

CONSTRUCTEL VISABEIRA
ANNUAL REPORT 2021

CONNECTING
THE WORLD
OF TOMORROW



CONSTRUCTEL
VISABEIRA

CONSTRUCTEL VISABEIRA ► ANNUAL REPORT 2021

CONNECTING THE WORLD OF TOMORROW

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CONSTRUCTEL VISABEIRA



Message from the Chairman of the Board of Directors

The year 2021 was a landmark year for the definitive strengthening of Constructel Visabeira's status as one of the main European players in the field of integrated supply of telecommunications and energy network engineering services.

Constructel Visabeira achieved an extremely positive performance this financial year, with a consolidated turnover of 851 million euros, corresponding to an increase of 28.4% compared to 2020. Regarding EBITDA, Constructel Visabeira reached 102.4 million euros, an increase of 23.0% compared with the same period last year. In the European market, excluding Portugal, turnover was 605 million euros, representing 71% of Constructel Visabeira's total. Also of particular note is the energy area, which represented about 24% of total turnover, driven by growth in the American market, which already accounts for about 10% of consolidated turnover.

Despite the pandemic context that we are still experiencing, strong growth was predominantly organic in the United Kingdom, Belgium and Germany, which were the main drivers of the increase in activity in the European market, namely in the optical fibre network construction segment. Within the scope of the policy for acquisitions, of particular note is the integration of Cunha Soares into our portfolio, operating in the sector of construction of electricity transmission networks, with particular emphasis on Germany, Sweden and Finland.

We have thus designed solid and sustainable growth, already guaranteed by continuing

contracts that were signed throughout the year and that are in prospect, creating a very comfortable contract portfolio that, on the 31st of December, stood at 2.5 billion euros of services.

Special mention goes to the partnership with Goldman Sachs Asset Management, which resulted in an investment of 200 million euros, in exchange for a minority shareholding. The proceeds of the investment will be used predominantly to accelerate organic and inorganic growth through acquisitions, leveraging the company's expansion strategy. The company thus reinforces its position, combining its unique view of markets, industries and regions and the global resources of Goldman Sachs, to develop businesses and accelerate the creation of value in Constructel's portfolios of activities.

On the 31st of December 2021, Grupo Constructel Visabeira consists of 34 companies located in Portugal, France, the United Kingdom, Denmark, Germany, Belgium, Italy, Spain and the United States of America.

The strategy for the coming years is to maintain the course of success that has been followed and which will be greatly supported by overcoming the economic and political challenges and uncertainties that currently surround our activities. We will be focused on reinforcing the dynamics that are so characteristic of the company, in the certainty that the Constructel Visabeira teams are unsurpassed in their motivation and commitment to overcome all obstacles, with creativity and competence, always meeting the expectations of their clients.



To all Customers, Partners, Suppliers and Employees, our recognition and sharing of the success achieved, in the certainty that this path will continue.

Nuno Miguel Rodrigues Terras Marques
Presidente do Conselho de Administração

851M€
turnover

In the European market, excluding Portugal, turnover was 605 million euros, representing 71% of Constructel Visabeira's total in the region.

102M€
EBITDA

23%
growth in EBITDA compared to 2020

2481M€
in contracts signed for the coming years

Vision



To be an international benchmark in the telecommunications and energy sector, with multiple integrating skills as well as with a wide range of turnkey solutions in project development.

Mission

Creating the best solutions, focusing on innovation and anticipating Customers' needs, exceeding their expectations.



Values



Leadership

We look to become a reference model in the sectors we do business in, leading through the ability to forecast and perform.

Innovation

The implementation of innovative methods and investment in new technologies are factors of differentiation, capable of creating value in the various areas we do business in.

Management Skills

By efficiently controlling the various stages of each project, it is possible to optimize resources and guarantee the quality of results.

Collaboration

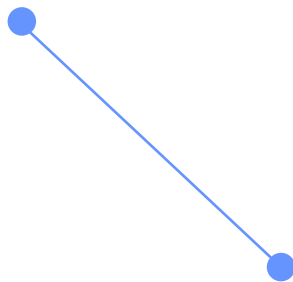
Every day, we create strong connections that make our partners go further.

People

People built up a company, so we value teamwork, creating relationships of trust with our employees, customers and partners.

Statutory Boards

In a company that creates connections, the strongest connections are those that unite us.



Leadership with a clear vision, combined with the dedication and professionalism of our employees make Constructel Visabeira a reference partner, capable of anticipating customers' needs and exceeding their expectations.

Board of Directors

Chairman
Nuno Miguel Rodrigues Terras Marques

Vice-Chairman
António José Monteiro Borges

Members
Luís Filipe Monteiro Marques
Luís Alexandre de Almeida Ferreira
Alexandra da Conceição Lopes
João Manuel Pisco de Castro
Jorge Manuel Ferreira Guimarães Sousa
António Carlos Ferreira Rocha Perpétua
Luís Miguel Ferreira Figueiredo

Statutory Auditor

Ernst & Young, Audit & Associados – SROC, S.A., represented by:
Daniel José Venâncio Guerreiro

Substitute
Pedro Jorge Monteiro da Silva e Paiva

General Meeting

Chairman
Leopoldo de Sousa Camarinha

Secretary
Isabel Alexandra Ferreira de Almeida da Trindade Correia



Nuno Marques
Chairman



António José Borges
Vice-Chairman



Luís Monteiro Marques
Member of the Board



Luís Alexandre Ferreira
Member of the Board



Alexandra Lopes
Member of the Board



João Castro
Member of the Board



Jorge Sousa
Member of the Board



António Perpétua
Member of the Board



Luís Miguel Figueiredo
Member of the Board

Where we are

9 Countries

5,780 Employees

PORTUGAL

159 M€
Turnover

1,440
Employees

Constructel Visabeira
Viatel
PDT
IUTEL
Visabeira Infrastruturas
EIP Serviços
Cunha Soares
Aeroprotechnik
Visapower

FRANÇA

283 M€
Turnover

2,500
Employees

Constructel France
Constructel Energie
Escotel
Gatel
SCI Constructel
Visactys

UNITED KINGDOM

180 M€
Turnover

600
Employees

MJ Quinn - Integrated Services
MJ Quinn Constructel
Quinn Constructel

USA

87 M€
Turnover

180
Employees

J.F. Edwards

BELGIUM

71 M€
Turnover

310
Employees

Constructel Modal
Constructel Belgium
OMV Natie
Modal Installation
Cabling Station
Infrasign

GERMANY

38 M€
Turnover

390
Employees

Constructel GMBH
Franz Josef Braun
Cunha Soares
Constructel BAU

DENMARK

13 M€
Turnover

120
Employees

Constructel Denmark
Toft Hansen

ITALY

11 M€
Turnover

115
Employees

IEME
Constructel Italia
SCI Constructel Italia

SPAIN

10 M€
Turnover

120
Employees

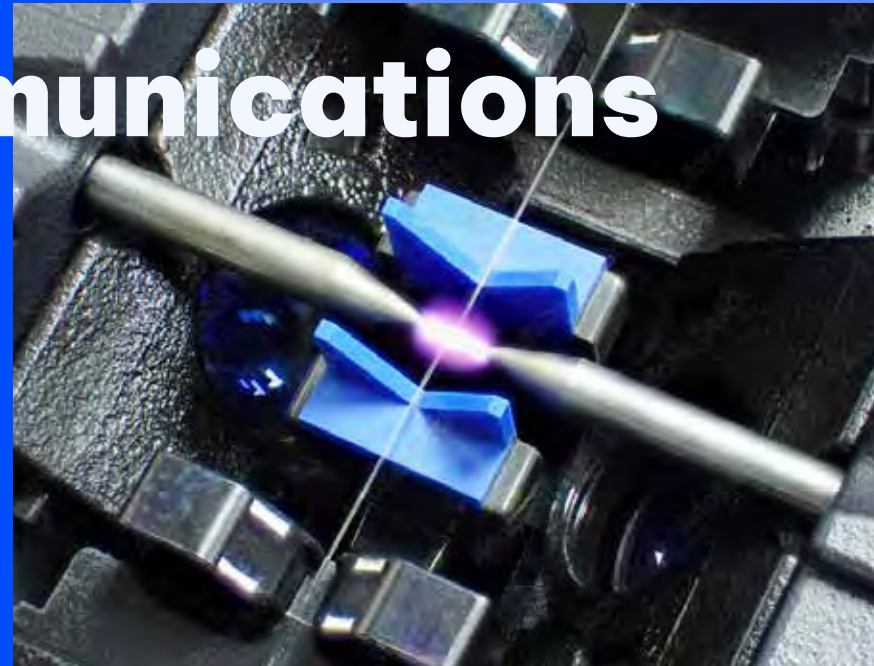
Tensa

Our companies

Telecommunications

Fixed and New Generation Networks

We perform all the necessary steps to create infrastructures, overhead and underground, as well as to install and maintain local networks, for subscribers and for interconnection



Mobile Networks and Wireless Solutions

We master a wide range of skills in the area of wireless infrastructure and technologies, including engineering and designing solutions, purchasing and constructing telecommunication stations, installing active and passive equipment, operating and maintaining mobile networks and wireless solutions.



Energy



We are specialists in the design, construction, O&M of low, medium, high and very high voltage electrical infrastructure, including voltage work for the main energy utilities (DSO's and TSO's), with a focus on the electricity and renewable energy sectors, including solar, wind, cogeneration and biofuels.





Telecommunications

PORTUGAL

Viatel

PDT

IUTEL

Aeroprotechnik



FRANCE

Constructel France

SCI Constructel

Escotel

Gatel

Visactys

Telecommunications

UNITED KINGDOM

MJ Quinn – Integrated Services



BELGIUM

Constructel Modal
Constructel Belgium
OMV Natie
Modal Installation
Cabling Station
Infrasign





Telecommunications

GERMANY

Constructel GMBH
Franz Josef Braun
Constructel BAU



DENMARK

Constructel Denmark
Toft Hansen

ITALY

Constructel Italia
SCI Constructel Italia
IEME



Energy

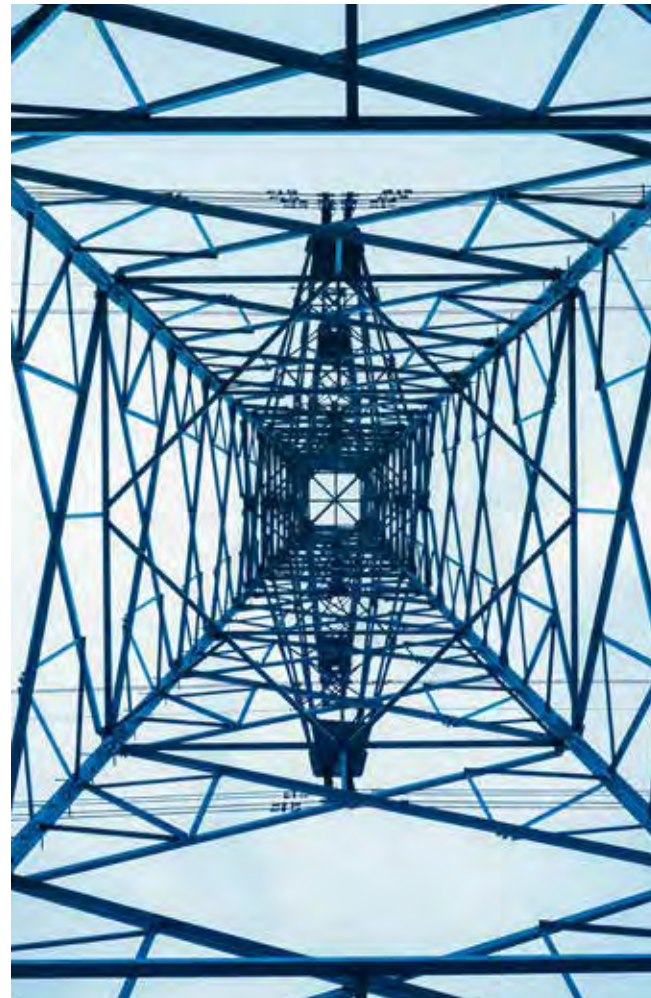
PORTUGAL

Visabeira Infraestruturas

EIP Serviços

Cunha Soares

Visapower



FRANCE

Constructel Energie



Energy

UNITED KINGDOM

MJ Quinn – Integrated Services



DENMARK

Toft Hansen

ITALY

Constructel Italia
IEME



Energy

GERMANY

Cunha Soares

SPAIN

Tensa



USA

JF Edwards



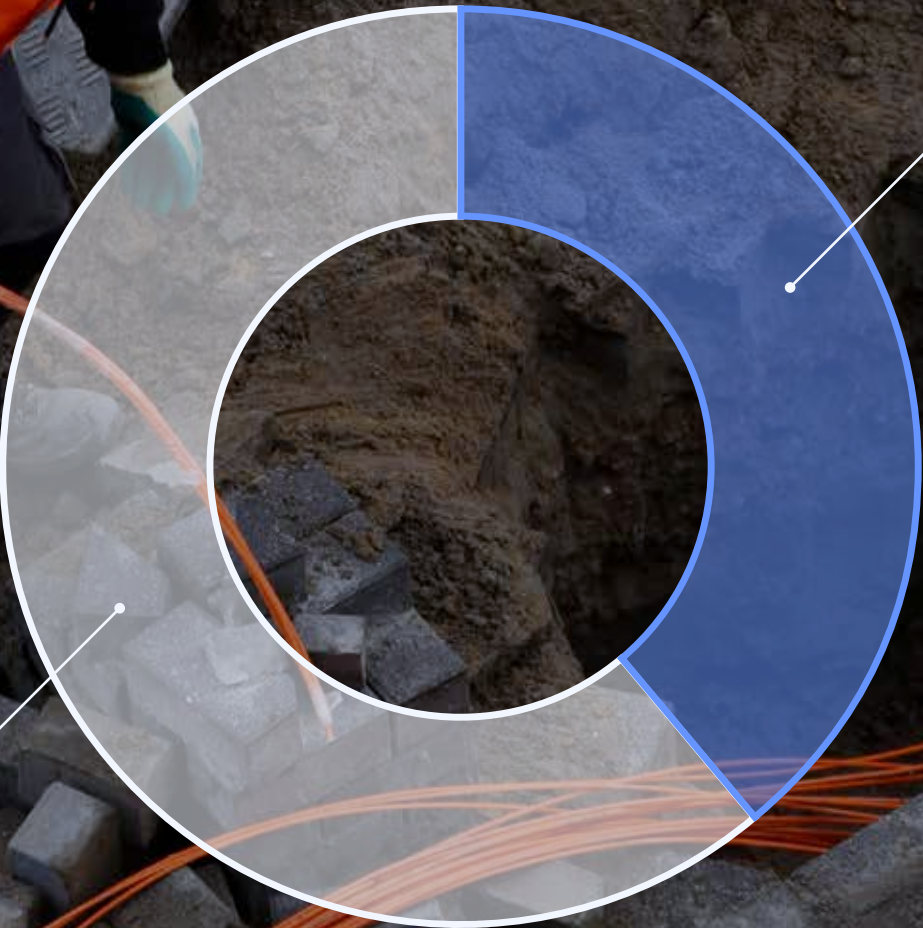
2021 OVERVIEW



2

Constructel Visabeira's holdings

GRUPO VISABEIRA
35.94%



VISABEIRA GLOBAL
64.06%

EUROPE

Germany	
Constructel GmbH	100.00%
Franz Josef Braun	100.00%
Constructel Bau	100.00%
Belgium	
Constructel Modal	100.00%
Constructel Belgium	100.00%
OMV Natie	70.00% (a)
Modal Installation	100.00%
Cabling Station	100.00%
Infrasign	100.00%
Denmark	
Constructel Denmark	100.00%
Toft Hansen	100.00%
Spain	
Tensa	90.00% (a)
France	
Constructel	100.00%
Constructel Energie	99.07%
Escotel	100.00%
Gatel	100.00%
SCI Constructel	99.90%
Visactys	100.00%
Italy	
IEME	100.00%
Constructel Italia	100.00%
SCI Constructel Italia	100.00%

Portugal	
Viatel	100.00%
PDT	100.00%
Visabeira Infrastruturas	100.00%
EIP Serviços	90.00% (a)
Cunha Soares	51.00% (b)
Aeroprotechnik	51.00%
IUTEL	99.95%
Visapower	90.00% (a)
United Kingdom	
MJ Quinn - Integrated Services	100.00%
Quinn Constructel	100.00%
MJ Quinn Constructel	100.00%
Sweden	
Constructel Sweden	100.00%
AMERICA	
United States of America	
J.F.Edwards	90.00% (a)

a) Control percentage for consolidation of 100%.
b) Control percentage for consolidation of 80%.

Analysis of consolidated results

Macroeconomic background

As a preliminary note, it is important to mention that the texts of this report were drawn up at a stage in which the pandemic crisis, which left its mark in the last two years, was already experiencing some relief, and the threatening rise of a warlike climate was felt, which in the meantime has escalated to a scenario of open conflict in Europe, with impacts not yet fully measurable. An unpredictable and fearful context, loaded with new uncertainties and a catalyst for a worrying escalation of complex difficulties, in a wide variety of domains, for which it is not yet possible to anticipate all the consequences. In this new framework, the company has decided to maintain most of the contents of this report, as they reflect the relevant information from the balance sheet for the year and the perspectives that shaped the plans for 2022.

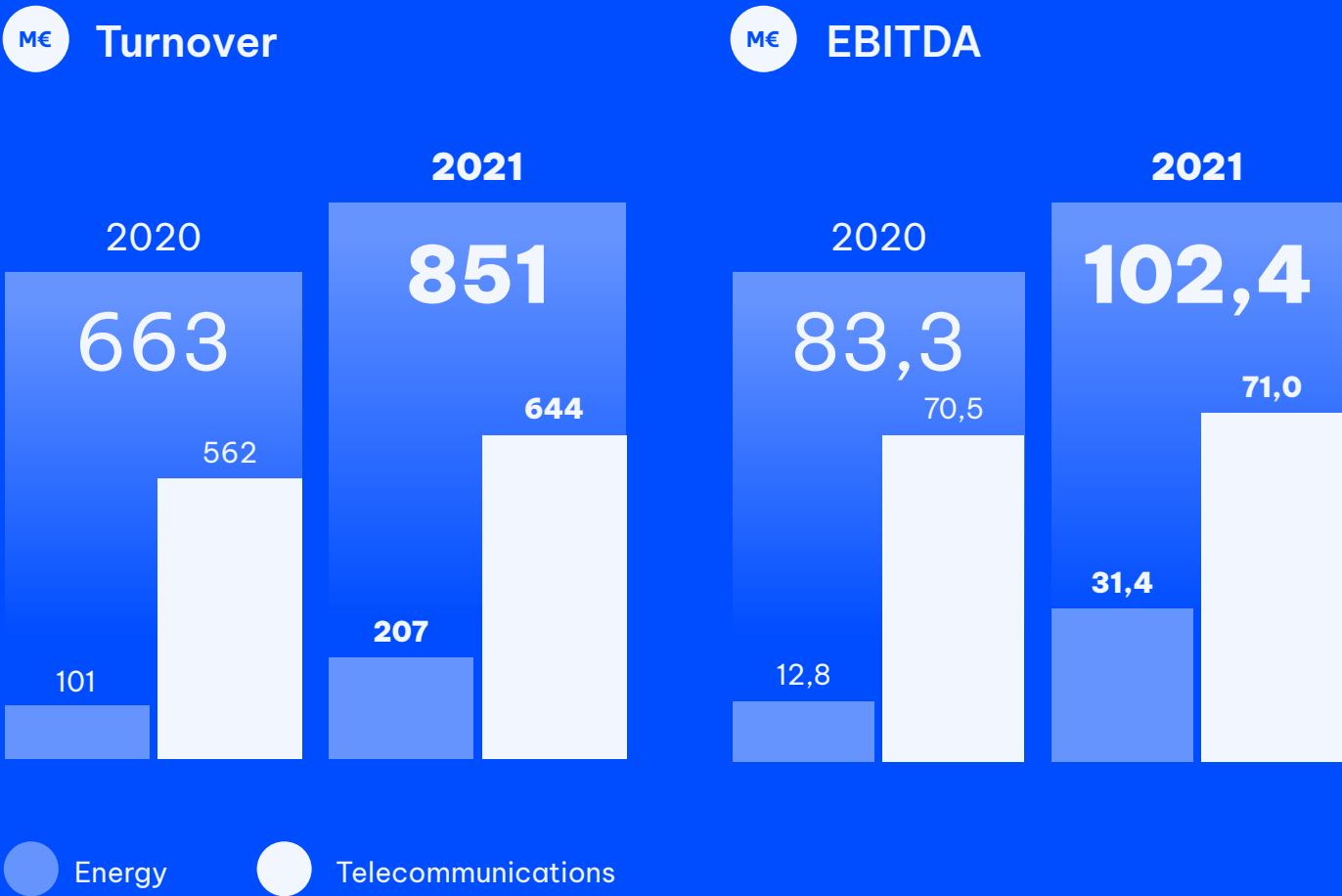
The year 2021 was a year of recovery from the impacts of the pandemic crisis. The world has taken on a new economic dynamic, which has enabled growth of 5.6% in 2021 and expected to follow an accelerated pace of 4.5% in 2022, decreasing to 3.2% in 2023.

In the European context, the recovery from the recession from the pandemic was faster than expected, with the Eurozone and EU economy reaching a growth rate of 5% in 2021, which should continue to expand with more moderate growth of 4.3% and 2.5% in 2022 and 2023, respectively. After reaching 6.9% of GDP in 2020, the EU aggregate deficit is expected to have declined marginally to 6.6% in 2021 due to budget support and is projected to decline to around 3.6% of GDP in 2022, decreasing further to 2.3% in 2023. In Portugal, during 2021, the Portuguese economy grew by 4.8%. Forecasts assume a growth of 5.8% for 2022, with a more moderate rate of expansion being projected in 2023 and 2024, with growth of 3.1% and 2.0%, respectively. Inflation was also revised upwards, having increased by 0.9% in 2021 and it is expected to grow by 1.8% in 2022, but reduce to 1.1% and 1.3% in the following two years. Projected Portuguese economic growth will be strongly induced by the benefit of receiving European funds, by the prospects of a recovery in demand and by favourable financing conditions.



Constructel Visabeira

In 2021, the results achieved confirm the aptness of the course outlined and allow us to face the challenges that we have anticipated with renewed optimism and confidence in order to conquer new markets and new geographies that are emerging as future paths. This is a future that we are building daily with the dynamic and committed attitude that makes Constructel Visabeira stand out and, as always, supported by a rigorous process of planning, control and evaluation, sustaining strategic decisions and daily management. This is the DNA of Constructel Visabeira ensuring continuous optimization of available resources and the maximization of the competences and capacities of the entire team, permanently oriented towards results.



Results

Constructel Visabeira's performance throughout 2021 was, once again, very positive, marked by the growth of its business in the European market and improvements in profitability. This year, Constructel Visabeira reached a consolidated turnover of around 851 million euros, an increase of 28.4% compared to 2020. Regarding EBITDA, Constructel Visabeira reached 102 million euros this year, an increase of 23.0% over the same period last year. The EBITDA margin in 2021 stood at 12.0% (12.6% in 2020). The operational result also had a positive evolution reaching 64.0 million euros, an increase of 15.6% compared to 2020, where the operational result stood at 55.4 millions of euros. In the European market, turnover was 692 million euros, representing 81% of Constructel Visabeira's total, where the Grupo intends to continue to expand. It is important to highlight the French and English markets, which in 2021 represented approximately 55% of consolidated turnover. It is also important to highlight that the American market, where Grupo Constructel Visabeira is represented by the company J.F.Edwards, represents around 10% of the consolidated turnover. The telecommunications segment is the most important in Constructel Visabeira, reaching 644 million euros in 2021, representing approximately 76% of consolidated turnover.

Statement of Financial Position

On the 31st of December 2021, the value of Constructel Visabeira’s assets reached 640 million euros. In 2021, Constructel Visabeira made investments in tangible fixed assets and assets under rights of use (financial leases), at around 31.0 million euros, with the largest investments made in France at around 9.5 million euros. The Grupo has goodwill of around 175 million euros, with the main cash generating companies being MJ Quinn in the United Kingdom (56.9 million euros), Cunha Soares (28.3 million euros), Constructel in France (17.0 million euros) and Viatel in Portugal (15.0 million euros). The assets associated with contracts with customers, referring to services already carried out in accordance with the terms signed with customers and not yet invoiced, reached 110 million euros, and are largely related to the telecommunications area. Regarding liabilities, those associated with customer contracts reached 20.5 million and largely refer to advance billing and advance payments

	2021	2020
Loans	149,977,653	166,440,695
Lease liability	51,584,967	47,755,345
Cash and cash equivalents	-84,279,296	-110,065,662
Net financial debt	117,283,324	104,130,377
EBITDA	102,424,190	83,252,631
Net financial debt / EBITDA	1.1 x	1.3 x

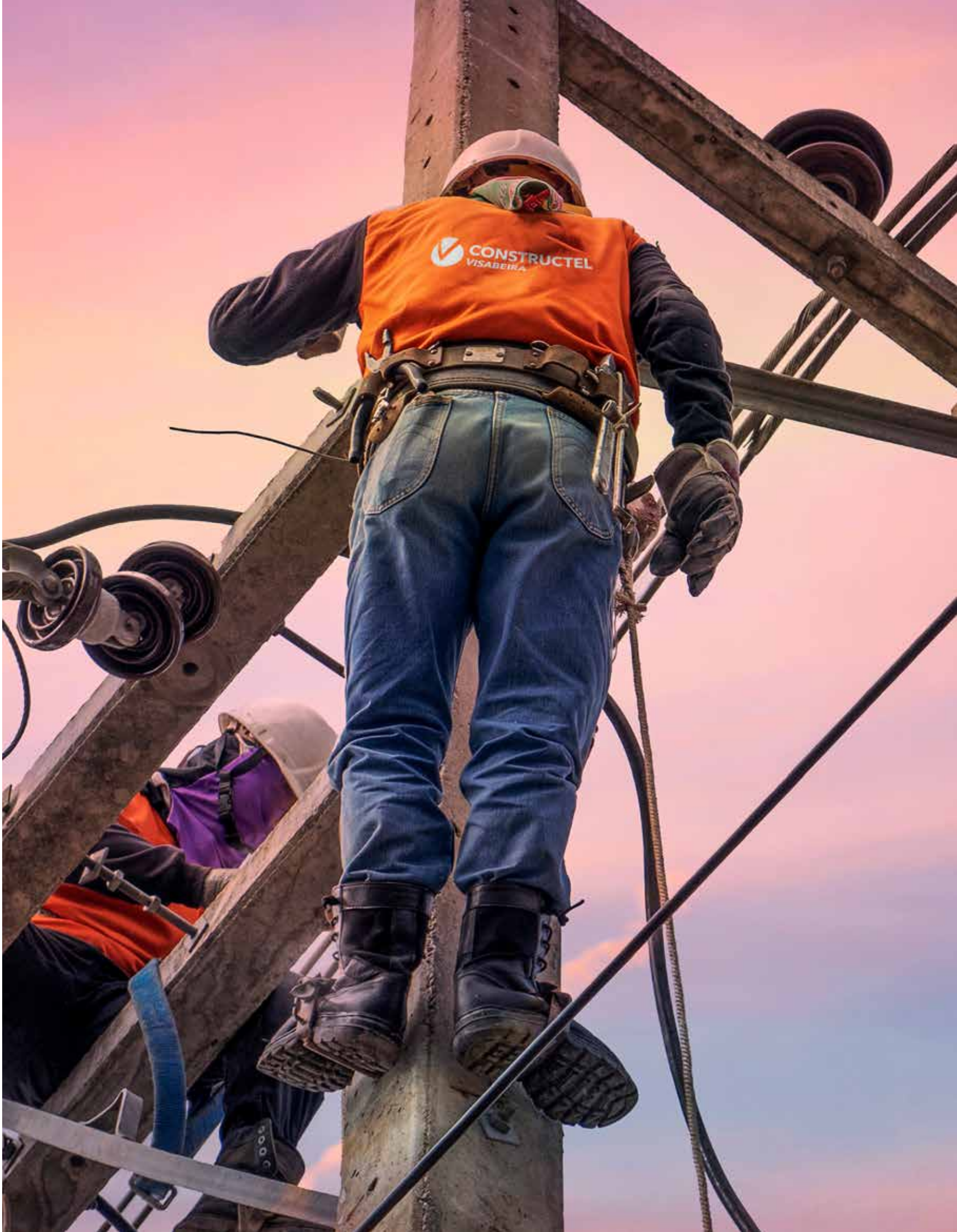
Investments¹

During 2021, investments in Portugal amounted to 4.3 million euros, from which investments in the car fleet (4 million euros) were the most important. Within the French market, the 9.6 million euro investment in the car fleet and other equipment is worthy of note. In the United States, it is worth mentioning the investment of 8.7 million euros in operational equipment.

from customers in the telecommunications area. On the 31st of December 2021 equity amounted to 99.0 million euros. The increase of 41.2 million euros compared to the previous year is explained by the net income generated during the period of 42.8 million euros, by the currency conversion adjustments of 6.9 million euros related to the valuation of the pound and the dollar and also for the 430 thousand euros related to the purchase of Cunha Soares. In the opposite direction, the purchase of 40% of Visabeira Infraestruturas had an impact of 7.9 million euros. The consolidated net debt was 117 million euros on the 31st of December 2021, compared to the 104 million euros on the 31st of December 2020. The net increase of 13.1 million euros resulted mainly due to the decrease in cash at the end of the year.

	AMOUNT
France	9,486,815
United States of America	8,717,103
Portugal	4,336,450
United Kingdom	3,984,942
Belgium	2,426,282
Germany	1,036,009
Other	1,017,719
Total	31,005,319

¹ Investment during the year includes the increase in the items: fixed tangible assets, intangible assets and assets under direct use associated only with “financial” leasings



Risk factors

Constructel Visabeira's control matrix always prioritises it's exposure to a diverse set of risks arising from its different business areas and, therefore, undertakes the management of credit risk and the protection of its treasury as a priority, recognizing, within this context, the importance of credit insurance as an essential instrument, both in the domestic and foreign market. In this context, the importance of adopting an active management of the different financial risks has always been assumed, in order to minimize its potential negative impacts on the company's cash flow, profit and value. For this reason, always aware of the paramount importance of this issue, Constructel Visabeira promotes an accurate and proactive management of these risks, aiming at applying the most appropriate coverage measures for each situation. Within this context, Constructel Visabeira is fully aware that the success of its operations critically depends on the mitigation and control of any risks that can significantly affect all of its assets (equipment, service quality, information, facilities) and seeks to avoid, thereby jeopardizing its strategic objectives.

