

Annual Report Constructel Visabeira



22

Annual Report Constructel Visabeira

2022

■ 1

**Constructel
Visabeira 04**

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS	06
VISION, MISSION AND VALUES	08
WHO WE ARE	10
WHERE WE ARE	20
ACADEMIA INTERNACIONAL	42
SUSTAINABILITY	44
CORPORATE BODIES	46

■ 2

**Looking
back on 2022 48**

CONSTRUCTEL VISABEIRA'S HOLDINGS	50
ANALYSIS OF CONSOLIDATED RESULTS	52
RISK FACTORS	58
BUSINESS EVOLUTION BY COUNTRY	63
COMMITMENT TOWARDS THE COMMUNITY	70
FUTURE OUTLOOK	74
ANNEX TO THE REPORT OF THE BOARD OF DIRECTORS	77

■ 3

**Documents for
the provision
of consolidated
accounts 78**

CONSOLIDATED FINANCIAL STATEMENTS	80
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	86
ASSESSMENT AND CERTIFICATION DOCUMENTS	152

01

CONSTRUCTEL
VISABEIRA



Message from the Chairman of the Board of Directors



“In the European market, outside of Portugal, turnover was 795 million euros, representing 77% of Constructel Visabeira...”

The 2022 financial year will be remembered as the year of great results in Constructel Visabeira's statement on the global market, exceeding the threshold of one billion euros, leading to an impressive growth of more than 20%. The company has thus confirmed the growth path of the previous year and has become one of the main European players in the sector of integrated offering of engineering services for telecommunications and energy networks.

During 2022, Constructel Visabeira reached memorable milestones with an exceptional positive performance of a consolidated turnover of 1026 million euros, corresponding to an increase of 20.6% compared to the 2021 financial year. The EBITDA level reached 111 million euros, achieving a growth of 8.4% compared to the same period during the previous year. In the European market outside of Portugal, turnover was 795 million euros, representing 77% of Constructel Visabeira's total, with the United Kingdom, France, Belgium and Germany standing out as the most representative countries.

Within this context, it is important to highlight the capacity for growth shown both in the area of telecommunications and in the area of energy, reaching 814 million euros and 212 million euros, respectively. Moreover, it is also worth mentioning the American market, which has already accounted for around 6.5% of consolidated turnover.

The achievement of these important results is even more relevant as it was achieved during a particularly difficult year, in which uncertainties and challenges increased: the Covid-19 pandemic became an endemic disease together with the unpredictability which marked this year, the unimaginable collateral impacts of the outbreak of war in Ukraine with critical problems regarding supplies, logistics and distribution, as well as the outbreak of an inflationary surge that had not been experienced for more than 3 decades.

2022 was a year marked by the expansion of Constructel Visabeira. Strong growth, predominantly organic, with the United Kingdom, Belgium, Germany and Italy being the main drivers of the increase in turnover. At the same time, within the scope of the acquisition policy, it is important to highlight the four companies which were brought into our portfolio: Elektro-Würkner which operates in Germany, Obelisk which operates in the Republic of Ireland, Inpower Group which operates in Italy as well as MJ Quinn Solar which operates in the United Kingdom.

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 in Constructel Visabeira. The proceeds of the investment will be used predominantly to accelerate organic and inorganic growth through acquisitions, supporting the company's expansion strategy. The company has thus reinforced its position, combining its view of markets, operational competence and unique execution capacity, its international platform and Goldman Sachs' global resources to develop business and accelerate value creation in Constructel Visabeira's portfolios of activities.

Thus, we have reinforced our strategy focused on strong and sustainable growth, increasingly supported by a robust and continuous portfolio of contracts which, on the 31st of December, exceeded 4 billion euros in services and strategically diversified by the largest telecommunications operators and energy utilities in Europe.

8.4%
growth in
EBITDA compared
to 2021

4.387M€
in contracts
signed for the
coming years

1.026M€
turnover

111M€
EBITDA

Increasingly strengthening its goal as a transnational and global company, the group Constructel Visabeira brings together, as of the 31st of December 2022, more than 30 companies, operating in countries such as Portugal, France, United Kingdom, Belgium, Germany, Italy, Republic of Ireland, Denmark, Spain, Sweden and the United States of America.

The strategy for the next cycle remains focused on reinforcing the successful course that has been achieved, with the foundations on the macro trends of the digital transition, as well as on the modernisation of energy infrastructures and the commitment towards renewable energies. 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, competence and assertiveness, always meeting the expectations of their clients.

As a result of this crucial year for the Constructel Visabeira brand, we wish to share the success achieved with all our Clients, Partners, Suppliers and Employees. Our sincere gratitude goes to each one playing a role as an essential part of this success which includes all of us. Moreover, it is important to state that this can only serve to reinforce the motivation of the whole team to continue building the future every day, overcoming increasingly ambitious challenges.

Nuno Miguel Rodrigues Terras Marques
Chairman of the Board of Directors

Mission

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



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.



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.

Collaboration

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

Management capacity

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

People

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

About us

Constructel Visabeira is an internationally renowned brand, operating in the Telecommunications and Energy sectors, with integrated skills that enable a diversified offer of solutions tailored to the needs of each client. Present in 10 countries, through more than 30 companies, it has been building a relevant presence in the european and North American markets.



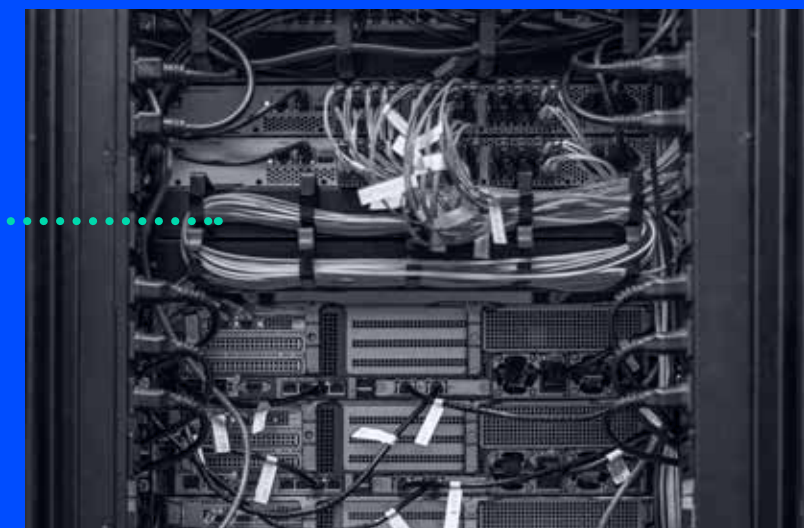
Telecommunications



Energy



Technology



Telecommunications

Fixed and New generation networks

Constructel Visabeira is an international reference in the area of fixed and new generation networks, with a strong and growing presence, especially in Europe. This leading position is only possible thanks to our broaden skills, which allow us to respond to each client's needs.

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, as well as client acquisition.



Development

Project

Network installation

- Local network
- Subscribers network
- Interconnection network



Network maintenance

- Preventive maintenance
- Corrective maintenance



Infrastructures

- Underground infrastructures
- Overhead infrastructures



Commercial area

- D2D Activity
- Telemarketing



Telecommunications

Mobile networks and wireless solutions

Within the highly competitive market of wireless technologies, experience, professionalism and the ability to innovate are key factors to undertake a leading position and to respond to the needs of each client with the most effective solutions.

We master a wide range of skills in the area of infrastructure and wireless technologies, including solution engineering, construction of telecommunications stations and installation of equipment.



Network planning



Engineering and Projects

Purchase and permits



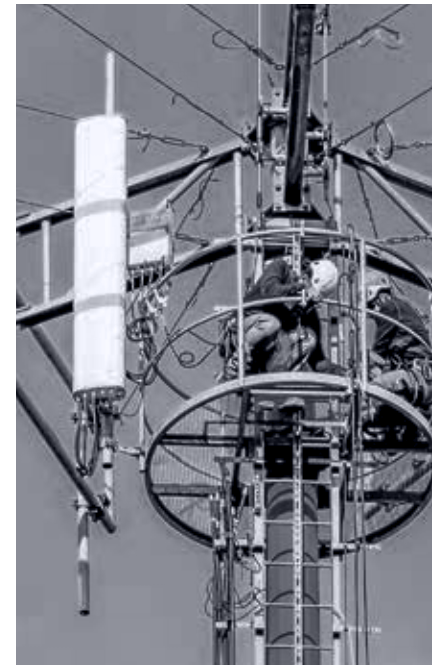
Infrastructure construction



Installation of equipment



Site Intelligence



Maintenance and operation

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.

Electricity

Installation of low, medium and high voltage distribution networks;
 Live-line working;
 Electricity transmission lines and substations;
 Electrical overhead line infrastructures;
 Interconnection networks;
 Smart meter solutions, smart grids and charging stations for electric vehicles;
 Metallic structures



Gas

Natural gas networks, in the B2B and B2C types;
 Client service and technical assistance



Renewable energies

Photovoltaic and wind farms;
 Energy audit and consultancy



As far as the energy sector is concerned, Constructel Visabeira has strengthened its position as one of the most important international players in the sector.

Technology

As far as the Technologies services is concerned, Constructel Visabeira has strengthened its skills with the creation of specialised and experienced teams, with numerous projects carried out in terms of technological solutions and infrastructures.



Information and communication technologies

Optimisation of procedures and productivity



Advanced inspection of critical infrastructures



Smart Buildings and Data Centers

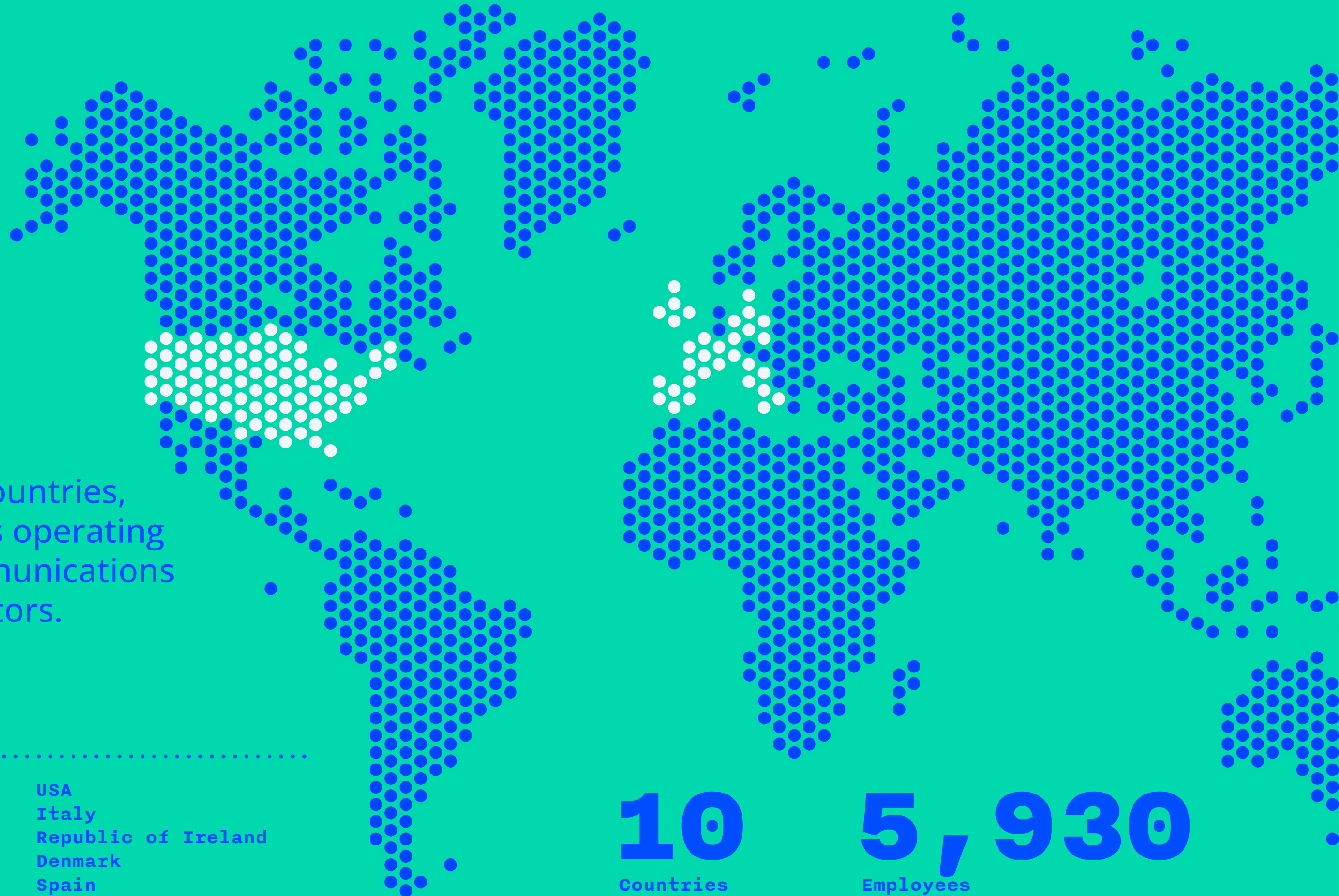
Development of technological solutions and services in terms of information systems and telecommunications networks, mobility solutions, connectivity and georeferencing, solutions for Data Centers, among others.

IT & Telecom Technologies



Where we are

Constructel is present in 10 countries, with companies operating in the telecommunications and energy sectors.



