not accepted as tax cost	452,155	3,555,204
Provisions not accepted as expense	96,118	7,833
Reversal of untaxed provisions	5,990	-
Tax refund / Insufficiency of tax	(60,829)	-
Other untaxed income	(2,954,393)	(3,859,857)
Tax loss deduction for the period	(232,693)	(206,300)
Tax losses for the period	5,058,845	2,770,578
Autonomous taxation	427,949	456,894
Deferred taxes from previous financial years	(1,356,625)	(42,597)
Untaxed exchange differences	(1,452,022)	1,884,158
Others	(48,047)	476,907
	709,169	5,579,481
<b>INCOME TAXES EXPENSE</b>	<b>1,790,681</b>	<b>8,945,341</b>

With reference to the period ending on 31 December 2020 and 2019, in accordance with article 54-A of the Portuguese IRC Code, the Company opted for the non-inclusion of the taxable profit allocated to the Angola branch.

## 17.3. Deferred taxes

As at 31 December 2020, deferred tax assets and liabilities are the following:

DEFERRED TAX ASSETS	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Tax losses	-	-	-	-	-
Expenses not accepted	88,998	-	5,101,204	(22,905)	5,167,297
<b>TOTAL</b>	<b>88,998</b>	<b>-</b>	<b>5,101,204</b>	<b>(22,905)</b>	<b>5,167,297</b>

DEFERRED TAX LIABILITIES	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Revaluation surpluses	896,981	-	-	(154,657)	742,324
Taxable income	88,998	-	4,194,653	-	4,283,651
Depreciation not accepted	361,268	(141,670)	74,085	(7,959)	285,724
<b>TOTAL</b>	<b>1,347,247</b>	<b>(141,670)</b>	<b>4,268,738</b>	<b>(162,616)</b>	<b>5,311,699</b>

As at 31 December 2019, deferred tax assets and liabilities are the following:

DEFERRED TAX ASSETS	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Tax losses	-	-	88,998	-	88,998
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>88,998</b>	<b>-</b>	<b>88,998</b>

DEFERRED TAX LIABILITIES	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Revaluation surpluses	940,757	-	-	(43,776)	896,981
Taxable income	-	-	88,998	-	88,998
Depreciation not accepted	416,171	(56,083)	1,180	-	361,268
<b>TOTAL</b>	<b>1,356,928</b>	<b>(56,083)</b>	<b>90,178</b>	<b>(43,776)</b>	<b>1,347,247</b>

## 18. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

### 18.1. Non-current assets held for sale

As at 31 December 2020 and 2019, non-current assets held for sale are the following:

COMPANY	31.12.2020	31.12.2019
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A. assets		
Participation	-	-
Loan	17,408,516	-
Planestrada - Operação e Manutenção Rodoviária, S.A. assets		
Participation	547,581	-
<b>TOTAL</b>	<b>17,956,097</b>	<b>-</b>

31.12.2020 COMPANY	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	-	297,009,240	8,716,135	5,494,263
Planestrada - Operação e Manutenção Rodoviária, S.A.	547,581	3,715,121	2,336,006	971,448
<b>TOTAL</b>	<b>547,581</b>			

In December 2020, Conduril concluded a sales agreement of the SPER and Planestrada participations. The transaction depends on several preceding conditions, with its conclusion foreseen for the end of the first semester of 2021.

## 19. FINANCIAL INSTRUMENTS

### 19.1. Measurement bases

It is the Company's policy recognise an asset, a financial liability and an equity instrument only when it becomes a part of the contractual provisions of the instrument.

The Company measures, at cost or amortised cost less impairment loss, the financial instruments that have a defined maturity, which the returns have a fixed amount, with a fixed interest rate during the instrument's life or of variable rate which is a typical market indexing for financing operations (for example, Euribor),



or that includes a spread on that indexing, which does not contain a contractual clause that can result to its holder in loss of nominal value and accrued interest (excluding the cases of credit risk).