Market risks

INTEREST RATE RISK

Constructel Visabeira exposure to interest rate risk comes primarily from borrowings, since investments are usually contracted at short-term and consequently the impact resulting from variations on the interest rates does not significantly affect the accounts. The balance of financial debt for Constructel Visabeira and its subsidiaries at the end of December 2021 has Euribor as its main index in its various maturities for national financing. The bond loan issued in 2018 in France and with a bullet maturity in 2024 in the amount of 55 million euros, was contracted at a fixed rate and is not subject to interest rate risk. An increase of 25 basis points in the interest rate would imply for Constructel Visabeira, by reference to consolidated accounts, an increase in financial charges of around 500 thousand euros.

EXCHANGE RATE RISKS

Constructel Visabeira's subsidiaries choose, whenever possible, to use a natural hedge currency risk. MJ Quinn, a company operating in the United Kingdom within the telecommunications infrastructures sector for British Telecom. The company trades in British Pounds and has the cost of the factors essentially in the same currency and therefore is not exposed to relevant transaction risks. Integrating the company in the consolidated accounts is subject to the exchange rate fluctuation of the British Pound against the Euro – transpose risk. Future dividends will also be exposed to said exchange rate fluctuation. The British Pound started the year at 1.11231 Euros and ended the year at 1.19008 Euros.

The incorporation of J.F. Edwards Construction Company LLC, a subsidiary headquartered and operating in the United States, exposed Constructel Visabeira to risks of transposition. Like MJ Quinn, this subsidiary's revenue is in local currency as well as a relevant part of the cost of production factors.

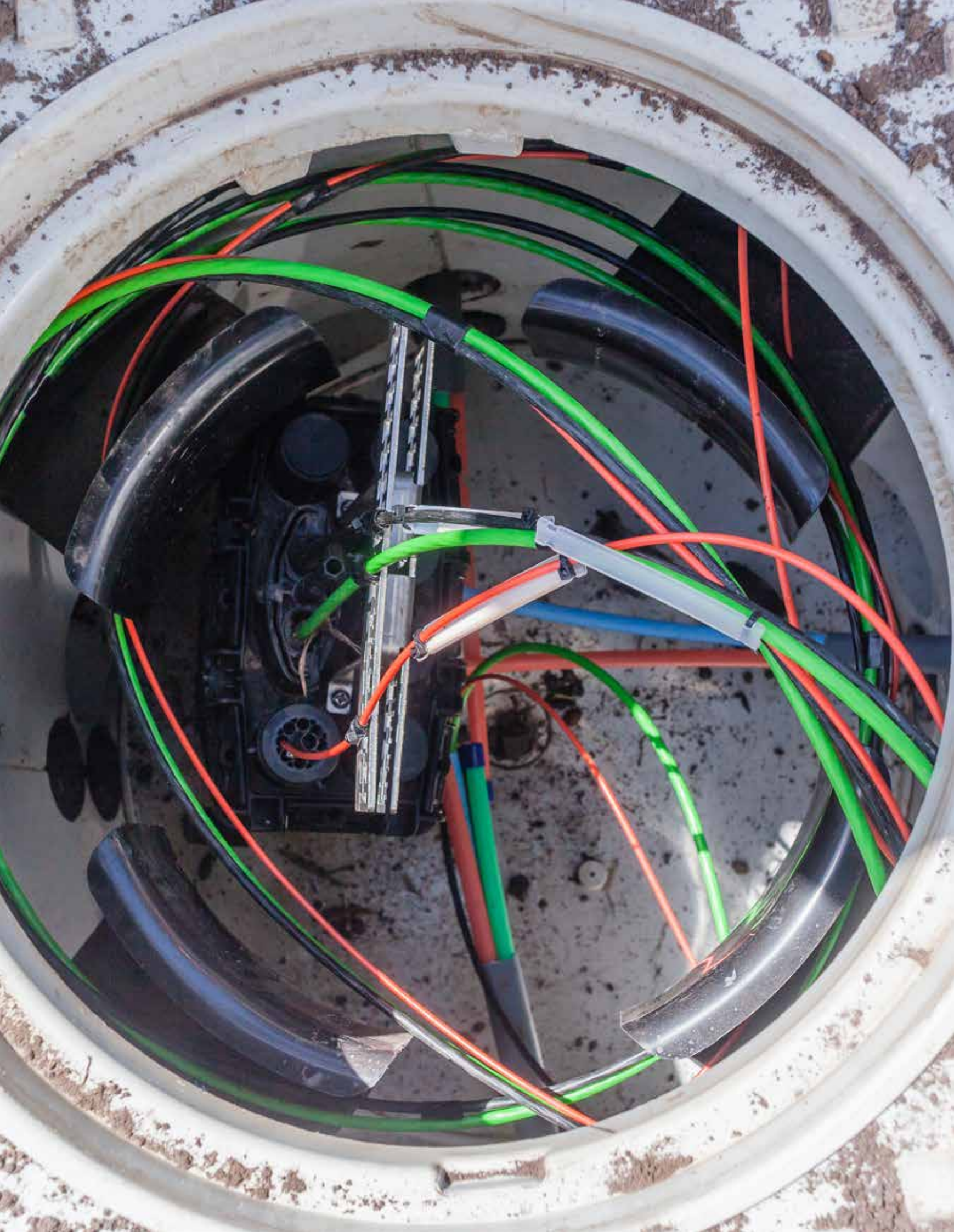
CREDIT RISKS

Credit risk is an important and complex activity that is present in the everyday life of its participated companies, whatever the nature of their business. Risk assessments imply credit decisions, at times, based on incomplete information, within a scenario of uncertainty and constant change, specially what has been experienced during the last two years, which has proved to be particularly atypical and which was caused by the COVID-19 spread and all the implications that this has entailed. Considering the business itself, the business areas in which it operates, or the risk of the region and country, the classification and assessment of the credit risk of a given customer is usually summarised in a credit record, which includes available and relevant information such as the customer's nature, management capacity, assets, history, financial information, credit guarantees and payment terms that will inform an opinion on a given credit transaction. The assessment of credit risk reflects the multiplicity, quality and origin of the information available to the credit analyst. Constructel Visabeira has had the support of a credit insurer for years, with which it maintains credit insurance policies, leaving the analysis of credit granting to professionals who are specialized in debt recovery, receiving from the credit company the indication of exposure – credit limit – adjusted to the credit capacity of each client.



Thus, management can be primarily focused on operational issues. The coverage of this risk allows a compensation of 90% for the unpaid credits. The last few years have been marked by an increase in restrictions on the granting of credit in general, and during 2021, as a result of the COVID 19 outbreak, the credit insurance company recorded very significant reductions in credit line limits from various national and foreign entities, with particular emphasis on companies operating in the sectors most affected by the pandemic, which in some cases even forced some spaces to close and some activities to stop over extended periods of time. In view of this scenario, and in order to meet the credit risk coverage needs in foreign markets, in which the limits granted under the base policies are insufficient, the Grupo has insured additional coverages that allow it to increase the partial coverage of its risks, up to twice the amount granted in the base policy, and as well as to obtain coverages for risks that have no value attributed in the said base policy, up to the limit of fifty thousand euros. The added constraints in the external hedging of loans entail a greater precision and stricter requirements in assessing applications for internal

credit. Loans granted to external entities, which also act as suppliers, had this year a weight of 0.98%. The participated companies of Constructel Visabeira that operate as infrastructures and telecommunications service providers sell to entities of recognised financial probity. This group includes entities such as local telecommunications operators, generally directly held by the Government of each country, replacing credit risk with political risk. Examples of most prestigious operators in the Grupo's portfolio: Orange (France Telecom); British Telecom; Próximis (Belgacom); Deutsche Telekom; MEO – Serviços de Comunicações e Multimédia; NOS Comunicações; EDP Distribuição; GRDF – Distribution de Gaz Naturel en France; ERDF – Électricité Réseau Distribution France; TDC A/S; Huawei Technologies Denmark Aps; and natural gas concessionaires, among others.



Liquidity risk

The participated companies of Constructel Visabeira carries out a liquidity risk management in order to ensure the assets funding according to maturity delays, adequate rates and adequate settlement of its financial compromises. Concurrently, appropriate balances of cash and short-term lines are held, which allow for the proper management of the available short-term financial commitments. The cash and investments of all Grupo companies are managed by a centralised global organisation, which reduces the risk of cash flows, avoiding exposure to variations that may affect the results of companies. The use of factoring allows, on the other hand, the use of factoring allows for a reduction in the average collection periods, with the inherent anticipation of receipts, and it enables a better cash management, due to the timely obtaining of the necessary working capital to finance the operational cycle, a fundamental condition for sustained economic and financial growth, in addition to reducing the risk of receiving from costumers where credits are transferred without recourse on the adherent.

Constructel Visabeira maintain additionally contracted short-term current accounts to meet occasional cash needs. At the balance sheet date, Constructel Visabeira has cash and cash equivalents amounting to 83.8 million euros.

COVID-19 PANDEMIC
In Portugal, the Grupo has complied with the moratorium under no. 1, al. b) of Article 4 of Decree-Law no. 10-J / 2020 published in Diário da República on 2020-03-26, to which some companies had adhered to during the previous year and which established exceptional measures to protect credits, as well as a special scheme of personal guarantees from the Government, within the scope of the COVID-19 outbreak.
In Europe, Constructel France, Gatel, Constructel Energie and Escotel transformed the financing lines contracted within the framework of Covid-19 liquidity support in the amount of around 19 million euros, into loans with repayment plans lasting 5 years. Constructel France holds a share of the debt, in the amount of 55 million euros, financed in a five-year bullet structure maturing in 2024, under a bond loan and the remainder essentially related to financial leasing operations in repayment. Constructel Visabeira's control matrix always prioritises it's exposure to a diverse set of risks arising from its different business areas and, therefore, undertakes the management of credit risk and the protection of its treasury as a priority, recognizing, within this context, the importance of credit insurance as an essential instrument, both in the domestic and foreign market. In this context, the importance of adopting an active management of the different financial risks has always been assumed, in order to minimize its potential negative impacts on the company's cash flow, profit and value. For this reason, always aware of the paramount importance of this issue, Constructel Visabeira promotes an accurate and proactive management of these risks, aiming at applying the most appropriate coverage measures for each situation. Within this context, Constructel Visabeira is fully aware that the success of its operations critically depends on the mitigation and control of any risks that can significantly affect all of its assets (equipment, service quality, information, facilities) and seeks to avoid, thereby jeopardizing its strategic objectives.



Business evolution by geography

	Total		Group		Consolidated 2021		Consolidated 2020	
France	292,728,122	33.1%	9,704,164	28.9%	283,023,959	33.3%	267,917,416	40.4%
Constructel	240,060,288	27.1%	3,092,285	9.2%	236,968,003	27.8%	234,225,597	35.3%
Constructel Energie	20,543,504	2.3%	24,521	0.1%	20,518,983	2.4%	16,603,843	2.5%
Escotel	20,634,284	2.3%	2,281,480	6.8%	18,352,804	2.2%	15,472,604	2.3%
Gatel	11,052,184	1.2%	4,065,375	12.1%	6,986,810	0.8%	1,560,179	0.2%
SCI Constructel	401,721	0.0%	219,803	0.7%	181,918	0.0%	55,192	0.0%
Visactys	36,142	0.0%	20,700	0.1%	15,442	0.0%	0	0.0%
Portugal	179,450,220	18.2%	15,602,156	39.1%	163,848,064	17.4%	141,046,679	21.3%
Viatel	80,953,901	9.2%	9,570,322	28.6%	71,383,578	8.4%	78,073,602	11.8%
PDT	35,019,918	4.0%	424,780	1.3%	34,595,137	4.1%	30,839,494	4.7%
Visabeira Infraestruturas	43,084,304	4.9%	2,697,980	8.1%	40,386,324	4.7%	29,837,126	4.5%
Aeroprotechnik	1,317,291	0.1%	383,875	1.1%	933,416	0.1%	1,640,653	0.2%
Iutel	701,856	0.1%	26	0.0%	701,830	0.1%	655,804	0.1%
Constructel Visabeira	211,750	0.0%	0	0.0%	211,750	0.0%	0	0.0%
EIP Serviços	10,669,199	1.2%	0	0.0%	10,669,199	1.3%	0	0.0%
Visapower	2,525,172	0.3%	2,525,172	7.5%	0	0.0%	0	0.0%
Cunha Soares	4,966,829	0.6%	0	0.0%	4,966,829	0.6%	0	0.0%
United Kingdom	179,914,541	20.3%	397,674	0.0%	179,516,867	21.1%	135,269,021	20.4%
MJ Quinn	179,516,867	20.3%	0	0.0%	179,516,867	21.1%	135,269,021	20.4%
Quinn Constructel	397,674	0.0%	397,674	1.2%	0	0.0%	0	0.0%
Belgium	75,474,122	8.5%	4,134,544	12.4%	71,339,578	8.4%	41,422,046	6.3%
Constructel Modal *	37,083,092	4.2%	2,036,321	6.1%	35,046,770	4.1%	28,753,312	4.3%
OMV Natie	18,159,978	2.1%	0	0.0%	18,159,978	2.1%	8,044,837	1.2%
Constructel Belgium	20,050,483	2.3%	1,917,653	5.7%	18,132,830	2.1%	4,349,584	0.7%
Infrasign	180,569	0.0%	180,569	0.5%	0	0.0%	274,313	0.0%
Germany	33,507,222	3.8%	751,572	2.2%	32,755,650	3.8%	24,033,687	3.6%
Constructel GmbH	22,238,156	2.5%	33,574	0.1%	22,204,582	2.6%	17,273,321	2.6%
Franz Josef Braun	10,551,068	1.2%	0	0.0%	10,551,068	1.2%	6,760,366	1.0%
Constructel Bau	717,998	0.1%	717,998	2.1%	0	0.0%	0	0.0%
Denmark	15,743,496	1.8%	2,884,397	8.6%	12,859,100	1.5%	16,970,011	2.6%
Constructel Denmark	10,175,908	1.2%	0	0.0%	10,175,908	1.2%	14,230,151	2.1%
Toft Hansen	5,567,588	0.6%	2,884,397	8.6%	2,683,192	0.3%	2,739,861	0.4%
Italy	10,934,020	0.0%	0	0.0%	10,934,020	1.3%	13,693,176	2.1%
IEME	10,932,490	1.2%	0	0.0%	10,932,490	1.3%	13,689,776	2.1%
Constructel Italia	1,530	0.0%	0	0.0%	1,530	0.0%	3,400	0.0%
Spain	9,897,456	1.1%	0	0.0%	9,897,456	1.2%	2,977,663	0.4%
Tensa	9,897,456	1.1%	0	0.0%	9,897,456	1.2%	2,977,663	0.4%
Sweden	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Constructel Sweden	0	0.0%	0	0.0%	0	0.0%	0	0.0%
United States of America	86,787,812	9.8%	0	0.0%	86,787,812	10.2%	19,266,745	2.9%
J.F. Edwards	86,787,812	9.8%	0	0.0%	86,787,812	10.2%	19,266,745	2.9%
TOTAL	884,437,012		33,474,506		850,962,506		662,596,445	

*Turnover includes Constructel Modal, Modal Installation, Cabling Station.

Telecommunications

During 2021, Constructel Visabeira maintained its good operational performance in the activities of engineering services for telecommunications, electricity and gas networks, both at a national and international level.

Its integrated skills position it as a market leader and the perfect partner for operators in the different countries where, besides Portugal, it operates, namely France, Belgium, Italy, Germany, Sweden, Denmark and the United Kingdom. At the beginning of 2021, Goldman Sachs Asset Management signed a 200 million investment contract in exchange for a minority share. Proceeds from the investment will mainly be used to accelerate organic and inorganic growth by purchases, supporting the company's expansion strategy.

The company thus reinforces its position, combining its unique view of markets, industries and regions and Goldman Sachs' global resources to develop business and accelerate value creation in Constructel Visabeira's portfolios of activities. In France, **Constructel France** has strengthened its leading position with the main French operator Orange (France Telecom), one of the main service providers of the French operator, operating throughout the country. Although during 2021, the pandemic continued to harm economic activity at a global level, the company managed to endure and maintain activity in the telecommunications business, whether in terms of construction of optical fibre networks or in terms of the existing copper network maintenance.

These dynamics, combined with a very assertive role, allowed Constructel France to reach a consolidated turnover of 237 million euros, representing a growth of 1.17% compared to 2020. In 2021, Constructel France continued, together with Orange, constructing the FTTH network in Martinique, thus strengthening the company's operational presence in the Caribbean, in that French department on the American continent.

Gatel, despite the difficulties that the health crisis continued to impose, namely in terms of human resources management and the level of supplying equipment and materials, managed to maintain its level of activity in France, with a turnover of around 7 million euros, thus strengthening its contribution to the other operations of the Grupo.

Still in France, at **Escotel**, the year 2021 was characterized by strong contractual and organizational stability, which allowed for further growth in terms of turnover, thus contributing around 18.3 million euros to Constructel Visabeira's indicators.

In Belgium, **Constructel Belgium** reinforced its

position as a strategic company with Proximus (Belgacom) for all the work it continues to develop in installing optical fibre in the country, especially in Brussels. Within this context, and in the face of all the constraints created by the pandemic, the company reinforced its ability to resist the adverse environment and reached, in 2021, a consolidated turnover of 18.1 million euros, achieving an impressive growth of 317%.

Also in Belgium and in the area of fixed networks, **Constructel Modal**, strengthened its presence in the area of telecommunications with its partner Proximus (Belgacom), presenting a volume of consolidated business at 27.9 million euros. **Oude Markt Voerlieden Natie NV** (O.M.V. Natie), another Belgian company, based in Antwerp and founded in 1968, was part of Constructel Visabeira's business portfolio during the past financial year, reinforcing the Grupo's presence in the Belgian market by presenting a consolidated turnover of 18.2 million euros.

In Italy, **IEME**, a transalpine company owned by Constructel Visabeira, strengthened its position as a service provider in the area of medium and low voltage energy networks and in the area of telecommunications for ENEL, recording a turnover of 10.9 million euros. Although the restrictive measures implemented due to the pandemic continued to affect the company's activity, it remained focused on guaranteeing the quality and availability of the services offered, demonstrating that it was up to the task and capable of overcoming challenges by responding effectively to the needs and requests of the market. IEME, a company with seventy years of experience in the energy sector, opened its telecommunications department after its acquisition by Grupo Visabeira. This commitment to a new technological area has allowed the long-standing company to achieve sustained growth, having aroused the interest of the major optical fibre operators in Italy, who are already surrendered to the quality of the service provided.

In addition to the work in progress in Modena, emphasis should be given to the FTTH (fiber to the home) works carried out by the company in the municipalities of Portico and San Benedetto and Borghi, both in the region of Emilia Romagna, and to the important portfolio of works that the company has been gaining, including the construction of networks in the towns of Sala Bolognese, San Pietro in Casale, Polesine Parmense, Roccabianca, Zibello, Calendasco and San Giorgio Piacentino, which will essentially cover the northern part of Emilia Romagna.

In 2021, a new growth cycle began through the partnership with Inpower, which culminated in the negotiation of the company, an important telecommunications player. This deal was completed in 2022.

In Germany, **Constructel**, now comprising two operating companies, Constructel GmbH and Franz-Josef Braun, strengthened its position with the main customers, both in the fixed and mobile network, and has even received several acknowledgements with regard to its quality in workmanship. As a result of these dynamics, the works portfolio continued to grow, with a short-term cycle of strong growth in the German market.

Within this context, **Constructel GmbH** continues to be a benchmark in this market, mainly as a partner of Deutsche Telekom. The level of performance and quality demonstrated in its multidisciplinary action in the area of fixed and mobile networks allowed it to maintain the leading role that characterises the company's presence in this sector of activity, mainly in the three regions of the West (Cologne), Southeast (Stuttgart) and South (Munich). The company has carried out a wide range of works, most of which are FTTH (fiber to the home) projects, covered by the MBfD program (Mehr Breitband für Deutschland), which announces: "more broadband for Germany". Noteworthy are the projects in the cities of Witten, Hagen and Neukirchen (North-Westphalia region) and in Stuttgart, Baden-Württemberg region. Constructel GmbH continued to cooperate with Ericsson and Deutsche Telekom, contributing, through the Pegasus project, to expanding the 4G network through the Rollout program, and also to launching and expanding the next generation 5G network through the AIR, Refarming and Small Cell programs. Despite the adverse situation, the company managed to exceed expectations and record a growth in its turnover, reaching 22.2 million euros, representing a growth of 28.5%.

Also in Germany, **Franz-Josef Braun**, a company which provides services related to constructing and expanding telecommunications networks, the installation of optical fibre and the construction of electricity networks, exceeded 10.6 million euros in consolidated turnover.

The option of purchasing this company proved to be a very effective strategy, contributing significantly to the strengthening and positioning of Constructel Visabeira in Germany. One of the activity fronts during 2021 focused on the recovery of multiple German infrastructures which had been destroyed by the large floods occurred during the summer.

In view of this disaster, the company mobilized teams from Portugal to Germany in order to provide a quicker response to the replacement of networks which had been affected by the bad weather. This proactive performance and the dynamics of the company's activity are praised by Deutsche Telekom, highlighting Franz-Josef Braun as "a leading company in reconstructing communication infrastructures, which it is carrying out in several German cities" and also that "the entire reconstruction work appears to be a complicated task, with numerous difficulties, which are only overcome thanks to the presence of specialized and qualified Franz-Josef Braun technicians". In Denmark, **Constructel Aps** and **Toft Hansen** were awarded with the Børsen Gazelle 2021, an award which recognizes the companies showing positive financial growth over a period of four years and having at least doubled their turnover. Constructel Visabeira, as one of the main European players in telecommunications and energy network engineering, has been present in the Danish market for a long time, reinforced its connection to TDC - Tele-Danmark Communications, with the "Fiber Scoop" contract. Within this domain, the work front of operation and expansion of the existing TDC network is reinforced, aiming at promoting the integration of business customers and the connection of new residential customers, as well as the works on the supply network (backbone). On another work front, the existing "Fiber Factory" contract was extended for constructing a new optical fibre network aimed at connecting thousands of homes in Denmark. As a result of these contracts, which will last 4 years, the company's main goal is to become one of the main service providers in the Danish market.

During 2021, **Constructel Aps** continued to be regarded as the best performance service provider in terms of deploying the optical fibre network in that Scandinavian country. During 2021, the activity experienced some constraints as a result of the prolonged effect of the pandemic. Despite this situation, Constructel Denmark continued to fulfil its contracts for constructing FTTH networks, for the TDC operator, the so-called Fiber Factory project. Besides this project, it continued to develop and strengthen partnerships with Huawei and Ericsson. The company's good performance allows continuity for the extension of contracts with the TDC operator. During 2021 a new contract was also signed with TDF, the Fiber Scope. Within this context Constructel Aps exceeded 10.2 million euros.

Also in Denmark regarding **Toft Hansen**, it continues its path of assurance and growth in the Danish



market, having reached in 2021 a turnover of 2.7 million euros, keeping deployment as its main focus and construction of optical fibre networks integrated into Constructel's activity.

MJ Quinn, a Grupo company operating in the United Kingdom market and a leading company in the sector of telecommunications in this country, strengthened its position during 2021 as one of the most important services providers for British Telecom. During a year which continued to be marked by the pandemic with successive confinements, companies stopped and society endured demanding challenges, telecommunications networks proved to be fundamental for everyone's daily lives. MJ Quinn managed to overcome difficulties and ensured a response to the needs that the market demanded at all times. 2021 was a year of strong growth for the company, particularly in terms of constructing the optical fibre network. Within this context, an important investment was carried out in the Training Academy in Liverpool, which is now considered by the company's customers and partners to be the best of its kind in the UK. Furthermore, this commitment has allowed for increasing the capacity for technical training and specialisation in telecommunications and safety, which is one of the mainstays of the company and the main guarantee within the market. Within this context, MJ Quinn was chosen by Openreach - British Telecom - to build a new network that will cover around 900,000 homes and businesses in Northwest England and will cover 50 locations, including Greater Manchester, Cheshire, Lancashire and Merseyside, which will now have access to ultra-fast Full Fiber broadband, in a project that will run until 2026. As a result of its dynamics and even in this very adverse scenario, the company revealed its strong attitude and capacity, recording a turnover that reached around 180 million euros, representing a 32.7% growth. In Portugal, **Viatel** continued to focus on adapting itself to continue providing effective responses to market needs and to overcome the challenges arising from the very difficult pandemic scenario, resulting in a 8.6% reduction of the turnover. Viatel remained focused on guaranteeing quality and availability of its services and on meeting society's challenges. Viatel continues to be a leading company in its market in the different segments it operates in. In the Fixed Network sector, performance was mainly leveraged by the migration of technology from copper to fibre and the dynamics in building new fibre networks. The Mobile Network sector has been recording sustained growth since 2017, and in 2021, despite the restrictions experienced, increased its activity compared to 2020. It is worth noting the fact that the company

was, outstandingly, the best Vodafone service provider, at the top of the indicators throughout 2021. In the commercial area in 2021 and still within the context of the pandemic, Viatel's commercial performance remained in line with the very positive commercial result of the previous year. In the Stores and Corporate Sales channel, it kept its performance throughout the year in the national TOP 10. Also in Portugal, **PDT** maintained the spirit of resilience in 2021 and the ability of the entire organisation to adapt to new and demanding challenges in order to know how to adapt pro-actively to the restrictions which the successive waves of the pandemic imposed on its activity. In this context, it ensured the implementation of good practices, overcame challenges, optimised its capabilities and skills, while in a context of extreme demand and difficulties, managing to respond to the needs of its market and, in this way, increase its level of activity as compared to 2020. As far as the Technical Area is concerned, PDT strengthened its position as a reference SP for the NOS operator and the company's construction activity was particularly boosted by the award of new optical fibre projects, by HFC, FTTH and DTH technologies works in the customer network and by the works related to maintaining the secondary and tertiary network in HFC and FTTH technologies, in the external network. In the commercial area, PDT reinforced its position as one of the main players in the residential segment of the NOS operator. Regarding the Business segment, PDT recorded a growth of around 20% in acquiring new customers. At the end of 2021, it reached a consolidated turnover of 34.6 million euros. **Aeroprotechnik**, a company focused on new technologies and UAVs (commonly known as drones), has been able to sign new contracts with large companies well-known worldwide in the solar photovoltaic sector. The company, among other areas, carries out thermographic and hyper-resolution inspections which, with the help of artificial intelligence solutions, helps to detect solar modules problems. Aeroprotechnik has developed projects in several countries, namely in Portugal, Spain, France, Ireland, Italy, Finland, Sweden, Mexico, Chile, Argentina, Jamaica, El Salvador, Ecuador, South Africa, Zambia and Australia, among others. As a result of this performance, the company recorded a turnover of 933 thousand euros.

Energy

In Portugal, **Visabeira Infraestruturas** experienced a year of 2021 still very much marked by the cohabitation and resilience of the electricity and gas sectors as a result of the constraints of the Covid-19 pandemic.

The result of implementing adequate measures and procedures aimed at controlling and mitigating the pandemic, at various levels of the company, allowed for pursuing and achieving the goals proposed by Visabeira Infraestruturas, and to embrace numerous customers' challenges although within certain limitations. Despite the adverse context,

the company managed to fully respond to the requests and needs of its market, which ensured a very positive performance, allowing it to exceed the level of activity during 2020 by 16%.

In the Electricity sector, the company strengthened its status as a leader in the sector as the second largest contractor, in terms of turnover for *EDP Distribuição*. 2021 was the seventh year of the contract for the project "Empreitada Contínua EC2015 - Redes", which started on the 30th of March 2015 and will end on the 29th of March 2022, taking into account the extraordinary one-year extension agreed.

During 2021, the company's turnover, under the contract with E-Redes, was around 18.9 million euros. Also noteworthy during 2021, and as happened in 2018, 2019 and 2020, the company managed to ensure a large flow carrying out aggregated work under the "InovGrid" Project, namely in the activity of replacing electromechanical and static meters, by smart meters - Smart Meters - Energy Box (EB). During 2021, Visabeira Infraestruturas also invested in the segment of general electrical installations in Substations, which reflects the investment and activity diversification strategy with REN, an area where in the near future it is expected to strengthen its position as a key partner, contributing to a significant increase in the company's workload. Regarding the gas sector, the first half of 2021 was mainly marked by the continuity and completion of contracts in progress with two of *Galp Gás Natural Distribuição's* (GGND) Natural Gas distributors. The second half of 2021 was marked by the renewal of the Visabeira Infraestruturas / PRF consortium, led by Visabeira Infraestruturas, of its contract with the distributors Beiragás and Lusitaniagás. This contract, which lasts for four years 2021/2025, started in August, and was the base of activity during the last months of the year for the distributors Beiragás and Lusitaniagás. Also during the second half of 2021, the three crossings using the directed horizontal drilling method were completed,

which transferred from the contract awarded, in July 2020, by *Distribuidora REN Portgás* to the consortium led by Visabeira Infraestruturas.

As one of the most important projects, Visabeira ended 2021 with a 35% growth in its consolidate turnover, reaching 40.4 million euros.

In France, **Constructel Energie**, in the activity of energy-related services, consolidated its presence in France within the energy-related services' sector, with the incumbent operators ErdF (Électricité de France SA), Enedis and GrdF (Gaz Réseau Distribution France), reinforcing its position as one of its main partners, and maintaining its position as leading player in this sector.

However, despite the fact that 2021 was unavoidably marked by the Covid-19 pandemic, the company proved its ability to respond to difficult times, providing the most adequate response to market expectations. The company increased turnover by around 23.5%, amounting to some 20.5 million euros.

In Spain, **Tensa**, on another front of Constructel Visabeira's geographic expansion, strengthened its position in this difficult sector and reached 9.9 million euros in consolidated turnover.

JF Edwards CC, in the United States of America, reinforced Visabeira Global's multicontinental presence, strengthening its leading position in the North American market and decisively contributed to the worldwide growth of the Grupo's business activities, recording a consolidated turnover of 86.8 million euros.

Cunha Soares, a company based in Portugal, acquired in 2021 by Viatel, primarily operates in the German market. The year 2021, despite the contingencies posed due to the SARS COV-19 pandemic, namely travel restrictions and higher costs, was a year marked by remarkable growth; in volume and margin.