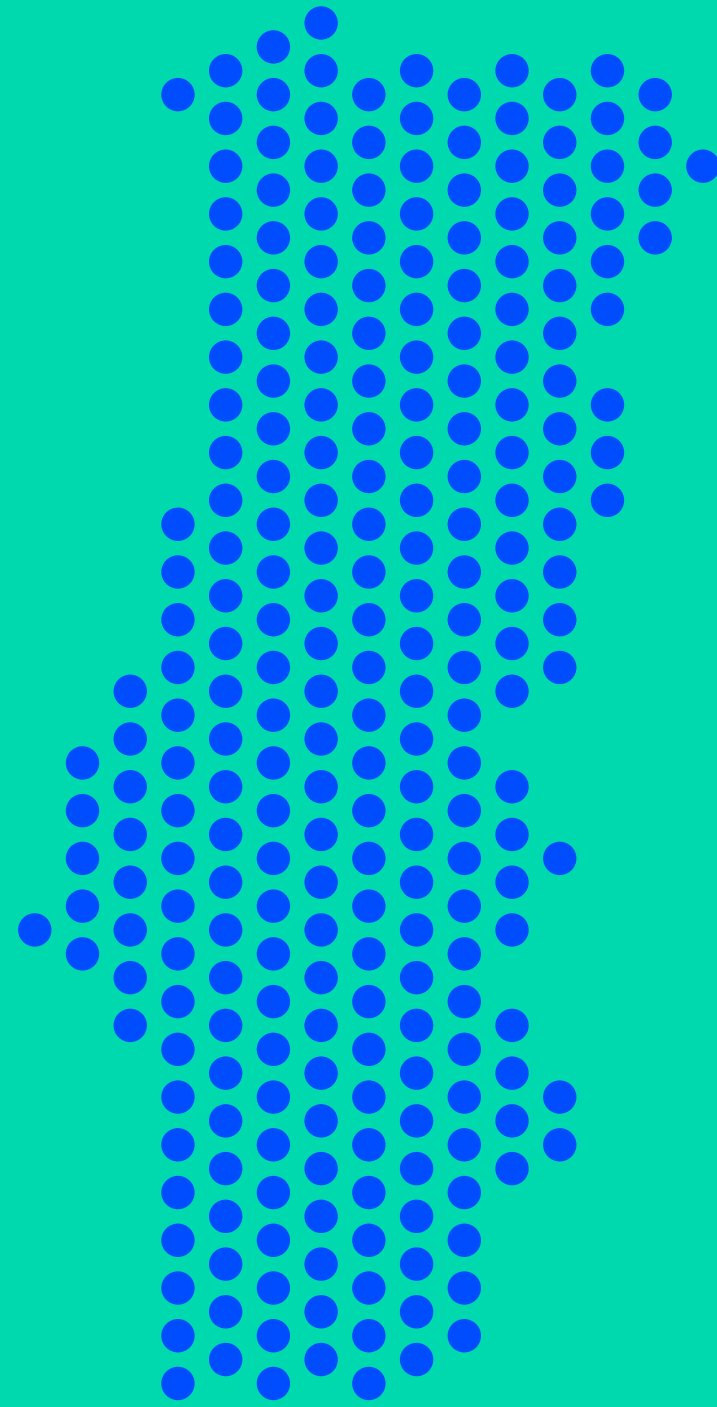
Portugal
 France
 United Kingdom
 Belgium
 Germany

USA
 Italy
 Republic of Ireland
 Denmark
 Spain

10
 Countries

5,930
 Employees

Portugal



Turnover
164 M€



EBITDA
13.8 M€



Companies

- Constructel Visabeira
- Viatel
- PDT
- Visabeira Infraestruturas
- Aeroprotechnik
- IUTEL
- EIP Serviços
- Visapower
- Cunha Soares



Employees
1,715



France



Turnover

252 M€



EBITDA

19.6 M€

Companies

- Constructel France
- Constructel Energie
- Escotel
- Gatel
- SCI Constructel
- Visactys



Employees

1,975



United Kingdom



Turnover
240 M€



EBITDA
26.3 M€



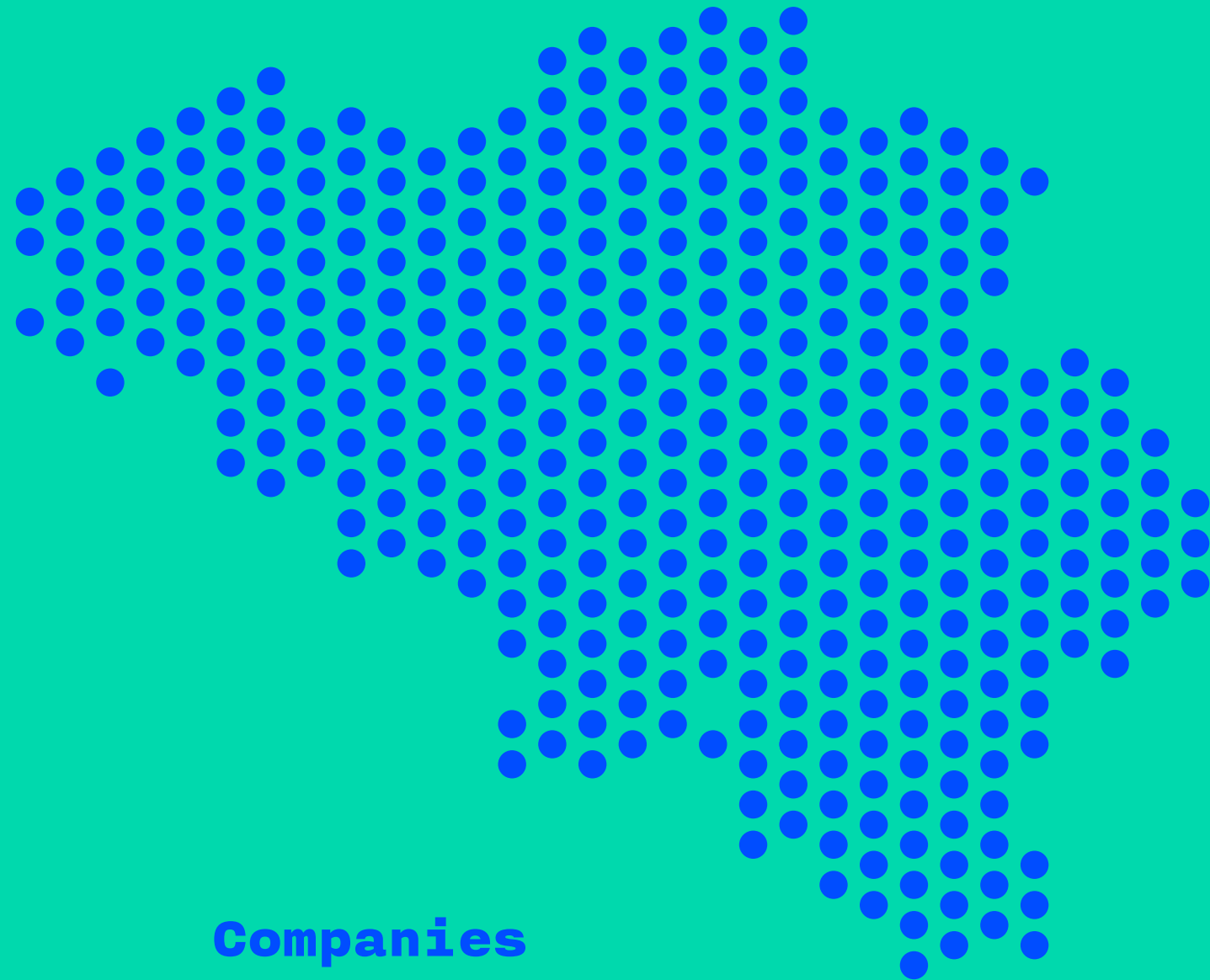
Companies

- Quinn Constructel
- MJ Quinn
- MJ Quinn Constructel
- MJ Quinn Solar
- Energydisti



Employees
665

Belgium



Companies

- Constructel Belgium
- Modal Installation
- Cabling Station
- Constructel Modal
- OMV Natie
- Infrasign