The contracts to grant or take a loan in a net basis and the equity instruments that are not publicly negotiated and whose fair value cannot be obtained reliably, as well as contracts connected to those instruments that, if executed, result in the delivery of those instruments, are also measured at cost or amortised cost less impairment loss.

All financial instruments which are not measure at cost or amortised cost less any impairment loss are measured at fair value.

The Company does not include the transaction costs in the initial measurement of financial asset or liability, which is measured at the fair value as part of profit/loss.

As long as the Company holds a financial instrument, the measurement policy will not be affected.

## 19.2. Financial assets and liabilities

Financial assets with recognition of impairment:

	31.12.2020		31.12.2019	
	CARRYING AMOUNT	ACCUMULATED IMPAIRMENT	CARRYING AMOUNT	ACCUMULATED IMPAIRMENT
Trade accounts receivable	93,258,613	-	108,583,253	-
Clients with guarantees	4,966,487	-	3,620,234	-
Doubtful debtors	1,983,727	(1,983,727)	2,045,632	(2,045,632)
<b>TOTAL</b>	<b>100,208,827</b>	<b>(1,983,727)</b>	<b>114,249,119</b>	<b>(2,045,632)</b>

## 19.3. Financing obtained

As at 31 December 2020 and 2019, the item "Financing obtained" is the following:

FINANCING OBTAINED	31.12.2020	31.12.2019
Escrow accounts	6,968,929	8,567,902
Bank loans	22,606,226	27,246,701
Commercial paper	23,300,000	20,800,000
Finance leases	22,468,844	6,102,020
Factoring	-	774,442
Contracted bank overdrafts	3,545,777	2,864,830
<b>TOTAL</b>	<b>78,889,776</b>	<b>66,355,895</b>

In addition, the maturity on 31 December 2020 is the following:

FINANCING OBTAINED	CURRENT	NON-CURRENT
Escrow accounts	6,968,929	-
Bank loans	1,169,613	21,436,613
Commercial paper	2,800,000	20,500,000
Finance leases	7,104,296	15,364,548
Factoring	-	-
Contracted bank overdrafts	3,545,777	-
<b>TOTAL</b>	<b>21,588,615</b>	<b>57,301,161</b>

#### 19.4. Permanent participations registered at cost and other financial investments

Financial investments in subsidiaries, associated companies and jointly controlled entities are registered by the equity method (note 9). The remaining investments are registered at acquisition cost or, in the case of financing granted, at nominal value. An assessment of the investments is made whenever there are indications that the asset may be impaired, with the impairment losses that are shown to exist being registered as expenses. Income obtained from financial investments (dividends or profit distributed) are registered in the income statement for the period in which distribution is decided and announced.

As at 31 December 2020 and 2019, the detail of permanent participations registered by the cost model and of other financial investments are the following:

	31.12.2020			31.12.2019		
	PERMANENT PARTICIPATION	LOANS GRANTED		PERMANENT PARTICIPATION	LOANS GRANTED	
		COST	ACCUMULATED IMPAIRMENT		COST	ACCUMULATED IMPAIRMENT
Rotas do Algarve Litoral, S.A.	-	11,412,786	(40,000)	-	11,396,123	(20,000)
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	-	-	-	-	17,408,516	(20,000)
Garval	1,682	-	-	1,682	-	-
Lisgarante	1,682	-	-	1,682	-	-
Norgarante	18,877	-	-	18,877	-	-
BAI - Banco Africano Investimento	341,375	-	-	341,375	-	-
Lusitânia Seguros	2,405	-	-	76,815	-	-
Edirio - Construções, S.A.	-	712,500	(437,960)	-	712,500	(231,310)
Conduril - Gestão de Concessões de Infraestruturas, S.A.	-	336,000	(336,000)	-	336,000	(336,000)
Métis Engenharia, Lda.	-	3,049,838	-	-	3,049,838	-
Urano, Lda.	-	1,259,118	-	-	1,259,118	-
Conduril Engenharia - Açores, S.A.	-	82,000	-	-	82,000	-
ENOP - Engenharia e Obras Públicas, Lda.	-	12,068	-	-	16,118	-
Public debt securities – non-current	59,311,609	-	-	57,578,234	-	-
Public debt securities – current	1,805,766	-	-	-	-	-
Other – FCT	58,263	-	-	39,370	-	-
<b>TOTAL</b>	<b>61,541,659</b>	<b>16,864,310</b>	<b>(813,960)</b>	<b>58,058,035</b>	<b>34,260,213</b>	<b>(607,310)</b>
Other non-current financial investments		75,786,243			91,710,938	
Other current financial investments		1,805,766			-	