The company's growth took place mainly in the German market. There were also activities in the Nordic countries, but these were one-offs.

EIP Serviços, created in 2020, is a company providing engineering services, holding know-how in the Energy sector, with special emphasis on overhead lines for electricity transmission lines, general electrical installation for power substations, electrification and overhead contact lines in railways and light rail, hydromechanics in hydroelectric dams, metalworking, among others. The company continues an accumulated experience of skills in these fields with more than 50 years of Portuguese industrial electricity. At the same time, the company owns a manufacturing unit of around 100,000 m², including a covered area of 12,000 m², equipped

with CNC technology, and especially geared towards manufacturing metal structures for power lines, substations and overhead contact centres, with a manufacturing capacity of 12,000 tons per year, in a single shift.

Accordingly, EIP Serviços' main goal is to operate in the Portuguese and French markets, focusing on the electricity infrastructures sector. In Portugal its main anchor customers are REN - Rede Elétrica Nacional, S.A., IP - Infraestruturas de Portugal, S.A. and EDP Produção, S.A.. Another highlight is France where it carries out electrification and overhead contact lines for railways and is a key partner of SNCF - Société Nationale des Chemins de Fer Français. Its organisation also offers integrated design, management and operation services.

2021 will be a turning point year for EIP Serviços which, by virtue of its inclusion in the range of companies of Constructel Visabeira, has seen its economic and financial solidity renewed, allowing it to embrace the enormous challenges that the significant national investment plans in the sectors of Energy Transport and Railways have

brought to the market. This investment in EIP Serviços allows Constructel Visabeira to strengthen its position in these two sectors which are pillars of the energy transition that is so necessary for the economy and for the sustainability of the planet. As a corollary, the company has designed a strategy of sustainable and organic growth, as a result of synergies and incorporation into the structure of Constructel Visabeira and Visabeira Infraestruturas. This will guarantee a strong boost to the training of new staff and the mobilisation of highly qualified technicians for new challenges in Europe in the area of energy, where the demand for qualified Portuguese manpower is a distinctive factor, in order to provide an effective response to national investment plans, examples of which are the German market and the Nordic countries. The year 2022 is expected to be the year of affirmation of the company with solidification and growth, greatly supported by investment in ongoing training and in the dynamics of the Group it belongs to, leveraging the visibility of the business for the three-year period 2022-24.



Commitment to society

Quality, Environment and Safety

High consumption and raw material waste have been destroying the Earth's natural resources. This model of economic development has been rethought and slowly has been replaced by another one that takes into account environmental issues, natural resources and the planet's social injustices. The concept of Sustainable Development is one that forces meeting present needs without compromising those of future generations. It is based on three pillars: economic, environmental and social, called "triple bottom line" or "3Ps" (Profits, Planet, People). It reflects the balance that must exist between the performance of the three pillars to create value for Income (profits), for the Planet and for People. In organizations in general and in Constructel Visabeira in particular, the concept of Sustainable Development is now understood from the perspective of other concepts, such as Corporate Sustainability, Corporate Social Responsibility and Management Systems, whose focus is on the relationship with the shareholders. The sustainability of an organization is based on the balance between its economic growth and its environmental and social duties and responsibilities.

In this sense, in Constructel Visabeira, management relies on a set of procedures, standards and practices, capable of using natural resources in an environmentally responsible manner, avoiding irreversible impacts. This new concept entails a concern with the use of clean technologies, minimisation of waste and the sustainable management of natural resources. With regard to Safety and Health at work, integrated in the social dimension of sustainability, the development and certification of the companies' main Management Systems, combined with various actions to prevent accidents and with the continuous commitment training employees, allowed optimising working conditions and professional

performance, which improved in a sustained manner indexes in these areas. In this sense, in 2021, we highlight a set of activities within the scope of quality, environment and safety, summarised below:

- Commitment to sustainability, through a growing demand for certified and so-called sustainable products, giving customers confidence that the product they are using comes from sustainable sources and that it does not damages environmental, social or economic aspects;
- Development and implementation of software for the continuous monitoring of good practices at work in the areas of quality, environment and safety, through audits and Environmental, Quality and Safety inspections, with special emphasis on the areas of Constructel Visabeira. These audits are carried out online using a tablet, which makes this process more agile, reducing, on the one hand, the administrative burden of the process and, on the other hand, eliminating paper consumption;
- Continuous improvement of the response capacity in situations of environmental emergency, by accident simulation, which allow an effective performance by the employees in the event of accidents of an environment nature;
- Implementation of Energy Rationalization Plans for the car fleet of some Constructel Visabeira companies, with the definition of goals to be achieved, thus allowing greater awareness of employees and a reduction in energy consumption;
- Continuous monitoring of environmental aspects, calculation of the respective impacts on the environment and permanent reassessment of mitigation and minimisation measures implemented;
- Centralization of waste management, which allows for suitable management and control of the waste produced, optimising trips, by the waste operator and in turn reducing transportation costs;

- Continuous optimization of the geolocation system in vehicles, allowing efficient management of technical resources in their daily activities. This system marks an important role in regards to sustainability of the company, since it allows obvious gains either in the economic aspect, and especially in the environmental aspect;
- Environmental awareness associated with the purchase of work equipment, having developed specifications for the main groups of materials and equipment, giving priority to those with lower environmental impacts and that simultaneously ensure user safety;

Regarding the implementation and certification of management systems, 2021 is marked by the maintenance and strengthen of the certification of companies, in accordance with the normative quality (ISO 9001) and environment references (ISO 14001), as well as by the transition to the new normative reference in the area of Security (ISO 45001). The year 2021 is also marked by the implementation of new normative references in some companies, namely ISO 27001 – Information Security Management System and ISO 37001 – Anti-Corruption Management System.

For 2022, the focus in terms of management systems will be on expanding certifications to new companies, as well as implementing new normative references, namely ISO 50001 – Energy Management Systems.

Professional Training

Investment in professional training is increasingly perceived as a view to value human resources, not just a mere compliance with the legislation of the Labour Code. The focus on professional training is no longer seen as an extra (professional) activity and as a waste of time, and is increasingly seen as an investment with a return, for companies as well as for employees.

Within an environment of growing globalization of markets and outsourcing of production activities in keeping with a high degree of specialization and growing importance of the level of customer service, it is paramount to provide companies with tools which will increase competitiveness of its organizations.

In this context, it is increasingly relevant to improve employees’ performance of any company, in any business activity. It is easy to understand that the performance of employees with more training or experience is essential for an organization in achieving its goals and it is extremely important for the success of knowledge-based businesses.

For Constructel Visabeira, continuous professional training is one of the solutions for improving productivity and profitability levels and it is important to refresh knowledge already acquired.

In addition, keeping professionals up to date on the latest trends, laws, technology and practical requirements for their professional occupations strengthens the capacity to innovate, to adapt or to foster group interaction between employees, which are factors that have proved to be truly essential for companies.

The training entity Grupo Visabeira, SA (certified by the DGERT since 2005), treats the companies of the Grupo and their own service providers as privileged clients, as the training is custom tailored to the needs of each company.

In this way, it acts in diverse areas of education and training, of which some of the following should be highlighted: Foreign languages and literatures; Management and administration; organisation/company framework; IT in the eye of the user; Electricity and energy; Electronics and automation; Civil construction and civil engineering; Hotel and restaurant industry; Technology for environmental protection; Health and safety at work.

In line with what has been happening in recent years, in 2021, and despite the pandemic, Constructel Visabeira’s internationalisation growth scenario in the telecommunications sector on the European market was maintained, resulting in an increase in the number training courses carried out, which made it possible to respond to the need for qualification of technicians for these new markets.

These initiatives were carried out in different places

in mainland and insular Portugal (most of them centred at the Training Academy in Viseu) and also in Europe, with particular relevance in France.

Looking ahead to 2022, with the reinforcement of Constructel Visabeira’s commitment to internationalization in the area of telecommunications in the European market, it is expected that the number of training courses to be carried out, as well as the number of trainees involved, will show a significant increase, mainly in the United Kingdom, Germany and Italy markets.

People

Constructel Visabeira, with its characteristic multi-activity, and multi-continental corporate identity, favours training, and people’s focus on objectives as its main focus of its human resources policy, always aiming at a continuous improvement of productivity and quality of services or products.

The entire team, at its different levels, has a daily goal to meet its customers’ needs and exceed their expectations, guided by a structure based on three main focus: i) the quality of services and products; ii) the geographical expansion of activities; iii) performance dynamics and accuracy.

The organization is always focused on combining attractive and successful careers with individual and collective results.

Everyone’s focus always aims at an efficient management of knowledge, a competent management of the teams, the optimisation of resources, the maximization of synergies and the efficient sharing of the company’s strategy and values.

In a group, which wants to become stronger and whose goal is its growth, the primary mission of its management is to involve everyone in the awareness of good practices, and to promote their correct connection with the management of professional and personal expectations of each an every one, in line with performance quality and the achievement of goals.

At the base of the success achieved is the versatile capacity of training and qualification of technicians, the dynamics regarding the management of careers, promoting multisectoral opportunities for the career development of each of its employees.

In this context, it is important to highlight Constructel Visabeira’s characteristic multi-sector and international identity, which is a key factor for partnerships with education institutions, technical and professional schools, universities and all academic organisations.

With these institutions, the company liaises and maximizes the promotion of the best conditions of success

for young graduates in order to tailor the best frameworks for their fruitful integration into professional life, ensuring mutual added value.

For the common goals, a wise combination of experience with new blood is essential to complement, in a harmonious way, a solid team, competent and motivated in line with the Constructel Visabeira’s expansion model on a full development path with increasingly ambitious challenges.

As at 31st of December 2021, the company had a total number of 5,453 employees, corresponding to a growth of 5% compared to the same period last year.

	2021	2020
Constructel Visabeira	5.453	5.199

Communication

Throughout 2021 Constructel Visabeira continued to undertake strong dynamics in its multiple sector activity in the country and abroad, where it maintained remarkable growth and expansion pace at all levels.

As mentioned above, despite global constraints, Constructel Visabeira kept many of its multifunctional sectors active, mainly its core activity – telecommunications and energy –, especially Constructel Europa, which operates in those sectors in Portugal, France, Belgium, Germany, Denmark, the United Kingdom, Sweden, Italy, Spain and the Caribbean.

The entry of Goldman Sachs Asset Management in the share capital of Constructel Visabeira with an amount of 200 million euros, with the US bank now holding 20% of the company, the subject of dozens of news stories in the main national media in 2021.

Nuno Terras Marques, chairman of the executive board of directors of Constructel Visabeira, gave an extensive interview to *Jornal de Negócios* in December, during which he had the opportunity to explain the entire process of Goldman Sachs’ entry into the capital of Constructel Visabeira.

He characterized the moment of growth for the Grupo, talked about the prospects and business activities in the short and medium term, which include expanding and strengthening the business at an international level.

Also noteworthy are the interviews with Nuno Terras Marques, carried out by *Dinheiro Vivo* and the magazine *Prémio*.

The purchase of the EIP company by Grupo Visabeira, which was approved by the Competition Authority, was another subject dealt with by the media.

Lastly, it is important to mention the interview with Exame where the acquisitions in Germany were discussed, where we have a very strong short and medium term growth strategy; another one in Belgium, which gives us strategic positioning in the Flanders region, and a third one in the USA, in the state of Illinois, operating in the business of energy transmission networks for wind farms.

Future Outlook

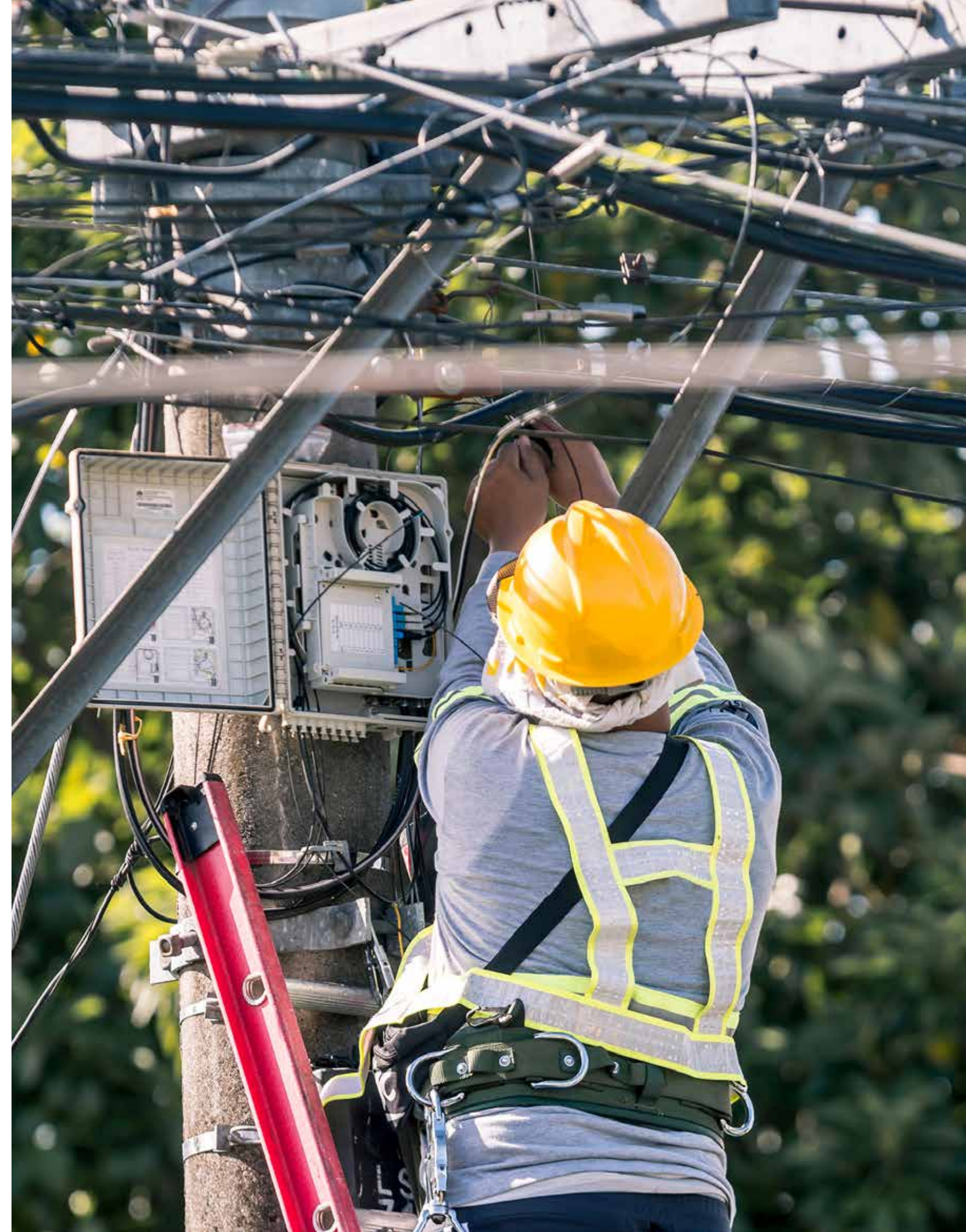
Constructel Visabeira will continue to develop and create new business strategies in order to enhance its diverse skills and entrepreneurial dynamics which it is know for, operating in an integrated manner in increasingly global scenarios, expanding its markets in a sustained manner and always aiming at leadership in its strategic businesses of the telecommunications and energy areas.

Over the next few years, we expect to continue our strong commitment towards internationalization project in order to keep up with the large investments carried out in euro zone countries in telecommunications networks, namely in the development of optical fibre networks. This is one of the sectors where Constructel Visabeira currently is one of the main players at an international level, with strong distinctive skills resulting from its expertise and know-how.

On the 31st of December 2021, Constructel Visabeira has a portfolio of 2.481 million euros in services provision (an amount which does not include materials as they are provided by their operators) contracts for the coming years:

- 1,410 million euros in France;
- 415 million euros in the United Kingdom;
- 260 million euros in Belgium;
- 180 million euros in Portugal;
- 85 million euros in Germany;
- 55 million euros in the United States of America;
- 65 million euros in Denmark;
- 20 million euros in Italy;
- 5 million euros in Spain.

Constructel Visabeira will continue to invest financially in acquisitions of companies in order to expand and consolidate its strong relationship with major European operators and the brand in international markets.





Annex to the report of the Board of Directors

Pursuant to Article 447 of the Portuguese Company Code, it is reported that the members of the managing and supervisory bodies do not hold Company shares. Under article 448 of the Portuguese Company Code the shareholders' identification is as follows:

Shareholder/ Member of Corporate Bodies	Number of shares on the 31 st of December 2021	%	Number of shares on the 31 st of December 2020	%	Operations in 2021
Grupo Visabeira, SA	8,013,484	35.94%	8,013,484	40.00%	0
Visabeira Global, SGPS, SA	14,284,025	64.06%	12,020,225	60.00%	2,263,800
Total	22,297,509	100.00%	20,033,709	100.00%	2,263,800

Viseu, 29th of April 2022

Chartered Accountant

The Board of Directors





DOCUMENTS FOR THE PROVISION OF CONSOLIDATED ACCOUNTS

03

Consolidated Financial Statements

Consolidated income statement

Financial years ended on 31st of December 2021 and 2020

	Notes	2021	2020
Ongoing operations			
Sales		16,679,620	8,784,738
Services rendered		834,282,886	653,811,707
Turnover	9	850,962,506	662,596,445
Cost of goods sold and material consumed		-64,664,062	-43,158,200
Other income	10	16,609,847	10,415,304
Supplies and external services	11	-491,494,368	-382,911,940
Personnel costs	12	-199,742,245	-156,883,245
Other costs	10	-9,247,488	-6,805,733
Amortisations	13	-37,467,189	-27,289,995
Provisions and impairment losses	14	-967,575	-591,550
Gains/(Losses) on the acquisition and disposal of subsidiary companies	7	0	6,018,165
Interest paid, net	15	-5,955,093	-5,266,257
Other financial expenses, net	16	-1,754,215	-1,889,383
Result before taxes		56,280,117	54,233,611
Income tax	17	-13,483,828	-11,819,198
Net income		42,796,289	42,414,414
Attributable:			
Shareholders		42,173,226	41,322,677
Non-controlling interests	31	623,063	1,091,736
Earnings per share:			
Basic	29	2.09	2.07
Diluted	29	2.09	2.07

The notes are part of this consolidated income statement

Consolidated Statement of Comprehensive Income

Financial years ended on 31st of December 2021 and 2020

	Notes	2021	2020
Consolidated net income for the period (a)		42,796,289	42,414,414
Other comprehensive income: Amounts that will be subsequently reclassified to profit or loss			
Exchange differences arising from translating financial statements prepared in foreign currency	30	6,886,579	-4,484,815
Amounts that will not be reclassified later in results			
Other adjustments		-434,876	-12,326
Other comprehensive income for the period (b)		6,451,703	-4,497,141
Comprehensive income of period (a)+(b)		49,247,991	37,917,273
Comprehensive income for the financial year attributable to:			
Non-controlling interests		614,789	1,125,612
Shareholders		48,633,202	36,791,660

The notes are part of this consolidated statement of comprehensive income

Consolidated statement of financial position

Financial years ended on the 31st of December 2021 and 2020

	Notes	2021	2020
ASSETS			
Non-current assets			
Tangible assets	18	52,624,496	42,933,958
Right-of-use assets	19	52,379,945	47,968,275
Goodwill	20	174,617,288	128,831,823
Investment properties	21	10,000,000	10,000,000
Intangible assets	22	13,457,249	20,404,242
Other financial investments	6	2,121,734	7,375,299
Deferred tax assets	17	3,505,524	4,520,867
Other receivables	26	0	2,000,000
Total non-current assets		308,706,236	264,302,561
Current assets			
Inventories	23	29,619,368	19,443,220
Customers	24	85,681,347	62,230,313
Assets associated with customers' contracts	9	110,322,644	89,085,385
Other receivables	26	11,143,633	8,375,763
Other Assets	26	6,956,053	4,939,272
Cash and cash equivalents	27	84,279,296	110,065,662
Total current assets		328,002,342	294,139,615
Total Assets		636,708,578	558,442,176
EQUITY			
Capital	28	111,487,545	100,168,545
Share premiums		26,677,126	266,126
Other equity instruments	28	60,000,000	97,730,000
Other reserves	30	-198,352,545	-205,373,117
Retained earnings	30	97,831,225	59,251,060
Equity attributable to shareholders		97,643,352	52,042,614
Non-controlling interests	31	1,384,693	5,734,704
Total equity		99,028,045	57,777,318
LIABILITIES			
Non-current liabilities			
Long-term paid loans	32	99,926,096	124,023,501
Other accounts payable	34	38,819,128	30,039,832
Deferred tax liabilities	17	7,840,317	7,940,843
Provisions for other risks and expenses	38	4,512,783	3,494,212
Lease liabilities	35	32,081,620	30,609,857
Total non-current assets		183,179,944	196,108,245
Current Liabilities			
Short-term paid loans	32	48,687,956	42,417,194
Suppliers	33	110,262,724	95,872,141
Income tax	25	5,597,970	4,950,415
Assets associated with customers' contracts	9	20,495,858	11,468,520
Other accounts payable	34	99,213,718	76,060,949
Other liabilities	34	50,739,015	56,641,907
Lease liabilities	35	19,503,346	17,145,488
Total non-current assets		354,500,588	304,556,613
Total liabilities		537,680,532	500,664,858
Total equity and liabilities			
		636,708,578	558,442,176

The notes form an integral part of this consolidated statement of financial position

Consolidated statement of changes in equity

Financial years ended on the 31st of December 2021 and 2020

	Capital	Other equity instruments	Issue premiums (note 28)	Retained earnings and other reserves (note 30)	Subtotal	Non-controlling interests	Total equity
On the 1 st of January 2020	100,000,000	130,730,000	32,322	-181,276,921	49,485,401	1,635,685	51,121,086
Comprehensive income for the period	0	0	0	36,791,660	36,791,660	1,125,612	37,917,273
Acquisitions/disposals	0	0	0	0	0	4,438,401	4,438,401
Changes of holdings in controlled entities				-1,636,796	-1,636,796	-1,464,994	-3,101,790
Transactions with shareholders							
Reduction of supplementary benefits	0	-33,000,000	0	0	-33,000,000	0	-33,000,000
Capital payment	168,545		233,804	0	402,349		402,349
Dividends distributed	0	0	0	0	0		0
On the 31 st of December 2020	100,168,545	97,730,000	266,126	-146,122,057	52,042,614	5,734,704	57,777,318
On the 1 st of January 2021	100,168,545	97,730,000	266,126	-146,122,057	52,042,614	5,734,704	57,777,318
Comprehensive income for the period				48,633,202	48,633,202	614,789	49,247,991
Acquisitions/disposals					0	430,732	430,732
Changes of holdings in controlled entities				-3,032,464	-3,032,464	-4,954,572	-7,987,036
Transactions with shareholders							
Reduction of supplementary benefits		0			0	0	0
Capital payment	11,319,000	-37,730,000	26,411,000		0	0	0
Dividends distributed	0	0	0	0	0	-440,960	-440,960
On the 31 st of December 2021	111,487,545	60,000,000	26,677,126	-100,521,319	97,643,352	1,384,693	99,028,045

The notes form an integral part of this consolidated statement of changes in equity.

Consolidated statement of cash flows

Financial years ended on the 31st of December 2021 and 2020

	Notes	2021	2020
OPERATING ACTIVITIES			
Customer receivables		964,405,653	766,175,367
Payments to suppliers		-712,374,830	-512,316,141
Personnel costs		-198,196,699	-155,792,481
Operating cash flow		53,834,124	98,066,745
Income tax paid/received		-16,787,807	-9,670,553
Other operating payments/receipts		1,634,023	-255,252
Cash flow generated before extraordinary items		38,680,340	88,140,941
CASH FLOW FROM OPERATING ACTIVITIES (1)		38,680,340	88,140,941
INVESTMENT ACTIVITIES			
Receivables from:			
Intangible assets		325,000	1,125,000
Investment grants		24,833	12,133
Interest and similar income		838,404	1,823,778
Loans granted to shareholders		56,804,609	95,197,029
		57,992,846	98,157,940
Payments concerning:			
Financial investments		-7,500	-570,000
Subsidiary purchases. net cash purchased		-1,237,023	-27,423,647
Tangible and intangible fixed assets		-22,668,131	-13,663,802
Loans granted to shareholders	26	-60,641,746	-112,805,807
Loans granted		0	-2,000,000
		-84,554,400	-156,463,256
CASH FLOW FROM INVESTING ACTIVITIES (2)		-26,561,554	-58,305,316
FINANCING ACTIVITIES			
Receivables from:			
Loans obtained	32	39,526,459	105,551,074
Capital payments and other equity instruments			
Other financing operations		0	12,500,000
		39,526,459	118,051,074
Payments concerning:			
Loans obtained	32	-55,536,752	-50,272,021
Amortisation of financial lease contracts	35	-21,002,069	-16,509,248
Interest and similar costs		-8,977,232	-9,558,937
Dividends		-450,000	0
		-85,966,053	-76,340,206
CASH FLOW FROM FINANCING ACTIVITIES (3)		-46,439,594	41,710,868
Changes in cash and cash equivalents (1) + (2) + (3)		-34,320,808	71,546,493
Cash and cash equivalents at the beginning of the period		105,386,656	33,840,162
Cash and cash equivalents at the beginning of the period		71,065,847	105,386,655

The notes form an integral part of this consolidated statement of cash flows.

Notes to the Consolidated Statement of Cash Flows

Financial years ended on the 31st of December 2021 and 2020

1. Acquisition or disposal of subsidiaries and financial investments	2021	2020
a) Payments related to purchases of net cash for the financial year		
EIP SERVIÇOS	1,113,422	6,448,535
OMV NATIE	0	7,057,218
FRANZ JOSEF BRAUN	0	6,935,310
J.F. EDWARDS CC	0	1,727,398
TENSA	0	898,637
VISABEIRA INFRAESTRUTURAS	0	-1,114,997
CUNHA SOARES	-4,235,880	0
b) Payments related to purchases from previous years		
MJ QUINN - Integrated Services Ltd	2,331,489	2,760,740
FRANZ JOSEF BRAUN	1,092,333	0
TOFT HANSEN	185,659	134,424
MODAL INSTALLATION	0	1,258,563
CABLING	0	1,099,342
CONSTRUCTEL MODAL	0	218,477
c) Payments on account of future purchases		
INPOWER (See note 7)	750,000	0
d) Financial investment:		
OTHER	7,500	0
C2 CAPITAL PARTNERS	0	350,000
IBERIS CAPITAL	0	220,000
	1,244,523	27,993,647

1. Breakdown of cash and cash equivalents	2021	2020
a) Cash		
- Cash	758,174	1,229,364
- Bank deposits	83,521,121	108,836,299
- Bank overdrafts	-13,213,448	-4,679,006
Cash and cash equivalents at the beginning of the period	71,065,848	105,386,656
- Bank overdrafts	13,213,448	4,679,006
Cash and cash equivalents in the balance sheet (see note 27)	84,279,296	110,065,662

* includes financial assets available for trading

Notes to the consolidated financial statements

On the 31st of December 2021 (amounts in euros)

1. Introductory note

Constructel Visabeira, SA (“Constructel Visabeira”), based in Viseu, Portugal, came about through a corporate reorganization carried out by Visabeira Global, SGPS, SA, in 2019, aiming to regroup telecommunication and energy activities in Europe, and centralize in Constructel Visabeira the shares it held in companies belonging to these segments operating in this region, which before the reorganization were under Viatel (telecommunications business in Portugal). The latter, in turn, owned Constructel (telecommunications business in France), which concentrated its holdings in subsidiaries in other European countries. The company’s strategy for structuring its operations in sector sub-holdings, allows for enhancing each business area and strengthening Constructel Visabeira’s ability to carry out its activity in the markets it operates in. Europe and the United States of America. Its long-term action plan is based on a management model based on global information systems, centralizing all business units and interconnecting all of its assets. The confidence and dynamics achieved in the different markets it operates in, has allowed for defining a sustained internationalization strategy that joined together its skills and its knowledge on two parallel fronts. On one hand, it expanded and established its operating model in new countries as a natural extension of the markets, through a policy of investment in partnership or in the creation of local companies. Currently, through investment, Constructel Visabeira continues to have its main development on its external growth, strengthened by its multi sector structure and by its focus on constant technological updating. Constructel Visabeira will continue to develop and create new business strategies in order to enhance its diverse skills and entrepreneurial dynamics which it is known for, operating in an integrated manner in increasingly global scenarios, expanding its markets in a sustained manner and always aiming at leadership in its strategic businesses. Constructel Visabeira consolidates its accounts in the company Grupo Visabeira, SA, its shareholder, based in Viseu, Portugal, despite being exempt from being held indirectly at 100% by this company, which has been presenting consolidated accounts in accordance with IAS/IFRS since 2005.

2. Accounting Policies

The most relevant accounting policies used in the calculation of profit or loss for the period and the presentation of the financial position are as follows:

2.1. Basis of preparation

In 2019, after the corporate reorganization referred to in the introductory note, Constructel Visabeira presented consolidated financial statements for the first time. Taking into account the provisions of Appendix D.16 of IFRS 1 – First Application of IAS / IFRS, in the Opening Statement of Financial Position, reported on the 1st of January 2019, assets and liabilities were recognized and measured in accordance with the amounts recorded in the parent company’s consolidated financial statements, based on its transition date to IAS/IFRS (the 1st of January 2004). According to Decree Law no. 35/2005 of 17th of February, as subsequently amended by Decree –Law No. 98/2015 of 2nd of July, which transposed into Portuguese legislation the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19th of July 2002, these consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the

International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), adopted by the EU, effective as of the 1st of January 2021. The consolidated financial statements were prepared based on the accounting books and records of the companies included in the scope of consolidation (Note 5), kept in accordance with accounting principles generally accepted in the respective jurisdictions and adjusted in the consolidation process and when applicable, so that the consolidated financial statements are presented in accordance with IAS/IFRS. The Board of Directors evaluated the Company’s and its subsidiaries’ ability to operate on a continuous basis, based on all relevant information, facts and circumstances of financial, commercial or other nature, including subsequent events, such as those presented in the note 41, to the reporting date of the financial statements, available about the future. As a result of the evaluation carried out, the Board of Directors came to the conclusion that it has the adequate resources to maintain its activities, with no intention of ceasing activities in the short term, and it has considered appropriate to use the assumption of continuity of operations in the preparation of condensed consolidated financial statements. The consolidated financial statements were prepared based on historical cost, except for investment properties, for derivative financial investments, and for some financial investments which were measured at fair value. In preparing the consolidated financial statements in accordance with IFRS, the Constructel Visabeira’s Board of Directors uses estimates and assumptions that affect the application of policies and the values of assets and liabilities, gains and losses, and which are based on historical experience and other factors deemed reasonable according to the circumstances, and are the basis for judgements about the values of assets and liabilities whose valuation is not evident from other sources. Actual results may differ from estimates. The estimates and judgements used in preparing the financial statements are presented in Note 3. Unless stated otherwise, the amounts are expressed in euros and by unit.