Turnover
116 M€

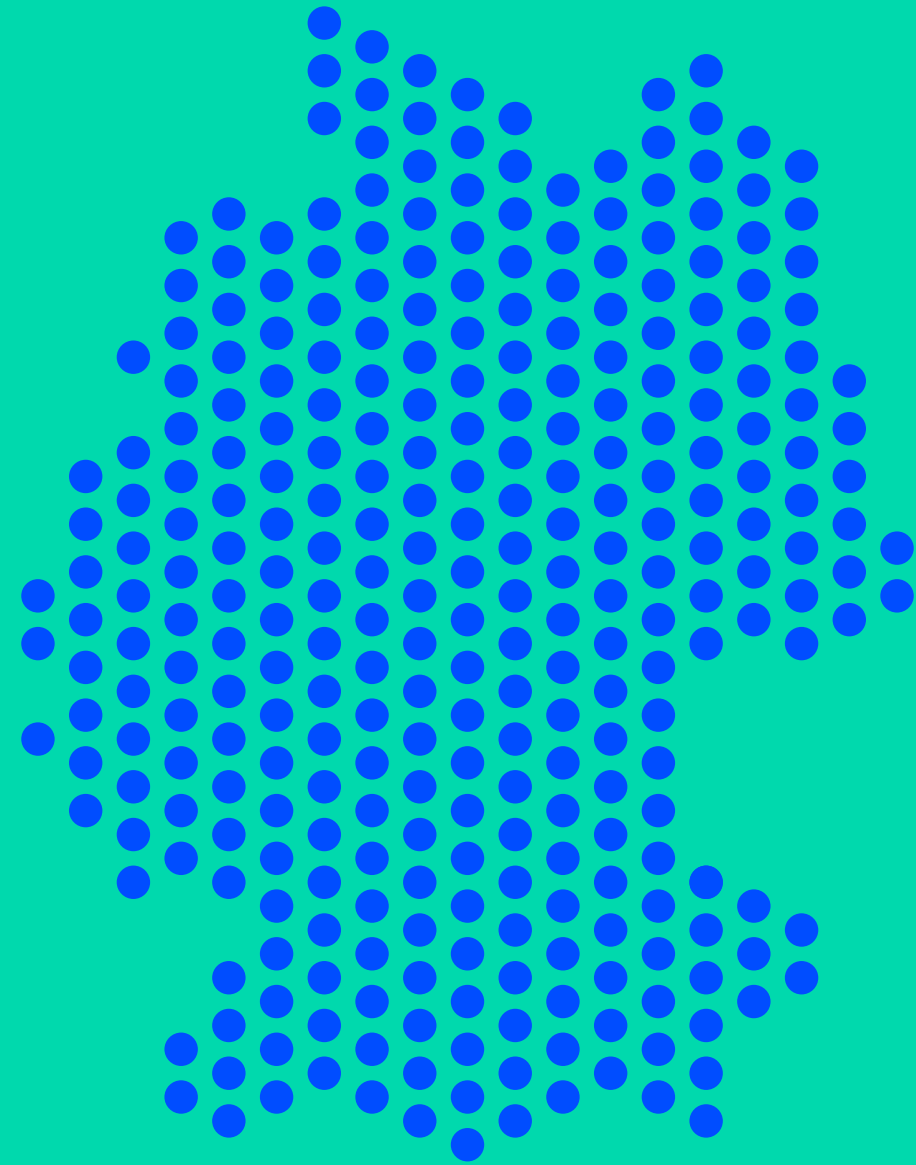


EBITDA
17.2 M€



Employees
345

Germany



Turnover
89ME

EBITDA
14.9ME

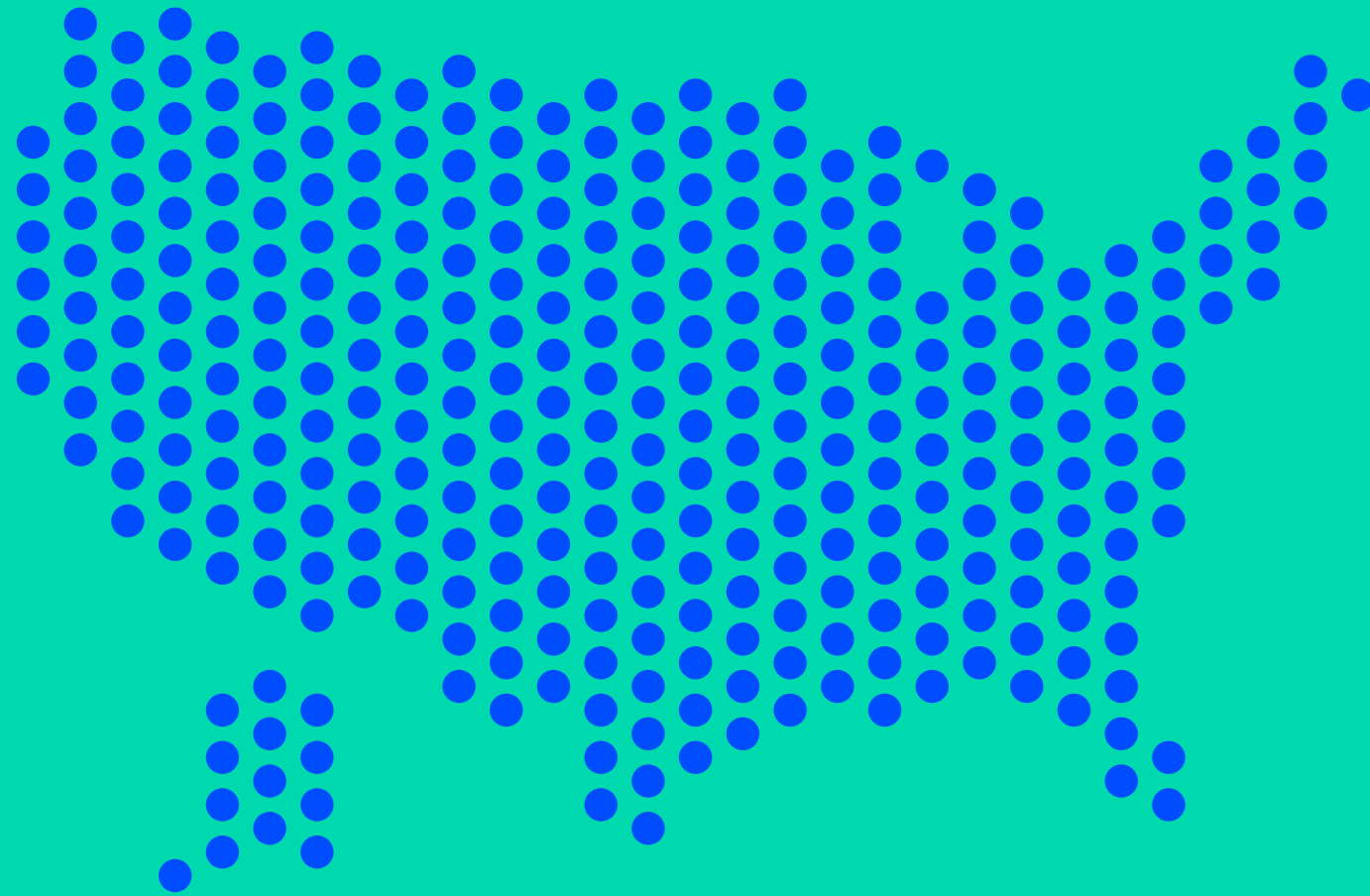


Employees
465

Companies

- Constructel Bau
- Constructel GmbH
- Elektro-Würkner
- Franz-Josef Braun

United States of America



Turnover
68M€



EBITDA
14.4M€



Employees
160



Companies

J.F. Edwards

Italy



Companies

- Constructel Italia
- IEME
- Inpower Group
- SCI Constructel Italia



Turnover
44M€



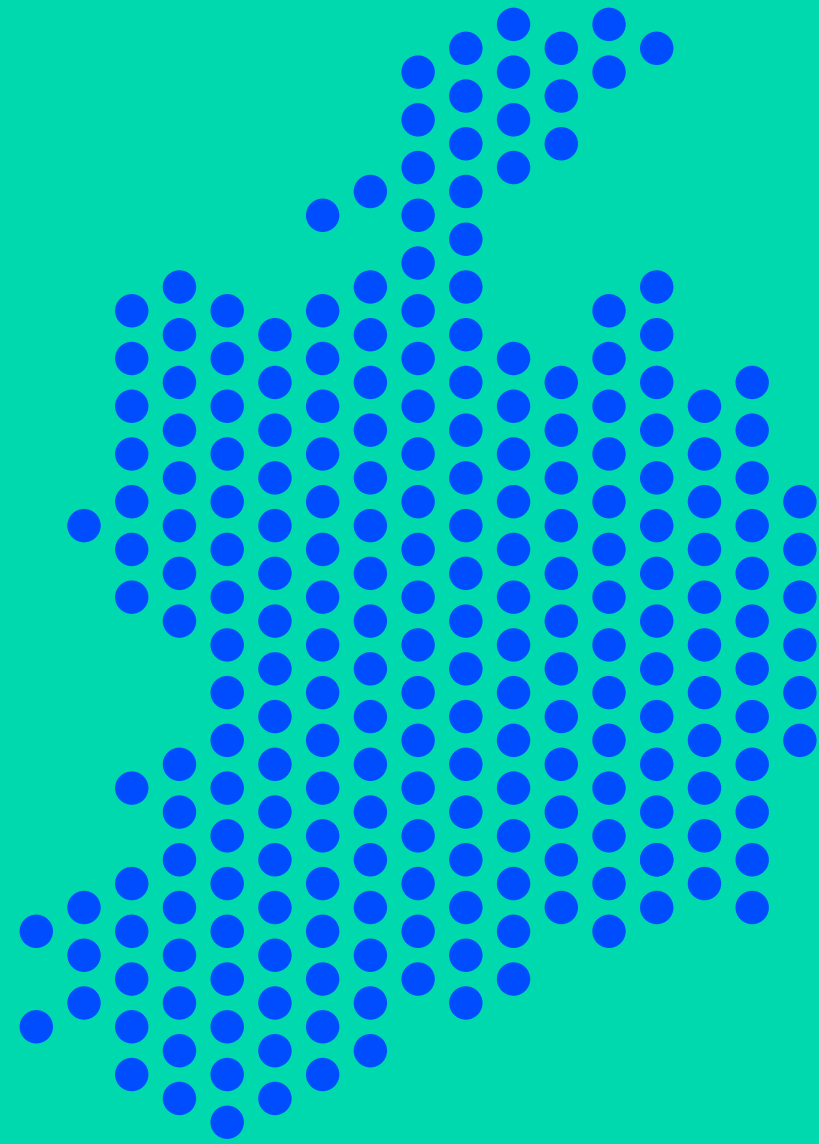
EBITDA
1M€



Employees
210



Republic of Ireland



Turnover
32.7 M€



EBITDA
2.7 M€



Employees
175



Companies

Obelisk

Denmark



Companies

Constructel Denmark
Toft Hansen



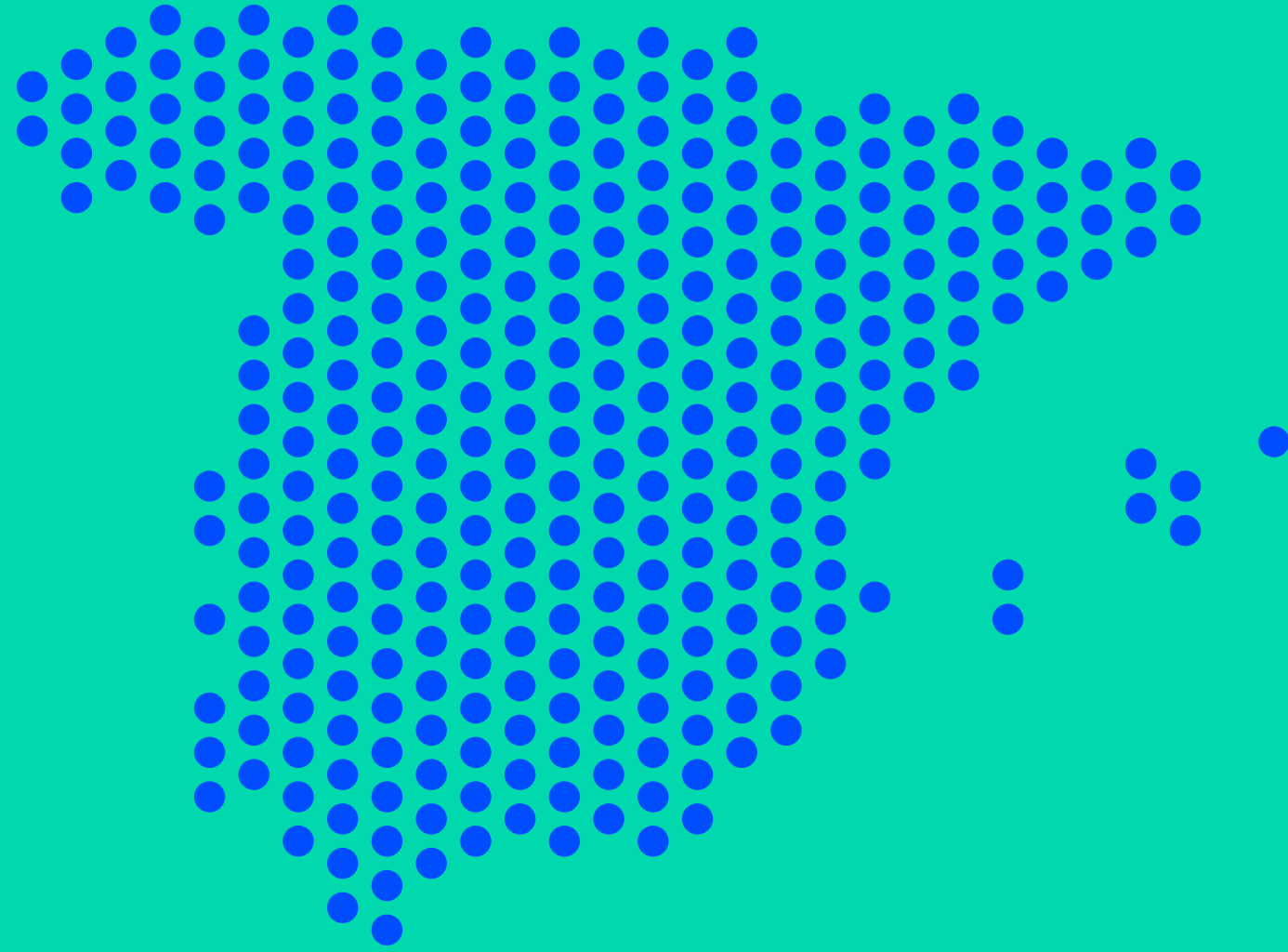
 Turnover
11M€

 EBITDA
1.8M€



 Employees
100

Spain



Companies

Tensa



Turnover

9 M€



EBITDA

- 0.6 M€



Employees

115



Academia Internacional

The focus on training is crucial for Constructel Visabeira, which has several training facilities in its main markets, with emphasis on the *Academia Internacional*, based in Portugal.

Academia Internacional Constructel Visabeira is an important and highly qualified training centre, with unique facilities and equipment, capable of meeting and exceeding the criteria of various operators and international partners, where all our trainees are admitted, qualified and accredited.

In 2022, at the *Academia Internacional* alone, more than 3200 technicians in the areas of Telecommunications and Energy were trained and certified, in more than 500 training courses, representing an increase of around 35% compared to the previous year.

The team of highly qualified professionals with more than 15 years of experience in the areas of Telecommunications and Energy has been continuously strengthened, responding to increasing needs and guaranteeing a wide range of training modules. This academy's focus is on qualifications in the area of telecommunications - from construction and maintenance of copper and optical fibre networks, to installation and cabling at the end client, work at heights and in confined spaces - , and in the area of Energy - for medium and low voltage infrastructures works. Also noteworthy is the subject of Safety and Health at Work, which includes more than 70% of trainees.

For 2023, the number of training courses to be carried out, as well as the number of trainees involved, is expected to continue the same growth trend as in recent years.



043

2022

> 3,200
trained technicians

.....

> 500
training courses

.....

> 35 %
growth rate



Sustainability

We are strongly committed to our Corporate Responsibility.

We develop solutions which promote social inclusion and contribute to a more effective and efficient society.

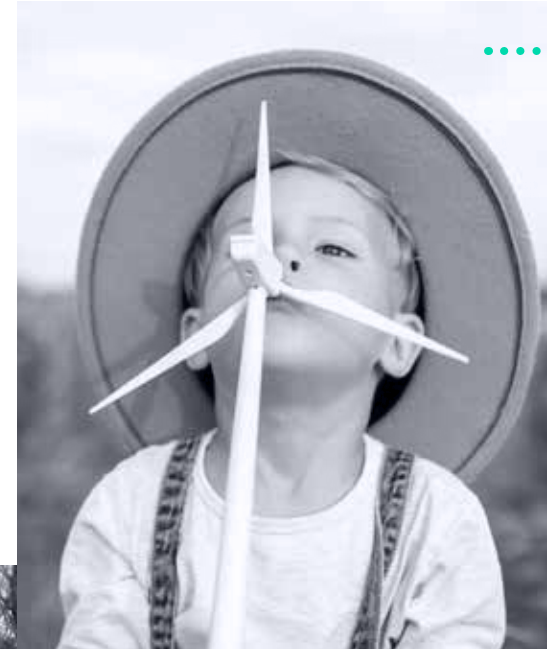
Our commitment is based on 4 key areas:

Health and Safety
ISO 45001

Service and Quality
ISO 9001

Environmental Protection
ISO 14001

Data Security
ISO 27001



Key principles

Economic Sustainability

- Continuously creating value for its shareholders.
- Integrating environmental and social aspects into planning and decision-making processes.
- Optimising resources and reducing exposure to risk.
- Proactively contributing to a better quality of life for populations.
- Promoting the excellence of the services provided and anticipating and exceeding client expectations.

Environmental Protection

- Promoting the use of renewable energy sources and cleaner and more efficient energy technologies.
- Promoting energy efficiency in consumption.
- Promoting the improvement of environmental management practices in the value chain.
- Managing the impacts of activities aiming for a positive environmental balance.

Responsibility as a Corporate Citizen

- Complying with legislation and established ethical and professional standards.
- Respecting and promoting human rights.
- Ensuring participant, competent and fair business governance.
- Promoting transparent business activities.

Human Resources and Diversity

- Promoting integrity, accuracy, individual responsibility and teamwork.
- Guaranteeing equal opportunities by rejecting abusive and discriminatory practices.
- Promoting training and recognising excellence and achievement.
- Promoting employee satisfaction and motivation.
- Improving the health, safety and well-being of employees.

Corporate Bodies

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 clients' 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
João Manuel Pisco de Castro
Luís Alexandre de Almeida Ferreira
Fernando Daniel Leocádio Campos Nunes
Michele Titi-Cappelli
José Carlos de Almeida Barreto
Gurmehar Singh Grewal
Michael John Quinn

Statutory Auditor

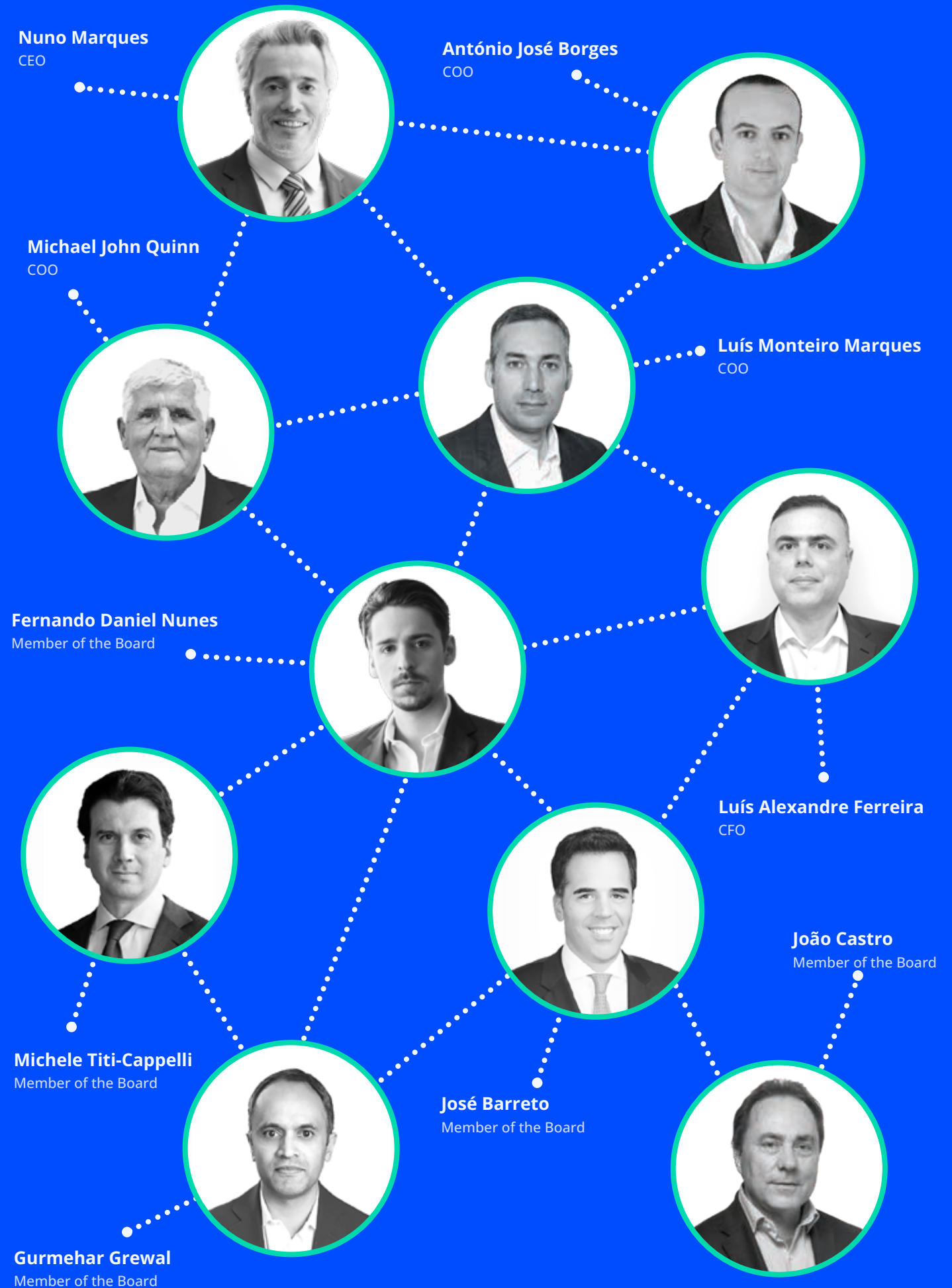
Effective
Ernst & Young, Audit & Associados – SROC, S.A., represented by Daniel José Venâncio Guerreiro

Substitute(s):
Pedro Jorge Monteiro da Silva e Paiva

Board of the General Meeting

Chairman
Maria Isabel Couto Fernandes

Secretary
Marta Albuquerque Santos



02

**LOOKING
BACK ON 2022**



Constructel Visabeira's holdings

50.04%

VISABEIRA GLOBAL

21.86%

GOLDMAN SACHS

28.07%

GRUPO VISABEIRA

0.03%

OTHER SHAREHOLDERS

EUROPE

Germany

Constructel GmbH	100.00%
Constructel BAU GmbH	99.07%
Franz-Josef Braun GmbH & Co. KG	100.00%
Elektro-Würkner GmbH	100.00%

Belgium

Constructel Belgium	100.00%
Modal Installation	100.00%
Cabling Station	100.00%
Constructel Modal	100.00%
OMV Natie	85.00% (a)
Infrasign	100.00%

Denmark

Constructel Denmark	100.00%
Toft Hansen	100.00%

Spain

Tensa	93.17% (a)
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France

Constructel	100.00%
Gatel	100.00%
SCI Constructel	100.00%
Constructel Energie	99.07%
Escotel	100.00%
Visactys	100.00%

Italy

IEME	100.00%
Constructel Italia	100.00%
SCI Constructel Italia	100.00%
Inpower Group	54.50%

Portugal

Visabeira Infrastruturas	100.00%
Viatel	100.00%
PDT	100.00%
IUTEL	99.95%
Aeroprotechnik	51.00%
EIP Serviços	93.17% (a)
Visapower	93.17% (a)
Cunha Soares	51.00% (b)

United Kingdom

Quinn Constructel	100.00%
MJ Quinn - Integrated Services	100.00%
MJ Quinn Constructel	100.00%
MJ Quinn Solar	70.00% (a)
Energydisti	100.00%

Republic of Ireland

Obelisk	78.00% (a)
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AMERICA

United States of America

J.F. Edwards Construction Company	93.17% (a)
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a) Control percentage for consolidation of 100%

b) Control percentage for consolidation of 80%

Analysis of consolidated results

Macroeconomic background

The global economy faces ever-increasing challenges. Growth has lost its strength, high inflation persists, confidence has weakened and uncertainty is high. Russia's war against Ukraine has substantially raised prices, especially as far as the energy sector is concerned, increasing inflationary pressures at a time when the cost of living has already been rapidly increasing across the world. Global financial conditions have tightened significantly amidst vigorous and widespread measures to raise interest rates through central bank policies in recent months, weighing on interest-sensitive spending and increasing the pressures faced by many major economies of emerging markets.