#### 19.5. Total of interest income and expense for financial assets and liabilities

To calculate the amortised cost of a financial asset or a financial liability and allocate the interest income or interest expense during the period, the effective interest method was used. According to this method, the total of interest income for financial assets and the total of interest expenses for financial liabilities are the following:

##### A. Interest income for financial assets:

FINANCIAL ASSETS	31.12.2020	31.12.2019
Bank deposits and securities	2,805,829	2,693,237
Others	113	218
<b>TOTAL</b>	<b>2,805,942</b>	<b>2,693,455</b>

**B. Interest expenses for financial liabilities:**

FINANCIAL LIABILITIES	31.12.2020	31.12.2019
Financing	2,545,911	3,310,602
Finance leases	94,478	37,664
Others	1,567	2,866
<b>TOTAL</b>	<b>2,641,956</b>	<b>3,351,132</b>

**19.6. Impairment losses in financial assets**

For financial assets, which are not measured at fair value through the profit/loss and regarding which impairment is verified, the Company evaluated the respective impairment. From this evaluation, the Company was able to acquire objective evidence that the financial assets, shown in the following table, present impairment losses for the period:

FINANCIAL ASSETS	31.12.2020		
	INCREASES	REVERSALS	UTILISATIONS
Clients	-	-	(61,788)
Other accounts receivable	-	-	-
Other financial assets	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>(61,788)</b>

FINANCIAL ASSETS	31.12.2019		
	INCREASES	REVERSALS	UTILISATIONS
Clients	-	(132)	(112,113)
Other accounts receivable	-	-	-
Other financial assets	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>(132)</b>	<b>(112,113)</b>

**19.7. Amount of share capital**

As at 31 December 2020, the Company had a share capital of 10,000,000 euros, fully subscribed and paid-in.

**19.8. Shares representing share capital**

As at 31 December 2020, the share capital was composed of 2,000,000 shares, with a nominal value of 5 euros each.

**20. EMPLOYEE BENEFITS****20.1. Post-employment benefits**

As at 31 December 2020, there were 123 employees enjoying post-employment benefits regarding benefit plans defined. On 31 December 2020, the operations related to the period are the following:

PENSION COSTS	31.12.2020	31.12.2019
Cost of current services	397,587	291,648
Interest cost	289,115	326,036
Actuarial gains and losses	-	-
Return on assets	-	-
Other variations	-	-
<b>TOTAL</b>	<b>686,702</b>	<b>617,684</b>

On 31 December 2020, there is a deficit of the amount of past responsibilities regarding the value of the existing fund in the amount of 3,038,863 euros. The increase in responsibilities is related to the impact of the changes of some assumptions, namely interest rate and growth rate of wages. This amount is registered in the item "Creditors by accrued expenses". The responsibilities with assets in the solvency scenario are fully financed.

In what concerns the accrued amounts of actuarial gains and losses, these are registered in the equity item "Adjustments/Other changes in equity", in the amount of 3,113,050 euros (2019: 2,518,271 euros).