2.2. Basis of consolidation

The consolidated financial statements include, in reference to the 31st of December 2021, the assets, liabilities and profit and loss of the companies of the Grupo, understood as the entirety of the Constructel Visabeira and its subsidiaries, which are presented in Notes 5 and 6. An entity is classified as subsidiary when it is controlled by Constructel Visabeira. Control exists only where the Constructel Visabeira has, cumulatively:

- a) power over the investee;
- b) exposure to or rights over variable results derived from its relationship with the investee;
- c) the ability to use its power over the investee to affect the amount of the results for the Constructel Visabeira.

Generally, it is assumed that there is control when Constructel Visabeira holds the majority of voting rights. In order to support this assumption and in cases where the Constructel Visabeira does not hold the majority of voting rights in the investee, all relevant facts and circumstances are taken into account when determining the existence of power and control, such as:

- a) any contractual agreements with other holders of voting rights;
- b) any rights arising from other contractual agreements;
- c) existing and potential voting rights.

Constructel Visabeira controls a subsidiary when, due to the agreements entered into or the voting rights held, can carry out in practice the relevant activities of the subsidiary, and is exposed to variable returns as a result of that capacity, even if it does not hold the majority of the voting rights. The existence of control by the Constructel Visabeira is re-evaluated whenever there is a change in any facts and circumstances that lead to changes in one of the three factors of control mentioned above. Subsidiaries are included in the scope of consolidation according to the full consolidation method, from the date when control is acquired until the date it effectively ends. In situations where the Constructel Visabeira has substantial control of entities created for a specific purpose, even if it has no direct shareholdings in these entities, they shall be consolidated using the full consolidation method. Balances, transactions and cash flows between Grupo entities, as well as unrealised gains on transactions between companies of the Grupo are eliminated. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset. The accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies adopted by Constructel Europe. A change in the participating interest in a subsidiary that does not entail loss of control is recorded

as a transaction between shareholders. An increase in the participating interest in an already controlled entity is also accounted for as a transaction between shareholders, not giving rise to any recognition of goodwill or of gains/losses; in the case of a decrease in the participating interest that does not imply a loss of control, a possible difference between the amount received from non-controlling interests and the respective balance is also recorded directly in equity.

If Constructel Visabeira loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised and any gains or losses are recognised in the income statement.

Participating interest is recognized at fair value at the time of loss of control.

The net assets of subsidiaries under the full consolidation method attributable to shares held by third parties are recorded in the consolidated statement of financial position under the heading non-controlling interests.

The net profit of subsidiaries attributable to non-controlling interests, is identified and adjusted by deducting the result attributable to the shareholders of the Grupo and recorded in the consolidated income statement under the heading non-controlling interests, even in the case of negative results. The same applies to the statement of comprehensive income.

CHANGES TO THE CONSOLIDATION PERIMETER

During 2021, the most significant changes to the group of companies (see note 7) were the purchase of EIP Serviços and Cunha Soares, in Portugal and the incorporation of Visactys, in France, and of SCI Constructel Italia, in Italy.

2.3. Concentrations of business activities and goodwill

The acquisition method is the method used to recognise the entry of subsidiaries into the Constructel Visabeira upon their acquisition.

In the acquisition method, the difference between:

- i) the consideration transferred together with the non-controlling interests and with the fair value of the equity interests previously held;
- ii) the net amount of identifiable assets purchased and of assumed liabilities is recognized, on the purchase date, as goodwill if positive, or as gain, if negative.

The consideration transferred is measured at fair value, calculated as the aggregate amount of fair values, on the date of acquisition, of assets transferred, liabilities incurred and equity instruments issued by Constructel Visabeira. For the purpose of determining goodwill/ earnings of the business combination, the transferred consideration is removed from any part of the consideration that concerns another transaction (e.g. remuneration for the provision of future services or settlement of pre-existing relationships) whose margin is recognised separately in profit or loss.

Whenever a business combination is not completed on the reporting date, the provisional amounts recognised on the date of acquisition shall be adjusted retrospectively, for a maximum period of twelve months counting from the date of acquisition and any additional assets and liabilities shall be recognised if new information is obtained on facts and circumstances existing on the date of acquisition which would result in the recognition of such assets and liabilities, should it have been known on that date.

Any contingent consideration to be transferred by the purchaser will be recognized at fair value on the purchase date. The contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for in equity. Contingent consideration classified as an asset or liability that is a financial instrument within the scope of IFRS 9 – Financial Instruments is measured at fair value with changes in fair value recognized in the income statement in accordance with IFRS 9.

Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date, with changes in fair value recognized in the income statement.

Costs related to the acquisition are not part of the retribution transferred so they do not affect the determination of goodwill/ negative goodwill, being recognized as expenses in the fiscal year in which they occur. At the acquisition date, the classification and designation of all assets acquired and liabilities transferred in accordance with IFRS are revalued, except for leases and insurance contracts that are classified and designated based on the contractual terms and conditions at the date of commencement of the contract. The purchase date is the date on which Constructel Visabeira obtains control over the company purchased, which may occur on a date before or after the closing date (date on which consideration is transferred and the assets and liabilities are legally acquired and assumed) – in this case, all relevant facts and circumstances must be taken into account when identifying the purchase date, which requires judgement by the Board of Directors. For convenience, consolidation is carried out at the start of the month in which control was performed.

Assets arising from contractual indemnities paid by the seller concerning the outcome of contingencies related, in whole or in part, to a specific liability of the combined entity, shall be recognised and measured using the same principles and assumptions of the related liabilities.

The determination of the fair value of assets acquired and liabilities assumed takes into account the fair value of contingent liabilities arising from a present obligation caused by a past event (if the fair value can be reliably measured), regardless of whether an outflow is expected or not.

For each acquisition, Constructel Visabeira can choose to measure “non-controlling interests” at their fair value or by their respective share in the assets and liabilities transferred from the acquiree.

The choice of a method influences the determination of the amount of goodwill to be recognised.

When the business combination is carried out by phases, the fair value on the date of the acquisition prior to the interests held is re-measured to the fair value at the date in which the control is gained, against the results during the period in which the control is reached, affecting the calculation of the goodwill.

Goodwill is considered to have an indefinite useful life and thus is not amortisable. Regardless of whether or not there are impairment indicators, Constructel Visabeira annually tests the existence of Goodwill for impairment. When Goodwill’s carrying amount is greater than its recoverable value, an impairment loss is recorded in the income statement. The recoverable amount is the highest of the fair value minus the costs for selling and the value in use. The recoverable amounts of the cash flow generating units are usually determined based on the calculation of the respective use value, which is the present value of the future cash flows that are expected, due to the continued use of the asset or group of assets and their disposal at the end of its useful life. These calculations require the use of assumptions that are made based on estimates of future circumstances whose occurrence may be different from the estimated one. Goodwill impairment losses cannot be reversed.

For the purpose of impairment testing, goodwill is allocated, on the date of acquisition, to each of the cash-generating units expected to benefit from the business combinations, regardless of the remaining assets and liabilities also associated with the cash-generating unit.

In general, the cash-generating units correspond to the purchased entities themselves. When the operation, or part of it, associated with a cash-generating unit is disposed of, the allocated goodwill is also derecognised and included in the balance of gains/losses of the disposal, calculated as the base for its relative value.

Goodwill related to investments in companies based abroad, is recorded in those companies’ reporting currency and translated into euros at the statement of financial position date.

Concentrations of business activities between companies under common control are recorded using the purchase method (as indicated above) whenever the concentration of business activities between companies under common control has commercial substance, to be carried out for the purpose of combining companies with activities and for the transaction to have been conducted at fair value.

If this is not the case, the transaction is recorded using the “common interest method”, with the difference between the concentration cost and the net assets purchased (at the respective net book values) being recorded against equity.

PUT OPTION TO PURCHASE NON-CONTROLLING INTERESTS

When a put option is granted to the Grupo of the participating interest not held by the Grupo in a controlled company, it chooses not to recognize any non-controlling interests but rather a financial liability, measured in accordance with IFRS 9 (see 2.6.2), that is, the Grupo accounts for concentrating business activities as if the participating interest had been purchased subject to the put option granted. Thus, the transferred consideration includes the present value of the amount to be paid to the minority participating interests when exercising the put option. If the option expires without being used, it will be accounted for as a disposal of part of the business without loss of control.

2.4. Financial holdings in associates and joint ventures

Associates are companies over which Constructel Visabeira exercises significant influence, understood as the power to participate in their financial and operating policy-making process, without, however, exercising control or joint control. It is generally assumed that there is significant influence when the percentage of participation is greater than 20%.

The classification of financial investments in joint ventures is determined based on the existence of shareholders' agreements that demonstrate and regulate joint control, which is understood to exist when decisions on activities relevant to the venture require a unanimous agreement between the parties. The existence of significant influence or joint control is determined based on the same type of facts and circumstances applicable in the assessment of control over subsidiaries.

These holdings are consolidated by the equity method, that is, they are initially recorded at cost and subsequently the consolidated financial statements include the group's interest in the total recognised gains and losses of the associate/joint venture, from the date on which significant influence/control begins until the date on which it effectively ends. Dividends received from these entities are recorded as a reduction in the value of financial investments.

Constructel Visabeira's participation in the gains and losses of its associates/joint ventures is recognised in the income statement, and its share of movements in Post-acquisition Reserves are recognised in Reserves. The cumulative post-acquisition movements are adjusted according to the cumulative movements in the financial investment. When the group's share of losses in an associate/joint venture equals or exceeds its investment in that entity, including any unsecured receipt transaction, Constructel Visabeira does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate/ joint venture.

The purchase of financial investments in associated companies is recorded using the purchase method. Thus, any excess of the cost of acquisition of a financial investment over the Constructel Visabeira's share in the fair value of the assets, liabilities and contingent liabilities identified on the date of acquisition of the associate/joint venture is recognised as goodwill, which is included in the value of the financial holding and whose recovery is assessed annually as part of the financial investment. If the cost of acquisition is lower than the fair value of the net amount of the assets of the associate/ joint venture, the difference is recorded directly in the consolidated income statement.

Unrealised gains from transactions between the Constructel Visabeira and its associates/joint ventures are eliminated to the extent of the group's share in the respective associates/ joint ventures. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of associates/joint ventures are changed whenever necessary to ensure consistency with the policies adopted by Constructel Visabeira.

After applying the equity method, the group assesses the existence of impairment indicators; if any, Constructel Visabeira calculates the recoverable amount of the investment, and recognizes an impairment loss if it less than the book value of the investment in item "Gains/Losses on the associated companies and joint ventures" in the income statement; this impairment loss is reversible.

After the loss of significant influence or joint control, Constructel Visabeira initially recognises the retained investment at fair value, and the difference between the carrying value and the fair value held plus the revenue from the sale, are recognised in the income statement.

On the balance sheet date, there are no financial investments with this classification.

2.5. Recognition of revenue

The main business areas/revenue sources of the Grupo for the years 2020 and 2021 can be detailed as follows:

i) Telecommunications and energy in Europe

NATURE, PERFORMANCE OBLIGATIONS AND REVENUE RECOGNITION

In this business area, Constructel Visabeira signs several service provision contracts with energy operators, differentiating between contracts for the external network (construction and maintenance services for the network and adjacent infrastructure on public roads) and contracts for the customers network (services provided to the final customer of energy operators).

Outdoor network

The purchase orders placed by the customer, under the established general contract, identify the performance obligation that Constructel Visabeira has to perform. Thus, each purchase order is considered as a sole performance obligation.

The performance of Constructel Visabeira creates an asset that the customer controls as it is being completed, thus the performance obligation of the Group is satisfied over time.

Operational teams are provided with a production collection system, where tasks successfully performed are regularly recorded. Each task has already recorded a price agreed with the customer, as well as the standard consumption of materials foreseen for that task. The recognition of the revenue is made according to the completed tasks and valued based on the agreed prices.

Periodically, for the work completed, a performance measurement report is submitted to the customers' validation, with a summary of the production sheets. After the approval of the said report by the customer, the respective invoice is issued. The frequency with which these measurements reports are delivered depends on the type of customer and on the amount of works.

Customer Network

The purchase orders placed by the customer, under the established general contract, identify the performance obligation that Constructel Visabeira has to perform. Thus, each order is considered as a unique performance obligation. Purchase orders are characterised for regarding very short duration works. The performance obligation is carried out in a specific moment, namely whenever the customer approves the service rendered.

Operational teams are provided with a production collection system, where completed tasks are recorded throughout the day. The customer approves the production carried out on a daily basis. Each task has already recorded a price agreed with the customer, as well as the standard consumption of materials foreseen for that task. The recognition of the revenue is made according to the completed tasks and valued based on the agreed prices. Depending on the customer, invoicing for completed and validated tasks can be done on a fortnightly or monthly basis.

ii) Energy in America

In this geography of the Energy business area, the Grupo signs with public and private entities several contracts for the provision of construction services that include different components/tasks.

Although in most cases customers can benefit from the different components / tasks on its own, since they are negotiated together the promise of transfer of each is not separately identifiable from the others. Moreover, given that the components / tasks referred to above are usually highly interconnected and dependent on each other, the Grupo considers that they should be treated as a single performance obligation. Thus, usually each construction contract is considered as a unique performance obligation.

On the other hand, since customers have the ability (control) to guide the use of the asset as it is being built and the ability to obtain substantially all the remaining economic benefits thereof, the Grupo's performance obligation in these cases is met over time, the revenue being recognized according to the method described below.

The costs of construction contracts are recognised when incurred. When revenue arising from the contract cannot be reliably measured, income is recognised to the extent of costs recovered. When revenue arising from the contract can be reliably measured and it is probable that the contract will be profitable, revenues are recognised throughout the period of construction. If the contract is not profitable, the expected loss is acknowledged immediately as an expense in the fiscal year. The percentage of completion method is used to recognise revenue in each period.

The percentage of completion is measured taking into account the weight of costs incurred in the total estimated costs. Costs incurred in the financial year, which are associated with the future activities of the contract, are excluded from the calculation of the percentage of completion and are classified as inventories, deferred costs or other.

The Grupo presents as assets any amounts to be recovered from customers for contracts in progress whose costs incurred, plus recognised income (and subtracted from recognised losses), exceed the amounts invoiced. Unpaid invoices are presented in the line item Customers.

Contract assets and liabilities

a. Assets of contracts with clients

A customer contract asset is a right to receive a return in exchange for goods or services transferred to the customer.

If the group has delivered the goods or services to the customer before the customer pays the consideration or before the consideration is due, the contract asset corresponds to the amount of the consideration which is conditional.

b. Accounts receivables

An account receivable represents the unconditional right (that is, it only depends on the passage of time until the consideration is due) of the group to receive the consideration – See note 24.

c. Customer contracts liabilities

A liability of contracts with customers is the obligation to transfer goods or services for which the group received (or is entitled to receive) a consideration from a customer. If the customer pays the consideration before the group transfers the goods or services, a contract liability is recorded when the payment is made or when it is due (whichever comes first). Contract liabilities are recognized as revenue when the group carries out its contract performance obligations.

2.6. Financial assets and liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognized in the consolidated statement of the Constructel Visabeira's financial position when it becomes part of the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets or liabilities measured at fair value through the income statement) are added to or deducted from the fair value of the financial asset or liability, as the case may be, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or liabilities recognized at fair value through the income statement are recognized immediately in the consolidated income statement.

2.6.1 Financial assets

All purchases and sales of financial assets are recognized on the date of their respective purchase and sale contracts, regardless of the date of their financial settlement. Initially, the assets are classified and subsequently measured at amortised cost, or at fair value through other comprehensive income or at fair value through profit or loss.

The initial classification of financial assets depends on the contract characteristics of the cash flows and the business model that the group adopts to manage them. With the exception of accounts receivable from customers that do not contain a significant financial component and for which the group adopts the practical expedient, the group initially measures a financial asset at its fair value added, in the case of an asset not classified as fair value through results, of the transaction costs. Trade accounts receivable that do not contain a significant financial component and for which the group adopts the practical expedient are measured at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flow that are “solely payments of principal and interest (SPPI)” on the principal amount outstanding. This assessment is referred to as “solely payments of principal and interest” test and is performed at an instrument level. The business model for managing financial assets refers to how Constructel Visabeira manages its financial assets in order to generate cash flow.

The business model can be designed to obtain contract cash flows, to dispose of financial assets or both. Purchases or sales of financial assets that requires delivery assets within a time frame established by regulation or convention in the market place (“regular way trades”) are recognised on the trade date, i.e., the date that Constructel Visabeira commits to purchase or sell the asset.

I) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss;

Financial assets at amortised cost (debt instruments);

This category is the most relevant for the group. Constructel Visabeira measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contract terms of the financial asset give rise, at defined dates, to cash flows corresponding only to payment of principal and interest on the outstanding capital.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recorded in profit or loss when the asset is derecognised, modified or impaired.

The financial assets that Constructel Visabeira measures at amortized cost include accounts receivable from customers and other debtors, loans to shareholders and related parties and loans.

Interest related income is recorded in the income statement under Interest Paid, net, using the effective interest rate method, which is applied to the gross carrying amount of the financial asset.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

Constructel Visabeira measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held under a business model whose purpose is to hold the financial asset to obtain the contract cash flows and the cash flows arising from its sale;
- The contract terms of the financial asset give rise, at defined dates, to cash flows corresponding only to payment of principal and interest on the outstanding capital.

In the case of debt instruments measured at fair value through other comprehensive income, interest earned, currency exchange differences and impairment losses and reversals are recorded in profit or loss and calculated in the same way as financial assets measured at amortized cost. The remaining fair value changes are recorded in other comprehensive income. At the time of derecognition, the changes in fair value accumulated in the other comprehensive income are transferred (recycled) to the profit and loss.

Debt instruments measured at fair value through other comprehensive income include quoted debt instruments. Constructel Visabeira does not hold this type of financial assets on the 31st of December 2021.

Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, Constructel Visabeira can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading.

The classification is determined instrument by instrument.

Gains and losses on these financial assets are never recycled to profit and loss. Dividends are recorded as a financial gain in profit or loss when the right to receive payment of the dividend is established, except when the Grupo benefits from such dividends as a recovery of part of the cost of the financial asset and in that case dividends are recorded in the other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets to the fair through the income statement

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at the time of initial recognition as measured at fair value through profit or loss, or financial assets that must be measured at fair value. Financial assets are classified as held for trading if they were acquired for the purpose of being sold or repurchased within a very short period of time. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they have been designated as effective hedging instruments.

Financial assets with cash flows that do not correspond solely to payments of principal and interest on the outstanding capital are measured at fair value irrespective of the underlying business model. Notwithstanding the criteria for classification of debt instruments at amortized cost or at fair value through the other comprehensive income described above, debt instruments may be designated at fair value through profit or loss at the time of initial recognition if this eliminates or reduces significant inconsistency in measurement or recognition.

Financial assets at fair value through the income statement are presented in the Statement of Financial Position at fair value with the net changes in fair value presented in profit and loss.

This category includes derivatives and investments in listed shares for which Constructel Visabeira has not decided irrevocably to measure at fair value through other comprehensive income.

If a hybrid contract includes a basic contract that is not a financial asset, an embedded derivative shall be separated from the base agreement and accounted for as a derivative if, and only if:

- i) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the underlying contract;
- ii) a separate instrument with the same terms as the embedded derivative satisfies the definition of a derivative;
- iii) the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. The revaluation of the classification is only possible when there is a change in the contractual terms that significantly modify the cash flows or the reclassification of the financial asset in order to stop being classified in the category of fair value through profit or loss.

A derivative embedded in a hybrid agreement which includes a base agreement that contains a financial asset is not accounted for separately. The financial assets of the underlying contract and the embedded derivative are entirely classified as financial assets at fair value through profit or loss.

II) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Consolidated Statement of Financial Position) when:

- The contract rights to receive cash flows resulting from the financial asset expire; or
- Grupo has transferred its contract rights to receive cash flows arising from the financial asset or has undertaken an obligation to pay the cash flows received in full in the short term under an agreement in which the Grupo:
 - i) it is under no obligation to pay amounts to final recipients unless it receives equivalent amounts resulting from the original asset;
 - ii) it is prohibited by the terms of the transfer agreement to sell or pawn the original asset other than as a guarantee to final recipients for the obligation to pay them cash flows; and
 - iii) Constructel Visabeira has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delays.

- Constructel Visabeira transferred substantially all the risks and rewards of the asset, or Constructel Visabeira not transfer or substantially retain all the assets and benefits of the asset, but transferred control over the asset.

When Constructel Visabeira transfers its rights to receive cash flows from an asset or is part of an agreement that may enable derecognition, it assesses whether and to what extent, the risks and benefits associated with ownership of the asset have been retained.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Constructel Visabeira continues to recognise the transferred asset to the extent of its continuing involvement. In that case, Constructel Visabeira also recognizes the corresponding liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Constructel Visabeira has retained.

If the continued involvement of Constructel Visabeira takes the form of a guarantee provided on the transferred asset, the measure of continued involvement is the lower of the original book value of the asset and the maximum amount of the consideration received that Constructel Visabeira may pay.

Consequently, the balances of customers in the form of discounted and not due bills and accounts receivable assigned in factoring at the date of each statement of financial position, with the exception of non-recourse factoring operations (and for which it is clear that the risks and benefits inherent to these accounts receivable are transferred) are recognised in the Constructel Visabeira's financial statements until they are received.

In the derecognition of a financial asset measured at amortized cost, the difference between the carrying amount and the consideration received is recognized in the income statement.

In the event of derecognition of a financial asset measured at fair value through other comprehensive income, the accumulated gain or loss in the fair value reserve is reclassified to the income statement (“Recycling”), unless it is a representative financial asset of an equity instrument so designated irrevocably at the beginning, a situation in which the accumulated gain or loss in the fair value reserve is transferred directly to retained earnings. Constructel Visabeira writes off a financial asset only when there is information that the debtor is under a liquidation or bankruptcy process. If the balances are subsequently recovered, they are recorded in the income statement.

III) Impairment of financial assets

Additional disclosures about impairment of financial assets can be found in the following notes:

- Disclosures about significant assumptions – note 3
- Accounts receivable, including assets related to contracts with customers – note 24 and 9

Constructel Visabeira recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flow due in accordance with the contract and all the cash flow that Constructel Visabeira expects to receive, discounted at an approximation of the original effective interest rate. Cash flows which are expected to be received include cash flows resulting from collateral held or other credit guarantees which are part of the contractual terms.

For the accounts receivable from customers, Constructel Visabeira adopts the simplified approach in determining the expected credit losses. Therefore, Constructel Visabeira does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. Constructel Visabeira established an impairment matrix based on the credits that were lost in the past, adjusted by specific prospective factors of the debtors and the economic environment. For this purpose, the balances of customers and other debtors were separated taking into account the respective risk profiles and the age of the non-compliance. For balances receivable from associated and affiliated companies, which are not considered part of the financial investment in these companies, impairment is assessed in accordance with risk criteria. In cases where the balance receivable is immediately payable and the related entity is able to pay, the risk of non-compliance is assessed to be very close to zero and, as such, the impairment is zero. In cases where the receivable balance is not immediately due, the related credit risk is assessed and if it is “low” or if the maturity is less than 12 months, then Constructel Visabeira only evaluates the probability of a non-compliance occurring for the cash flows that mature during the next twelve months. For balances receivable from associated and affiliated companies, which are not considered part of the financial investment in these companies, impairment is assessed in accordance with risk criteria. For all other situations and types of balances receivable, Constructel Visabeira adopts the general approach of the impairment model. Expected credit losses are recognized in two stages.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months; for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default, mentioned on the note 36.

Constructel Visabeira considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Constructel Visabeira may also consider a financial asset to be in default when internal or external information indicates that Constructel Visabeira is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is derecognised when there is no reasonable expectation of recovering contract cash flows.

2.6.2 Financial Liabilities

I) Initial recognition and mensuration

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge. All financial liabilities are initially recognized at fair value and, in the case of loans and accounts payable, net of directly attributable transaction costs.

Constructel Visabeira's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

II) Subsequent measurement

The measurement of financial liabilities depends on their initial classification, as described below:

Financial liabilities at fair value through profit or loss;

Financial liabilities at fair value through the income statement include the financial liabilities held for trading and the financial liabilities that at the time of initial recognition were so designated and, furthermore, the financial liabilities associated with a contingent consideration arising from a business combination.

Financial liabilities are classified as held for trading if they have been incurred for the purpose of being repurchased in the short term. This category includes derivatives that are not designated as hedging instruments in a hedge relationship, as provided for in IFRS 9. Separate embedded derivatives are also classified as held for trading unless they have been designated as effective hedging instruments.

Gains and losses on liabilities held for trading are recorded in the income statement.

Financial liabilities classified at initial recognition as financial liabilities at fair value are thus designated at the time of initial recognition only if the criteria set forth in IFRS 9 are met.

Put options granted to minority equity interests related to purchase of financial holdings are classified in this category.

Financial liability at amortized cost

This category is the most relevant to Constructel Visabeira. After initial recognition, the loans are subsequently measured at amortized cost using the effective interest method. Gains and losses are recorded in the income statement when liabilities are derecognised and through amortization arising from the effective interest method.

The amortized cost is calculated taking into account any discount or premium on acquisition and fees as well as other costs that are part of the effective interest rate. The effect of the effective interest is recorded in the financial expenses in the income statement.

This category is generally applicable to accounts payable to suppliers and other creditors, and to loans including bank loans, factoring and bank overdrafts. Loans in the form of commercial paper are classified as non-current liabilities when they have a period of more than one year and it is the intention of the Board of Directors to use this financing instrument for a period of more than one year.

The Grupo contracts confirming operations with financial institutions, which are classified as reverse factoring agreements. These agreements are used to manage the Grupo's treasury, and the amounts of the invoices advanced to suppliers who adhere to these contracts are maintained in Liabilities, in the account of other accounts payable, with payments of the amount advanced to suppliers being treated as operational payments and payments relating to interest and fees incurred being treated as financing activities. Costs incurred from confirming operations are recorded under other net financial expenses.

III) Derecognition

A financial liability is derecognised when the obligation specified is satisfied, or when it is cancelled or expired. When an existing financial liability is replaced with another of the same counter party with substantially different terms or the terms of a financial liability are substantially modified, the exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new liability. The difference between the respective accounting values is recognized in the income statement.

Conditions are considered to be substantially different if the current value of cash flows from renegotiated financial liability, including commissions, discounted using the original effective interest rate is at least 10% different from the current value of the remaining cash flows from original financial liability.

If the exchange gives rise to a change that is not substantial, the difference between the carrying amount of the liability before the change and the carrying amount after the change (corresponding to the present value of future cash flows) is recorded in the income statement as a gain or loss from the change.

2.6.3 Compensation of Financial instruments

Financial assets and financial liabilities are offset and the respective net amount is presented in the consolidated statement of financial position if there is a mandatory present duty to offset amounts recognized and there is an intention to settle on a net basis or realize the asset and liquidate the liabilities.

2.6.4 Derivative financial instruments

Initial and subsequent recognition

Constructel Visabeira uses derivative financial instruments, such as swaps of interest rates to cover its interest risks. Such derivative financial instruments are initially recorded at fair value on the date of the derivative contract and are subsequently measured at fair value. The resulting gain or loss is recorded in the income statement unless the derivative is classified as a hedging instrument, in which case the recognition of the change in fair value depends on the nature of the hedging relationship.

Derivatives are presented in assets when their fair value is positive and in liabilities when their fair value is negative. In terms of hedge accounting, hedges are classified as:

- Fair value hedge when the purpose is to hedge the exposure to fair value changes of a registered asset or liability or an unregistered Constructel Visabeira commitment.
- Cash flow hedge, when the purpose is to hedge the exposure to cash flow variability arising from a specific risk associated with the whole, or a component of a recorded asset or liability or an anticipated highly probable occurrence or currency exchange risk, associated with a commitment of Constructel Visabeira.
- Coverage of a net investment in a foreign subsidiary.

At the beginning of the hedge relationship, Constructel Visabeira formally designates and documents the hedge relationship for which hedge accounting is intended to be applied as well as the management and strategy purpose of such hedge.

The documents include the identification of the hedging instrument, the item or transaction covered, the nature of the risk to be hedged and the way in which the Constructel Visabeira assesses whether the hedge relationship meets the accounting requirements (including its analysis of the sources of coverage ineffectiveness and how it determines the coverage rate). The hedge relationship is eligible for hedge accounting if it meets all of the hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the changes in value which result from this economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the amount of the hedged item which an entity effectively, and the amount of the hedging instrument that the entity effectively uses to hedge that amount of the hedged item.

The hedging relationships that meet the above mentioned eligibility criteria are accounted for as follows:

Fair value hedge

The change in the fair value of the hedging instrument is recorded as a financial result for the period. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item. For fair value hedging of items measured at amortized cost, any adjustment to the book value is amortized in the income statement for the remaining period of the hedge using the effective interest method. Amortization using the effective interest method starts when there is an adjustment and no later than when the hedged item is no longer adjusted for changes in the fair value attributable to the risk being hedged. If the hedged item is derecognised, the fair value to be amortized is recorded immediately in the income statement. When an unrecorded commitment is designated as a hedged item, subsequent cumulative changes in the fair value of the Grupo's commitment attributable to the hedged risk are recognized as an asset or liability and the corresponding gain or loss recorded in the income statement.