Labour market conditions have remained generally restrictive. Salary increases have not kept pace with price inflation, weakening real household incomes, despite the measures taken by different governments to minimise the impact of increasing food and energy prices on households and companies.

Global GDP growth is forecast to be 3.1% in 2022, around half of what was observed in 2021 during the pandemic recovery, and it is expected to slow further to 2.2% in 2023, well below the rate forecasted before the war.

In 2024, global growth is expected to be 2.7%, aided by initial measures to ease interest rates carried out by several countries.

Global prospects are becoming increasingly unbalanced, with major Asian economies and emerging markets accounting for nearly three-quarters of global GDP growth in 2023, reflecting a steady projection of their expansion and accentuated slowdowns in the United States and Europe.

Consumer price inflation in major advanced economies is expected to be moderate. About 6.3% this year to about 4% percent in 2023 and 2½ percent in 2024. As

the restrictive monetary policy takes effect, demand pressures ease, restoring transport costs and delivery times to normal standards, although the downward pace varies from country to country.

Higher interest rates, the appreciation of the US dollar and a deterioration in the terms of trade, increase the challenges of high external debt service and deficits, particularly if growth slows dramatically and global financial conditions become tighter.

High uncertainty, slowing growth, strong inflationary pressure and the ongoing impact of the war in Ukraine on energy markets have left policy makers with difficult choices in order to maintain macroeconomic stability and improve prospects for sustainable and inclusive growth in the medium term.

- Continued tightening of monetary policy is needed in most major advanced economies to anchor expectations about inflation and bring down inflation on a lasting basis.

- Fiscal support is being provided to help cushion the impact of high energy costs for households and businesses. In the absence of such support, there would almost certainly be a considerable production decrease in many countries, with all the potential costs this could entail.

- Keeping international borders open to trade, removing obstacles to strong cross-border economic migration and ensuring faster integration of migrants into the labour market would help ease short-term supply pressures on inflation.

- Governments also need to ensure that energy security and climate change mitigation goals are aligned. Efforts to safeguard short-term energy security and affordability through fiscal support, diversification of supply and lower energy consumption should be accompanied by stronger policy measures to increase investment in clean technologies and energy efficiency.

- The consequences of war remain a threat to global food security, particularly if combined with other extreme weather events resulting from climate change.

- Better international cooperation is needed to keep agricultural markets open, respond to emergency food needs and strengthen domestic supplies.

- Stronger international cooperation on debt relief is also needed, including through the G20, to minimise the potential adverse economic and social consequences of non-compliance.

In the United States, real GDP is forecast to grow by 1.8% in 2022, 0.5% in 2023 and 1.0% in 2024. High inflation and tighter financial conditions will make spending plans more difficult across the economy. With the remarkable slowdown in domestic production, demand for labour and wage increase are expected to decrease. Price pressures should ease as energy prices stabilise and demand eases, but core inflation is not expected to return to near the Federal Reserve's target until late 2024. Private investment, especially in housing, is expected to remain moderate in response to weaker demand and higher interest rates.

In the United Kingdom, after an expansion of 4.4% in 2022, a GDP contraction of 0.4% is expected during 2023, with an increase of only 0.2% during 2024. Inflation will remain above 9% during early 2023 before slowly decreasing to 4.5% during late 2023 and 2.7% during late 2024. It is expected that the reduction in purchasing power and a more restrictive monetary policy will have an impact on consumer spending.

Moreover, the increase in long-term interest rates will lead to a slowdown in the real estate market. Business investment will remain moderate over the projection period due to a higher cost of capital and to ongoing uncertainty. The continued reduction of the labour market is expected to increase wages, although wage growth is projected to remain below inflation during

the indicated period. Unemployment is expected to increase gradually to 5% by the end of 2024 due to weaker demand. It is expected that public investment will recover, from 2023 on.

In the Euro Area, after a strong first semester, real GDP growth is expected in 2022 from 3.3% to just 0.5% in 2023, due to Russia's war against Ukraine, monetary policy tightening and the global slowdown. Growth is forecast to recover to 1.4% in 2024 as consumption and investment recover. Inflation is expected to ease only gradually, remaining above the purpose in 2024, resulting from high energy prices and tight labour markets. Consumer price inflation - 8.3% in 2022 and 6.8% in 2023 - will lead to a contraction in real disposable income in 2022 and 2023, and a slowdown in private consumption growth. Investment will be held back by the slowdown in terms of demand, although additional funding of around 0.5% of GDP/year through pandemic recovery funds will moderate this slowdown. Inflation is expected to reach moderate levels only in 2024.

Constructel Visabeira

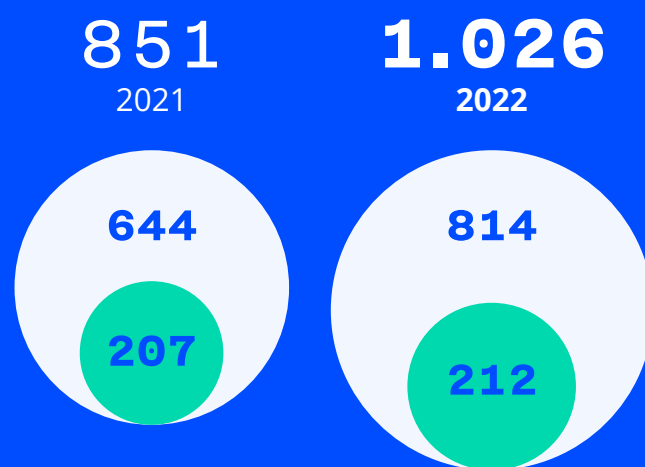
Constructel Visabeira consists of, in a structured way, companies specialised in the telecommunications and energy sectors, allowing combined and geographically comprehensive action, covering ten countries in Europe and the United States of America.

This organisational alignment also provides important synergies resulting from complementing skills, know-how and portfolios of services, enhancing greater flexibility and operability in project development. This versatility positions Constructel Visabeira as an international reference in the sectors it operates in, combining a wide range of integrated solutions tailored to the specific needs of each client and partner.

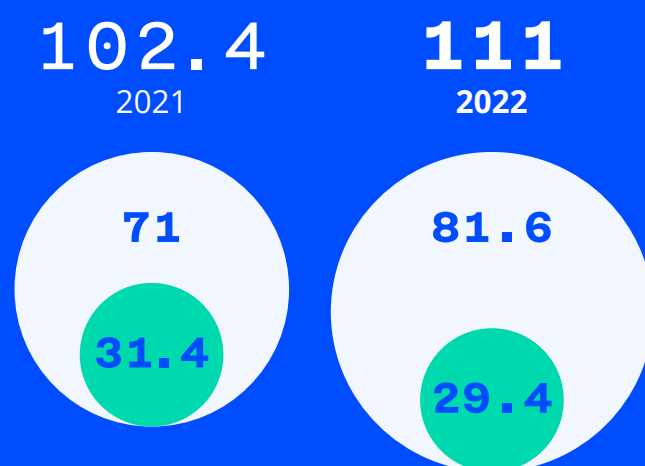
Having overcome the restrictions and negative impacts of the Covid-19 pandemic, 2022 presented new challenges for Constructel Visabeira's activity. The inflationary pressure which is especially reflected in energy and labour costs, strongly enhanced by the war in Ukraine, made it necessary to renegotiate the prices agreed upon with clients, which occurred across all countries, although with certain differences and timing. Portugal and France were the most resilient countries and where the renegotiation process took the longest.

Constructel Visabeira's performance throughout 2022, despite the adverse scenario, was again very positive, marked by the growth of its business, mainly in the European market. Thus, Constructel Visabeira strengthened its position as a strong player in the European market, undertaking a global strategy of providing engineering services, covering the entire value chain of the telecommunications and energy sectors, leveraged by the great focus on its skills and know-how in the different markets and countries it operates in.

Turnover/M€



EBITDA/M€



● Energy ● Telecommunications

Results

The year 2022 is once again marked by the organic growth of its business and the strengthening of Constructel Visabeira's position in the foreign market. Constructel Visabeira surpassed the historic mark of one billion euros (1.026 million euros) in consolidated turnover, a growth of 20.6% compared to the previous year (851 million euros). Continuing to reach historical peaks, the company reached an EBITDA of 111 million euros, which compared with 102.4 million euros in the same period, shows an increase of 8.4%. The operating result also had a positive evolution reaching the amount of 64.8 million euros, an increase of 1.2% compared to 2021. Reinforcing its position in strategic markets, Constructel Visabeira acquired new companies in the European market, increasingly expanding its area of operation. Thus, it is important to note the acquisition of Elektro-Würkner in Germany, Inpower Group in

Italy, Obelisk in Ireland and MJ Quinn Solar in the UK. Turnover from the external market was 862 million euros, representing around 84% of Constructel's total. The countries with the greatest weight in terms of turnover are France, the United Kingdom and Belgium. France was the market with the greatest representation, with 252 million euros. Telecommunications continues to be the business area with the greatest influence on a consolidated basis, with 79% of turnover (814 million euros) and 74% of EBITDA (81.6 million euros). The energy sector ended 2022 with a turnover of 212 million euros, representing almost 21% of total turnover, and with an EBITDA of 29.4 million euros, representing 26%.



Statement of Financial Position

During 2022, Constructel Visabeira's assets increased to 807 million euros, compared to 637 million euros in 2021, a sustained growth in the continuous strategic investment in terms of company acquisitions. As a result of these acquisitions, goodwill increased by 36.7 million euros. Assets associated with client contracts, which relate to services provided and not yet billed, reached 156 million euros and are mostly related to telecommunications.

On the 31st of December 2022 equity amounted to 274 million euros, an increase of 175 million euros

due to the partnership with Goldman Sachs, which translated into a capital increase investment of 200 million euros in exchange for a minority share. With this operation, the financial autonomy ratio was reinforced, standing at 34%.

As a result of the cash flows generated and the capital increase carried out, Constructel managed to reduce its net debt by 91.6 million euros in 2022, moving to a ratio of Net Debt to EBITDA of 0.2 times.

	2022	2021
Loans	105.362.409	148.614.052
Lease liabilities	52.750.884	51.584.967
Availabilities	-133.841.218	-84.279.296
Net financial debt	24.272.075	115.919.723
EBITDA	110.988.716	102.424.190
Net financial debt / EBITDA	0,2	1,1

Investments¹

Investments for 2022 amounted to 23.3 million euros, mainly in operational equipment.

	AMOUNT
United States	7,500,777
Portugal	3,759,847
Germany	3,756,271
United Kingdom and Republic of Ireland	2,395,048
Belgium	2,173,156
Italy	1,637,239
France	1,467,415
Spain	470,245
Denmark	77,990,92
Total	23,237,989

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 its 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, recognising, 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 minimise 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 risks, thereby jeopardising its strategic goals.

Market risks

INTEREST RATE RISK

Constructel Visabeira exposure to interest rate risk comes primarily from loans, 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 2022 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 risk of variation in cash flows due to interest rate variation.

For the remaining financing, an increase of 25 basis points in the interest rate on variable rate financing would imply for Constructel Visabeira, using by reference the consolidated accounts, an increase in financial charges of around 320 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 pound sterling 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 pound sterling against the Euro-transaction risk. Future dividends will also be exposed to said exchange rate fluctuation. The pound sterling started

the year at 1.19007 Euros and ended the year at 1.12748 Euros.

The incorporation of J.F. Edwards, a subsidiary based 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 client is usually summarised in a credit record, which includes available and relevant information such as the client'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 specialised 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. In some cases this 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 Group 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 also to obtain coverages for risks that have no

value attributed in said base policy, up to the limit of one hundred thousand euros. The greater restrictions on the external coverage of the credit granted imply increased rigour and a greater requirement in the appraisal of the requests for internal credit concession.

Loans granted to external entities, which also act as suppliers, had this year a weight of 0.58%. 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, and the following are renowned operators in the group's portfolio: Orange (France Telecom); British Telecom; Proximus (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 companies owned by Constructel Visabeira carry 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 the Group 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 for, on the other hand, a reduction in the average time of receipt associated with advanced payments. Moreover, it facilitates better treasury 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 clients where credits are transferred without recourse on the adherent. Constructel Visabeira also maintain additional contracted short-term current accounts to meet occasional needs. At the balance sheet date, Constructel Visabeira has cash and cash equivalents amounting to 133.8 million euros.

In Europe, Constructel France, Gatel, Constructel Energie and Escotel transformed 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 its 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, recognising, 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 minimise 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 risks, which would otherwise jeopardise its strategic goals.