Assumptions used in the actuarial study of 2020 and 2019:

	ASSUMPTIONS 2020	ASSUMPTIONS 2019
Mortality table	TV 88/90	TV 88/90
Invalidity table	Swiss Re 2001	Swiss Re 2001
Normal retirement age	66-70 years	66-70 years
Number of pensions in the year	13	13
Rate of return of assets	swap curve as at 31/12/2020 plus 2.25% p.p.	swap curve as at 31/12/2019 plus 2.25% p.p.
Growth rate of wages	2.00%	2.00%
Growth rate of pensions	0.00%	0.00%
Participants	337	324
Beneficiaries	123	123

## 20.2. Social benefits

As at 31 December 2020, the expenses related to the activity of the Conduril Academy (centre accredited by the bodies that are responsible for vocational training in the countries it operates in), are fully financed by Conduril, and are the following:

EXPENSES WITH CONDURIL ACADEMY PROGRAMMES	31.12.2020
PAAE (Literacy and School Acceleration Programme)	53,232
Conduril Higher Education Scholarships	182,507
Technical and Vocational Training	45,626
Human and Cultural Training	15,209
Process for Recognition, Validation and Certification of Professional Skills	7,604
<b>TOTAL</b>	<b>304,178</b>
EXPENSES WITH CONDURIL ACADEMY PROGRAMMES	31.12.2019
PAAE (Literacy and School Acceleration Programme)	246,962
Technical and Vocational Training	172,873
Human and Cultural Training	24,696
RVCCP (Process for Recognition, Validation and Certification of Professional Skills)	49,393
<b>TOTAL</b>	<b>493,924</b>

## 21. OTHER INFORMATION

### 21.1. State and other public bodies

The item "State and other public bodies" as at 31 December 2020 and 2019 is the following:

ASSETS	31.12.2020	31.12.2019
Personal Income Tax	282	1,097
Value Added Tax	10,459,981	9,296,258
Social Security Contributions	1,524	9,618
Business Income Tax	3,328,801	3,016,483
Other taxation	2,152,043	1,988,602
<b>TOTAL</b>	<b>15,942,631</b>	<b>14,312,058</b>

LIABILITIES	31.12.2020	31.12.2019
Personal Income Tax	568,363	578,270
Value Added Tax	6,572,045	6,992,905
Social Security Contributions	734,199	548,284
Business Income Tax	5,557,065	8,226,004
Other taxation	256,047	334,944
<b>TOTAL</b>	<b>13,687,719</b>	<b>16,680,407</b>

### 21.2. Turnover

The turnover as at 31 December 2020 and 2019 is distributed as follows:

	31.12.2020	31.12.2019
Internal market	60,616,462	53,309,785
External market	50,348,244	93,431,364
<b>TOTAL</b>	<b>110,964,706</b>	<b>146,741,149</b>

### 21.3. External supplies and services

The item "External supplies and services" is the following, for the period ending on 31 December 2020 and 2019:

	31.12.2020	31.12.2019
Subcontracts	36,970,325	28,663,804
Specialised services	8,985,355	10,326,792
Materials	604,392	1,017,596
Energy and fluids	1,496,100	2,749,321
Travel, accommodation and transport	3,422,542	3,552,669
Rentals and leases	3,528,958	4,079,052
Communication	262,464	323,432
Insurances	1,042,655	912,985
Legal and notary services	39,879	14,122
Representation expenses	7,626	28,410
Hygiene and comfort services	259,529	243,322
Other services	956,689	1,454,905
<b>TOTAL</b>	<b>57,576,514</b>	<b>53,366,410</b>

## 21.4. Personnel expenses

The item “Personnel expenses” is the following, for the period ending on 31 December 2020 and 2019:

	31.12.2020	31.12.2019
Remunerations of the management bodies	1,134,030	1,179,832
Personnel remunerations	25,605,538	27,202,023
Post-employment benefits (Note 20.1)	686,702	617,684
Compensations	18,202	36,677
Social charges	3,582,640	3,205,909
Insurance schemes for accidents at work and occupational diseases	1,009,941	943,320
Social welfare expenses	1,674,937	2,256,201
Others	671,563	836,740
<b>TOTAL</b>	<b>34,383,553</b>	<b>36,278,386</b>

## 21.5. Other income

The item “Other income” is the following, for the period ending on 31 December 2020 and 2019:

	31.12.2020	31.12.2019
Additional income	6,575,066	4,469,526
Cash discounts obtained	57,514	70,662
Exchange gains	12,401,259	2,419,830
Gains in inventories	21	12,935
Income and gains in the remaining non-financial assets	859,675	570,945
Interest received	2,805,942	2,693,455
Dividends earned	127,917	118,586
Corrections related to the previous periods	340,638	184,011
Contractual benefits	1,874	386,344
Others	954,671	176,569
<b>TOTAL</b>	<b>24,124,577</b>	<b>11,102,863</b>

## 21.6. Other expenses

The item “Other expenses” is the following, for the period ending on 31 December 2020 and 2019:

	31.12.2020	31.12.2019
Taxes	1,693,010	2,128,901
Cash discounts given	30	789,241
Exchange losses	1,101,882	11,000,415
Expenses and losses in non-financial investments	91,843	16,987
Fines and penalties	212,134	249,473
Corrections related to the previous periods	359,082	88,025
Others	64,190	106,687
<b>TOTAL</b>	<b>3,522,171</b>	<b>14,379,729</b>

## 21.7. Financial profit and loss account

The financial profit and loss are the following:

FINANCING EXPENSES AND LOSSES	31.12.2020	31.12.2019
Interest paid	2,640,389	3,348,266
Other financing expenses and losses	618,240	467,606
<b>TOTAL</b>	<b>3,258,629</b>	<b>3,815,872</b>

## 21.8. Deferrals

Deferred assets and deferred liabilities are the following:

DEFERRED ASSETS	31.12.2020	31.12.2019
Expenses to be recognised – insurances	666,574	371,853
Other deferrals	44,474	49,294
<b>TOTAL</b>	<b>711,048</b>	<b>421,147</b>

DEFERRED LIABILITIES	31.12.2020	31.12.2019
Income to be recognised – NCRF 19	1,274,661	622,212
Income to be recognised – internal operations profit	285,580	523,350
Billing to be recognised	-	105,017
<b>TOTAL</b>	<b>1,560,241</b>	<b>1,250,579</b>

## 21.9. Other accounts payable and receivable

The item “Other accounts receivable” is the following, for the period ending on 31 December 2020 and 2019:

	31.12.2020	31.12.2019
Trade creditors – debit balances	829,910	616,427
Contract retentions	3,084,223	1,912,420
Other debtors – related parties	17,689,645	20,813,086
Debtors by accrued income	31,043,424	45,671,907
Payments on account	173,690	49,751
Personnel	35,905	424,098
Other debtors	7,639,137	8,756,080
<b>TOTAL</b>	<b>60,495,934</b>	<b>78,243,769</b>

The amount related to “Debtors by accrued income” essentially refers to the application of the percentage of completion method, according to the NCRF 19 – “Construction contracts”.

The item “Other accounts payable” is the following, for the period ending on 31 December 2020 and 2019:

	31.12.2020	31.12.2019
Clients – credit balances	38,105	53,367
Personnel	1,461,332	2,366,853
Investment providers	1,385,117	55,397
Creditors by accrued expenses – remunerations	1,797,788	1,719,557
Creditors by accrued expenses – others	3,607,792	4,222,384
Other creditors – related parties	694,050	669,630
Other creditors	2,171,950	2,981,907
<b>TOTAL</b>	<b>11,156,134</b>	<b>12,069,095</b>

### 21.10. Proposal of application of net income

In compliance with the legal and statutory provisions, in pursuance of the policy of fair return on the invested capital and the increase in its solvency, the Board of Directors proposes that the net income for the period, in the amount of 1,136,131 euros, has the following distribution:

- Dividends: 540,000 euros, corresponding to 0.30 euros per share;
- Other reserves: 596,131 euros.

## 22. DISCLOSURES REQUIRED BY LEGISLATION

The Company has no overdue debts to the Portuguese State, in accordance with the Decree-law no. 534/80, of 7 November.

Compliant with the Code of Contributory Regimes of the Social Security System, the Company paid its social security contributions within the stipulated time frames.