Cash flow hedging

The effective portion of the gain or loss on the hedging instrument is recognized in Other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognized immediately in the income statement. The cash flow hedge reserve is adjusted to the lesser of the amounts between the accumulated gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item. Constructel Visabeira shall designate only the element under the forward contracts as a hedging instrument. The element forward is recognized in Other comprehensive income and accumulated in a separate equity component. The amounts accumulated in Other comprehensive income are accounted for according to the nature of the respective hedging relationship. If the hedging relationship subsequently translates into the recording of a non-financial item, the accumulated amount is removed from the separate equity component and included in the initial cost or carrying amount of the hedged asset or liability. This is not a reclassification adjustment and should not be recorded in Other comprehensive income for the period. This also applies when an expected transaction hedged by a non-financial asset or a non-financial liability becomes a commitment of Constructel Visabeira subject to hedge accounting. Other comprehensive income is reclassified to the income statement as a reclassification adjustment in the same period or periods during which the cash flows hedged affect the income statement. If cash flow hedge accounting is discontinued, the amount accumulated in Other comprehensive income should remain if the future cash flows hedged are still expected to occur. Otherwise, the accumulated amount is reclassified immediately to the income statement as a reclassification adjustment. Upon discontinuation, as soon as the cash flows are hedged, any accumulated amount remaining in Other comprehensive income shall be accounted for in accordance with the nature of the underlying transaction as described above.

Hedging of a net investment in a foreign operation

Hedging of a net investment in a foreign operation, including the hedging of monetary items that are accounted for as part of the net investment, are accounted for in a similar way to the cash flow hedge. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recorded in other comprehensive income while the gains or losses relating to the ineffective portion are recorded in the income statement. At the time of the disposal of the foreign subsidiary, the accumulated amount of the gains and losses accounted for in equity are transferred to the income statement.

2.6.5 Equity instruments

Equity instruments are classified according to the substance of their contractual arrangement, regardless of their legal form. Equity instruments issued by the companies of the Grupo are recorded at the value of proceeds received, net of any costs related to their issuance. Own shares are recorded at their acquisition value as a deduction from equity. Gains or losses incurred in the disposal of own shares are recorded in the line item "Other reserves" and are not considered in the results for the period in which they occur.

2.6.6 Loans costs

Grupo capitalizes loans costs (interest and other costs incurred due to loans/Borrowing of funds) that are directly attributable to the acquisition, construction or production of an asset that qualifies as part of the cost of that asset, that is, an asset that necessarily takes a substantial amount of time to get ready for its intended use or for sale. All other loans costs shall be accounted for as an expense in the period in which they are incurred.

2.7. Tangible assets

Tangible fixed assets are recorded at their acquisition cost, net of any accumulated depreciations and impairment losses. Subsequent costs are included in the carrying amount of the asset or recognised as separate assets, when future economic benefits are likely to flow to the company, surpassing the originally assessed performance standard of the existing asset, and the cost of the asset for the company can be reliably measured. All other subsequent expenditure is recognised as expenses in the period they are incurred. Financial charges related to the financing of the production/ acquisition of assets that require a substantial period of time to be ready for use are added to the cost of those assets.

Amortizations

Plots of land are not depreciated, except those used for mining activities. The depreciation of the remaining assets is calculated by applying the straight-line method, on a duodecimal basis, to the acquisition amount. The annual rates applied satisfactorily reflect the economic useful life of assets. Residual values and useful lives of assets are reviewed and adjusted, if appropriate, on each balance sheet date. On average, the depreciation rates applied correspond to the following estimated useful lives:

	2021	2020
Land and natural resources	2.50%	2.50%
Buildings and other constructions	2.00% to 10.00%	2.00% to 10.00%
Basic equipment	6.67% to 33.33%	6.67% to 33.33%
Transport equipment	16.66% to 25.00%	16.66% to 25.00%
Tools and utensils	4.00% to 25.00%	4.00% to 25.00%
Office equipment	4.00% to 10.00%	4.00% to 10.00%

2.8. Investment properties

Investment properties include plots of land and buildings held to earn rental income or for capital appreciation, or both, and that are not used in the course of normal business. Investment properties are initially measured at their acquisition cost, including transaction costs. After their initial recognition, investment properties are measured at their fair value, determined in reference to the balance sheet date, reflecting current market conditions. Fair value is determined by independent and duly accredited entities, following internationally recommended methodologies. Gains or losses arising from changes in the fair value of investment properties are recorded in the income statement in the year in which they are generated. Investment properties are derecognised when they are disposed of or when they are decommissioned with no expectations of future economic benefits resulting from their decommissioning. Any gains or losses arising from the de-recognition of investment properties are recognised in the income statement of that year. Costs incurred with investment properties in use, such as maintenance, repairs, insurance and property taxes, are recognised in the consolidated income statement, in the period to which they relate. The transfer to, or from, investment properties shall be made when, and only when, there is a change in use. In the transfer of an investment property carried at fair value to an owner-occupied property, the cost considered for subsequent accounting shall be its fair value on the date of the change in use. If an owner-occupied property becomes an investment property carried at fair value, the group shall use the same accounting principles that apply to tangible fixed assets, up to the date of the change in use. If an asset initially recognised in inventories is subsequently considered as an investment property after its change in use has been determined, any difference between the fair value of the property on that date and its previous carrying amount is recognised as profit or loss for that financial year. If the group begins

the development or construction of a building with the intention of selling it, it must be transferred to inventory. If this property is measured at fair value, such transfer shall be measured at fair value at the date of transfer and this will be the cost considered for recording the property in inventories.

2.9. Leases

Constructel Visabeira assesses, at the beginning of each agreement, whether the agreement is, or contains, a lease. That is, the right to control the use of a specific asset or assets is transferred for a certain period of time in exchange for a consideration. In order to conclude that a contract transmits the right to control the use of an identifiable asset for a certain period of time, Constructel Visabeira assesses whether it cumulatively has i) the right to obtain substantially all the economic benefits derived from the use of the asset in question and ii) the right to direct its use.

Constructel Visabeira as lessee

The Grupo applies the same recognition and measurement method to all leases, except for short-term leases and leases associated with low-value assets. Constructel Visabeira recognizes a liability regarding payments and an asset identified as the right-of-use the underlying asset.

I. Right-of-use assets

At the lease start date (that is, the date from which the asset is available for use), the group recognizes an asset related to the right to use. "Assets under right of use" are measured at cost, minus accumulated depreciation and impairment losses, adjusted by remeasurement of the lease liability. The cost comprises the initial value of the lease liability adjusted for any lease payments carried out on or before the starting date, besides any initial direct costs incurred, as well as an estimate decommissioning and removal costs of the underlying asset (if applicable), less any incentive obtained. The asset under right of use is depreciated using the straight-line method, based on its useful life or the lease term, whichever is the lowest. If ownership of the asset is transferred to Constructel Visabeira at the end of the lease term, or the cost includes a call option, depreciation is calculated taking into account the estimated useful life of the asset. Assets under right of use are also subject to impairment losses.

II. Lease liability

At the lease start date, Constructel Visabeira recognizes a liability measured at the present value of the lease payments to be made throughout the agreement. The lease payments included in the measurement of the lease liability include fixed payments, minus any incentives already received (if applicable) and variable payments associated with an index or rate. Payments also include, if applicable, the purchase price of a call option, which will be exercised by Constructel Visabeira with reasonable certainty, and penalty payments for terminating the contract, if the terms of the lease reflect the group's exercise option. The lease liability is measured at amortized cost, using the effective interest method, and is remeasured when there are changes in future payments resulting from a change in the rate or index, as well as possible changes in the lease agreements. When the lease liability is remeasured, the right to use the asset is adjusted by the same amount, except if its amount has already been reduced to zero, in which case a gain/loss is recorded in the income statement. Variable payments which are not associated with any indexes or rates are recognized as expense of the financial year, in the financial year in which the event or condition leading to payment occurs. For the calculation of the present value of future lease payments, Constructel Visabeira uses an incremental interest rate at the lease start date, since the interest rate mentioned in the contract is not immediately determined. After that date, the lease liability amount is increased by accruing interest and reduced by rent payments made. Moreover, the amount is remeasured if there is any change in the terms of the agreement, in the amount of the rents (e.g., changes in future payments caused by a change in an index or rate used to determine those payments), or a change in the valuation of a call option purchase associated with the underlying asset.

III. Short-term leases and low value leases

Constructel Visabeira applies the recognition exemption to its short-term leases of assets (i.e., leases with 12-month terms or less and which do not contain a call option). The group applies as well the exception for the recognition of lease contracts whose underlying asset is of low value. Operating lease payments are recorded as operating expense on the income statement in the straight-line basis over the lease period.

Constructel Visabeira as lessor

Leases in which Constructel Visabeira does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Income earned through rent is accounted for, under a straight line basis, during the period of the lease and is presented in revenue due to its operating nature. Initial costs directly related to the negotiation and collection of leaseings are added to the book value of the asset and are recorded as expenses during the leasing period at the same rate as the rents earned. Contingent rents are recognized only when the right is established. The lease duration is the sum of the period during which the lease cannot be cancelled with an additional period that the lessee is expected to have the option to maintain the lease, and upon the beginning of the lease Constructel Visabeira has reasonable certainty that the lessee will choose to maintain. Amounts receivable from lessees for contractual assignment or for compensation for asset devaluations are recorded in the income statement when the right to receive is established. Gains on common expenses redbt to lessees are recorded in the period which the compensation relates to. Fees regarding management and service are included as Income from rentals, without considering the respective costs, because the Grupo considers that it acts as principal and not as agent in this situation.

2.10. Intangible assets

All intangible assets are recorded at their acquisition cost, net of accumulated amortisations and impairment losses. Amortisations are calculated on the acquisition value, by the straight-line method on a duodecimal basis for its useful life (generally three years). Costs related to internally generated intangible assets and own brands are recorded in profit or loss for the period as they are incurred. Costs of research carried out in the quest for new technical or scientific knowledge or in the quest for alternative solutions are recognised in profit or loss when incurred. Development costs are capitalised when the technical feasibility of the product or process under development can be proven, and when Constructel Visabeira intends and is able to complete its development and begin its marketing or use. In the context of business combinations, intangible assets are recorded (order backlog) at fair value, which are amortized on a straight-line basis over 36 months.

2.11. Impairment of tangible and intangible assets

Assets that have an indefinite useful life are not subject to amortisation or depreciation, but are subject to annual impairment tests. Impairment tests are also performed for assets that, having a finite useful life, are subject to amortisation or depreciation, whenever circumstances change and their carrying amount may not be recoverable. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, net of costs to sell, and its value in use, which results from future cash flows updated based on pre-tax discount rates that reflect the present value of the capital and the risk specific to the asset(s) concerned. To determine the recoverable amount, the assets are analysed individually or grouped at the lowest level for which they are identified separately as cash-flow generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Whenever the carrying amount of the asset is higher than its recoverable amount, an impairment loss is recognised in the income statement for the period to which it relates. If this loss is subsequently reversed, the carrying value of the asset is adjusted accordingly, but it can never be greater than the amount that would be recognized had the impairment loss not been recorded. The impairment reversal is also recognised in the income statement in the period to which it relates.

2.12. Inventories

Inventories are valued at either their cost or their net realisable value, whichever is lower.

The net realisable value is the selling price, net of the costs estimated for completing production of the asset and corresponding selling costs.

Raw materials and consumables – Include lands for future real estate projects which are valued at purchase price plus the cost of purchase, which is lower than its market price. The remaining raw materials and consumables are valued at purchase price plus the cost of purchase, including storage. Finished goods and work in progress – When corresponding to fractions of buildings for sale in completed developments and products in progress, these are valued at production cost, which is lower than their market value. Production cost includes the cost of raw materials used, direct and indirect labour, subcontracts, other fixed and variable costs and financial charges. The finance charges considered correspond to the actual borrowing costs incurred on financing agreements that explicitly refer to the development, to the extent it is reasonable in terms of the application.

Goods are valued at their average purchase price, including shipping and storage costs.

2.13. Provisions

Provisions are recorded in the balance sheet whenever Constructel Visabeira has a present obligation (legal or constructive) resulting from a past event and whenever it is probable that a reasonably estimable decrease in resources incorporating economic benefits will be required to settle the obligation.

- Restructuring: A provision for restructuring is recognised after formal approval of a restructuring operation and it has been initiated or made public. Operating expenses shall not be included in the value of such provision.
- Onerous Contracts: A provision for onerous contracts is recognized when the expected benefits of the contract fulfilment are lower than the costs arising from the obligation imposed by it.

Provisions for the costs involved in the dismantling, removing of goods and restoration of the site are recognised when the goods are first used and if the respective obligation can be reliably estimated. The amount of the provision recognised is the present value of the obligation, and the financial update is recorded in profit or loss as a financial cost in the line item “Net Interest”.

A contingent liability recognised in connection with a business combination is initially recognised at fair value. After the initial recognition and until the liability is settled, cancelled or expired, a contingent liability is recognised in a business combination at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised, less, where appropriate, the cumulative amortisation recognised in accordance with the Revenue standard.

Provisions are reviewed and updated on the balance sheet date, so as to reflect the best estimate of the obligation in question at that time.

2.14. Contingent assets and liabilities

Contingent liabilities (when not in connection with a business combination) are not recognised in the consolidated financial statements; they are presented in the notes, unless the possibility of a cash outflow is remote, in which case they are not subject to disclosure.

Contingent assets are not recognised, and are only disclosed when there is a likelihood of a future economic benefit.

2.15. Income Tax

Income tax is calculated based on the taxable results of the companies included in the scope of consolidation and includes deferred taxation.

Constructel Visabeira is covered by the special scheme for the taxation of groups of companies, established at the level of NCFGest, S.A., which includes all companies in which directly or indirectly holds at least 75% of the share capital and which, at the same time, are based in Portugal and subject to Corporate Income Tax (IRC).

The remaining subsidiary companies, not covered by the special tax scheme for groups of companies in Portugal, are taxed individually, based on their respective taxable results and applicable tax rates. Deferred tax is calculated based on the balance sheet liability method, from temporary differences between the carrying value of the assets and liabilities and the respective tax base.

Deferred tax assets are recognised whenever it is reasonably certain that future profits will be generated against which the reversion of existing deductible temporary differences, tax losses and tax credits can be used. Deferred tax assets are reviewed annually and reduced whenever they are no longer likely to be used. No deferred tax is calculated on consolidation differences or on temporary differences in the initial recognition of an asset or liability when it does not affect the accounting or tax results. Likewise, no deferred taxes relating to temporary differences associated with investments in associates and interests in joint ventures are recognised because the following conditions are considered to be cumulatively satisfied: Constructel Visabeira is able to control the timing of the reversal of the temporary difference; and It is likely that the temporary difference will not reverse in the foreseeable future.

The tax base of assets and liabilities shall reflect the tax consequences arising from the way the Grupo expects, on the reporting date, to recover or settle the carrying amount of assets and liabilities, based on decisions that, from the fiscal point of view, are substantially implemented on the date of the consolidated income statement.

The amount of tax to be included either in current or deferred taxes resulting from the transactions or events recognised in equity is recorded directly in these same line items and does not affect the income statement for the financial year.

Deferred taxes are determined by the tax rates (and laws) decreed or substantially decreed at the balance sheet date and are expected to be applicable in the accrual basis of deferred tax assets or settlement of deferred tax liabilities. According to the legislation in force, the income tax rate considered is 21% and, in situations not related to tax losses, a 1.5% surcharge is added to the value of temporary differences that originated deferred tax assets or liabilities.

2.16. Employee benefits

2.16.1 Termination of employment

Termination benefits are due when there is termination of employment before the normal retirement date or when an employee accepts voluntary redundancy in exchange for those benefits. Constructel Visabeira recognises these benefits when it can prove to be forced to eliminate current positions, according to a detailed formal plan for termination and there is no realistic alternative or these benefits are granted to encourage voluntary termination. Where termination benefits fall due more than 12 months after the balance sheet date, they shall be discounted to their current value.

Termination benefits must be recognised at the moment immediately before:

- i) which commitment in its award cannot be withdrawn and
- ii) a provision for restructuring in accordance with IAS 37.

2.16.2 Holidays, holiday pay and bonuses

In accordance with the labour law of the different countries, Constructel Visabeira’s responsibilities regarding its employees’ right to annual holidays, holiday pay as well as other rights acquired during the year prior to its payment are recorded when incurred, regardless of the time of payment, and are reflected under “Other Payables”.

2.16.3 Labour Compensation Fund (LCF) and Labour Compensation Guarantee Fund (LCGF) - Portugal

With the publication of Law No. 70/2013 and subsequent regulation through Order No. 294-A/2013, the Labour Compensation Fund (LCF) and the Labour Compensation Guarantee Fund (LCGF) entered into force on the 1st of October. In this context, companies that hire a new employee are required to deduct a percentage of their salary for these two new funds (0.925% for LCF and 0.075% for LCGF), in order to ensure the future partial payment of the corresponding compensation in case of dismissal.

Taking into account the characteristics of each Fund, the following was considered:

- Monthly payments made by the employer to the LCGF are recognised as expenses for the period when they occur.
- The monthly payments made by the employer to the LCF are recognised as a financial asset of that entity, measured at fair value and with the respective changes recognised in profit or loss.

2.16.4 Pensions

The company's commitments in terms of retirement indemnities are calculated to determine the present value of its defined benefit obligations and respective current service cost and, when applicable, past service cost. The Projected Unit Credit Method (also known as the accrued benefits methods accrued benefits method with pro-rata service or the benefit/years of service method) views each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build the ultimate obligation. In the consolidated accounts, only provisions for indemnities for retirement in French companies were recorded in the accounts of the Grupo Constructel Visabeira. For other companies, similar provisions are recorded in corporate accounts or are insignificant.

2.17. Cash and cash equivalents

The line item “Cash and cash equivalents” includes cash, demand deposits and treasury investments with short maturities and quickly mobilizable, without significant risk of changes in value. For the purposes of the cash flow statement, the line item “Cash and cash equivalents” also includes bank overdrafts included in the balance sheet in the line item “Bank loans”, and the held-for-trading financial assets.

2.18. Works between the Grupo’s companies

Internal expenses (e.g., labour, materials, transport) incurred in the production of tangible assets and inventories are capitalised only when the following conditions are met:

- the assets are identifiable and reliably measurable;
- it is highly likely that they will generate future economic benefits.

No internally generated margins are recognized.

2.19. Accrual basis

In general, income and expenses are recorded on an accrual basis, whereby they are recognised as they are generated, regardless of the moment in which they are received or paid. The differences between the amounts received and paid, and the corresponding income and expenses, are recorded in the consolidated statement of financial position in line items 'Other current assets' and 'Other current liabilities', respectively.

2.20. Subsidies

Grants are only recognised when received or upon sufficient certainty that the Grupo can comply with the conditions required for their granting. Investment grants are included in line item Other non-current liabilities, and the associated income is recognised on a straight-line basis over the estimated useful lives of the respective assets. Subsidies awarded to support training and investment actions are recognised in the income statement at the same time that the Grupo incurs eligible expenses and are presented in the "Other income" line.

2.21. Fair value measurement

The fair value measurement assumes that the asset or liability is exchanged in a transaction between market participants to sell the asset or transfer the liability, on the measurement date, under the current market conditions.

The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability can take place in the main asset and liability market, or in the absence of a main market, the transaction is assumed to occur in the most advantageous market. The most advantageous market is that which maximises the amount that would be received upon the sale of the asset or that minimises the amount that would be paid to transfer the liability, after considering transaction and transportation costs. Because different entities and different businesses within a single entity can have access to different markets, the main or most advantageous market for the asset or liability can vary from one entity to another, or even between businesses within the same entity, but they are assumed to be accessible to the group. Fair value measurement relies on assumptions that market participants would use in pricing the asset or liability, assuming that market participants would use the asset to maximise its value and use.

The group uses valuation techniques that are appropriate to the circumstances and for which there is sufficient data to measure the fair value, maximising the use of relevant observable data, and minimising the use of non-verifiable inputs.

All assets and liabilities measured at fair value or for which disclosure is mandatory are classified according to a fair value hierarchy, which classifies the data to be used in the fair value measurement into three levels, as detailed below:

- Level 1 – Market prices quoted, unadjusted, in active markets for identical assets or liabilities, which the entity may access at the measurement date;
- Level 2 – Valuation techniques which use inputs that are not quoted, and are directly or indirectly observable;
- Level 3 – Valuation techniques using inputs not based on observable market data, i.e., based on unobservable data regarding assets and liabilities. Unobservable data must be used to measure at fair value whenever there is no relevant observable data, allowing to provide for situations in which there is little or no market activity with regard to the asset or liability on the measurement date. However, the purpose of fair value measurement remains the same, i.e., an exit price on the measurement date from the perspective of the market participant that holds the asset or owes the liability. Thus, unobservable data must reflect the assumptions that market participants would consider when pricing the asset or liability, including any assumptions on risk.

The fair value measurement is classified entirely at the lowest level (unobservable data) of the fair value hierarchy, corresponding to the input that is the most significant for the measurement as a whole.

2.22. Segment reporting

IFRS 8 on operating segments is not applicable, as Grupo Constructel Visabeira:

1. It does not have debt instruments or equity traded on a public market;
2. It does not, and is not in the process of filing, the consolidated financial statements with a securities commission.

2.23. Transactions denominated in a currency other than the euro

Monetary assets and liabilities denominated in foreign currencies for which there are no rate-fixing agreements are translated into euro using the exchange rates in effect on the date of the balance sheet. Favourable and unfavourable exchange differences resulting from the comparison between the exchange rates in force on the date of the transactions and those in force on the date of collections, payments, or on the date of the balance sheet, are recorded as income or expenses in the income statement, except for exchange differences arising from the translation of loan balances which, in practice, are an extension of financial investments abroad and whose repayment is not expected in a near future, which are recorded in equity until the disposal of the investment, at which time they are transferred to profit or loss for the period. Non-monetary assets and liabilities denominated in foreign currency and recorded at cost are converted into the functional currency of each subsidiary, using the exchange rate in effect on the date when they were acquired. Non-monetary assets and liabilities denominated in foreign currency and recorded at fair value are converted into the functional currency of each subsidiary, using the exchange rate in effect on the date when the fair value was determined.

The financial statements of subsidiary and associated companies expressed in foreign currency are translated using the following exchange rates:

- The exchange rate in force on the date of the balance sheet for the translation of assets and liabilities;
- Average exchange rate of the period for the conversion of the income statement headings, except for subsidiaries located in hyperinflationary economies, for which the exchange rate prevailing at the balance sheet date is used;
- The average exchange rate for the period used to translate cash flows (where such exchange rate is close to the actual rate; the remaining cash flows are translated using the exchange rate in effect on the date of the transactions);

Goodwill related to investments in companies based abroad, acquired after 1st of January 2005, is recorded in those companies' reporting currency and translated into euros at the exchange rate in force on the balance sheet date.

Exchange rate differences arising from the translation into euros in the financial statements of subsidiary and associated companies expressed in foreign currencies are included in equity in the line item Foreign currency translation reserves. When disposing of financial holdings in subsidiaries based abroad, the exchange differences associated with the financial holding previously recorded in reserves are recognized in the income statement.

On the 31st of December 2021 and 2020, assets and liabilities denominated in foreign currencies were translated into euros using the following exchange rates:

2021	2020	Code	Designation
7.44	7.44	DKK	Danish Crown
0.84	0.90	GBP	Pound sterling
1.14	1.23	USD	American dollar

In the financial years 2021 and 2020, the financial statements of subsidiaries expressed in foreign currency were translated using the following exchange rates:

2021	2020	Code	Designation
7.44	7.45	DKK	Danish Crown
0.86	0.89	GBP	Pound sterling
1.18	1.15	USD	American dollar

2.24. Subsequent events

Any events occurring after the balance sheet date, which provide additional information on the existing conditions on the balance sheet date, shall be reflected in the consolidated financial statements. Any events after the balance date which may provide information on the conditions that occurred after the balance sheet date, if material, are presented in the notes to the consolidated financial statements.

2.25. Reconciliation of alternative performance measures

Below is a table reconciling the performance measures referred to in the management report and in the financial statements that are not directly readable in the primary financial statements.

Management report and notes to financial statements	Consolidated Financial Statements
Turnover	Sales and services provided
Gross margin	Turnover - Cost of goods sold and materials consumed - Subcontracts
Operating income	EBITDA - Amortisations - Provisions and impairment losses
EBITDA	Turnover - External supplies and services - Staff costs- Other costs+ Other income
Net debt	Long-term bank loans + Short-term bank loans + Lease liabilities + Factoring + Confirming - Cash and cash equivalents
Net financial debt	Long-term bank loans + Short-term bank loans + Lease liabilities - Cash and cash equivalents
Net financial debt / EBITDA	Net financial debt / EBITDA
Gearing ratio	Net debt / Total equity

3. Judgements and estimates

In preparing the consolidated financial statements in accordance with IFRS, the Board of Directors of Constructel Visabeira uses estimates and assumptions that affect the application of policies and amounts reported. Estimates and judgements are continually evaluated and are based on the experience of past events and other factors, including expectations of future events as probable under the circumstances the estimate was based on, or the result of information or experience. The most significant accounting estimates reflected in the consolidated financial statements are as follows:

a) Analysis of goodwill impairment

The group annually tests goodwill to check for impairment. The recoverable amounts of cash-generating units were determined based on the value-in-use method. The use of this method requires the estimation of future cash flows arising from the operations of each cash-generating unit and the choice of a suitable discount rate.

b) Valuation and useful life of intangible assets

Constructel Visabeira has made assumptions in the estimation of future cash flows arising from the intangible assets acquired as part of company acquisition processes, including the estimated future revenues, discount rates and useful lives of the said assets. Constructel Visabeira reviews annually whether the useful lives of the assets used in determining the amortization/depreciation rates of the assets related to the activity are reasonable. Whenever applicable, Constructel Visabeira prospectively changes the amortization/depreciation rate for the period based on the review carried out.

c) Liabilities for lease (Leases due on lease contracts)

With the adoption of IFRS 16, Constructel Visabeira recognises assets under right of use (“ROU asset”) and lease liabilities (rents due on lease contracts) whenever the contract provides for the right to control the use of an identifiable asset during a certain period of time, in exchange for consideration. To evaluate the existence of control over the use of an identifiable asset, the group assesses whether: i) the contract includes the use of an identifiable asset; ii) has the right to obtain substantially all the economic benefits from using the asset during the lease period; and iii) has the right to control the use of the asset. The analysis of the lease agreements, namely with regard to cancellation and renewal options provided for in the agreements and in determining the incremental financing rate to be applied for each identified lease portfolio requires the use of judgements by Constructel Visabeira.

d) Recognition of provisions and adjustments

Constructel Visabeira is a party in various legal proceedings for which, based on the opinion of its legal advisers, it makes a judgement to determine whether a provision should be recorded for such contingencies (notes 37 and 38). Adjustments for accounts receivable are calculated mainly based on the ageing of the accounts receivable, on the customers' risk profile and on their financial situation. Estimates related to adjustments for accounts receivable differ from business to business.

The Constructel Visabeira's policy regarding the imposing of limits on loans granted, either domestically or internationally, relies on companies specialised in credit risk hedging.

Excluding state-run agencies and customers with higher domestic and international credit ratings, it is noted that the average internal risk exposure is 20%. However, a detailed analysis of the changes in annual provisions clearly evidences that there is almost no risk of non-collection.

Furthermore, Constructel Visabeira has access to major market databases, which, together with its technical analysis team, allows for a clear assessment and minimised credit risk.

e) Fair value of investment properties

Constructel Visabeira relies on external entities to calculate the fair value of investment properties.

Note 21 – Investment Properties are described the assumptions used, as well as the respective sensitivity analysis. An appraisal is an estimate of the market value but it is not a guarantee of the value that would be obtained in a transaction. In addition, other appraisers can legitimately calculate a different market value. Despite showing signs of recovery, market transactions have been rare and market prices have proven unstable, so the method used to determine the fair value of investment properties was discounted cash flows. This valuation depends on the value of future rents, and on the long-term occupancy rate, as well as in the case of land held for future appreciation dependent on the evolution of the real estate market in Lisbon.

f) Taxes

Deferred tax assets are recognised for all recoverable losses to the extent to which it is probable that there will be taxable profits against which the losses can be used.

Taking into account the context of the crisis and the impact it may have on future results, a judgement is required from the Board of Directors to determine the amount of deferred tax assets that can be recognised, considering:

- The probable date and amount of taxable future profits, and
- Future tax optimization strategies.

4. Change to accounting policies and errors

During the financial year ended on the 31st of December 2021, there were no voluntary changes in accounting policies in relation to those considered in the preparation of the financial information of the previous year presented in the comparative statements.

Regarding new standards and interpretations occurred the following emissions, revisions, changes and improvements in standards and interpretations:

4.1 Standards, interpretations, amendments and revisions with effect in the exercise

The following standards, interpretations, amendments and revisions adopted (*endorsed*) by the European Union have mandatory application for the first time during the financial year started on the 1st of January 2021:

• Amendments to IFRS 16 – Leases – Concessions related to COVID-19 in terms of leases beyond the 30th of June 2021

On the 28th of May 2020, the amendment to IFRS 16 entitled 'Covid-19-Related Concessions' was issued, which introduced the following practical expedient: a lessee may choose not to assess whether a Covid-19-related rent concession is a lease change.

Lessees who choose to apply this exemption, account for the change to the rent payments resulting from a concession related to COVID-19 in the same way as they account for a change that is not a change in the lease in accordance with IFRS 16.

Initially, the practical expedient applied to payments originally due by the 30th of June 2021, however, due to the prolongation of the impact of the pandemic, on the 31st of March 2021 it was extended to payments originally due by the 30th of June 2022. The change applies to annual reporting periods beginning on or after the 1st of April 2021.

In short, the practical expedient can be applied as long as the following criteria are met:

- a change in lease payments results in a revised fee for the lease that is substantially equal to, or less than, the fee immediately prior to the amendment;
- any reduction in lease payments only affects payments due on or before the 30th of June 2022;
- there are no significant changes to other terms and conditions of the lease.

• Amendments to IFRS 4 – Insurance Contracts – Deferral of the application of IFRS 9

This amendment refers to the temporary accounting consequences that result from the difference between the date of entry into force of IFRS 9 – Financial Instruments and the future IFRS 17 – Insurance Contracts. In particular, the amendment made to IFRS 4 postpones the expiry date of the temporary exemption from applying IFRS 9 until the 1st of January 2023 in order to align the effective date of the latter with the new IFRS 17. The temporary exemption referred to is optional and only available to entities whose activities are predominantly related to insurance.

• Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform – phase 2

These changes are part of the second phase of the IASB's "IBOR reform" project and allow for exemptions related to the benchmark reform for interest rates, for an alternative interest rate (Risk Free Rate (RFR)). The changes include the following practical expedients:

- A practical expedient that requires contractual changes, or changes in cash flows that are directly required by the reform, to be treated in the same way as a floating interest rate change, equivalent to a movement in the market interest rate;
- Allow changes required by the reform to coverage designations and coverage documentation without the relationship being discontinued;
- Provide temporary operational relief to entities that have to comply with the separately identifiable requirement when an RFR instrument is designated as hedging a risk component.

These standards and amendments had no material impact on Constructel Visabeira's consolidated financial statements.

4.2 At the date of approval of these financial statements, the standards and interpretations endorsed by the European Union, but whose mandatory application occurs in future years, are as follows:

These standards, interpretations, amendments and revisions, whose application is mandatory only in future periods, were not, until the approval date of these financial statements, adopted ("endorsed") by the European Union:

• Amendments to IFRS 3 – References to the Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after the 1st of January 2022).

This amendment updates the references to the Conceptual Framework in the text of IFRS 3, with no changes being made to the accounting requirements for business combinations. The accounting treatment to be adopted in relation to liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus those included in a business combination, is also clarified. The change is for prospective application.

• Amendments to IAS 16 – Income earned before commissioning (applicable to annual periods beginning on or after the 1st of January 2022).

It clarifies the accounting treatment given to the payment obtained from the sale of products that result from production in the test phase of tangible fixed assets, prohibiting its deduction from the acquisition cost of the assets. The entity recognizes the income obtained from the sale of such products and the costs of their production in profit and loss.

• **Amendments to IAS 37 – Onerous contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after the 1st of January 2022).**

This amendment specifies that whenever assessing whether such contracts are onerous only expenses directly related to the performance of the contract can be considered, such as incremental costs related to direct labour and materials and the allocation of other expenses directly related as the allocation of depreciation expenses of the tangible assets used to carried out the contract.

General and administrative costs do not relate directly to a contract unless they are explicitly chargeable to the counterparty under the contract. This change should be applied to contracts that, at the beginning of the annual reporting period in which it first applies, still include contracts for which the entity has not yet fulfilled all its obligations, with no need to restate the comparison.

• **Amendments to IFRS 1 – Subsidiary as a first-time adopter of IFRS (included in the annual improvements for the 2018-2020 cycle) (effective for annual periods beginning on or after the 1st of January 2022).**

This improvement clarifies that, when the subsidiary chooses to measure its assets and liabilities at the amounts included in the parent company’s consolidated financial statements (undertaking that no adjustment has taken place during the consolidation process), the measurement of the differences in accumulated translations of all foreign operations can be carried out in the amounts that would be recorded in the consolidated financial statements, based on the date of transition of the parent company to IFRS.

• **Amendments to IFRS 9 – Derecognition of financial liabilities – Fees to be included in the “10 percent” variation test (included in annual improvements for the 2018-2020 cycle) (applicable to annual periods beginning on or after the 1st of January 2022).**

This improvement clarifies which fees an entity should include when assessing whether the terms of a financial liability are materially different from the terms of the original financial liability. This improvement clarifies that within the scope of derecognition tests carried out on renegotiated liabilities, only commissions paid or received between the debtor and creditor should be included, including commissions paid or received by the debtor or creditor on behalf of the other.

• **Amendments to IAS 41 – Taxation and fair value measurement (included in the annual improvements for the 2018-2020 cycle) (applicable to annual periods beginning on or after the 1st of January 2022).**

This improvement eliminates the requirement to exclude tax cash flows when measuring the fair value of biological assets, ensuring consistency with the principles of IFRS 13 – Fair value.

• **IFRS 17 (new) – Insurance contracts (to be applied in financial years beginning on or after the 1st January 2023).**

IFRS 17 applies to all insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issues them, as well as to some guarantees and some financial instruments with characteristics of participation discretionary. Broadly speaking, IFRS 17 provides an accounting model for insurance contracts that is most useful and most consistent for issuers. In contrast to the requirements of IFRS 4, which are based on previously adopted local accounting policies; IFRS 17 provides an integral model for insurance contracts, covering all relevant accounting aspects.

• **Amendments to IAS 8 – Definition of accounting estimates.**

The amendment clarifies the difference between changes in accounting estimates, changes in accounting policies and the error correction. Furthermore, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.

• **Amendments to IAS 1 – Disclosure of accounting policies.** These amendments are intended to aid the entity with the disclosure of “material” accounting policies, previously considered “significant” policies. However, due to the inexistence of this concept in the IFRS standards, it was decided to include the concept “materiality”, a concept already known by the users of the financial statements. When assessing the materiality of accounting policies, the entity must consider not only the size of transactions but also other events or conditions and their nature.

The Grupo did not carried out the early application of this standard in the financial statements during the period of twelve months ended on the 31st of December 2021. Significant impacts on the financial statements arising from their implementation are not estimated.

4.3. Standards and interpretations issued by IASB but not yet endorsed by the European Union

These accounting standards, interpretations amendments and revisions, whose application is mandatory only in future periods, were not, until the approval date of these financial statements, adopted (“endorsed”) by the European Union:

• **Amendments to IAS 1 – Presentation of financial statements – Classification of current and non-current liabilities.**

This amendment seeks to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer their payment, at the end of each reporting period. The classification of liabilities is not affected by the entity’s expectations (the assessment should determine whether a right exists, but should not consider whether or not the entity will exercise that right), or by events occurring after the reporting date, such as non-compliance of a “covenant”. However, if the right to postpone settlement for at least twelve months is subject to compliance with certain conditions after the balance sheet date, these criteria do not affect the right to defer settlement for the purpose of classifying a liability as current or non-current. This amendment also includes a new definition of “settlement” of a liability and is of retrospective application.

• **Amendments to IAS 12 – Deferred tax relating to assets and liabilities arising from a single transaction.**

These amendments clarify that payments that settle a liability are tax deductible, however it is a matter of professional judgement whether such deductions are attributable to the liability that is recognized in the financial statements or to the related asset. This is important in determining whether there are temporary differences in the initial recognition of the asset or liability. In accordance with these amendments, the initial recognition exception is not applicable to transactions that give rise to equal taxable and deductible temporary differences. It is only applicable if the recognition of an active lease and a passive lease give rise to taxable and deductible temporary differences that are not similar.

• **Amendments to IFRS 17 – Insurance contracts – Initial application of IFRS 17 and IFRS 9 – Comparative information.**

This amendment to IFRS 17 refers to presenting comparative information on financial assets in the initial application of IFRS 17. The amendment adds a transition option that allows an entity to overlay the classification of a financial asset in the comparative period(s) presented in the initial application of IFRS 17. “Overlay” allows all financial assets, including those held in connection with non-contractual activities within the scope of IFRS 17 to be classified, instrument by instrument, in the comparative period(s) in a manner aligned with how the entity expects those assets to be classified on initial application of IFRS 9.

These standards so far not adopted (“endorsed”) by the European Union, but so far not adopted by the Grupo for the period of twelve months ended on the 31st December 2021. Significant impacts on the financial statements arising from their implementation are not estimated.

5. Constructel Visabeira companies included in the consolidation

				% of consolidated 202	% direct 2021	% of consolidation 2020	% direct 2020
	Conditions	Head office	Activity				
Constructel Visabeira, S.A.		Lisboa	Telecommunications Energy	Parent Company		Parent Company	
Aeroprotechnik – Aerial Engineering, Lda	a)	Viseu	Telecommunications Energy	51,00%		51,00%	
Cabling Station Data, SA	b)	Mont-Sur-Marchienne	Telecommunications	100,00%		100,00%	
Constructel – Contructions et Telecommunications Belgique	b)	Mons	Telecommunications	100,00%		100,00%	
Constructel – Contructions et Telecommunications, SARL	a)	Valence	Telecommunications	100,00%	0,003%	100,00%	
Constructel BAU GmbH	c)	Berlim	Telecommunications	100,00%		100,00%	
Constructel Denmark, ApS	b)	Copenhaga	Telecommunications	100,00%	1,14%	100,00%	1,17%
Constructel Energie, S.A.	b)	Clermont – Ferrant	Energy	99,07%	3,52%	99,07%	3,52%
Constructel GmbH	b)	Berlim	Telecommunications	100,00%	25,00%	100,00%	25,00%
Constructel Italia, SRL	b)	Galliate	Energy	100,00%	50,00%	100,00%	50,00%
Constructel Modal, SA	b)	Flemalle	Telecommunications	100,00%		100,00%	
Constructel Sweden AB	c)	Estocolmo	Telecommunications	100,00%	50,00%	100,00%	50,00%
Cunha Soares	a)	Lodares	Energy	80,00%			
Escotel, SASU	b)	Aurillac	Telecommunications	100,00%		100,00%	
EIP Serviços	g)	Lisboa	Energy	100,00%			
Franz- Josef Braun GmbH & Co. KG	c)	Mechernich	Telecommunications	100,00%		100,00%	
Gatel, SAS	b)	Domessin	Telecommunications Energy	100,00%		100,00%	
IEME, SRL	b)	Cesena	Telecommunications Energy	100,00%		100,00%	
Infrasign SARL	d)	Beveren	Telecommunications	100,00%		100,00%	
IUTEL - Infocomunicações, SA	a)	Viseu	Telecommunications	99,95%		99,95%	
J. F. Edwards Construction Company	g)	Des Moines – Iowa	Energy	100,00%		100,00%	
MJ QUINN – Integrated Services, Ltd	e)	Liverpool	Telecommunications Energy	100,00%		100,00%	
MJ QUINN Constructel	b)	Liverpool	Telecommunications	100,00%		100,00%	
Modal Installation, SA	b)	Marchienne – Au-Port	Telecommunications Energy	100,00%		100,00%	
Oude MarktVoerlieden Natie NV (OMV Natie)	d)	Beveren	Telecommunications	100,00%		100,00%	
PDT – Projectos e Telecomunicações, SA	a) e b)	Lisboa	Telecommunications	100,00%		100,00%	
Quinn Constructel UK, Ltd	e)	Londres	Telecommunications	100,00%		100,00%	
SCI Constructel	b)	Valence	Telecommunications	99,90%		99,90%	
SCI Constructel Italia	h)	Cesena	Telecommunications	100,00%			
Tensa, S.A.	g)	Oviedo	Energy	100,00%		100,00%	
Toft Hansen ApS	f)	Kirke Hylling	Telecommunications Energy	100,00%		100,00%	
VisaPower, Unipessoal Lda	a)	Viseu	Energy	100,00%		100,00%	
Viatel – Tecnologia de Comunicações, SA		Viseu	Telecommunications	100,00%	100,00%	100,00%	100,00%
Visabeira Infraestruturas, Lda	a)	Viseu	Energy Telecommunications	100,00%		60,00%	
Visactys	b)	Valence	Telecommunications	100,00%			

- a) Directly owned by Viatel
- b) Directly owned by Constructel
- c) Directly owned by Constructel GmbH
- d) Directly owned by Constructel Modal
- e) Directly owned by MJ QUINN Constructel
- f) Directly owned by Constructel Denmark
- g) Directly owned by Visapower
- h) Directly owned by SCI Constructel

6. Other non-current assets

	Head office	Book Value 2021	Book Value 2020
a) Other participations*			
Capital investments			
C2 Capital Partners	Lisbon	850,000	850,000
Other participations *		521,734	76,764
		1,371,734	926,764
b) Advanced payments			
Ongoing investments		750,000	6,448,535
		750,000	6,448,535
Total		2,121,734	7,375,299

*The fair value of these assets was not determined as they are minority holdings for which the Board of Directors believes that their fair value is close to the respective acquisition cost.

In 2020, the advance on account of purchasing financial investments concerned the acquisition of the financial shares of EIP Serviços SA, which was purchased in September 2021.

During 2021, investment in progress is the amount related to the InPower share, a company in the telecommunications sector based in Italy. (see note 7)

7. Changes in the scope of consolidation

2020 Purchases

During the financial year 2020, Constructel Visabeira maintained its investment strategy to expand its activity to new countries and to reinforce its position in markets where it operates by purchasing companies as detailed below:

	Country	Head office		% Acquired	% of equity held after the acquisition	Date	Acquisition cost
Visabeira Infraestruturas, Lda	Portugal	Viseu	Acquisition	60.00%	60.00%	01.01 2020	12,000,000
Franz-Josef Braun GmbH & Co. KG	Germany	Mechernich	Acquisition	100.00%	100.00%	01.07 2020	14,685,880
Oude MarktVoerliden Natie NV (OMV Natie)	Belgium	Beveren	Acquisition	100.00%	100.00%	01.07 2020	15,410,000
Infrasign SARL	Belgium	Beveren	Acquisition	100.00%	100.00%	01.07 2020	558,325
Tensa, S.A.	Spain	Oviedo	Acquisition	100.00%	100.00%	01.10 2020	949,614
J. F. Edwards Construction Company	United States of America	Des Moines - Iowa	Acquisition	100.00%	100.00%	01.10 2020	15,431,224
Viatel - Tecnologia de Comunicações, SA	Portugal	Viseu	Acquisition	0.71%	100.00%	30.10 2020	402,349
Modal Installation, SA	Belgium	Marchienne-Au-Port	Acquisition	20.00%	100.00%	05.11 2020	1,258,563
Cabling Station Data, SA	Belgium	Mont-Sur-Marchienne	Acquisition	20.00%	100.00%	05.11 2020	1,099,342
Constructel Modal, SA	Belgium	Flemalle	Acquisition	20.00%	100.00%	05.11 2020	218,477
Total							62,013,773

Recognized goodwill is justified by the expected synergies arising from the activities carried out by the new companies and from access to new countries.

None of the purchases involve contingent remuneration agreements or gave rise to the recognition of indemnity receivables, as no contingent liabilities were identified.

The total amount of goodwill determined is not tax deductible.

Purchases in Europe

Purchases in Europe gave rise to goodwill amounting to 28,962,067 euros and an increase in the Grupo's assets and liabilities (reported on the purchase dates) of 63,690,691 euros and 45,148,864 euros, summarized as follows:

	Visabeira Infrastruturas	Tensa	Franz-Josef Braun	Oude MarktVoerlieden Natie
Position value before acquisition				
Tangible and intangible assets	4,311,885	2,037,781	2,183,893	2,257,737
Other Assets	42,237,994	2,167,805	2,247,981	3,548,588
Cash and cash equivalents	1,114,997	-98,637	269,560	1,411,107
Other liabilities	-36,518,873	-3,310,837	-1,875,746	-3,443,408
Total net assets	11,146,003	796,111	2,825,689	3,774,024
Acquisition price	12,000,000	949,614	14,685,880	15,410,000
Goodwill	5,312,398	153,502	11,860,191	11,635,976

No significant differences were identified between the fair value and the respective account value of the assets and liabilities of the companies purchased. It should be noted that Visabeira Infraestruturas was purchased from the shareholder VISABEIRA GLOBAL, SGPS, SA, the price having been determined based on an evaluation based on the EBITDA multiples of similar entities traded, and Tensa was purchased under the Special Process of Revitalization of the Grupo EIP – described below.

Acquisitions in the United States of America.

During 2020, Constructel Visabeira participated in a process for purchasing a set of assets of the Grupo EIP, SA, a Portuguese group which underwent a Special Revitalization Procedure and which includes a group of companies and branches that operates mainly in the design, supply and construction of energy systems, with an international presence.

Following this process, in October 2020, the group Constructel Visabeira acquired control over two companies of the Grupo EIP: 90% of the share capital and 10% with put option of J.F. Edwards Construction Company, based and operating in the United States of America and Tensa, based and operating area in Spain.

For the purchase of J.F. Edwards, negative goodwill was determined, detailed as follows:

Amounts in euros	Fair value on 01/10/2020
Tangible asset	8,380,211
Intangible assets	12,557,150
Other Assets	17,941,420
Cash and cash equivalents	11,272,602
Other liabilities	-28,701,995
Total net assets	21,449,388
Acquisition price	15,431,224
Goodwill	-6,018,165

Regarding the main differences between the fair value of the identifiable assets purchased and the liabilities assumed, recording an intangible asset to contracts with customers and the respective deferred tax liability as well as the derecognition of intangible assets recorded in the company in the amount 2 million euros is noteworthy. For the intangible calculation the 6.6% discount rate was taken into account.

For the remaining assets and liabilities, no significant differences were identified between the fair value and the respective carrying value.

Negative goodwill is explained by the Grupo EIP's PER process.

Acquisitions in progress

Within the scope of the Grupo EIP's Special Revitalization Procedure, Viatel advanced an amount of 6.4 million euros for purchasing EIP Serviços, SA, which holds a set of assets in Portugal, becoming effective only in 2021 with the approval of the Special Revitalization Procedure.

2021 Purchases

During the financial year 2021, Constructel Visabeira maintained its investment strategy to expand its activity to new countries and to reinforce its position in markets where it operates by purchasing companies as detailed below:

	Country	Head office		% Acquired	% of equity held after the acquisition	Date	Acquisition cost
Visapower	Portugal	Viseu	Acquisition	95.00%	95.00%	01.01.2021	42,500
Visactys	France	Valence	Establishment	100.00%	100.00%	01.09.2021	20,000
SCI Constructel Italia	Italy	Cesena	Establishment	100.00%	100.00%	01.09.2021	10,000
EIP Serviços	Portugal	Lisbon	Acquisition	100.00%	100.00%	01.09.2021	11,611,056
Cunha Soares	Portugal	Lodares	Acquisition	80.00%	80.00%	01.10.2021	30,011,610
Visabeira Infrastruturas	Portugal	Viseu	Acquisition	40.00%	100.00%	30.11.2021	8,000,000
Total							49,695,166

Recognized goodwill is justified by the expected synergies arising from the activities carried out by the new companies and from access to new countries.

None of the purchases involve contingent remuneration agreements or gave rise to the recognition of indemnity receivables, as no contingent liabilities were identified.

The total amount of goodwill determined is not tax deductible.

The interest percentages considered for consolidation purposes take into account the exercise of said put options (19% in the case of Cunha Soares; 10% in the case of EIP Serviços) by the previous owners.

Regarding this subject, see in 2.3 the accounting policy followed to measure put options granted to minority shareholders in the context of business combinations.

Purchases in Europe

Purchases in Europe gave rise to goodwill amounting to 41,683,550 euros and an increase in the Grupo’s assets and liabilities (reported on the purchase dates) of 39,125,148 euros and 40,652,602 euros, summarized as follows:

Position value before acquisition	EIP Serviços	Cunha Soares	Total
Tangible and intangible assets	1,789,240	1,707,877	3,497,116
Customers	6,304,825	2,495,052	8,799,877
Other Assets	10,487,706	336,100	10,823,806
Cash and cash equivalents	3,351,803	12,652,547	16,004,350
Loans obtained	-3,997,130	-838,165	-4,835,294
Other liabilities	-19,720,254	-14,199,751	-33,920,005
Total net assets	-1,783,810	2,153,658	369,848
Acquisition price	11,611,056	30,011,610	41,622,666
Goodwill	13,394,866	28,288,684	41,683,550
Non-controlling interests	0	430,732	430,732

When attributing the fair value to the net assets of EIP Serviços and Cunha & Soares, in the specific case of the customer balance, an analysis of the recoverable amount was carried out, with only one balance being identified with EIP Serviços and EIP Angola whose contractual amount of 10 million euros is not expected to be recovered, so a null value was assigned. No impairment was identified for the remaining customers, so their net book value reflects the Fair Value.

On the 31st of December 2021, it is important to mention that the purchase amount of Cunha Soares was not paid in full, with a liability of 21.7 million euros, as described in note 34.

For calculating non-controlling interests, these were measured by the proportional contribution of the fair value of net assets.

Acquisitions in progress

Constructel France advanced an amount of 750 thousand euros for the purchase of InPower, a company in the telecommunications sector, based in Italy.

Impact of purchases

The acquisitions had the following impact on the Grupo's income statement:

Main indicators Impact in 2021 on consolidated accounts	EIP Serviços (Sep to Dec)	Cunha Soares (Oct to Dec)
Turnover	10,669,199	4,966,829
EBITDA	2,379,323	2,315,102
Net income	1,258,358	1,784,384

It should be noted that the consolidation of the EIP is only relative to 4 months, as the demerger process was only completed on the 31st of August.

If the acquisitions described above had occurred on the 1st of January 2021, the Proforma Consolidated Statement for 2021 would be as follows:

Consolidated income statement

Financial years ended on the 31st of December 2021 unaudited “pro forma” in 2021

	2021 unaudited “pro forma”	2021
Ongoing operations		
Sales	31,319,686	16,679,620
Services rendered	834,282,886	834,282,886
Turnover	865,602,572	850,962,506
Cost of goods sold and material consumed	-65,410,925	-64,664,062
Other income	16,756,782	16,609,847
Supplies and external services	-494,161,754	-491,494,368
Personnel costs	-204,302,365	-199,742,245
Other costs	-9,281,276	-9,247,488
Amortisations	-37,864,181	-37,467,189
Provisions and impairment losses	-1,265,831	-967,575
Interest expense, net	-5,468,282	-5,955,093
Other financial expenses, net	-1,970,769	-1,754,215
Result before taxes	62,633,972	56,280,117
Income tax	-15,448,456	-13,483,828
Net income	47,185,516	42,796,289

It is important to detail the main indicators of the 2021 purchases by subsidiary, if they were incorporated since the 1st of January 2021:

Main Proforma indicators 2021	EIP Serviços	Cunha Soares
Turnover	10,669,199	19,606,896
EBITDA	1,936,315	9,493,636
Net income	599,321	6,787,207

2022 Purchases

After the end of the reporting period, but before the financial statements received authorization for issuance, we purchased two new companies, North West Solar, in England, and InPower, in Italy. The purchase price allocation is not yet included, but the provisional amounts are presented below.

Main indicators	North West Solar	InPower
Fixed tangible and intangible assets	83,808	216,000
Other Assets	1,246,987	18,808,000
Cash and cash equivalents	299,515	773,000
Other liabilities	-1,132,109	-18,717,000
Total Net Assets	498,201	1,080,000
Acquisition price	1,112,409	2,750,000
Goodwill (net of tax)	614,208	1,670,000

The purchase of the company Obelisk, in Ireland, is still in progress, with a purchase price estimated at 16.4 million euros.

Alienations

During 2021 and 2020, there were no sales or loss of control of subsidiaries.

Change of interest percentages in controlled companies

In December 2021, Constructel Visabeira acquired an additional 40% stake in Visabeira, thus becoming the holder of 100% of its share capital. The amount paid for this share was 8 million euros, exceeding the value of non-controlling interests by 3,032 million, which was estimated at 4.9 million.

Minority Shareholder amount paid	8,000,000
Capital value of non-controlling interest	-4,967,536
Difference recognized in retained earnings	3,032,464

8. Discontinued operations

During the year 2021, there were no discontinued activities. Similarly, from the 31st of December 2021 to the present date, there are no decisions to discontinue operating activities.

9. Key activity indicators

9.1 Main indicators by activity / geography

a) By area of activity

	Years	Telecommunications	Energy	Total
Turnover	2020 2021	561,909,181 643,743,953	100,687,264 207,218,552	662,596,445 850,962,506
EBITDA	2020 2021	70,460,019 70,996,282	12,792,611 31,427,907	83,252,630 102,424,190
Operating income	2020 2021	46,558,485 44,623,233	8,812,600 19,366,192	55,371,085 63,989,425
Net income	2020 2021	28,563,114 28,796,403	13,851,299 13,999,886	42,414,414 42,796,289
Tangible/Intangible assets / Right-of-use	2020 2021	79,626,484 84,118,359	31,679,991 34,235,224	111,306,475 118,353,583
Inventories	2020 2021	16,041,506 21,109,958	3,401,714 8,509,410	19,443,220 29,619,368

b) By geography*

	Years	France	United Kingdom	Portugal	Belgium	Germany
Turnover	2020 2021	267,917,416 283,023,959	135,269,021 179,516,867	141,046,679 163,848,064	41,422,046 71,339,578	24,033,687 32,755,650
EBITDA	2020 2021	28,656,259 27,487,241	12,647,040 13,859,265	22,269,028 23,778,074	5,264,736 11,358,934	3,670,218 3,505,250
Operating income	2020 2021	16,725,243 14,105,593	5,151,365 5,788,629	19,172,559 19,031,161	4,039,195 9,913,089	2,334,644 1,837,947
Net income	2020 2021	9,262,184 6,631,995	3,341,364 5,125,680	12,924,900 9,453,574	2,408,321 7,934,619	1,845,018 1,982,634
Tangible assets/ Intangible assets/ Right-of-use	2020 2021	27,067,092 29,115,068	27,581,299 25,594,509	18,542,814 23,892,530	4,593,018 5,457,132	4,887,703 5,081,288
Inventories	2020 2021	362,834 1,315,365	6,913,980 8,930,949	10,420,426 14,707,001	772,481 2,142,299	394,063 527,949

	Years	United States of America	Denmark	Italy	Spain	Total
Turnover	2020 2021	19,266,745 86,787,812	16,970,011 12,859,100	13,693,176 10,934,020	2,977,663 9,897,456	662,596,445 850,962,506
EBITDA	2020 2021	7,283,078 21,261,934	3,413,914 1,206,438	-149,478 -555,601	197,835 522,655	83,252,630 102,424,190
Operating income	2020 2021	5,466,555 13,841,376	2,899,095 280,551	-581,624 -937,922	164,053 129,002	55,371,085 63,989,425
Net income	2020 2021	10,749,175 11,200,315	2,174,668 431,011	-628,749 -983,896	337,533 369,279	42,414,413 42,145,211
Tangible assets/ Intangible assets/ Right-of-use	2020 2021	16,822,894 21,542,134	1,485,676 2,362,690	3,508,110 3,371,151	6,817,869 1,937,081	111,306,475 118,353,583
Inventories	2020 2021	308,542 673,886	44,211 29,230	195,952 736,222	30,732 556,466	19,443,220 29,619,368

* Distribution according to the location of the company head office

EBITDA and Operating result were determined as follows:

Consolidated income statement Financial years ended on 31 st of December 2021 and 2020		
	2021	2020
Turnover	850,962,506	662,596,445
Cost of goods sold and material consumed	-64,664,062	-43,158,200
Subcontracts	-385,191,759	-302,857,375
Gross margin	401,106,685	316,580,869
Supplies and external services	-106,302,608	-80,054,565
Personnel costs	-199,742,245	-156,883,245
Other income	16,609,847	10,415,304
Other costs	-9,247,488	-6,805,733
EBITDA	102,424,190	83,252,630
Amortisations	-37,467,189	-27,289,995
Provisions and impairment losses	-967,575	-591,550
Operating income	63,989,425	55,371,085
Gains/(Losses) on the acquisition and disposal of subsidiary companies	0	6,018,165
Interest paid, net	-5,955,093	-5,266,257
Other financial expenses, net	-1,754,215	-1,889,383
Income tax	-13,483,828	-11,819,198
Net income	42,796,289	42,414,414

9.2 Assets associated with contracts with clients

	Years	Telecommunications	Energy	Total
Assets associated with customer contracts	2020 2021	79,015,696 99,870,060	10,069,689 10,452,584	89,085,385 110,322,644

The amounts of assets associated with contracts with customers are mainly from the telecommunications area. These amounts refer to services already provided according to the terms contracted with the customer and not yet billed.

The calculation of impairment losses was considered, according to the Expected Credit Loss model (IFRS 9). Taking into account the nature of customers and the maturity of the balances receivable, the amount calculated is immaterial.

In the financial years ending on the 31st December 2021, only two customers represented more than 20% of consolidated turnover.

It should be noted that there are still balances relating to customer contracts, relating to services already billed in the amount of 86.3 M euros (see note 24).

9.3 Assets associated with contracts with customers

	Years	Telecommunications	Energy	Total
Advances to clients	2020 2021	76,213 0	0 0	76,213 0
Billing made for services to be billed	2020 2021	5,564,536 10,545,217	5,827,771 9,950,642	11,392,307 20,495,858
Assets associated with customers' contracts	2020 2021	5,640,749 10,545,217	5,827,771 9,950,642	11,468,520 20,495,858

The increase in the amount of liabilities associated with customer contracts in the Energy segment stems from the entry of EIP Serviços into the consolidated group of companies with a balance at the end of 2021 of 4.9 million euros. As far as the Telecommunications segment is concerned, the increase is mostly explained by an increase in liabilities associated with contracts with Constructel Belgium customers (2.6 million).

10. Other income and other costs

	2021	2020
Other income		
Supplementary income	12,436,330	8,821,032
Operating grants	4,173,517	1,594,272
Total	16,609,847	10,415,304
Other costs		
Taxes	5,988,302	4,972,324
Other operational costs	3,259,186	1,833,410
Total	9,247,488	6,805,733

“Supplementary income” includes debts to subcontractors related to expenses incurred on behalf of them and also redeemed to other related parties.

The “Taxes” item mainly include taxation on the activity volume in France.

In 2021, JF. Edwards recorded an income from operating subsidies relating to a non-refundable subsidy.

11. External supplies and services

Amounts in euros	2021	Weight %	2020	Weight %
Subcontracts	385,191,759	78%	302,857,375	79%
Conservation and repair	18,325,376	4%	14,689,852	4%
Rents	14,626,184	3%	14,336,237	4%
Fuel	17,485,731	4%	11,917,867	3%
Specialised works	11,418,776	2%	10,328,115	3%
Insurance	9,805,086	2%	6,986,191	2%
Communication	3,950,149	1%	3,837,563	1%
Tools and utensils for fast wear	3,403,709	1%	2,980,732	1%
Commissions	3,076,900	1%	169,545	0%
Travel and stays	2,894,203	1%	2,238,089	1%
Fees	2,129,892	0%	1,422,500	0%
Office supplies	1,818,682	0%	863,847	0%
Electricity	1,067,389	0%	826,857	0%
Others	16,300,532	3%	9,457,169	2%
Total	491,494,368	100%	382,911,940	100%

The increase in subcontracts in the amount of 82 million euros, 5 million euros are justified by the changes in the perimeter observed during 2021, the remaining being the result of the growth of the Grupo Constructel Visabeira activity, adopting the strategy of hiring external labour.

12. Staff costs

	2021	2020
Management	1,990,010	594,807
Personnel costs	159,600,419	123,019,749
Social security Contributions	25,480,275	22,796,133
Insurance	967,402	605,258
Social action costs	640,078	686,844
Other	11,064,060	9,180,454
Total	199,742,245	156,883,245

The average number of Constructel Visabeira’s employees during 2021 was 5.138.