Business evolution by country

	Total		Group		Consolidated turnover 2022		Consolidated turnover 2021	
Portugal	215,223,598	19.7%	33,227,701	50.9%	181,995,898	17.7%	163,848,064	19.3%
Viatel	83,890,294	7.7%	16,488,919	25.2%	67,401,375	6.6%	71,383,578	8.4%
PDT	37,505,537	3.4%	2,325,731	3.6%	35,179,806	3.4%	34,595,137	4.1%
Visabeira Infraestruturas	42,282,673	3.9%	2,744,052	4.2%	39,538,621	3.9%	40,386,324	4.7%
Aeroprotechnik	1,486,777	0.1%	423,583	0.6%	1,063,194	0.1%	933,416	0.1%
IUTEL	624,912	0.1%	0	0.0%	624,912	0.1%	701,830	0.1%
Constructel Visabeira	6,814,715	0.6%	6,611,897	10.1%	202,818	0.0%	211,750	0.0%
EIP Serviços	21,254,292	1.9%	2,910,940	4.5%	18,343,352	1.8%	10,669,199	1.3%
Visapower	1,722,578	0.2%	1,722,578	2.6%	0	0.0%	0	0.0%
Cunha Soares	19,641,821	1.8%	0	0.0%	19,641,821	1.9%	4,966,829	0.6%
France	265,373,348	24.3%	13,015,109	19.9%	252,358,239	24.6%	283,023,959	33.3%
Constructel	214,756,594	19.7%	5,370,731	8.2%	209,385,863	20.4%	236,968,003	27.8%
Constructel Energie	19,599,987	1.8%	482,404	0.7%	19,117,583	1.9%	20,518,983	2.4%
Escotel	15,900,280	1.5%	3,597,537	5.5%	12,302,742	1.2%	18,352,804	2.2%
Gatel	14,461,949	1.3%	3,013,961	4.6%	11,447,987	1.1%	6,986,810	0.8%
SCI Constructel	406,559	0.0%	359,112	0.5%	47,447	0.0%	181,918	0.0%
Visactys	247,980	0.0%	191,364	0.3%	56,616	0.0%	15,442	0.0%
United Kingdom	242,032,447	22.2%	1,743,251	2.7%	240,154,316	23.4%	179,516,867	21.1%
EnergyDisti	134,880	0.0%	0	0.0%	134,880	0.0%	0	0.0%
MJ Quinn	235,872,267	21.6%	0	0.0%	235,872,267	23.0%	179,516,867	21.1%
MJ Quinn Solar	5,627,626	0.5%	1,345,577	2.1%	4,282,049	0.4%	0	0.0%
Quinn Constructel	397,674	0.0%	397,674	0.6%	0	0.0%	0	0.0%
Belgium	127,605,324	11.7%	11,510,775	17.6%	116,094,549	11.3%	71,339,578	8.4%
Constructel Modal *	41,714,637	3.8%	1,721,426	2.6%	39,993,211	3.9%	35,046,770	4.1%
OMV Natie	32,474,760	3.0%	7,855,941	12.0%	24,618,819	2.4%	18,159,978	2.1%
Constructel Belgium	53,307,878	4.9%	1,933,409	3.0%	51,374,470	5.0%	18,132,830	2.1%
Infrasign	108,049	0.0%	0	0.0%	108,049	0.0%	0	0.0%
Germany	73,412,304	5.6%	574,078	0.9%	72,838,226	5.9%	32,755,650	3.8%
Constructel Bau GmbH	574,078	0.1%	574,078	0.9%	0	0.0%	0	0.0%
Constructel GmbH	31,325,968	2.9%	0	0.0%	31,325,968	3.1%	22,204,582	2.6%
Elektro-Würkner GmbH	29,258,644	2.7%	0	0.0%	29,258,644	2.9%	0	0.0%
Franz-Josef Braun	12,253,613		0		12,253,613		10,551,068	1.2%
United States of America	67,521,791	6.2%	0	0.0%	67,521,791	6.6%	86,787,812	10.2%
J. F. Edwards	67,521,791	6.2%	0	0.0%	67,521,791	6.6%	86,787,812	10.2%
Italy	45,430,488	4.2%	1,123,320	1.7%	44,307,168	4.3%	10,934,020	1.3%
Constructel Italia	1,825	0.0%	1,575	0.0%	250	0.0%	1,530	0.0%
Ieme	11,793,508	1.1%	1,121,745	1.7%	10,671,763	1.0%	10,932,490	1.3%
Inpower Group	33,635,155	3.1%	0	0.0%	33,635,155	3.3%	0	0.0%
Republic of Ireland	32,716,917	3.0%	0	0.0%	32,716,917	3.2%	0	0.0%
Obelisk	32,716,917	3.0%	0	0.0%	32,716,917	3.2%	0	0.0%
Denmark	13,378,491	1.2%	4,118,396	6.3%	9,260,095	0.9%	12,859,100	1.5%
Constructel Denmark	9,268,437	0.8%	607,715	0.9%	8,660,722	0.8%	10,175,908	1.2%
Toft Hansen	4,110,055	0.4%	3,510,682	5.4%	599,373	0.1%	2,683,192	0.3%
Spain	9,031,092	0.8%	0	0.0%	9,031,092	0.9%	9,897,456	1.2%
Tensa	9,031,092	0.8%	0	0.0%	9,031,092	0.9%	9,897,456	1.2%
Total	1,091,725,802	100%	65,312,631	100%	1,026,413,171	100%	850,962,506	100%

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

** Turnover according to the location of the company's head office.

Telecommunications

In France, for Constructel France, 2022 was marked by the renewal of the main contract with our client Orange, allowing for having good activity visibility for the next 5 years. The reduction in turnover is justified by the maturity of the telecommunications market and the consequent decrease in activity in terms of the construction of optical fibre networks.

Aiming at becoming one of the players in terms of numerical and energy transition, this year we have developed a wide range of services in SMART, IoT and renewable energy solutions.

In Belgium, for Constructel Belgium, 2022 was characterised by a significant increase in turnover, justified by the construction and maintenance of optical fibre networks, for several clients, such as Proximus and Fiberklaar.

Still in Belgium, for Constructel Modal, the year was marked by the renewal of the main contract with the client Proximus, allowing for good activity visibility for the next 6 years. In this new contract, we now have a national presence with this historic client, becoming one of the largest service providers.

In Germany, Constructel GmbH strengthened its position with the main clients, 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 has 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 has 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), South-east (Stuttgart) and South (Munich). Work also began on a new area in Frankfurt. 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 Sprockhövel, Essen and Niederkassel (North-Westphalia region) and in Stuttgart, Baden-Württemberg region, where the Möhringen and Eberdingen projects stand out. 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. 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 2022 continued to be the focus on the recovery of multiple German infrastructures which had been destroyed by the large floods that had occurred during the Summer.

Continuing its expansion in Germany during 2022, the company Elektro-Würkner was acquired. This company, which was founded in 1965, currently has around 230 employees and is one of the largest German companies in the telecommunications sector, developing its activity within the renewable energies sector as well.

In Portugal, Viatel remained focus in 2022 on guaranteeing the quality and availability of its services and on meeting challenges that society poses, in always challenging and unpredictable scenarios. Specifically, from the Covid-19 pandemic phase to the endemic phase, the outbreak of war in Europe, with the collateral impacts on prices, materials, supplies and logistics, as well as the inflationary surge which had already started in 2021.

In this sector in particular, with a very competitive



context, the company was able to continue to respond effectively to market needs and overcome new challenges.

In 2022, Viatel's performance allowed it to maintain its leading position and even increase its share in the fixed network segment, having even registered a tendency to increase the level of activity during the last months of the year and, at the same time, the company even managed to slightly increase its share in the commercial sector.

As far as the Mobile Network and Technologies business area is concerned, growth was very positive, reinforcing its position as market leader in the mobile network segment and confirming its position as an important player in the transport and defence segments. Viatel carried out its projects in 2022 constantly focusing on investments regarding training, qualification and careful presentation of its technicians, assuming it as one of the company's goals and its main lever for success. This commitment towards continuous training, the training of its technicians and the ongoing creation of more skills has made Viatel the main support pillar for international operations. It has contributed to the growth of activity and to the expansion to new countries, which the Group's strategy has been implementing in recent years.

Viatel, as a result of this performance and of the comprehensive solutions it offers, remains a reference company in its market in the different segments in which it operates, strengthening the position of trust it had gained in the market.

Still in Portugal, PDT strengthened its position as the reference service provider of the NOS operator. During 2022, the company experienced a high level of activity in terms of construction, particularly boosted by the award of new construction works for the FTTH network, in Porto, Belém, Colombo, Alcabideche, Odivelas, Alverca, Santa Iria da Azóia and Algueirão-Parque.

At the same time, PDT maintained the corporate P2P connections activity, as well as the maintenance contract for the NOS Primary Optical fibre Network throughout the national territory. In the Global service provider contract, PDT reinforced its position as the largest service provider for NOS, which resulted in the opening of new cells with optical fibre technology, with special focus on the areas of Vila Franca de Xira, Porto, Vila Nova de Gaia, Guarda, Fundão, Espinho, Abrantes, Tomar, Ourém, Soure, Borba, Montemor-o-Novo, Matosinhos, Coimbra, Ourém and Covilhã. Additionally, PDT renegotiated the contract with NOS, reinforcing its position in the Algarve and Central region areas, with work on HFC and Satellite technology.

Within this uncertainty and extremely complex scenario, as a result of the evolution of current events, PDT has always remained focused on guaranteeing the quality and availability of its services, as well as on meeting the challenges posed by society, always giving effective response to all requests from its clients.

In the Residential segment during 2022, PDT's performance remained in line with the previous year, namely with regard to attracting new clients for the NOS operator. Despite some slowdown in this sector, in terms of distribution of new expansion cells by NOS, PDT remained focused on attracting higher value clients and on consistently improving the quality of its sales in this challenging and complex scenario.

PDT remained focused on innovation in its services and on expanding its activities. In this area, it should be noted that the 2022 financial year was marked by NOS with new range of Alarm services. During this year, the weight of this range of products was still weak, but it is foreseeable in 2023, with the new SP Global contract, that this type of service will take a different importance and will guarantee a special weight in terms of sales to residential clients.

As far as the Corporate segment is concerned, during 2022 PDT was perfectly in line with the previous year, in terms of raising revenue from new clients. However, there was some slowdown during the year, of around 30%, in terms of the revenue from current clients.



With regard to innovation, Viatel continues to lead the Telecommunications and Technology sector, where investment in research and technological development and in knowledge-generating activities is a fundamental pillar for the company. Within this context, and despite the fact that projects with fundable Research and Technological Development programs were not secured in 2022, the truth is that Viatel maintained its investment in R&D, which is a commitment to be held in the future, since part of its growth strategy is based on the continuous commitment towards new technologies, innovation, research and development activities, aiming at improving production processes and innovative products/services.

In practice, the company is proud to state that innovation and research and development have always been present in Viatel's activity, and as proof of this the company knew how to implement the right solutions to adapt its workers and services to the new technologies and to the needs of its clients. Moreover, it has been able to evolve and provide assertive responses to the continuous challenges imposed by the market. The strong presence that Viatel has in the market has always been marked by its ability to create global solutions, integrating various technological areas, developing new products and services that have contributed to strengthening the competitiveness of the company and the Group both in the domestic and foreign markets. As such, Viatel's focus and investment in R&D is to be maintained in the future. During 2022, Aeroprotechnik maintained the focus of its operation on Advanced Inspection services for Critical Infrastructures, in the areas of Energy (photovoltaic power plants), Telecommunications (telecommunications base stations) and Transport (railway maintenance).

The company strengthened its position in terms of solutions and specialised services, having ensured the continuity and growth of its turnover, in relation to the previous year.

MJ Quinn, a company operating in the United Kingdom, reinforced its position as one of the main service providers with the British operator, British Telecom, by signing a new and important multi-year contract, thus starting to provide services in all regions of the United Kingdom.

In Ireland, Obelisk has been a Constructel Visabeira company since April 2022, and it also operates in the United Kingdom. Obelisk is a leading provider of turnkey solutions for essential infrastructure in telecommunications, fixed and wireless, as well as in the energy sector. Obelisk's clients base includes leading global telecommunications operators such as Vodafone, Three, Cellnex and Vantage Towers,

as well as global energy players such as ESB, EDF, SSE and Banks Renewables. At the heart of Obelisk's success are its employees and partners. Obelisk has been recognised locally as a Deloitte Best Managed company for 5 consecutive years, achieving great recognition due to its staff management, training and development strategies.

Obelisk provides *end to end* solutions to ensure connectivity for all communities in Ireland and in the UK implementing 5G and FTTP. Obelisk is committed to contributing to build a more sustainable world, having to date supplied over 1MW of renewable solar energy to private and commercial clients in Ireland. Obelisk sees sustainability as a key strategy to help communities become more responsible and efficient, making objective and positive contributions to the planet, society and the communities they operate in. In 2022 its core business grew by almost 20%. By starting its new journey with Constructel Visabeira, Obelisk aims to continue this growth in an organic way, with a continuous investment in people and through new acquisitions.



Energy

In Portugal, as Visabeira Infraestruturas is concerned, 2022 was marked by many activities and achievements indicating it has been the turning point for scenarios of pre-pandemic levels of activity. The various sectors of the company were able to provide the most effective responses on numerous fronts, with many works of increased relevance, of which it is difficult to select some for the year's highlights, in the various sectors of the company Visabeira Infraestruturas, a leading company in the sector, is the second largest contractor, in terms of turnover, for E-Redes (former EDP-Distribuição). In 2022, the last phase of the "Empreitada Contínua EC2015 - Redes" contract started operating. The project started on the 30th of March 2015 and ended on the 1st of May 2022, considering the extraordinary extension, for a period of more than two years, beyond its initial term. The year 2022 was also marked by the award and launch of the new contract for "Empreitada Contínua EC2022 - Redes". In the renewable energies segment, Visabeira Infraestruturas, in consortium with Jayme da Costa, continued the construction project of the Alcoutim solar park. This strategic partnership is a result of a clear commitment to market diversification, with a focus on the renewable energies segment, namely in the segment of photovoltaic power plants. In the electricity transmission lines market segment, 2022 was a year of slow recovery of sustainability of activity. Despite the fact that there were works carried out throughout the year, these were constrained, in terms of their execution, by disruption and/or delays in the material supply chains, namely metallic

structures, accessories and insulators. Activity in the gas sector was essentially based on the execution of the Visabeira Infraestruturas / PRF consortium contract, led by Visabeira, with the distributors Beiragás and Lusitaniagás.

As far as EIP Serviços is concerned, during 2021 its main goal consisted of integrating the group of companies of Constructel Visabeira, and 2022 was marked by the widespread increase of consultations and invitations to participate in new projects, across all areas and markets in which the company develops its activity. This process boosted the company's order book and confirmed the expectations with the increase in terms of the company's activity volume, as was already expected as a result of the investment plans publicly announced by its main clients, REN, EDP and IP and even SNCF in France. The year was particularly challenging, given the urgent need to preserve operational capacity, with a view to maintaining the necessary response capacity for the expected workload increase. At the same time, disruption in the entire supply chain, constrained the company's work and resources, kept in clear under-performance throughout almost the entire year, with the consequent negative impact on the operating results of companies in the sector. It should also be noted that in February 2022, and pursuant to the provisions of the *PER* [Special Process of Revitalisation] of EIP Serviços and the corresponding Split-Merger agreement, the Company created a branch in France (EIP Serviços - France), an entity for which the entire operation in that country, previously carried out by



EIP Serviços, SA [French company], was transferred, as well as all the assets held by this entity, including employment contracts and work contracts. Cunha Soares, a company based in Portugal, purchased by Viatel in 2021, operates mainly in the German market. The year 2022, despite the contingencies at the beginning of the year inherent to the Covid-19 pandemic, namely travel difficulties and increased costs, was a year marked by a remarkable growth, both in terms of volume and margin. The company's growth was mainly due to the German market. There were also specific activities carried out in the Nordic countries (Denmark and Sweden). In France, as far as Constructel Energie is concerned, the year 2022 was characterised by strong contractual and organisational stability. In Spain, Tensa, despite having started 2022 with an order book that should have allowed the company to engage almost all of its production capacity during the entire year, the expectations ended up not being confirmed as two contracts regarding Transport activity (High and Extremely High voltage lines) were postponed. The projects should have started in April, but one of them only started in December and the other does not yet have a scheduled start date. These successive postponements, of which we were being informed of successive periods of 15 and 30 days and which resulted from difficulties in terms of development of engineering projects and deadlines regarding the delivery of materials - in both cases resulting from the client's responsibility -, prevented the company from participating in other projects, which would have made it possible to replace the delayed projects, insofar as the upcoming start of the works as well as the demanding deadlines for completion, forced the company to keep its productive resources available for transport activity. In terms of Distribution activity (Medium voltage lines up to 66kV and Low voltage) it is worth highlighting the renewal of the "Marco CRD" Contract for the period June 2022 - May 2027 that the company has maintained since 1997 in the areas of Palencia and Valladolid Rural, clearly showing its ability to respond to demanding client criteria. J.F. Edwards, in the United States of America, extended the presence of Constructel Visabeira to another continent, consolidating its leading position in the North American market and decisively contributed to the worldwide growth of the Grupo Visabeira business activity.