Additional disclosures for the entities referred to in article 2(1)(h) and article 9(4), of the Decree-law no. 158/2009, of 13 July, as amended by Decree-law no. 98/2015, of 2 June:

### 22.1. Net turnover broken down by geographical markets

	31.12.2020	31.12.2019
Portugal	61,195,131	55,756,381
Angola	21,491,267	50,954,206
Mozambique	7,769,929	13,418,899
Zambia	7,941,134	20,727,295
Malawi	10,464,089	3,337,295
Gabon	2,103,156	2,547,073
<b>TOTAL</b>	<b>110,964,706</b>	<b>146,741,149</b>

### 22.2. Statutory Auditor fees

In 2020, the fees of the Statutory Auditor amounted to 27,500 euros (2019: 28,750 euros).





SECTION

04



**REPORT AND  
OPINION OF  
THE  
STATUTORY  
AUDIT BOARD**

# STATUTORY AUDIT BOARD

## 1. FINANCIAL YEAR OF 2020

Dear Shareholders:

In compliance with the legal provisions, the Statutory Audit Board submits its report and issues its opinion on the management report, balance sheet, accounts and proposal of application of net income, which were presented by the Board of Directors of Conduril - Engenharia, S.A., regarding the financial year ended on 31 December 2020.

## 2. REPORT

In the performance of its duties, the Statutory Audit Board had regular meetings accompanying the social activity and the evolution of Conduril - Engenharia, S.A. business, watched and ensured the fulfilment of the law and the articles of association, and it was informed of the acts carried out by the Board of Directors, which has always clarified any situation when requested.

Also in the performance of its duties, the Board carried out a careful analysis of the management report presented by the Board of Directors, the balance sheet, the income statement, the cash flows and the changes in equity for the financial year ended on

31 December 2020, and its annex with the explanatory notes. These documents are considered to be correct and offer a clear picture of the activity developed and the financial position.

Within the framework of its competence, the Board was informed of the works developed during the year by the Audit Firm, obtained from it the necessary information and clarifications, provided by its representative, required for the control of the official audit to the other financial statements, was informed of the conclusions and recommendations of the audit report sent to the Board of Directors, and proceeded to the analysis of the legal certification of accounts, whose contents deserve the agreement of the Board.

The Board, still in the framework of its competence, expresses its agreement regarding the accounting policies and the valuation criteria adopted.

As a result of the above, the Board considers that the management report, balance sheet, income statement, cash flows and changes in equity allow, in the whole, for a correct understanding of the financial situation of Conduril - Engenharia, S.A., on 31 December 2020, and the income statement for the financial year ended on that date, and, finally, it also considers that the legal and statutory provisions were respected.

As a conclusion, the Board also thanks, along with the Board of Directors, the Employees for their commitment and dedication.

Therefore, the Statutory Audit Board issues the

### **3. OPINION**

1. that the management report, balance sheet, accounts and its notes for the financial year ended on 31 December 2020 are approved;
2. that the proposal of application of net income included in the management report, in the terms presented by the Board of Directors is approved.

Ermesinde, 26 March 2021

THE STATUTORY AUDIT BOARD

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Ademar Américo Soares Paiva, President