By geography *	Average number of employees	
	2021	2020
France	2,504	2,569
Portugal	1,439	1,189
United Kingdom	600	481
Belgium	308	250
Germany	394	187
Italy	116	131
Denmark	122	109
Spain	120	122
United States of America	181	151
Total	5,784	5,189

The remuneration of the key management personnel (under the terms of IAS 24) has an essentially fixed nature and does not include post-employment benefits or employment termination benefits. The financial year 2021 reached 2 million euros (595 thousand euros in 2020). It should be noted that in 2020, the largest remuneration component for “key management personnel” is supported by the shareholder Visabeira Global, SGPS, S.A., which in turn charges these services to the different companies within the group of Constructel Visabeira under a service provision contract. In July 2021, the governing bodies were transferred to the company itself, so their costs are already included in the administration heading.

13. Depreciations

Amortisations	2021	2020
Tangible assets amortizations		
Land and natural resources	25,944	21,265
Buildings and other constructions	2,490,019	1,817,975
Basic equipment	4,371,420	2,259,202
Transport equipment	3,295,763	1,749,636
Office equipment	746,011	663,861
Other	371,201	651,382
Total amortization of tangible asset	11,300,359	7,163,321
Depreciation of assets under right-of-use		
Land and natural resources	4,290	2,145
Buildings and other constructions	3,697,819	3,639,624
Basic equipment	229,460	141,641
Transport equipment	13,697,733	12,033,450
Office equipment	84,015	103,131
Other	454,674	129,230
Intangible assets	17,210	17,210
Total depreciation of assets under right-of-use	18,185,200	16,066,432
Intangible assets amortisations		
Development projects	1,160,699	351,650
Other	6,820,931	3,708,593
Total intangible amortization	7,981,630	4,060,243
Total depreciation	37,467,189	27,289,995

14. Provisions and impairment losses

	2021	2020
Decreases in provisions and adjustments	-845,467	-227,883
Increases in provisions and adjustments	1,813,042	819,433
	967,575	591,550

In 2021, regarding “increases in provisions and impairment losses”, we highlight the provisions set up mainly to cover risks related to collections from customers and the reinforcement of provisions to cover other estimated losses. It is important to note the reinforcement of the provision for retirement pension in the amount of 283 thousand euros. The heading details are as follows:

	2021
Other receivables	377,278
Impairment Losses Customers	261,557
Reform Provisions	283,250
Provisions Others	-38,142
Other	83,633
	967,575

15. Interest paid, net

Amortisations	2021	2020
Interest paid		
Loans obtained	6,341,005	6,526,514
Lease liabilities	699,980	717,451
	7,040,985	7,243,965
Interest earned		
Loans granted	1,085,892	1,977,708
	1,085,892	1,977,708
Total interest paid, net	-5,955,093	-5,266,257

The interest benefit relates to loans granted to the shareholder Visabeira Global, which are remunerated at current market rates.

16. Other financial expenses, net

	2021	2020
Currency exchanges differences	-24,379	375,194
Cash payment discounts granted	-10,143	-4,241
Other costs	-1,938,472	-2,314,711
Impairment loss on financial investments	-10,602	-26,987
Cash payment discounts obtained	15,763	30,205
Other income	213,618	51,158
Total	-1,754,215	-1,889,383

The “Other costs” account includes interest costs related to factoring and confirming.

17. Income tax

	2021	2020
Current tax	-13,002,008	-12,633,064
Deferred tax	-481,820	813,866
Income tax	-13,483,828	-11,819,198

	2020	Effect on results	Effect on equity	Reclassifications	2021
Deferred tax assets					
Adjustments and other provisions not fiscally accepted	3,623,291	-1,034,859	78,962	-357,141	2,310,252
Tax losses	675,136	291,949	5,746	0	972,831
Tax credit	222,440	0	0	0	222,440
Total deferred tax assets	4,520,867	-742,910	84,708	-357,141	3,505,523

Deferred tax liabilities					
Difference from the fair value of investment properties	1,524,832	17,647	0	0	1,542,479
Difference between amortizations accepted for tax purposes	0	1,344,762	0	2,182,041	3,526,803
Adjustments and other provisions not fiscally accepted	1,999,579	86,529	-102,278	-18,677	1,965,153
Difference from the fair value of intangible assets	3,807,269	-354,052	313,929	0	3,767,145
Free revaluation reserves	379,164	-11,213	0	-32,410	335,540
Other provisions	230,000	0	0	0	230,000
Total deferred tax liabilities	7,940,843	-261,090	211,651	-51,088	7,840,317

	2019	Changes to the perimeter	Effect on results	Effect on equity	Reclassifications	2020
Deferred tax assets						
Adjustments and other provisions not fiscally accepted	2,051,230	1,156,582	447,897	-32,418	0	3,623,291
Tax losses	0	609,289	65,848	0	0	675,136
Tax credit	0	156,645	65,794	0	0	222,440
Total deferred tax assets	2,051,230	1,922,516	579,539	-32,418	0	4,520,867

Deferred tax liabilities						
Difference from the fair value of investment properties	1,520,653	0	4,180	0	0	1,524,832
Adjustments and other provisions not fiscally accepted	0	1,539,058	436,789	23,732	0	1,999,579
Difference from the fair value of intangible assets	708,105	3,767,145	-667,981	0	0	3,807,269
Free revaluation reserves	273,235	113,243	-7,314	0	0	379,164
Other provisions	459,000	230,000	0	0	-459,000	230,000
Total deferred tax liabilities	2,960,993	5,649,445	-234,327	23,732	-459,000	7,940,843

The reconciliation between the tax rates in force in the different jurisdictions and the rate actually borne by the Grupo is as follows:

	2021	2020
Earnings before taxes	56,280,177	54,223,611
Nominal rate of tax on profits	21.00%	21.00%
Tax rate - 21%	-11,818,825	-11,389,058
Differentiated nominal tax rates	-1,272,935	-1,747,953
Tax benefits	65,611	0
Autonomous taxation	-321,661	-367,784
Permanent differences	0	-14,285
Local tax	-449,213	-257,927
Corrections of previous years	504,141	0
Gains on the purchase of untaxed subsidiary companies	0	1,263,815
Other	290,874	-119,871
Total non-current assets	-13,002,008	-12,633,064
Deferred tax	-481,820	813,866
Tax for the financial year	-13,483,828	-11,819,198

*Differentiated tax on profits: France and Belgium 31%; UK 19%; Italy 27.9%; Denmark 22%, Spain 24% and United States of America 30%.

18. Tangible assets

	Land	Buildings	Basic equipment	Transportation equipment
Opening Balance on the 1 st of January 2020	2,408,281	8,101,922	3,744,960	4,214,780
Changes in the scope of consolidation	1,834,305	3,550,864	7,801,032	4,216,550
Reclassification for assets under rights of use				
Increases	0	8,136,214	2,217,617	523,709
Disposals / Transfers	8,333	564,872	-379,928	-750,595
Exchange rate effect	0	-14,797	452	500
Amortization for the financial year	-21,265	-1,817,975	-2,259,202	-1,749,636
Closing balance on the 31st of December 2020	4,229,654	18,521,101	11,124,931	6,455,308
On the 31 st of December 2020				
Acquisition cost	4,357,225	36,844,089	39,538,668	27,018,390
Accumulated depreciation	127,571	18,322,988	28,413,737	20,563,082
Tangible assets	4,229,654	18,521,101	11,124,931	6,455,308
On the 31 st of January 2021				
Opening Balance on the 1 st of January 2021	4,229,654	18,521,101	11,124,931	6,455,308
Changes in the scope of consolidation	73,053	1,722,718	850,687	900,900
Increases	45,222	951,000	11,745,861	3,282,010
Disposals / Transfers	-751,333	-569,914	81,063	-37,633
Exchange rate effect	11,423	624,664	421,885	94,532
Amortization for the financial year	-25,944	-2,490,019	-4,371,420	-3,295,763
Closing balance on the 31st of December 2021	3,582,076	18,759,550	19,853,008	7,399,353
On the 31 st of December 2021				
Acquisition costs	4,021,571	40,231,824	57,201,752	39,493,242
Accumulated depreciation	439,495	21,654,563	37,340,004	32,093,889
Tangible assets	3,582,076	18,577,262	19,861,748	7,399,353

	Office equipment	Others tangible fixed assets	Tangible assets in progress	Advance payments on account of tangible assets	TOTAL
Opening Balance on the 1 st of January 2020	1,221,927	692,613	59,497	175,708	20,619,688
Changes in the scope of consolidation	167,827	198,287	13,681	0	17,782,545
Reclassification for assets under rights of use					0
Increases	1,342,691	236,288	50,495	0	12,507,013
Disposals / Transfers	-159,736	133,529	-37,958	-175,708	-797,190
Exchange rate effect	-767	-166	0	0	-14,777
Amortization for the financial year	-663,861	-651,382	0	0	-7,163,321
Closing balance on the 31st of December 2020	1,908,081	609,169	85,714	0	42,933,958
On the 31 st of December 2020					
Acquisition cost	10,512,589	11,595,589	85,714	0	129,952,264
Accumulated depreciation	8,604,508	10,986,420	0	0	87,018,306
Tangible assets	1,908,081	609,169	85,714	0	42,933,958
Opening Balance on the 1 st of January 2021	1,908,081	609,169	85,714	0	42,933,958
Changes in the scope of consolidation	16,809	54,652	0	0	3,618,819
Increases	702,969	682,175	630,805	0	18,040,043
Disposals / Transfers	-646,229	80,962	-66,152	0	-1,909,235
Exchange rate effect	82,220	6,547	0	0	1,241,271
Amortization for the financial year	-746,011	-371,201	0	0	-11,300,359
Closing balance on the 31st of December 2021	1,317,839	1,062,304	650,367	0	52,624,496
On the 31st of December 2021					
Acquisition costs	10,926,638	13,282,544	650,367	0	165,807,941
Accumulated depreciation	9,608,799	12,046,694	0	0	113,183,444
Tangible assets	1,317,839	1,235,850	650,367	0	52,624,496

The most relevant changes in the scope of the group of companies, in terms of the increase in tangible fixed assets were EIP Serviços 1.9 million euros) and Cunha Soares (1.6 million euros), purchased during 2021. In view of this change, at the beginning of a lease contract, the liability related to the lease payments and the asset that represents the right to use the underlying asset over a certain period of time is assessed. Under a lease agreement, the lessee must recognize an asset under right of use and a lease liability because all the risks and benefits inherent in the ownership of an asset are transferred to the lessee. The title deed may or may not be transferred.

Impairment tests

The Grupo evaluates, as described in note 2.11, the existence of signs of tangible assets impairment.

19. Right-of-use assets

The heading "Assets under rights of use", in 2021, has the following composition:

	Land	Buildings	Basic equipment	Transport equipment
Opening balance on the 1st of January 2020	0	8,013,935	599,010	19,462,422
Increases	8,580	3,245,149	81,320	31,831,986
Exchange rate effect	0	-73,840	0	59,573
Amortization for the financial year	-2,145	-3,639,624	-141,641	-12,033,450
Closing balance on the 31st of December 2020	6,435	6,761,878	829,234	39,835,572
On the 31st of December 2020				
Acquisition costs	8,580	12,982,723	1,175,417	68,847,350
Accumulated depreciation	2,145	6,220,845	346,183	29,011,778
Right-of-use assets	6,435	6,761,878	829,234	39,835,572
Opening balance on the 1st of January 2021	6,435	6,761,878	829,234	39,835,572
Increases	0	6,205,846	992,673	13,845,388
Reductions	0	-1,539,626	-3,850	-45,579
Exchange rate effect	0	452,696	0	1,036,328
Amortization for the financial year	-4,290	-3,697,819	-229,460	-13,697,733
Closing balance on the 31st of December 2021	2,145	8,182,976	1,588,597	40,973,977
On the 31st of December 2021				
Acquisition costs	8,580	16,863,920	2,168,091	83,311,009
Accumulated depreciation	6,435	8,680,944	579,493	42,337,032
Intangible assets	2,145	8,182,976	1,588,597	40,973,977
	Office equipment	Others tangible fixed assets	Intangible assets	Total
Opening balance on the 1st of January 2020	270,552	249,166	100,393	28,695,477
Increases	0	41,941	0	35,208,975
Exchange rate effect	0	2,183	0	-12,084
Amortization for the financial year	-103,131	-129,230	-17,210	-16,066,432
Closing balance on the 31st of December 2020	167,420	284,553	83,182	47,968,275
On the 31st of December 2020				
Acquisition cost	341,542	511,434	103,261	83,970,307
Accumulated depreciation	174,121	226,880	20,079	36,002,031
Right-of-use assets	167,420	284,553	83,182	47,968,275
Opening balance on the 1st of January 2021	167,420	284,553	83,182	47,968,275
Increases	0	1,688,018	0	22,731,925
Reductions	0	-35,036	0	-1,624,091
Exchange rate effect	0	11	0	1,489,035
Amortization for the financial year	-84,015	-454,674	-17,210	-18,185,200
Closing balance on the 31st of December 2021	83,406	1,482,872	65,972	52,379,945
On the 31st of December 2021				
Acquisition costs	341,542	2,157,320	103,261	104,953,723
Accumulated depreciation	258,136	674,448	37,289	52,573,778
Intangible assets	83,406	1,482,872	65,972	52,379,945

During 2021 the group had an increase of 4.5 million euros in assets under right of use. The companies with the greatest contribution to the investment in transportation equipment for fleet maintenance/renewal were Constructel (5.3 million euros) and Viatel (1.8 million euros).

20. Goodwill

	Year of acquisition	Value of goodwill	
		2021	2020
Telecommunications			
MJ Quinn – Integrated Services Ltd	2018	56,958,936	52,857,021
Constructel	2014	16,995,234	16,995,234
Viatel	1997.2002	14,997,178	14,997,178
Franz Josef Braun	2020	11,860,191	11,860,191
OMV Natie	2020	11,635,976	11,635,976
Grupo Modal	2017	5,666,717	5,666,717
PDT	2004	2,327,314	2,327,314
Constructel Belgium	2015	2,247,572	2,247,572
Infrasign	2020	546,503	546,503
		123,235,621	119,133,706
Energy			
Cunha Soares	2021	28,288,684	0
Visabeira Infraestruturas	2020	5,312,398	5,312,398
Toft Hansen	2019	2,616,302	2,616,302
IEME	2017	1,263,270	1,263,270
Constructel Energie	2015	268,632	268,632
Tensa	2020	153,502	153,502
Aeroprotechnik	2019	61,423	61,423
Gatel	2015	22,590	22,590
EIP Serviços	2021	13,394,866	0
		51,381,667	9,698,117
Total Goodwill		174,617,288	128,831,823

Purchases recorded up to 2015 in the telecommunications sector, before corporate reorganization during 2019, as well as the purchase of Visabeira Infraestruturas during 2020 were carried out within the scope of the transactions with companies under common control, in which the purchase method in compliance with the policy described in 2.3 was applied.

Movement during the year

During 2021, it is important to note the increase of goodwill resulting from purchases amounting to 41.7 million euros, as detailed in note 7. The increase in the amount of MJ Quinn’s – Integrated Services, Ltd goodwill is exclusively explained by currency appreciation of the pound sterling occurred during the financial year.

Impairment tests

For the purposes of impairment analysis, goodwill was distributed among the cash-generating units, which are listed above and correspond to each of the legal entities acquired, taking into account the geographical and business segregation of each one. The Board of Directors, based on the estimated future cash flows of these segments (which are largely supported by turnover already contracted), discounted at the rate considered applicable to each business, concluded that, on the 31st of December 2021, the carrying value of net assets of each business, including the corresponding goodwill, does not exceed its recoverable value. In the Telecommunications sector, the main assumptions used in the impairment test for 2021 were the following:

Assumptions impairment test 2021	MJQ	Constructel	Viatel	FJB	OMV
Method used	Updated cash flow method	Updated cash flow method	Updated cash flow method	Updated cash flow method	Updated cash flow method
Based used	Projection	Projection	Projection	Projection	Projection
Years of projection	5 years	5 years	5 years	5 years	5 years
Sales growth in 2022	20.38%	5.62%	0.05%	56.87%	32.08%
CAGR sales 2023–2026	2.00%	1.70%	1.30%	3.00%	5.00%
Perpetuity growth rate	2.00%	1.32%	1.35%	2.03%	1.79%
WACC used in perpetuity	3.84%	5.80%	5.80%	5.80%	5.80%

In the Energy sector, the main assumptions used in the impairment test for 2021 were the following:

Assumptions impairment test 2021	Cunha Soares	EIP	Visabeira Infraestruturas
Method used	Updated cash flow method	Updated cash flow method	Updated cash flow method
Based used	Projection	Projection	Projection
Years of projection	5 years	5 years	5 years
Sales growth in 2022	not applicable	not applicable	–13.88%
CAGR sales 2023–2026	3.60%	0.39%	1.30%
Perpetuity growth rate	1.40%	1.35%	1.35%
WACC used in perpetuity	5.89%	5.80%	5.89%

In the Telecommunications sector, the sensitivity of the results of impairment tests carried out on Goodwill to the main key assumptions, namely the discount rate and the growth rate in perpetuity were as follows:

Sensitivity to key assumptions 2021	Discount rate		Perpetuity sales growth rate	
	5 pp	–5 pp	5 pp	–5 pp
MJQ	–82.0	143.4	127.0	–72.7
Constructel	–16.8	20.9	11.8	–9.4
Viatel	–17.9	22.4	16.4	–13.1
FJB	–4.6	5.9	5.1	–3.9
OMV	–10.3	13.2	10.9	–8.5

On the 31st of December 2021, if a discount rate higher than 0.5% had been used, or a perpetuity growth rate of less than 0.5%, the results obtained in the tests mentioned above would not give rise to impairment. The value in use corresponds to the estimate of the present value of the future cash flows, calculated based on budgets and business plans duly approved by the Grupo’s Board of Directors, which cover an average of five years.

In the Energy sector, the sensitivity of the results of impairment tests carried out on Goodwill to the main key assumptions, namely the discount rate and the growth rate in perpetuity were as follows:

Sensitivity to key assumptions 2021	Discount rate		Growth rate in perpetuity	
	5 pp	-5 pp	5 pp	-5 pp
Cunha Soares	-9.3	11.6	10.1	-8.1
EIP	-3.7	4.7	3.8	-3.0
Visabeira Infraestruturas	-5.5	6.9	5.5	-4.4

On the 31st of December 2021, if a discount rate of 5 pp higher had been used, or a perpetuity growth rate lower by 5 pp, the results determined in the tests referred to above would not have given rise to the recording of impairments. The value in use corresponds to the estimate of the present value of the future cash flows, calculated based on budgets and business plans duly approved by the Grupo's Board of Directors, which cover an average of five years.

21. Investment properties

	2021	2020
Opening balance	10,000,000	10,000,000
Change in fair value	-	-
Total	10,000,000	10,000,000

PDT Buildings

These are two houses not used in the ordinary course of Constructel's business. These buildings are located at Av. Almirante Gago Coutinho in Lisbon and were completely rehabilitated in 2017 and used as offices leased to related parties, with an annual income of 156 thousand euros. They have a combined area of 1.582 m2 of construction and 3.299 m2 of land.

The investment property in use is measured at fair value, determined by the average of the Comparative Method and the Income Method (DFC).

The Comparative Method's reference are the values of similar properties. The survey carried out reflected the values in the market in quantity and quality sufficient to evaluate by the aforementioned method. In the survey, properties that were considered not having the necessary characteristics to make a comparison with the houses object of this evaluation report were excluded, due to the characteristics or disparity of values with similar houses.

In the determination of the fair value of investment property, the highest and best use is considered. The valuation taking into account on the 31st of December 2021, did not result in any material difference compared to the value on the 31st of December 2020.

22. Intangible assets

	Development projects and software	Other intangible assets	Total
Opening balance on the 1 st of January 2020	969,204	5,750,555	6,719,759
Changes in the scope of consolidation	15,491	12,557,150	12,572,642
Increases	5,109,856	51,063	5,160,919
Disposals / Transfers	0	1,586	1,586
Exchange rate effect	620	8,958	9,579
Amortization for the financial year	-351,650	-3,708,593	-4,060,243
Closing balance on the 31 st of December 2020	5,743,522	14,660,719	20,404,242

On the 31 st of December 2020			
Acquisition cost	6,570,721	25,476,270	32,046,991
Accumulated depreciations	827,198	10,815,551	11,642,749
Intangible assets	5,743,522	14,660,719	20,404,242

Opening balance on the 1 st of January 2021	5,743,522	14,660,719	20,404,242
Changes in the scope of consolidation	0	0	0
Increases	60,853	5,517	66,370
Disposals / Transfers	-11,086	1,012,531	1,001,445
Exchange rate effect	51	-33,228	-33,177
Amortization for the financial year	-1,160,699	-6,820,931	-7,981,630
Closing balance on the 31 st of December 2021	4,632,642	8,824,607	13,457,250

On the 31 st of December 2021			
Acquisition costs	6,631,705	24,403,089	31,034,794
Accumulated depreciation	1,999,064	15,578,481	17,577,545
Intangible assets	4,632,642	8,824,607	13,457,250

The amount of transfers essentially refers to the amount of administrative equipment that was reclassified to intangible assets during 2021.

23. Inventories

	Raw materials	Goods	Finished products	Total
31 st of December 2020				
Costs	17,958,867	1,776,263	0	19,735,130
Adjust	-265,123	-26,787	0	-291,910
Inventories valued at either the acquisition cost or realisation value, whichever is lower	17,693,744	1,749,476		19,443,220
31 st of December 2021				
Costs	25,038,657	2,202,829	0	27,241,487
Changes to the scope of consolidation	44,843	722,034	1,902,481	2,669,358
Adjust	-265,123	-26,353	0	-291,476
Inventories valued at either the acquisition cost or realisation value, whichever is lower	24,818,377	2,898,510	1,902,481	29,619,368

24. Customers

	2021	2020
Accounts receivables	88,627,605	65,100,331
	88,627,605	65,100,331
Impairment of debts receivable	-2,946,258	-2,870,018
Total	85,681,347	62,230,313

Carrying amounts presented are net of accumulated impairment losses for doubtful debts, which were estimated by the Grupo in accordance with its experience and based on its assessment of the economic environment, with the calculation of impairment losses being carried out in accordance with the Expected Credit Losses model (IFRS 9). The Board of Directors believes that the carrying value of accounts receivable is close to its fair value. The companies of Constructel Visabeira that operate as infrastructures and telecommunications service providers sell to entities of recognised financial probity. This group includes entities such as local telecommunications operators, generally directly held by the Government of each country, replacing credit risk with political risk. Some examples of this are Orange, Belgacom, British Telecom, Deutsche Telekom, PT, Nos, EDP and natural gas concessionaires. The maturity of the amounts receivable is detailed as follows:

	Not yet overdue	Months after the maturity date				
Accounts receivables		0 - 6	6 - 12	12 - 18	> 18	Total
2020	41,171,082	14,838,351	999,267	348,764	7,742,867	65,100,331
2021	58,381,221	24,051,180	1,518,481	1,711,727	2,964,997	88,627,606

	Not yet overdue	Months after the maturity date				
Debtor allowances		0 - 6	6 - 12	12 - 18	> 18	Total
2020	-6,409	-10,390	-7,992	-3,300	-2,841,927	-2,870,018
2021	-4,832	-20,714	-4,591	-7,467	-2,908,654	-2,946,258

The Board of Directors finds the debt adjustment appropriate, and its evolution is detailed as follows:

	Initial balance	Change in scope	write-off	Increases / decreases	Final balance
Adjustment of debts receivable	-2,870,018	0	185,317	-261,557	-2,946,258

25. State and other public entities

	Liabilities	
	2021	2020
Income tax	5,597,970	4,950,415
Total	5,597,970	4,950,415
Third-party income tax withholding	2,266,861	1,048,822
Value-added tax	7,945,043	11,878,867
Social security Contributions	5,620,721	7,138,136
Total (See note 34.2)	15,832,625	20,065,825

26. Other accounts receivable and other assets

26.1. Other receivables

	2021	2020
Non-current		
Other debtors	0	2,000,000
Total	0	2,000,000

Current		
Advances from suppliers	920,946	2,696,877
Shareholder (Visabeira Global - see note 40)	4,267,137	890,195
Outstanding balances from suppliers	121,044	100,825
Other debtors	5,834,506	4,687,865
Total current	11,143,633	8,375,763

Total other receivables	11,143,633	10,375,763
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In 2020, following the process initiated for the acquisition of the participation in EIP Serviços (note 7), the Grupo lent to the company 2 million euros for treasury management. In 2021, since the company is already within the scope of Constructel Visabeira, this amount no longer exists. The heading “other debtors” had an increase of 1.1 million euros. This increase was essentially due to the entry of EIP Serviços into the group of companies. These amounts do not have antiquity or expected impairment. In 2021, impairments were recorded and 377 thousand euros related to balances receivable were presented in other debtors.

26.2. Other Assets

	2021	2020
Current		
Deferred expenses	6,956,053	4,939,272
Total other assets	6,956,053	4,939,272

27. Cash and cash equivalents

	2021	2020
Bank deposits	70,519,504	105,379,271
Cash	758,174	1,229,364
Term deposits	13,001,618	3,457,028
Total	84,279,296	110,065,662

The amounts presented in cash and cash equivalents are immediately available to implement (which is to say, they correspond to investments maturing in less than 3 months that can be available immediately without significant loss of value), with the exception of the amount of 117 million euros (2020: 4.1 million euros) which are captive under financing contracts.

28. Share Capital and other equity instruments

The capital is represented by 22.297.509.00 shares, with a nominal value of five euros each. There was a share capital increase in 2021 of 11,319,000 euros, corresponding to the issuance of 2,263,800.00 new shares, thus increasing share capital to 111,487,545 euros. This capital increase resulted in an issue premium of 26,411,000 euros.

The share capital was fully paid on the 31st of December 2021.

The movements in the Equity captions are detailed in the consolidated statement of changes in equity.

29. Earnings per share

	2021	2020
Basic		
Net income of the year for the purpose of calculation	42,173,226	41,322,677
Weighted average number of shares for the purpose of calculation	20,222,359	20,005,618
Basic earnings per share	2.09	2.07
Diluted		
Net income of the year for the purpose of calculation	42,173,226	41,322,677
Weighted average number of shares for the purpose of calculation	20,222,359	20,005,618
Diluted earnings per share	2.09	2.07

The calculation of basic earnings per share is identical to diluted earnings per share in that there are no factors relating to options, convertible bonds, warrants or other types of rights associated with common shares.

30. Retained earnings and other reserves

	2021	2020
Reserves	760,695	626,701
Foreign currency translation reserves	5,379,880	-1,506,699
Other changes in equity	-204,493,119	-204,493,119
Retained earnings	97,831,225	59,251,060
Total	-100,521,319	-146,122,057

Under Portuguese law, the amount of distributable reserves is determined based on the individual financial statements of Constructel Visabeira, S.A., presented in accordance with the International Financial Reporting Standards, as adopted by the European Union (IFRS-EU). The balance of retained earnings is not fully available for distribution, as it includes gains from an increase in fair value of investment properties in the amount of 5.2 million euros.

Portuguese commercial law establishes that 5% of the year net profits must be transferred to a legal reserve until it represents at least 20% of the share capital. This reserve is not distributable and can only be integrated into the share capital or used to absorb losses after all other reserves are exhausted. As mentioned in the introductory note, in May 2019, Constructel Visabeira acquired 99.29% of the capital of Viatel and indirectly the remaining subsidiaries of the Grupo. The transaction was carried out in the amount 266 million euros. As at the 31st of December 2020, the equity of the separate accounts of Constructel Visabeira is 202 million euros. The difference to the consolidated equity amount is explained essentially by the elimination, in the context of consolidation, of this transaction between companies under common control, which is reflected in the item “Other changes in equity”. The difference is also due to the results retained by the subsidiaries. The caption reserves corresponds essentially to the fiscal revaluation and legal reserves set up in each subsidiary. The variation in currency conversion Reserves is largely due to the appreciation of the Pound Sterling and the American dollar.

31. Non-controlling interests

	% Non-controlling interests		Book value		Attributed results	
	2021	2020	2021	2020	2021	2020
Visabeira Infrastruturas	0%	40%	0	4,954,572	0	496,170
Aeroprotechnik	49%	49%	597,194	805,307	266,996	621,151
Cunha Soares	20%	0%	787,609	0	356,877	0
Other			-110	-25,174	-810	-25,585
Total			1,384,693	5,734,704	623,062	1,091,736

The summarized financial information of Cunha Soares is detailed in note 7.

32. Debt

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Commercial paper	5,100,000	4,550,000	9,650,000	3,980,000	11,230,000	15,210,000
Bank loans	43,587,956	40,967,919	84,555,875	38,437,194	58,583,435	97,020,629
Bond loans	0	54,408,178	54,408,178	0	54,210,065	54,210,065
Repayable subsidies	0	0	0	0	0	0
Finance lease	0	0	0	0	0	0
Total	48,687,956	99,926,096	148,614,052	42,417,194	124,023,501	166,440,695

During the period 2021, the evolution of indebtedness can be represented as follows:

	Commercial paper	Bank loans	Bond loans	Total indebtedness
Closing balance on the 1 st of January 2021	15,210,000	97,020,629	54,210,065	166,440,695
Transactions with cash impact:				
Investing activities				
Receipts of refundable subsidies				0
Financing activities				
Receipts of loans	0	39,526,459	0	39,526,459
Amortization and repayment of loans	-5,560,000	-49,976,752	0	-55,536,752
	-5,560,000	-10,450,293	0	-16,010,293
Transactions without cash impact:				
Exchange rate variation	0	448,343	0	448,343
Recognition of amortised cost	0	28,651	198,112	226,763
Changes to the scope of consolidation	0	758,819	0	758,819
Unrefunded Financing (Note 10)		-3,250,274		-3,250,274
	0	-2,014,462	198,112	-1,816,350
Closing balance on the 31 st of December 2021	9,650,000	84,555,875	54,408,178	148,614,052

The issuance of commercial paper have been subscribed to by the subsidiary Viatel, SA, and although maturing in a period inferior to or equal to one year, is covered by medium and long term programs which ensure their automatic renewal throughout the program period. Thus, commercial paper issues are presented as due in the medium and long term, unless the program ends within a period of less than 12 months. The bond loan concerns two syndicated issues by Constructel, with the first issuing date on the 27th of September 2018, and the second on the 23rd of November 2018, with a global face value of 55 million euros, maturing on the 27th of September 2024, with a 4.2% fixed rate coupon, payable semi-annually on the 27th of March and on the 27th September. The loans contracted, namely commercial paper programmes, bond loans and mutual funds generally include, in addition to the usual terms and conditions, cross default, *pari passu* and negative pledge clauses on ownership by the Grupo or the majority shareholder. As part of the financial separation of the Constructel Visabeira's companies, these clauses were renegotiated so that events outside this scope do not represent early maturity. Grupo Visabeira's ownership remains in some contracts with an obligation to maintain a direct and indirect share of not less than 66.67%. Financing operations that are subject to covenants, usually related to levels of financial autonomy and indebtedness ratios, determined based on the consolidated financial statements of Constructel Visabeira and some of the subsidiaries, were negotiated under normal market conditions. On the 31st of December 2021, no creditor could demand the early repayment of any financing granted to the Grupo as a result of a non-compliance of covenants.