Commitment to society

Quality, Environment and Safety

Sustainable development expresses the relationship between economic growth, environmental conservation and social concern. Based on society's awareness of the irrational use of natural resources and the environmental impacts generated by human action, the concept of sustainable growth emerges as an alternative, promoting the interdependence between economy, environment and society. In recent decades, there have been changes in the context of economic development, recognising the importance of local production systems in the processes of change and growth, establishing the importance of the territory as an active role. Thus, sustainable local development is the process of social change and enhancement of society's opportunities, reconciling, in time and space, economic growth, environmental conservation, quality of life and social equity, based on a clear commitment to the future and solidarity between generations. In organisations 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. 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.

In this sense, in 2022 we highlight a set of activities within the scope of quality, environment and safety, summarised below:

- Implementation of Energy Rationalisation Plans for the car fleet of some Constructel Visabeira companies, with the definition of goals to be achieved, thus allowing for greater awareness of employees and a reduction in energy consumption;
- Centralisation of waste management of Constructel Visabeira, allowing for suitable management and control of the waste produced, optimising trips by the waste operator and in turn reducing transportation costs;
- Continuous optimisation of the geolocation system in vehicles, allowing efficient management of technical resources in their daily activities. This system plays an important role in regards to sustainability of the company, since it allows obvious gains in the economic aspect, and especially in the environmental aspect;
- Commitment to sustainability, through a growing demand for certified and so-called sustainable products, giving clients confidence that the product they are using comes from sustainable sources and that it does not damage environmental, social or economic aspects;
- Software development and implementation for continually monitoring good practices in the areas of quality, environment and safety, carrying out audits and inspections.

Environmental awareness when purchasing work equipment, having prepared specifications for the

main groups of material and equipment, giving priority to those with lower environmental impact and that simultaneously ensure the safety for users; 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.

Regarding the implementation and certification of management systems, 2022 was marked by the maintenance of the company's certification, complying with the quality (ISO 9001), environment (ISO 14001) and safety (ISO 45001) standards. The year 2022 is also marked by the consolidation of new normative references in some companies, namely ISO 27001 – Information Security Management System and ISO 37001 – Anti-Corruption Management System. For 2023, the focus in terms of management systems will be on the extension of certifications for new companies.

UN GLOBAL COMPACT

Thanks to an accuracy, effort and transparent character, Constructel Visabeira continues to focus its efforts towards a performance in line with the development of a fairer, integral and innovative society, focusing on people and based on values. Moreover, its commitment is towards supporting, disclosing and following the Millennium Purposes, respecting and promoting the human rights of all citizens, decreasing social inequalities and

environmental imbalances of the regions where it develops its business activity. In line with its strategic guidelines mentioned previously, Grupo Visabeira, as a signatory of the United Nations Global Compact, prepared its tenth Communication on Progress (COP) report, restating once again its commitment to further promoting the Global Compact and its 10 principles as an important part of the company's strategy, culture and day-to-day operations.

Professional training

Although there has been a significant improvement in recent years, Portugal continues to be one of the countries in the European Union with the lowest level of professional training. This factor has a great impact on both of social and economic areas, since it affects the productivity and profitability levels of companies. Thus, professional training may be a way to overcome low levels of production, resulting from insufficient knowledge and skills of human resources.

At the same time, in an environment of growing globalisation of markets and outsourcing of production activities in keeping with a high degree of specialisation and growing importance of the level of client service, it is paramount to provide companies with tools which will increase competitiveness of its organisations. In this context, it is increasingly relevant to improve employees performance 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 organisation 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 Group 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; Organisation/company framework; Basic computer skills; IT in the eye of the user; Electricity and energy; Electronics and telecommunications; Civil construction; Hotel and restaurant industry; Technology for environmental protection; Health and safety at work. In line with what has been happening in recent years, in 2022, Constructel Visabeira's internationalisation growth scenario in the telecommunications and energy sector on the European market was maintained, resulting in an increase in the number of 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 and in the United Kingdom.

Looking ahead to 2023, with the reinforcement of Constructel Visabeira's commitment to internationalisation 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 German and Italian markets.

The People

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

The entire team, at its different levels, has a daily goal to meet its clients' 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 organisation is always focused on combining attractive and successful careers with individual and collective results. Everyone's focus always aims at efficient management of knowledge, competent management of the teams, optimisation of resources, maximisation of synergies and 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 and 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 maximises 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 a solid, competent and motivated team in a harmonious way, in line with the Constructel Visabeira's expansion model on a full development path with increasingly ambitious

challenges.

The total number of employees at the end of the year

	2022	2021
Constructel Visabeira	5,971	5,197
Total	5,971	5,197

was as follows:

Communication

After a two-year period with many uncertainties due to the Covid-19 pandemic affecting everything and everyone worldwide, 2022 was pointed out as the year when everything would return to normal in terms of society and business activities. However, as the year began, war broke out in Ukraine due to the invasion triggered by Russia, which immediately raised many doubts as to what would the year 2022 be. Although the conflict was geographically located in a single country, the entire world was severely affected at various levels with the escalating tension that jeopardised a great deal of business activity, especially in Europe.

In a more detailed analysis, it is important to highlight some key moments in terms of 2022 activity, which led to several news items on newspapers, magazines, television and digital media.

In terms of national interviews, Nuno Terras Marques was interviewed by the *Expresso* weekly newspaper's Economy section on the topic "Today's innovation is tomorrow's business".

In terms of organic growth, the acquisition of the Inpower Group, an established Italian company working in the telecommunications and energy engineering sector, was targeted by news items, mainly within the economic information media. On this subject Nuno Terras Marques gave an interview to *Jornal de Negócios* newspaper. The same media attention was given to the acquisition of Elektro-Würkner GmbH, one of the largest German companies in the telecommunications sector and one with a presence in the renewable energies area. Throughout 2022 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.

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 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 of the telecommunications and energy areas.

In the coming years, Constructel expects to continue its strong commitment towards its internationalisation project, in order to keep up with the large investments carried out by the euro area countries in the telecommunications networks, namely in the development of optical fibre networks. This being one of the sectors where Constructel Visabeira is currently 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 2022, Constructel Visabeira has a portfolio of 4,042 million euros of contracted services for the coming years (not including material, which is provided by its respective operators):

- 1,152 million euros in France;
- 989 million euros in the United Kingdom;
- 678 million euros in Belgium;
- 392 million euros in Portugal;
- 293 million euros in Germany;
- 172 million euros in the United States of America;
- 135 million euros in Denmark, Ireland and Spain;
- 231 million euros in Italy.

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



Annex to the report of the Board of Directors

In compliance with the provisions of article 447, paragraph 5, of the Commercial Companies Code, we hereby declare that during the period covered by the report, the directors identified herein held the following company shares:

Shareholder/ Member of Corporate Bodies	Number of shares on the 31 st of December 2022	%	Number of shares on the 31 st of December 2021	%	Operations in 2022
Visabeira Global, SGPS, SA	446,375,780	50.04%	14,284,025	64.06%	432,091,755
Grupo Visabeira, SA	250,421,375	28.07%	8,013,484	35.94%	242,407,891
Goldman Sachs	195,003,247	21.86%			195,003,247
Directors:					0
Nuno Miguel Rodrigues Terras Marques	108,351	0.01%			108,351
António José Monteiro Borges	43,340	0.005%			43,340
Luís Filipe Monteiro Marques	43,340	0.005%			43,340
Michael John Quinn	90,141	0.01%			90,141
Total	892,085,574	100.00%	22,297,509	100.00%	869,788,065

Viseu, the 31st of March 2023

Chartered Accountant

The Board of Directors

Daniel Augusto Vitorino Pereira

Nuno F. Reis

A

António José Monteiro Borges

António

Luís Filipe Monteiro Marques

Luís Filipe Monteiro Marques

Michael John Quinn

Michael John Quinn

Nuno Miguel Rodrigues Terras Marques

Nuno Miguel Rodrigues Terras Marques

03

**DOCUMENTS FOR
CONSOLIDATED
ACCOUNTS**



Consolidated Financial Statements

Consolidated income statement

Financial years ended on the 31st of December 2022 and on the 31st of December 2021

	Notes	2022	2021
Ongoing operations			
Sales		13,989,198	16,679,620
Services rendered		1,012,423,973	834,282,886
Turnover	9	1,026,413,171	850,962,506
Cost of sales and services rendered		-83,196,898	-64,664,062
Other income	10	15,466,538	16,609,847
Supplies and external services	11	-616,113,112	-491,494,368
Personnel costs	12	-224,689,505	-199,742,245
Other costs	10	-6,871,478	-9,247,488
Amortisations	13	-47,169,866	-37,467,189
Provisions and impairment losses	14	954,320	-967,575
Interest paid, net	15	-7,393,465	-5,955,093
Other financial expenses, net	16	-4,412,315	-1,754,215
Result before taxes		52,967,391	56,280,117
Income tax	17	-12,727,960	-13,483,828
Net income		40,239,430	42,796,289
Attributable:			
Shareholders		38,670,301	42,173,226
Non-controlling interests	31	1,569,129	623,063
Earnings per share:			
Basic	29	0.06	2.09
Diluted	29	0.06	2.09

The notes are part of this consolidated income statement

Consolidated Statement of Comprehensive Income

Financial years ended on the 31st of December 2022 and 2021

	Notes	2022	2021
Consolidated net income for the period (a)		40,239,430	42,796,289
Other comprehensive income: Amounts that will be subsequently reclassified as profit or loss			
Exchange differences arising from translating financial statements prepared in foreign currency	30	-504,279	6,886,579
Amounts that will not be subsequently reclassified as profit or loss			
Other adjustments		-364,232	-434,876
Other comprehensive income for period (b)		-868,510	6,451,703
Comprehensive income of period (a)+(b)		39,370,920	49,247,991
Comprehensive income for the financial year attributable to:			
Non-controlling interests		1,570,189	614,789
Shareholders		37,800,731	48,633,202

The notes are part of this consolidated statement of comprehensive income

Consolidated statement of financial position

Financial years ended on the 31st of December 2022 and 2021

	Notes	2022	2021
ASSETS			
Non-current assets			
Tangible assets	18	61,533,586	52,624,496
Right-of-use assets	19	53,694,096	52,379,945
Goodwill	20	207,291,036	174,617,288
Investment properties	21	10,000,000	10,000,000
Intangible assets	22	18,354,283	13,457,249
Other financial investments	6	4,335,324	2,121,734
Deferred tax assets	17	2,034,685	3,505,524
Total non-current assets		357,243,011	308,706,236
Current assets			
Inventories	23	43,761,270	29,619,368
Clients	24	102,048,886	85,681,347
Assets associated with client contracts	9	156,598,657	110,322,644
Other receivables	26	8,684,466	11,143,633
Other Assets	27	4,385,399	6,956,053
Cash and cash equivalents	27	133,841,218	84,279,296
Total current assets		449,319,896	328,002,342
Total Assets		806,562,906	636,708,578
EQUITY			
Capital	28	142,733,692	111,487,545
Share premiums	28	190,153,087	26,677,126
Other equity instruments	28	0	60,000,000
Other reserves	30	-198,722,830	-198,352,545
Retained earnings	30	136,002,242	97,831,225
Equity attributable to shareholders		270,166,191	97,643,352
Non-controlling interests	31	4,477,073	1,384,693
Total equity		274,643,264	99,028,045
LIABILITIES			
Non-current liabilities			
Long-term paid loans	32	83,410,011	99,926,096
Other accounts payable	34	28,261,193	38,819,128
Deferred tax assets	17	9,128,416	7,840,317
Provisions for other risks and expenses	38	5,233,719	4,512,783
Lease liabilities	35	27,553,386	32,081,620
Total non-current liabilities		153,586,725	183,179,944
Current liabilities			
Short-term paid loans	32	21,952,399	48,687,956
Suppliers	33	140,471,752	110,262,724
Income tax	25	7,411,724	5,597,970
Assets associated with clients' contracts	9	36,203,227	20,495,858
Other accounts payable	34	87,882,845	99,213,718
Other liabilities	34	59,213,472	50,739,015
Lease liabilities	35	25,197,498	19,503,346
Total current liabilities		378,332,917	354,500,588
Total liabilities		531,919,642	537,680,532
Total equity and liabilities		806,562,905	636,708,578

The notes are part of this consolidated statement of financial position

Consolidated statement of changes in equity

Financial years ended on the 31st of December 2022 and 2021

	Capital	Other equity instruments	Issue premiums (note 28)	Retained earnings and other reserves (note 30)	Subtotal	Non-controlling interests	Total equity
On the 1st 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	0	0	0	48,633,202	48,633,202	614,789	49,247,991
Acquisitions/disposals	0	0	0	0	0	430,732	430,732
Changes of holdings in controlled entities	0	0	0	-3,032,464	-3,032,464	-4,954,572	-7,987,036
Transactions with shareholders							
Reduction of supplementary benefits	0	-37,730,000	0	0	0	0	-37,730,000
Capital payment	11,319,000	0	26,411,000	0	0	0	37,730,000
Dividends distributed	0	0	0	0	0	-440,960	-440,960
On the 31st of December 2021	111,487,545	60,000,000	26,677,126	-100,521,319	97,643,352	1,384,693	99,028,045
On the 1st of January 2022	111,487,545	60,000,000	26,677,126	-100,521,319	97,643,352	1,384,693	99,028,045
Comprehensive income for the period				37,800,731	37,800,731	1,570,189	39,370,920
Acquisitions/ disposals						1,522,190	1,522,190
Transactions with shareholders							
Reduction of supplementary benefits	0	-60,000,000	0	0	-60,000,000	0	-60,000,000
Capital payment	31,246,147	0	163,475,961	0	194,722,108	0	194,722,108
Dividends distributed	0	0	0	0	0	0	0
On the 31st of December 2022	142,733,692	0	190,153,087	-62,720,588	270,166,191	4,477,073	274,643,264

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 2022 and 2021

	Notes	2022	2021
OPERATING ACTIVITIES			
Receivables from clients		1,187,215,074	964,405,653
Payments to suppliers		-866,745,267	-712,374,830
Staff costs		-226,242,767	-198,196,699
Operating cash flow		94,227,040	53,834,124
Payments to suppliers		-10,915,638	-14,719,327
Payments to staff		1,178,775	1,634,023
Operating cash flow		84,490,177	40,748,820
CASH FLOW FROM OPERATING ACTIVITIES (1)			
		84,490,177	40,748,820
INVESTMENT ACTIVITIES			
Receivables from:			
Intangible assets		0	325,000
Investment subsidies		339,912	24,833
Interest and similar income		202,775	838,404
Loans granted to shareholders	26	3,837,137	56,804,609
		4,379,823	57,992,846
Payments relating to:			
Financial investments		0	-7,500
Subsidiary purchases, net cash purchased		-63,504,764	-1,237,023
Tangible and intangible fixed assets		-17,890,686	-22,668,131
Loans granted to shareholders	26	0	-60,641,746
		-81,395,450	-84,554,400
CASH FLOW FROM INVESTING ACTIVITIES (2)			
		-77,015,627	-26,561,554
FINANCING ACTIVITIES			
Receivables from:			
Loans obtained	32	32,609,265	39,526,459
Share capital increases by non-controlling interests		955,500	0
Capital payments and other equity instruments		200,311,996	0
		233,876,761	39,526,459
Payments relating to:			
Loans obtained	32	-77,174,131	-55,536,752
Amortisation of financial lease contracts	35	-27,704,589	-21,002,069
Interest and similar costs		-10,822,310	-11,045,712
Reduction of supplementary benefits	28	-60,000,000	0
Transaction costs of capital realisations	28	-5,273,116	0
Dividends		0	-450,000
		-180,974,146	-88,034,533
CASH FLOW FROM FINANCING ACTIVITIES (3)			
		52,902,614	-48,508,074
Changes in cash and cash equivalents (1) + (2) + (3)			
		60,377,164	-34,320,808
Cash and cash equivalents at beginning of the period			
		71,065,848	105,386,656
Cash and cash equivalents at end of the period			
		131,443,012	71,065,847