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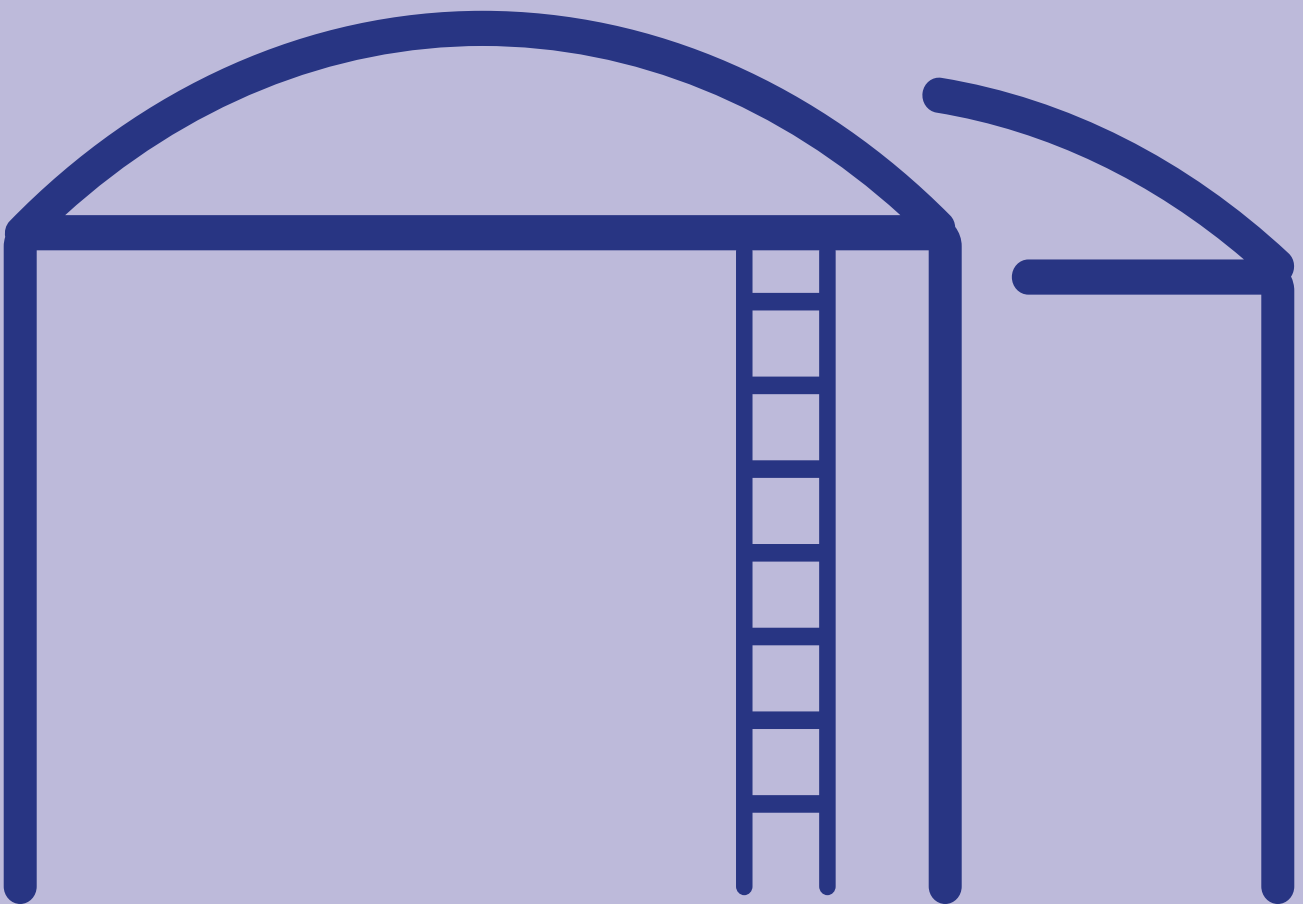
Maria de Lourdes Lopes Chaves

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Júlio Gales Ferreira Pinto

SECTION

# 05



**LEGAL  
CERTIFICATION  
OF  
ACCOUNTS**

# LEGAL CERTIFICATION OF ACCOUNTS

## 1. REPORTING ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Conduril - Engenharia, S.A. (the Entity), which comprise the balance sheet on 31 December 2020 (which reflects a total of 386,854,139 euros and total equity of 178,277,974 euros, including a net income of 1,136,131 euros), the profit and loss account by nature, the statement of changes in equity and the cash flow statement for the year ended on that date, and the notes attached to the financial statements, comprising a summary of significant accounting policies.

In our opinion, the financial statements attached present a true and proper view, in all material aspects, of the financial position of Conduril - Engenharia, S.A. on 31 December 2020 and its financial performance and cash flows for the year ended on that date, in accordance with the Accounting Standards and Financial Reporting adopted in Portugal through the Accounting Standardisation System.