32.1 Bank loans

Bank loans have the following geographic division:

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Authorised bank over-drafts	13,213,448	0	13,213,448	4,679,006	0	4,679,006
Portugal	7,308,825	0	7,308,825	0	0	0
France	939,192	0	939,192	0	0	0
Germany	4,749,777	0	4,749,777	4,679,006	0	4,679,006
Denmark	215,655	0	215,655	0	0	0
Spain						
Loans obtained	30,374,510	40,967,919	71,342,428	33,758,188	58,583,434	92,341,622
Portugal	16,488,642	15,147,105	31,635,747	27,498,963	29,432,014	56,930,977
France	11,508,030	15,957,869	27,465,898	907,992	19,449,694	20,357,686
United States of America	0	0	0	2,772,770	3,846,394	6,619,164
England	309,791	2,348,886	2,658,677	287,367	2,467,286	2,754,653
Italy	565,207	1,569,937	2,135,144	386,401	2,097,888	2,484,289
Belgium	1,065,229	5,336,901	6,402,130	1,090,418	592,940	1,683,358
Germany	284,122	192,838	476,961	306,730	478,584	785,314
Spain	153,490	414,382	567,872	507,547	218,634	726,181
Total	43,587,958	40,967,919	84,555,876	38,437,194	58,583,434	97,020,628

The interest rate varies depending on the country, the company, the type, guarantees and maturity of financing. The lowest rates show a margin of 0% in some liquidity support lines signed within the pandemic framework, and the maximum rate of 4.5%.

32.2 Debt maturity and contracted currency

	Portugal	France	Germany	England	Others	Total
2022	25,885,970	12,447,222	5,033,899	309,791	1,999,580	45,676,461
2023	13,867,580	4,021,389	146,270	309,743	1,709,957	20,054,938
2024	4,586,053	58,458,692	46,568	309,743	1,629,683	65,030,740
2025	2,977,193	4,027,876	0	1,729,399	1,377,870	10,112,338
2026 and followings	1,277,778	3,858,089	0	0	2,603,711	7,739,578
Total	48,594,574	82,813,268	5,226,737	2,658,677	9,320,800	148,614,055

On the date of the statement of financial position, the Constructel Visabeira's average debt maturity was 1.9 years. All loans are in euros, with the exception of loans traded in England, which are in pounds sterling, in Denmark in Danish krone and in the United States in dollars. The short term includes 17 million euros of short term lines of a revolving nature. It also includes a medium and long-term line of 4.5M euros that Constructel Visabeira intends to settle in advance in 2022.

33. Suppliers

	2021	2020
Suppliers - current account	110,262,724	95,872,141
Total	110,262,724	95,872,141

During the financial year 2021, there was an increase in the balance of suppliers of around 15 million euros, of which around 30% is justified by changes to the consolidation perimeter.

34. Other accounts payable and other liabilities

34.1. Other accounts payable

	2021	2020
Non-current		
Debt related to purchase of subsidiaries - Contingent remuneration	6,327,072	9,958,994
Selling option related to the acquisition of subsidiaries	19,992,056	7,580,838
Debt related to purchasing subsidiaries	12,500,000	12,500,000
Total non-current	38,819,128	30,039,832
Current		
Factoring	11,112,602	6,403,010
Confirming	25,071,804	16,529,123
Express Bill	7,362,578	7,252,771
Shareholders	576,231	
RETGS Debt	2,183,020	4,394,906
State and other public entities (see Note 25)	15,832,625	20,065,825
Personnel	7,609,722	7,460,138
Customer creditors balances	45,000	48,766
Selling option related to the acquisition of subsidiaries	4,368,929	2,500,000
Debt related to purchase of subsidiaries - Contingent remuneration	14,107,285	7,307,327
Other	10,943,922	4,099,083
Total current	99,213,718	76,060,949
Total other accounts payable	138,032,846	106,100,781

The increase in the non-current balance of deferred payments for purchasing subsidiaries results from contractual obligations with non-controlling interests in the result of contingent remuneration and put option agreements granted.

Confirming balances were exclusively contracted in Portugal.

It should be noted that the heading “Others” includes 9.4 million euros relating to balances payable to Cunha Soares shareholders (see note 7). This payment is expected to occur in 2022.

34.2. Other liabilities

	2021	2020
Current		
Remunerations payable	4,944,275	3,548,312
Work in progress not invoiced by suppliers.	45,794,740	53,093,594
Total other liabilities	50,739,015	56,641,907

In 2021, the amount of “Work in progress not billed by suppliers” is essentially related to the telecommunications business. Despite the growth in the Grupo’s turnover, there was a decrease in this heading, essentially explained by the subcontracts in France due to developments in billing.

35. Lease liabilities

The detail of the lease liabilities, and the respective movement during 2021, is broken down as follows:

Lease liability	
Non-Current lease liabilities	30,609,857
Current lease liabilities	17,145,488
Opening balance on the 1st of January 2021	47,755,345
Changes to the scope of consolidation	741,473
Increases	24,090,218
Debt amortization	-21,002,069
Closing balance on the 31st of December 2021	51,584,967
Financial institution	16,580,175
Other creditors	15,501,445
Total non-Current lease liabilities	32,081,620
Financial institution	10,556,181
Other creditors	8,947,167
Total current lease liabilities	19,503,346
Total lease liabilities	51,584,967

The detail of the lease liabilities, and the respective movement during 2020, is broken down as follows:

Lease liability	
Non-current lease liabilities	16,743,759
Current lease liabilities	11,012,346
Opening balance on the 1 st of January 2020	27,756,105
Changes to the perimeter	-621,150
Increases	37,129,638
Debt amortization	-16,509,248
Closing balance on the 31 st of December 2020	47,755,345
Financial institution	14,910,993
Other creditors	15,698,865
Total non-Current lease liabilities	30,609,857
Financial institution	9,415,683
Other creditors	7,729,805
Total current lease liabilities	17,145,488
Total lease liabilities	47,755,345

35.1 Maturity of lease liabilities

	France	England	Portugal	Belgium	Germany	Others	Total
2022	9,507,667	4,315,418	3,177,921	1,120,625	736,236	645,481	19,503,348
2023	7,154,637	4,438,996	1,847,358	944,362	427,165	732,409	15,544,928
2024	4,291,496	4,413,477	1,226,877	507,075	315,413	552,647	11,306,985
2025	1,636,807	185,156	878,655	329,613	188,688	413,238	3,632,156
2026 and followings	183,344	340,061	568,000	434,318	14,241	57,589	1,597,552
Total	22,773,950	13,693,108	7,698,811	3,335,993	1,681,743	2,401,364	51,584,968

36. Financial Risks

Constructel Visabeira's control matrix always prioritises it's exposure to a diverse set of risks arising from its different business areas and, therefore, undertakes the management of credit risk and the protection of its treasury as a priority, recognizing, within this context, the importance of credit insurance as an essential instrument, both in the domestic and foreign market.

In this context, the importance of adopting an active management of the different financial risks has always been assumed, in order to minimize its potential negative impacts on the company's cash flow, profit and value. For this reason, always aware of the paramount importance of this issue, Constructel Visabeira promotes an accurate and proactive management of these risks, aiming at applying the most appropriate coverage measures for each situation.

Within this context, Constructel Visabeira is fully aware that the success of its operations critically depends on the mitigation and control of any risks that can significantly affect all of its assets (equipment, service quality, information, facilities) and seeks to avoid, thereby jeopardizing its strategic objectives.

Market risks

• Interest rate risk

Constructel Visabeira exposure to interest rate risk comes primarily from borrowings, since investments are usually contracted at short-term and consequently the impact resulting from variations on the interest rates does not significantly affect the accounts. The balance of financial debt for Constructel Visabeira and its subsidiaries at the end of December 2021 has Euribor as its main index in its various maturities for national financing. The bond loan issued in 2018 in France and with a bullet maturity in 2024 in the amount of 55 million euros, was contracted at a fixed rate and is not subject to interest rate risk. An increase of 25 basis points in the interest rate would imply for Constructel Visabeira, by reference to consolidated accounts, an increase in financial charges of around 380 thousand euros.

• Exchange rate risks

Constructel Visabeira's subsidiaries choose, whenever possible, to use a natural hedge currency risk. MJ Quinn, a company operating in the United Kingdom within the telecommunications infrastructures sector for British Telecom. The company trades in British Pounds and has the cost of the factors essentially in the same currency and therefore is not exposed to relevant transaction risks. Integrating the company in the consolidated accounts is subject to the exchange rate fluctuation of the British Pound against the Euro - transpose risk.

Future dividends will also be exposed to said exchange rate fluctuation. The British Pound started the year at 0,885 Euros and ended the year at 0,84 Euros.

The incorporation of J.F. Edwards Construction Company LLC, a subsidiary headquartered and operating in the United States, exposed Constructel Visabeira to risks of transposition. Like MJ Quinn, this subsidiary's revenue is in local currency as well as a relevant part of the cost of production factors.

The following table shows the change in net assets if the exchange rate varies by 5% against the euro.

2021	Exchange rate sensitivity Effect on Equity	
	+5% appreciation	-5% devaluation
JFECC	110,613	-122,256
EIP	584,643	-646,185

• Credit risks

Credit risk is an important and complex activity that is present in the everyday life of its participated companies, whatever the nature of their business. Risk assessments imply credit decisions, at times, based on incomplete information, within a scenario of uncertainty and constant change, specially what has been experienced during the last two years, which has proved to be particularly atypical and which was caused by the COVID-19 spread and all the implications that this has entailed. Considering the business itself, the business areas in which it operates, or the risk of the region and country, the classification and assessment of the credit risk of a given customer is usually summarised in a credit record, which includes available and relevant information such as the customer's nature, management capacity, assets, history, financial information, credit guarantees and payment terms that will inform an opinion on a given credit transaction. The assessment of credit risk reflects the multiplicity, quality and origin of the information available to the credit analyst. Constructel Visabeira has had the support of a credit insurer for years, with which it maintains credit insurance policies, leaving the analysis of credit granting to professionals who are specialized in debt recovery, receiving from the credit company the indication of exposure - credit limit - adjusted to the credit capacity of each client. Thus, management can be primarily focused on operational issues. The coverage of this risk allows a compensation of 90% for the unpaid credits. The last few years have been marked by an increase in restrictions on the granting of credit in general, and during 2021, as a result of the COVID 19 outbreak, the credit insurance company recorded very significant reductions in credit line limits from various national and foreign entities, with particular emphasis on companies operating in the sectors most affected by the pandemic, which in some cases even forced some spaces to close and some activities to stop over extended periods of time. In view of this scenario, and in order to meet the credit risk coverage needs in foreign markets, in which the limits granted under the base policies are insufficient, the Grupo has insured additional coverages that allow it to increase the partial coverage of its risks, up to

twice the amount granted in the base policy, and as well as to obtain coverages for risks that have no value attributed in the said base policy, up to the limit of five thousand euros. The added constraints in the external hedging of loans entail a greater precision and stricter requirements in assessing applications for internal credit. Loans granted to external entities, which also act as suppliers, had this year a weight of 0.98%. The participated companies of Constructel Visabeira that operate as infrastructures and telecommunications service providers sell to entities of recognised financial probity. This group includes entities such as local telecommunications operators, generally directly held by the Government of each country, replacing credit risk with political risk. Examples of most prestigious operators in the Grupo’s portfolio: Orange (France Telecom); British Telecom; Próximus (Belgacom); Deutsche Telekom; MEO – Serviços de Comunicações e Multimédia; NOS Comunicações; EDP Distribuição; GRDF – Distribution de Gaz Naturel en France; ERDF – Électricité Réseau Distribution France; TDC A/S; Huawei Technologies Denmark Aps; and natural gas concessionaires, among others. Additional information is available in note 24 Customers and 26 Other accounts receivable.

Liquidity risk

The participated companies of Constructel Visabeira carries out a liquidity risk management in order to ensure the assets funding according to maturity delays, adequate rates and adequate settlement of its financial compromises. Concurrently, appropriate balances of cash and short-term lines are held, which allow for the proper management of the available short-term financial commitments. The cash and investments of all Grupo companies are managed by a centralised global organisation, which reduces the risk of cash flows, avoiding exposure to variations that may affect the results of companies. The use of factoring allows, on the other hand, the use of factoring allows for a reduction in the average collection periods, with the inherent anticipation of receipts, and it enables a better cash management, due to the timely obtaining of the necessary working capital to finance the operational cycle, a fundamental condition for sustained economic and financial growth, in addition to reducing the risk of receiving from costumers where credits are transferred without recourse on the adherent. Constructel Visabeira maintain additionally contracted short-term current accounts to meet occasional cash needs. At the balance sheet date, Constructel Visabeira has cash and cash equivalents amounting to 84.3 million euros.

The maturity of the financial liabilities is detailed as follows:

	0-1 year	1 - 2 years	2 - 3 years	3 - 4 years	> 4 years	Total
Suppliers	110,262,724	0	0	0	0	110,262,724
Financing	45,676,461	20,054,938	65,030,740	10,112,338	7,739,578	148,614,055
Lease liabilities	19,503,348	15,544,928	11,306,985	3,632,156	1,597,552	51,584,968
Debt related to purchase of subsidiaries - Contingent remuneration	14,107,285	4,829,279	1,497,793	0	0	20,434,357
Debt related to purchasing subsidiaries	0	0	12,500,000	0	0	12,500,000
Selling options	4,368,929	2,500,000	8,558,719	8,933,337	0	24,360,985
Total	193,918,747	42,929,145	98,894,237	22,677,831	9,337,129	367,757,090

COVID-19 pandemic

In Portugal, the Grupo has complied with the moratoriums under no. 1, al. b) of Article 4 of Decree-Law no. 10-J/2020 published in *Diário da República* in 2020-03-26, to which some companies had joined in the previous year and which established exceptional measures to protect credits, as well as a special scheme of personal guarantees from the Government, within the scope of the COVID-19 outbreak. In Europe, Constructel France, Gatel, Constructel Energie and Escotel transformed the financing lines contracted within the framework of Covid-19 liquidity support in the amount of around 19 million euros, into loans with repayment plans lasting 5 years. Constructel France holds a share of the debt, in the amount of 55 million euros, financed in a five-year bullet structure maturing in 2024, under a bond loan and the remainder essentially related to financial leasing operations in repayment.

Constructel Visabeira's control matrix always prioritises it's exposure to a diverse set of risks arising from its different business areas and, therefore, undertakes the management of credit risk and the protection of its treasury as a priority, recognizing, within this context, the importance of credit insurance as an essential instrument, both in the domestic and foreign market. In this context, the importance of adopting an active management of the different financial risks has always been assumed, in order to minimize its potential negative impacts on the company's cash flow, profit and value. For this reason, always aware of the paramount importance of this issue, Constructel Visabeira promotes an accurate and proactive management of these risks, aiming at applying the most appropriate coverage measures for each situation. Within this context, Constructel Visabeira is fully aware that the success of its operations critically depends on the mitigation and control of any risks that can significantly affect all of its assets (equipment, service quality, information, facilities) and seeks to avoid, thereby jeopardizing its strategic objectives.

Constructel Visabeira's capital management

For purposes of Constructel Visabeira's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the parent company's shareholders. The main purpose of the Grupo's capital management is to maximize shareholder value. Constructel Visabeira manages its capital structure and makes changes based on economic changes and financial covenant requirements. To optimize its capital structure, the Grupo has several mechanisms such as the distribution of dividends, return of capital or issuance of new shares. Grupo monitors its capital using the Gearing ratio as a reference, which is net debt divided by total capital plus net debt. Grupo includes in its debt: loans, lease liabilities and operating debt less cash and short-term deposits.

	2021	2020
Total bank loans	148,614,052	166,440,695
Total lease liabilities	51,584,967	47,755,345
Factoring (note 34)	11,112,602	6,403,010
Confirming (note 34)	25,071,804	16,529,123
Cash and cash equivalents	-84,279,296	-110,065,662
Net debt	152,104,130	127,062,510
Total equity	99,028,045	57,777,318
Capital and net debt	251,132,175	184,839,828
Gearing ratio	61%	69%

To achieve this purpose, the Grupo's capital management, among other things, aims to ensure compliance with financial clauses associated with the loans. There were no financial agreements non-compliance of any loan during the current period. In October 2021, an agreement was signed between Constructel Visabeira and Goldman Sachs for 20% of the company's capital in the amount of 200 million euros. The agreement was signed on 31.12.2021 still dependent on the fulfilment of a set of pre-conditions, including the approval of the competition authority. Thus, the entry is expected to take place in 2022. The entry of this capital was foreseen in the company's strategy to ensure financing for future M&A operations, maintaining the expansion cycle that has occurred to date. No changes were made to capital management purposes, policies or processes during 2021 and 2020.

Other disclosures on financial instruments

As defined by IFRS 9, the carrying value of each of the categories provided is broken down as follows:

	2021	2020
Financial assets recorded at amortized cost		
Cash and cash equivalents	84,279,296	110,065,662
Customers	85,681,347	62,230,313
Other receivables	11,022,590	10,274,938
Financial liabilities recorded at amortised cost		
Paid loans	148,614,052	166,440,695
Suppliers	110,262,724	95,872,141
Other accounts payable	94,896,935	66,268,634
Lease liability	51,584,967	47,755,345
Assets associated with customers' contracts	20,495,858	11,468,520
Financial liabilities at fair value		
Other accounts payable	27,303,286	19,766,321

Measurement at fair value

The following table presents the fair value hierarchy of the assets and liabilities held by the Grupo as of the 31st of December 2021 and 2020:

	Level	2021	2020
Assets measured at fair value			
Investment properties	Level 2	10,000,000	10,000,000
Investment in the C2 Capital Partners fund	Level 3	850,000	850,000
Other financial investments	Level 3	521,734	344,860
Other financial investments			
Other bills to pay – Contingent remuneration and put option relating to the purchase of subsidiaries	Level 3	20,434,357	27,347,159

At the outset, the fair value of the financial liability is determined based on the purchase cost determined with the previous equity owner, with the transaction value reflecting the market value. In the subsequent measurement of the fair value of the liability, the fair value is determined based on the revised projections of the UGC purchased, taking into account that a significant part of the value of the contingent consideration, as well as the liability associated with the put option varies depending on the performance of the UGC purchased. Regarding the level 3 Investment Fund, the fair value is determined based on the Investment Fund's valuation, which are in accordance with its accounts reported on the 31st of December 2021. The Fair Value of the Investment Fund in question is measured in accordance with the Discounted Cash Flows method.

37. Contingencies

a) Proceedings with probable losses

On the 31st of December 2021 and 31st of December 2020, continue several legal claims and other tax contingencies filed against various companies in Constructel Visabeira, which are classified as proceedings with probable losses, in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. Based on the opinion of internal and external legal advisers, Constructel Visabeira recorded provisions (note 38) for these legal claims and tax contingencies in order to face the likely outflow of resources.

b) Proceedings with possible losses

On the 31st of December 2021 and 2020, there were several legal claims and other tax contingencies filed against certain companies in the Grupo, for which the possibility of future cash disbursement was considered possible, according to information from lawyers and advisers following these proceedings, and for this reason, no provisions were recorded. The detail and nature of those proceedings are as follows:

	2021	2020
Civil liability	0	272,000
Other	1,255,096	920,815
Total	1,255,096	1,192,815

38. Provisions for other risks and expenses

	2020	Changes to the scope of consolidation	Increases/Decreases	2021
Provisions				
Retirement pensions	1,717,221	0	283,250	2,000,471
Other	1,776,991	773,463	-38,142	2,512,312
Total	3,494,212	773,463	245,108	4,512,783

38.1 Retirement Pensions

In accordance with French law, an estimate is made of the amount payable to employees when they reach retirement age, which is why it is a defined benefit pension plan. The company's commitments in terms of retirement benefits are calculated based on the projected unit credit method with end-of-career maturities, taking into account the provisions of collective agreements, the probabilities of being employed and being in the company's assets, with its updated value.

Guarantees provided	2020	Increases/Decreases	2021
Constructel	882,525	61,704	944,229
Gatel	62,009	4,099	66,108
Escotel	772,687	-105,395	667,292
Constructel Energie		322,842	322,842
Total	1,717,221	283,250	2,000,471

The variation in the year results from the variation in the estimate, with no payment relating to retirement pensions.

To calculate this estimate, the following assumptions were used:

	Amount withheld on 31/12/2021	Amount withheld on 31/12/2020
Discount rate	1.00%	0.34%
Inflation rate	1.60%	1.00%
Salary growth rate (Inflation included)	1.60%	1.00%
Retirement age	Total fee	Total fee
Retirement compensation Type	Resignation	Resignation
Employer contribution rate	Fee by category and entity	Fee by category and entity
Mortality table	INSEE 2019	INSEE 2019
Turnover table	Table by category and age	Table by category and age

In 2021, there was a change in the calculation formula, resulting from the IAS 19 amendment. The assumptions for calculating retirement pensions are the same as those on the previous year, with the exception of the discount rate fixed at the iBoxx index and the rate of salary increase fixed regarding the expected long-term inflation. The impact of changing these assumptions is not significant.

38.2 Others

In “Others”, it is important to highlight the value registered in IEME which corresponds to the provisions required by local labour regulations – 807 thousand euros (768 thousand euros in 2020) for compensations related to terminating employment. It is also worth mentioning the amount of 750 thousand euros for the entry of EIP into the group of the companies, referring to a provision for onerous contracts. The remaining amount of the provisions is intended primarily to cover liabilities estimated based on the information obtained from lawyers and arising from proceedings related to contracts, labour and taxes, in which Grupo companies are involved.

39. Guarantees provided

Guarantees provided	2021	2020
Actual guarantees	52,390,966	55,584,971
Technical guarantees / good workmanship	75,573,697	26,053,926
Financial guarantees	5,296,921	394,593
Total	133,261,583	82,033,490

The increase in guarantees is mainly explained by the entry into the group of companies of EIP Serviços (6.1 million euros) and Cunha Soares (2.5 million euros) and by new guarantees issued by the JFECC. In 2021, real guarantees represented an amount of 52.3 million euros and referred to guarantees provided under leasing contracts (24.5 million euros) and loans (27.5 million euros) in which the properties pledged as collateral in the financing of Constructel Belgium (0.5 million euros), SCI Constructel (0.7 million euros) and the pledge of the consignment of revenues from EDP to Visabeira Infraestruturas and from NOS to PDT. On the 31st of December 2021, the technical and financial guarantees provided to third parties as bank guarantees and bond insurance, namely to customers whose works are in charge of different companies that make up the Constructel Visabeira’s group of companies, detailed by currency, are presented as follows:

Guarantees provided	2021
USD	53,645,261
EUR	27,037,973
DKK	187,383
Total	80,870,617

It should be noted that the main variation in technical guarantees from 26 M€ to 75 M€ stems from new guarantees granted in 2021 by the JFECC. As for the financial guarantees, their variation is justified by the entry EIP and Cunha Soares. On the 31st of December 2021, the details of the guarantees provided by company are detailed as follows:

Guarantees provided	2021
JF Edwards	52,909,713
Visabeira Infraestruturas	6,955,978
Constructel Belgium	7,497,970
EIP Serviços	6,093,152
Viatel	3,432,997
Cunha Soares	2,580,363
Other companies	1,400,444
Total	80,870,617

40. Related parties

With regard to expenses, transactions with the shareholder(s) are related to acquiring shared services (accounting, consulting, finance, information system, legal, among others), as well as management services. With companies within the Grupo Visabeira group of companies, the main activity is subcontracting civil construction works for a telecommunications and energy project in Portugal. Regarding income, technical assistance services for subsidiaries in Africa should be highlighted.

	Years	Income to related parties	Related parties' expenses	Interest paid	Interest earned	Amounts receivable from related parties	Amounts payable to related parties	Amounts receivable from customers	Amounts payable from suppliers
Shareholders	2021	2,160,129	4,866,892	11,590	747,570	4,267,137	583,165	592,027	1,319,685
	2020	2,007,841	4,835,225	9,785	1,780,101	1,171,344	281,149	1,146,782	5,222,178
Grupo Visabeira Companies	2021	1,589,386	3,657,753	0	0	164,170	2,197,571	1,205,052	1,394,330
	2020	3,641,333	6,163,655	9,600	0	278,001	4,397,228	1,553,519	5,495,558

41. Subsequent events

The armed forces of the Russian Federation began, on the 24th of February 2022, a conflict on Ukraine. Constructel Visabeira has no direct relationship with any of these countries, so impacts on its financial performance are not expected. However, it is not possible, at this date, to estimate the effects that this conflict will have on the economies with which Constructel Visabeira has a relationship, in particular as a result of the increase in fuel prices and a set of goods and services that have caused an increase in inflation, as well as impacts on the financial markets, namely the increase in interest rates. The European Commission authorized, on the 7th of March 2022, under the EU merger regulation, joint control of Constructel Visabeira by Grupo Visabeira and Grupo Goldman Sachs, considering that there were no competition issues “given the absence of horizontal overlaps and vertical relationships between the companies activities”. It should also be noted that Constructel Visabeira is expanding its position. During the first quarter of 2022, it already acquired two new companies, North West Solar in the United Kingdom and InPower in Italy. There were no other events subsequent to the date of the Financial Position Statement and up to the date of the accounts issuing that could have a material impact on the financial statements.

Visau, 29th of April 2022

Chartered Accountant

The Board of Directors

ASSESSMENT AND
CERTIFICATION
DOCUMENTS





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Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Constructel Visabeira, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2021 (showing a total of 636.708.578 euros and a total equity of 99.028.045 euros, including a net profit for the year of 42.796.289 euros), and the Consolidated Statement of Profit and Loss by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Constructel Visabeira, S.A. as at 31 December 2021, and of its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

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

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

Responsibilities of management for the consolidated financial statements

Management is responsible for:

- ▶ the preparation of consolidated financial statements that presents a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- ▶ the preparation of the Consolidated Management Report in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from



Constructel Visabeira, S.A.
Statutory and Auditor's Report
31 December 2021

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion; and
- ▶ communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification of the consistency of the Management Report with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Consolidated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Consolidated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

Porto, 11 may 2022

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Daniel José Venâncio Guerreiro (ROC nr. 1303)
Registered with the Portuguese Securities Market Commission under license nr. 20160913



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Report and Opinion of the Sole Supervisor

To the Shareholders,

In compliance with the requirements of article 420 par. g), together with article 508-D nr. 1 of the Commercial Companies Code, it is our responsibility to issue the annual supervisory report and to issue an opinion on the individual/separate and consolidated Management Report, the Individual/Separate and Consolidated Financial Statements and the proposal for appropriation of results presented by the Management of Constructel Visabeira, S.A. (the Entity), for the year ended 31 December 2021.

During the year, we have monitored the activity of the Entity and we have performed the following procedures:

- ▶ Verified, to the extent considered appropriate, the accounting records and related supporting documentation;
- ▶ Verified, as necessary, to a nature and extent we considered appropriate, the existence of goods and other assets owned by the company or held by it as security, deposit or otherwise;
- ▶ Verified that the determination of the scope of the consolidation and the consolidation procedures performed are in accordance with those in the consolidation standards;
- ▶ Reviewed the Statutory Auditors Reports issued by the Statutory Auditors, and the reports and opinions issued by the Sole Supervisors/Supervisory Boards of the consolidated companies;
- ▶ Verified the completeness and reasonableness of the individual/separate and consolidated financial statements;
- ▶ Verified that the accounting policies and the measurement criteria adopted in the consolidated accounts lead to a fair presentation of the financial position and the operations of the Group for which the Entity is the parent-company;
- ▶ Been available to receive communication of irregularities from shareholders, Entity employees and others;
- ▶ Confirmed that the Management Report of the individual/separate accounts, the Statement of Financial Position, the Income Statement by Nature, the Statement of Comprehensive Income, the Statement of Changes in Shareholders Equity, the Statement of Cash Flows and the accompanying notes comply with legal requirements and reflect the underlying accounting records at the end of the year;
- ▶ Confirmed that the Consolidated Management Report, the Consolidated Statement of Financial Position, the Consolidated Income Statement by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders Equity, the Consolidated Statement of Cash Flows and the accompanying notes comply with legal requirements and reflect the underlying accounting records at the end of the year;
- ▶ Verified the company's compliance with the law and with the articles of association of the Entity;
- ▶ Performed all the other responsibilities required by law.

During the course of the procedures, we performed to comply with our supervisory duties, we obtained from the Management and from the Entity's personnel all information and documentation we consider necessary. Within the scope of the statutory audit work, the Statutory Auditor Opinion was issued today on the individual/separate and consolidated accounts without qualifications and without emphasis of matter.

In this context, we issue the following opinion:



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Opinion of the Sole Supervisor

To the Shareholders,

We have performed our supervisory functions of Constructel Visabeira, S.A. in compliance with article 420 par. g) together with article 508-D nr. 1 of the Commercial Companies Code, and, consequently, it is our opinion that:

- (a) The proposal for the appropriation of the results included in the Management Report of the 2021 year complies with the requirements regarding the constitution of the legal reserve and the limits on distribution of profits to shareholders foreseen in the Commercial Companies Code;
- (b) The Management Report and the Consolidated Management Report of the 2021 year complies with requirements foreseen in the Commercial Companies Code;
- (c) The Statement of Financial Position, the Income Statement by Nature, the Statement of Comprehensive Income, the Statement of Changes in Shareholders Equity, the Statement of Cash Flows and the accompanying notes comply with legal and accounting requirements; and
- (d) The Consolidated Statement of Financial Position, the Consolidated Income Statement by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the accompanying notes comply with legal and accounting requirements.

Porto, 11 may 2022

Ernst & Young Audit & Associados - SROC, S.A.
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Represented by:

(Signed)

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