The notes are part of this consolidated statement of financial position

Notes to the consolidated statement of cash flows

Financial years ended on the 31st of December 2022 and 2021

	2022	2021
1. Acquisition or disposal of subsidiaries and financial investments		
a) Payments related to purchases for the financial year (see note 7)		
Inpower Group	3,894,500	750,000
MJ Quinn Solar	1,102,446	0
Obelisk	15,312,986	0
Elektro-Würkner	14,784,979	0
EIP Serviços	0	1,113,422
Cunha Soares	0	5,214,120
b) Cash purchased		
Inpower Group	-1,002,997	0
MJ Quinn Solar	-293,727	0
Obelisk	-1,540,571	0
Elektro-Würkner	-1,117,550	0
EIP Serviços	0	-9,450,000
c) Payments related to purchases from previous years		
MJ Quinn	5,594,346	2,331,489
Franz-Josef Braun	2,383,113	1,092,333
Toft Hansen	134,483	185,659
Cunha Soares	4,000,000	0
EIP Serviços/ TENSA/ J.F. Edwards	15,506,798	0
OMV Natie	1,868,929	0
d) Payments on account of future purchases		
Arquiled (See note 6)	2,877,030	0
f) Financial investment		
Other	0	7,500
	63,504,764	1,244,523

	2022	2021
1. Breakdown of cash and cash equivalents:		
a) Cash		
- Cash	11,023,741	758,174
- Bank deposits	122,817,477	83,521,121
- Bank overdrafts	-353,811	-13,213,448
Cash and cash equivalents at end of the period	133,487,407	71,065,847
- Bank overdrafts	353,811	13,213,448
Cash and cash equivalents in the balance sheet (see note 27)	133,841,218	84,279,296

Notes to the consolidated financial statements

On the 31st of December 2022 (amounts in euros)

1. Introductory note

Constructel Visabeira, SA ("Constructel Visabeira"), based in Viseu, Portugal, came about through a corporate reorganisation carried out in 2019 by Visabeira Global, SGPS, SA, aiming to regroup telecommunication and energy activities in Europe and centralise in Constructel Visabeira the shares it held in companies belonging to these segments operating in this region, which before the reorganisation 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 both in Europe and in the the United States of America.

Its long-term action plan is based on a management model based on global information systems, centralising 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 internationalisation strategy that strengthens its skills and its knowledge.

The company 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. Recently, a conflict broke out in Eastern Europe between Ukraine and Russia, still without a foreseeable end in the short-term. This conflict caused an increase in inflation worldwide, which also hit Portugal, and this led to a slowdown in the economy, the outcome of which is still uncertain. However, in light of current knowledge, no changes in the company's activity are foreseen.

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. 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 78% 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 reorganisation 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 recognised 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 the 17th of February, as subsequently amended by Decree -Law No. 98/2015 of the 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 the 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 2022. 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 have been prepared on the basis of the historical cost, except in terms of investment properties, financial liabilities at fair value (put options/contingent consideration) and some financial investments, which are 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 presented in euros and rounded by unit.

2.2 Bases of consolidation

The consolidated financial statements include, in reference to the 31st of December 2022, the assets, liabilities and profit and loss of the companies of the Group, 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; and
- 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 Group entities, as well as unrealised gains on transactions between companies of the Group 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 recognised 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 group 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 GROUP OF COMPANIES

During 2022, the most significant changes to the group of companies (see note 7) were, the acquisition of MJ Quinn Solar and Obelisk, in the UK, Elektro-Würkner GmbH in Germany and InPower Group 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; and
- ii) the net amount of the identifiable assets acquired and of the liabilities assumed is recognised at the date of acquisition 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 recognised 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 recognised 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 recognised 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 recognised as expenses in the fiscal year in which they occur.

On the date of acquisition, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with IFRS, with the exception of lease and insurance contracts, which are classified and designated based on the contractual terms and conditions, on the commencement date.

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 does not amortise, regardless of whether or not there are impairment indicators, Constructel Visabeira annually tests 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.

Concentration of business activities between companies under common control is 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 Group of the participating interest not held by the Group 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 Group 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 Group for the years 2021 and 2022 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 client network (services provided to the final client of energy operators).

Outdoor network

The purchase orders placed by the client 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.

Constructel Visabeira's performance creates an asset which the client controls as it is being carried out. Thus, the Group's performance obligation is met 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 client, as well as the standard consumption of materials foreseen for that task. The recognition of 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 for the client validation, with a summary of the production sheets. After the approval of said report by the client, the respective invoice is issued.

The frequency with which these measurements reports are delivered depends on the type of client and on the amount of works.

Client Network

The purchase orders placed by the client, 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. Purchase orders are characterised for regarding very short duration works. The performance obligation is carried out in a specific moment, namely whenever the client approves the service rendered.

Operational teams are provided with a production collection system, where completed tasks are recorded throughout the day. The client approves the production carried out on a daily basis. Each task has already recorded a price agreed with the client, 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 client, invoicing for completed and validated tasks can be done on a fortnightly or monthly basis.

ii) Energy in America

In this region, regarding the Energy business area, the Group signs several contracts with public and private entities for the provision of construction services that include different components/tasks. Although in most cases clients can benefit from the different components/tasks on their own, since they are negotiated together the promise of transfer of each is not separately identifiable from the others. Moreover, since the above-mentioned components/tasks are typically highly interrelated and dependent on each other, the Group 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 clients have the 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 Group's performance obligation in these cases is met over time, the revenue being recognised 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 Group presents as assets any amounts to be recovered from clients 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 heading Clients.

Contract assets and liabilities

a. Assets of contracts with clients

A client contract asset is a right to receive a return in exchange for goods or services transferred to the client. If the group has delivered the goods or services to the client before the client 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. Client contract liabilities

A liability of contracts with clients is the obligation to transfer goods or services for which the Group received (or is entitled to receive) a consideration from a client. If the client 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 recognised 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 recognised 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 recognised at fair value through the income statement are recognised immediately in the consolidated income statement.

2.6.1 Financial assets

All purchases and sales of financial assets are recognised 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 clients 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 in which Constructel Visabeira undertakes 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 to 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 aiming to hold financial assets in order to collect contractual cash flows; and
- 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 amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The financial assets that Constructel Visabeira measures at amortised cost include accounts receivable from clients 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; and
- The contract terms of the financial asset give rise, at defined dates, to cash flows corresponding only to payment of principal and interest on 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 amortised 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 2022.

Financial assets to the fair value through the 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 Instrument: 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 Group 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 to the fair value through the income statement include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to 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 amortised 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; and
- 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 recognised 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
- The Group 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 Group;
 - 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 does 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 recognises the corresponding liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that 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 clients 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 amortised cost, the difference between the carrying amount and the consideration received is recognised 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 clients - 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 clients, 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 clients 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 recognised 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 in 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 the time of initial recognition, as financial liabilities at fair value through profit or loss, loans, accounts payable, or derivatives designated as hedging instruments in an effective hedge relationship. All financial liabilities are initially recognised 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 or losses on liabilities held for trading are recognised in the statement of profit or loss.

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 amortised cost

This category is the most relevant to Constructel Visabeira. After initial recognition, the loans are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recorded in the income statement when liabilities are derecognised and through amortisation arising from the effective interest method.

The amortised 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 Group contracts confirming operations with financial institutions, which are classified as reverse factoring agreements. These agreements are used to manage the Group'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 recognised 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 recognised and there is an intention to settle on a net basis or realise 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 operation.

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;
- and

- 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 amortised cost, any adjustment to the book value is amortised in the income statement for the remaining period of the hedge using the effective interest method. Amortisation 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 amortised 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 Group's commitment attributable to the hedged risk are recognised 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 recognised in Other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognised 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 recognised 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 Group 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 heading "Other reserves" and are not considered in the results for the period in which they occur.

2.6.6 Loans costs

The Group capitalises loan 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 loan 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.

Amortisations

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:

	2022	2021
Land and natural resources	2.50%	2.50%
Buildings and other constructions	2.00% - 10.00%	2.00% - 10.00%
Basic equipment	6.67% - 33.33%	6.67% - 33.33%
Transport equipment	16.66% - 25.00%	16.66% - 25.00%
Tools and utensils	4.00% - 25.00%	4.00% - 25.00%
Office equipment	4.00% - 10.00%	4.00% - 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 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 Group applies the same recognition and measurement method to all leases, except for short-term leases and leases associated with low-value assets. Constructel Visabeira recognises a liability regarding payments and an asset identified as the right to use of 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 recognises 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 recognises 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 amortised 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 recognised 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 also applies 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 recognised only when the duty 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 redevt to lessees are recorded in the period which the compensation relates to. Fees regarding management and service are included as Income from rents, without considering the respective costs, because the Group 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 amortised 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 could never be greater than the amount that would be recognised 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 recognised 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 heading "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 Group 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 headings 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 Group Constructel Visabeira. For other companies, similar provisions are recorded in corporate accounts or are insignificant.

2.17 Cash and cash equivalents

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

2.18 Works carried out among the Group'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 recognised.

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 headings "Other current assets" and "Other current liabilities", respectively.

2.20 Grants

Grants are only recognised when received or upon sufficient certainty that the Group can comply with the conditions required for their granting.

Investment grants are included in heading "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 Group incurs eligible expenses and are presented in the "Other income" line.

2.22 Assets measured at fair value

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 Information by segments

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

1. Does not have debt instruments or equity traded on a public market;
2. 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 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 the 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 heading 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 recognised in the income statement.

On the 31st of December 2022 and 2021, assets and liabilities denominated in foreign currencies were translated into euros using the following exchange rates:

2022	2021	Code	Designation
7.44	7.44	DKK	Danish Crown
0.88	0.84	GBP	Pound sterling
1.07	1.14	USD	American dollar

In the financial years 2022 and 2021, the financial statements of subsidiaries are in foreign currency were translated using the following exchange rates:

2022	2021	Code	Designation
7.44	7.44	DKK	Danish Crown
0.86	0.86	GBP	Pound sterling
1.05	1.18	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 amortisation/depreciation rates of the assets related to the activity are reasonable. Whenever applicable, Constructel Visabeira prospectively changes the amortisation/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 clients' 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, whether domestically or internationally, relies on companies specialised in credit risk hedging.

Excluding state-run agencies and clients 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. In 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 optimisation strategies.

4. Change to accounting policies and errors

During the financial year ended on the 31st of December 2022, 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 financial year

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 2022:

• 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; and
- there are no significant changes to other terms and conditions of the lease.

• Amendments to IFRS 3 - References to the Conceptual Framework for Financial Reporting

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 - Pre-commissioning revenue

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

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 while first-time adoption of IFRS (included in the annual improvements related to the 2018-2020 cycle)**

This amendment clarifies that, when a 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 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 Liabilities – Commissions to be included in the “10 per cent” variance test (included in the annual improvements relating to the 2018-2020 cycle)**

This amendment 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.

Thus, 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 measurement of fair value (included in the annual improvements relating to the 2018-2020 cycle)**

This amendment eliminates the requirement foreseen in the paragraph 22 of IAS 41, to exclude income tax related cash flows in the fair value measurement of biological assets, ensuring consistency with the principles of IFRS 13.

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, until the approval date of these financial statements, adopted (“endorsed”) by the European Union:

- **IFRS 17 (new) – Insurance contracts (to be applied in financial years beginning on or after the 1st of 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 IFRS 17 - Insurance Contracts - Initial application of IFRS 17 and IFRS 9 - Comparative Information (effective for annual periods beginning on or after the 1st of January 2023).**

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.

- **Amendments to IAS 1 - Disclosure of accounting policies (effective for financial years beginning on or after the 1st of January 2023).**

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.

- **Amendments to IAS 8 - Definition of accounting estimates (effective for annual periods beginning on or after the 1st of January 2023)**

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 12 – Deferred tax relating to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after the 1st of January 2023).**

This amendment clarifies 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 recognised 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.

Thus, 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.

The Group did not carry out the early application of this standard in the financial statements during the period of twelve months ended on the 31st of December 2022. 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 IFRS 16 - Lease liabilities in sale and leaseback transactions.**

This amendment specifies the requirements regarding the subsequent measurement of lease liabilities, related to sale and leaseback transactions which qualify as “sale & leaseback” in accordance with the principles IFRS 15, focusing on variable lease payments that do not depend on an index or rate.

In subsequent measurement, seller-lessees shall determine “lease payments” and “revised lease payments”.

When subsequently measuring lease liabilities, sellers-lessees shall determine the “lease payments” and “revised lease payments” so that it does not recognise any gain or loss related to the retained right of use. Applying these requirements does not prevent a seller-lessee from recognising, in the income statement, any gain or loss relating to the partial or total “sale”, as required by paragraph 46(a) of IFRS 16. This amendment has a retrospective application.

These standards so far not adopted (“endorsed”) by the European Union, but so far not adopted by the Group for the period of twelve months ended on the 31st December 2022. Significant impacts on the financial statements arising from their implementation are not estimated.