## Grounds for the opinion

Our audit was performed in accordance with the International Standards on Auditing (ISAs) and further standards and technical and ethical guidelines of the Portuguese Institute of Statutory Auditors (OROC, Ordem dos Revisores Oficiais de Contas). Our responsibilities under those standards are described in the section “Auditor’s responsibilities for the audit of the financial statements” below. We are independent from the Entity under the law and we meet all other ethical requirements in accordance with the code of ethics of the Portuguese Institute of Statutory Auditors.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis to our opinion.

## Emphasis

In Note 1 of the Notes to the Financial Statements with reference to 31 December 2020, information regarding the impacts resulting from the COVID-19 pandemic reflected in the Entity’s activity are disclosed, as well as the measures implemented to ensure the continuity of its operations. As mentioned in that note, there are relevant uncertainties regarding the effects on the future operations of the Entity, due to the inability to predict the duration of the COVID-19 pandemic. Based on the information available, the Board of Directors considers that the assumption of continuity used in the preparation of the financial statements with reference to 31 December 2020, is still appropriate.

Our opinion is not affected by this matter.

## Responsibilities of the management body and the supervisory body for the financial statements

The management body is responsible for:

- the preparation of the financial statements that present a true and proper view of the financial position, financial performance and cash flows of the Entity, in accordance with the Accounting Standards and Financial Reporting adopted in Portugal through the Accounting Standardisation System;
- the preparation of the management report under the terms of the applicable rules and regulations;
- the creation and maintenance of an appropriate internal control, to enable the preparation of financial statements free of material misstatements due to fraud or errors;
- the adoption of accounting policies and criteria adequate to the circumstances; and
- the assessment of the Entity’s ability to maintain its continuity, disclosing, when applicable, the topics that could give rise to justifiable doubt about the continuity of the activities.

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 a reasonable assurance if the financial statements, as a whole, are free of material misstatements due to fraud or errors and issue a report where our opinion is expressed. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with the ISAs will always detect a material misstatement when it exists. The misstatements may derive from fraud or errors, and they are considered material if, alone or together, they might reasonably be expected to influence the economic decisions made by the users based on those financial statements.

As part of an audit under the ISAs, we make professional judgements and we maintain professional scepticism during the audit, and we also:

- identify and assess the risks of material misstatements of the financial statements, due to fraud or errors; prepare and perform audit procedures that address those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to errors, since fraud can involve collusion, falsification, intentional omissions, false statements or overlap of the internal control;
- obtain an understanding of the internal control relevant to the audit, with the aim of preparing audit procedures that are appropriate in the circumstances, but not to express an opinion about the efficiency of the internal control of the Entity;
- evaluate the appropriateness of the accounting policies used and reasonableness of accounting estimates and respective disclosures made by the management body;
- concluded on the appropriateness of use, by the management body, of the going concern assumption and, based on the audit evidence obtained, if there is any material uncertainty related to events or conditions that could give rise to justifiable doubt about the Entity's ability to continue its activities. If we conclude that there is a material uncertainty, we should point out in our report the disclosures included in the financial statements or, if those disclosures are not appropriate, change our opinion. Our conclusions are based on the audit evidence obtained until the date of our report. However, events or future conditions may lead the Entity to discontinue its activities;
- evaluate the presentation, structure and global contents of the financial statements, including the disclosures, and if those financial statements represent the underlying transactions and events in order to achieve an appropriate presentation;
- communicate to the governance officers, among other subjects, the scope and planned schedule of the audit, and the relevant conclusions of the audit, including any significant gap of the internal control identified during the audit.

Our responsibility also includes the verification of compliance of the information in the management report with the financial statements.

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## 2. REPORTING ON OTHER LEGAL RULES AND REGULATIONS

### About the management report

Compliant with article 451(3)(e) of the Portuguese Companies Act, we believe that the management report was prepared in accordance with the applicable rules and regulations in force, its information is in line with the financial statements audited and, based on the knowledge and evaluation on the Entity, we did not identify material misstatements.

Porto, 25 March 2021

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HORWATH & ASSOCIADOS, SROC, LDA.  
Represented by Ana Raquel Borges L. Esperança Sismeiro (ROC 1126)



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