5. Constructel Visabeira companies included in the consolidation

Constructel Visabeira, SA	Conditions	Head office	% of consolidated turnover 2022	% direct 2022	% of consolidated turnover 2021	% direct 2021
Aeroprotechnik - Aerial Engineering, Lda	a)	Viseu	51.00%		51.00%	
Cabling Station Data, SA	b)	Mont-Sur-Marchienne	100.00%		100.00%	
Constructel Belgium, SA	b)	Mons	100.00%		100.00%	
Constructel constructions et télécommunications SA (Constructel France)	a)	Valence	100.00%	0.003%	100.00%	0.003%
Constructel BAU GmbH	c)	Berlin	100.00%		100.00%	
Constructel Denmark, ApS	b)	Copenhagen	100.00%	1.14%	100.00%	1.14%
Constructel Energie, SA	b)	Clermont-Ferrant	99.07%	3.52%	99.07%	3.52%
Constructel GmbH	b)	Berlin	100.00%	25.00%	100.00%	25.00%
Constructel Italia, SRL	b)	Galliate	100.00%	50.00%	100.00%	50.00%
Constructelmodal, SA	b)	Flemalle	100.00%		100.00%	
Constructel Sweden AB	c)	Stockholm	-		100.00%	50.00%
Cunha Soares & Filhos, SA	a)	Lodares	80.00%		80.00%	
EIP Serviços, SA	g)	Lisbon	100.00%		100.00%	
Elektro-Würkner GmbH	i)	Farnstätt	100.00%	100.00%	-	
Energydisti, Ltd	j)	Manchester	100.00%		100.00%	
Escotel, SASU	b)	Aurillac	100.00%		100.00%	
Franz-Josef Braun GmbH & Co. KG	c)	Mechernich	100.00%		100.00%	
Gatel, SAS	b)	Domessin	100.00%		100.00%	
IEME, SRL	b)	Cesena	100.00%		100.00%	
Infrassign SPRL	d)	Beveren	100.00%		100.00%	
Inpower Group	b)	Rome	54.50%		-	
lutel - Infocomunicações, SA	a)	Viseu	99.95%		99.95%	
J. F. Edwards Construction Co.	g)	Des Moines - Iowa	100.00%		100.00%	
MJ Quinn - Integrated Services, Ltd	e)	Liverpool	100.00%		100.00%	
MJ Quinn Constructel, Ltd	b)	Liverpool	100.00%		100.00%	
Modal Installation, SA	b)	Marchienne-Au-Port	100.00%		100.00%	
MJ Quinn Solar, Ltd.	j)	Liverpool	100.00%		-	
Obelisk International Group Holdings Limited	j)	Dublin	100.00%		-	
Oude Marktvoerliedennatie NV (OMV Natie)	d)	Beveren	100.00%		100.00%	
PDT - Projectos e Telecomunicações, SA	a) and b)	Lisbon	100.00%		100.00%	
Quinn Constructel, Ltd	j)	London	100.00%		100.00%	
SCI Constructel	b)	Valence	100.00%	0.10%	100.00%	0.10%
SCI Constructel Italia, SRL	h)	Cesena	100.00%		100.00%	
Tensa, S.A.	g)	Oviedo	100.00%		100.00%	
Toft Hansen ApS	f)	Kirke Hylling	100.00%		100.00%	
Viatel - Tecnologia de Comunicações, SA	i)	Viseu	100.00%	100.00%	100.00%	100.00%
Visabeira Infraestruturas, SA	a)	Viseu	100.00%		100.00%	
Visactys SASU	b)	Valence	100.00%		100.00%	
VisaPower, SA	a)	Viseu	100.00%		100.00%	

a) Directly owned by Viatel | b) Directly owned by Constructel France | c) Directly owned by Constructel GmbH | d) Directly owned by Constructel Modal
e) Directly owned by MJ Quinn Holding | f) Directly owned by Constructel Denmark | g) Directly owned by Visapower
h) Directly owned by SCI Constructel | i) Directly owned by Constructel Visabeira | j) Directly owned by MJ Quinn

6. Other non-current assets

	Head office	Book Value 2022	Book Value 2021
a) Other participations			
Capital investments			
C2 Capital Partners (Former <i>Capital Criativo</i>)	Lisbon	850,000	850,000
Other capital holdings		608,294	521,734
		1,458,294	1,371,734
b) Advanced payments			
Ongoing investments		2,877,030	750,000
		2,877,030	750,000
Total		4,335,324	2,121,734

During 2021, investment in progress is the amount related to the InPower Group share, a company in the telecommunications sector based in Italy (see note 7).
A the end of 2022, an advanced payment was made for the acquisition of the company Arquiled, a Portuguese company in the Energy sector. (see note 7)

7. Changes in the scope of consolidation

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 Infraestruturas	Portugal	Viseu	Acquisition	40.00%	100.00%	30.11.2021	8,000,000
Total							49,695,166

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

Purchases in Europe

Purchases in Europe gave rise to goodwill amounting to 47,667,620 euros and an increase in the Group's assets and liabilities (reported on the purchase dates) of 39,125,148 euros and 41,255,299 euros, summarised as follows:

	EIP Serviços	Cunha Soares	Total
Position value before acquisition			
Tangible and intangible assets	1,789,240	1,707,877	3,497,116
Clients	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 client accounts, an analysis of the recoverable amount was carried out, with only one balance being identified with EIP Serviços and 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 clients, 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.

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

Impact of purchases

The acquisitions had the following impact on the Group'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 Serviços is only relative to 4 months, as the demerger process was only completed on the 31st of August.

In accordance with the accounting policy described in note 2.3, the assets and liabilities recognised as a result of the acquisition of the companies EIP Serviços and Cunha Soares were provisionally measured with reference to the 31st of December 2021 and subsequently adjusted after obtaining the necessary information for their identification and proper measurement, during the financial year ending on the 31st of December 2022.

Main indicators	EIP Serviços	Cunha Soares	Total
Fixed tangible and intangible assets	1,789,240	1,707,877	3,497,116
Other Assets	16,792,531	2,831,151	19,623,682
Cash and cash equivalents	3,351,803	12,652,547	16,004,350
Other liabilities	-23,717,384	-17,537,916	-41,255,299
Total Net Assets	-1,783,810	-346,342	-2,130,152
Acquisition price	14,286,325	31,251,144	45,537,469
Goodwill (net of tax)	16,070,135	31,528,217	47,598,352

Regarding the company Cunha Soares, an additional liability of approximately 2.5 million euros was recognised, associated with a provision for other risks and charges, and the fair value of the contingent consideration (included in the transferred consideration) was increased by approximately 1.2 million euros, which led to an increase in Goodwill of approximately 3.7 million euros as a whole. As far as the company EIP Serviços is concerned, the fair value of the retribution transferred was increased by approximately 2.6 million euros.

2022 Purchases

During the financial year 2022, 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
Inpower Group	Italy	Rome	Acquisition	54.50%	54.50%	01.01.2022	3,650,000
Elektro-Würkner	Germany	Farnstädt	Acquisition	100.00%	100.00%	01.01.2022	21,214,372
Obelisk	United Kingdom	Dublin	Acquisition	100.00%	100.00%	01.01.2022	7,642,023
MJ Quinn Solar	United Kingdom	Liverpool	Acquisition	100.00%	100.00%	01.01.2022	2,456,854
Total							34,963,249

Recognised 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 29,749,021 euros and an increase in the Group's assets and liabilities (reported on the purchase dates) of 56,218,052 euros and 49,937,134 euros, summarised as follows:

	Inpower Group	Elektro-Würkner	Obelisk	MJ Quinn Solar	Total
Position value before acquisition					
Tangible and intangible assets	2,075,310	4,620,757	9,331,795	86,735	16,114,597
Clients	11,174,157	4,195,593	3,400,176	1,055,159	19,825,085
Other Assets	7,153,497	1,356,386	7,739,195	74,446	16,323,524
Cash and cash equivalents	1,002,997	1,117,550	1,540,571	293,727	3,954,846
Loans obtained	-1,188,549	0	-3,106,579	-14,080	-4,309,208
Other liabilities	-17,873,038	-4,766,011	-21,627,298	-1,361,579	-45,627,926
Total net assets	2,344,375	6,524,276	-2,722,140	134,408	6,280,919
Acquisition price	3,650,000	21,214,372	7,642,023	2,456,854	34,963,249
Goodwill	2,372,316	14,690,096	10,364,163	2,322,446	29,749,021
Non-controlling interests	1,066,691	0	0	0	1,066,691

Regarding the InPower Group, the main differences between the fair value of the identifiable assets purchased and the liabilities assumed, recording an intangible asset to contracts with clients and the respective deferred tax liability. It should also be mentioned that as a result of the acquisition process, a loan of 250 thousand euros was repaid to the former majority shareholder. For the intangible calculation, the 4.9% 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. For calculating non-controlling interests, these were measured by the proportional contribution of the fair value of net assets. It is important to set out the amount of investment of the Company for the acquisition of this subsidiary in detail:

	Inpower Group
Acquisition cost of share participation	3,650,000
Capital increase	1,144,500
Total investment	4,794,500
Payments in the financial year	3,894,500
Contingent consideration	900,000

As far as Elektro-Würkner is concerned, in terms of the main differences between the fair value of identifiable assets acquired and liabilities undertaken, it is important to highlight the recording of an intangible asset in the amount of 3.8 million euros, related to contracts with clients and their respective deferred tax liability, not being aware of a financial asset amounting to 7.8 million euros distributed to a former shareholder as dividend, as well as a dividend distribution in the amount of 3 million euros settled by accumulated deposits. For the intangible calculation the 3.8% 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.

	Elektro-Würkner
Acquisition cost of share participation	21,214,372
Payments for the purchase of equipment	2,044,395
Total investment	23,258,767
Payments in the financial year	14,784,979
Contingent consideration	8,473,788

As far as the company Obelisk is concerned, in terms of the main difference between the fair value of identifiable assets acquired and liabilities undertaken, it is important to highlight the recording of an intangible asset in the amount of 7 million euros related to contracts with clients and their respective deferred tax liability, the cancellation of goodwill of 6.2 million euros, as well as the amount of 700 thousand euros relating restructuring costs carried out by Obelisk itself, which were not correctly specialised on the 31st of December 2021.

For the intangible calculation the 4.6% 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.

	Obelisk
Acquisition cost of share participation	7,642,023
Payment of financial debts existing at the date of acquisition	10,409,984
Total investment	18,052,007
Payments in the financial year	15,312,986
Contingent consideration	2,739,021

Finally, with regard to the company MJ Quinn Solar, no change was made to the fair value of its equity at the acquisition date.

	MJ Quinn Solar
Acquisition cost of share participation	2,456,854
Total investment	2,456,854
Payments in the financial year	1,102,446
Contingent consideration	1,202,430
Exchange rate effect	151,978

Impact of purchases

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

Main indicators Impact on 2022 consolidated accounts	Inpower Group (Jan to Dec)	Elektro- Würkner (Jan to Dec)	Obelisk (Jan to Dec)	MJ Quinn Solar (Jan-Dec)	EnergyDisti (Jan-Dec)	Total
Turnover	33,635,155	29,258,644	32,716,917	4,282,049	134,880	99,892,766
EBITDA	1,886,657	4,708,035	2,640,694	566,644	22,740	9,802,030
Net income	1,420,601	2,311,209	836,840	482,585	-202,397	5,051,235

It should be noted that the four companies have been controlled by Constructel Visabeira since the beginning of the financial year, and so the entire activity from 2022 was included in the consolidation.

Acquisitions in progress

Constructel Visabeira advanced an amount of 2.9 million euros for the acquisition of the company Arquiled. Arquiled is a company which designs, develops and produces lighting solutions using LED technology, with a strong specialisation in public lighting, systems and services with a special focus on energy efficiency.

2023 Purchases

After the end of the reporting period, but before the financial statements received authorisation for issuance, we purchased two new companies, Arquiled, in Portugal, and O+M, in France. The purchase price allocation is not yet included, but the provisional amounts are presented below.

Main indicators	Arquiled	O+M
Fixed tangible and intangible assets	1,588,474	94,466
Other Assets	5,290,512	1,923,980
Cash and cash equivalents	541,800	1,031,698
Other liabilities	-11,426,147	-1,867,428
Total Net Assets	-4,005,361	1,182,716
Acquisition price	2,560,000	6,148,667
Goodwill (net of tax)	6,565,361	4,965,951

The purchase of the company Tavan in Germany is still in progress, with a purchase price estimated at 55.5 million euros.

Sales/Dissolutions

During the financial year of 2022 Constructel Sweden was dissolved. On the 31st of December 2021 the assets and liabilities of this company in the consolidated accounts of Constructel Visabeira were 98,164 euros and 89,549 euros, respectively. These amounts are considered to be materially irrelevant.

Change of interest percentages in controlled companies

In December 2021, Constructel Visabeira acquired an additional 40% share in Visabeira Infraestruturas, 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 3032 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 recognised in retained earnings	3,032,464

On the 31st of December 2022, there was no change in percentages of interests in controlled companies.

8. Discontinued operations

During the year 2022, there were no discontinued activities. Similarly, from the 31st of December 2022 to the present date, there are no decisions to discontinue operating activities.

9. Key activity indicators

9.1 Main indicators by activity / country

a) By area of activity

	Years	Telecommunications	Energy	Total
Turnover	2021	643,743,953	207,218,552	850,962,506
	2022	813,996,474	212,416,697	1,026,413,171
EBITDA	2021	70,996,282	31,427,907	102,424,190
	2022	81,589,205	29,399,511	110,988,716
Operating income	2021	44,623,233	19,366,192	63,989,425
	2022	61,991,839	2,781,331	64,773,170
Net income	2021	28,796,403	13,999,886	42,796,289
	2022	31,030,745	9,208,686	40,239,430
Tangible/Intangible assets / Right-of-use	2021	84,226,466	34,235,224	118,461,690
	2022	89,680,418	43,901,545	133,581,964
Inventories	2021	21,109,958	8,509,410	29,619,368
	2022	31,684,513	12,076,757	43,761,270

b) By country

	Years	France	United Kingdom and Rep. of Ireland	Portugal	Belgium	Germany
Turnover	2021	283,023,959	179,516,867	163,848,064	71,339,578	32,755,650
	2022	252,358,239	273,006,113	164,318,259	116,094,549	88,551,682
EBITDA	2021	27,487,241	13,859,265	23,778,074	11,358,934	3,505,250
	2022	19,550,648	28,950,163	13,777,841	17,232,644	14,884,411
Operating income	2021	14,105,593	5,788,629	19,031,161	9,913,089	1,837,947
	2022	8,613,912	15,235,073	9,365,182	15,314,596	10,697,298
Net income	2021	6,631,995	5,125,680	10,104,652	7,934,619	1,982,634
	2022	3,110,294	10,208,302	4,926,108	9,415,212	8,946,457
Tangible assets/ Intangible assets/ Right-of-use	2021	29,115,068	25,594,509	24,001,139	5,457,132	5,081,288
	2022	21,686,715	40,090,803	23,368,913	5,362,855	12,615,276
Inventories	2021	1,315,365	8,930,949	14,707,001	2,142,299	527,949
	2022	2,351,085	12,047,477	17,620,013	5,892,563	1,218,428

	Years	United States of America	Denmark	Italy	Spain	Total
Turnover	2021	86,787,812	12,859,100	10,934,020	9,897,456	850,962,506
	2022	67,521,791	11,224,277	44,307,168	9,031,092	1,026,413,171
EBITDA	2021	21,261,934	1,206,438	-555,601	522,655	102,424,190
	2022	14,380,347	1,785,311	1,029,396	-602,045	110,988,716
Operating income	2021	13,841,376	280,551	-937,922	129,002	63,989,425
	2022	5,361,177	830,244	370,816	-1,015,130	64,773,170
Net income	2021	11,200,315	431,011	-983,896	369,279	42,796,289
	2022	4,108,059	494,258	138,558	-1,107,765	40,239,480
Tangible assets/ Intangible assets/ Right-of-use	2021	21,542,134	2,362,690	3,371,151	1,937,081	118,461,690
	2022	21,444,477	1,714,502	5,044,307	2,254,116	133,581,964
Inventories	2021	673,886	29,230	736,222	556,466	29,619,368
	2022	1,096,517	37,602	2,863,571	634,013	43,761,270

EBITDA and Operating result were determined as follows:

Consolidated income statement			
Financial years ended on 31 st of December 2022 and 2021		2022	2021
Turnover		1,026,413,171	850,962,506
Cost of goods sold and material consumed		-83,196,898	-64,664,062
Subcontracts		-488,139,550	-385,191,759
Gross margin		455,076,723	401,106,685
Supplies and external services		-127,993,562	-106,302,608
Personnel costs		-224,689,505	-199,742,245
Other income		15,466,538	16,609,847
Other costs		-6,871,478	-9,247,488
EBITDA		110,988,716	102,424,190
Amortisations		-47,169,866	-37,467,189
Provisions and impairment losses		954,320	-967,575
Operating income		64,773,170	63,989,425
Interest paid, net		-7,393,465	-5,955,093
Other financial expenses, net		-4,412,315	-1,754,215
Income tax		-12,727,960	-13,483,828
Net income		40,239,430	42,796,289

9.2 Assets associated with client contracts

The increase in assets associated with clients of about 47 million euros is due to the acquisition of companies such as Inpower Group, which contributed with 11.9 million euros and Obelisk with 7.5 million euros. The other companies in the group include MJ Quinn with an increase of 9.2 million euros, Constructel Belgium with 6.1 million euros and Constructel GmbH with an increase of 3.3 million euros.

	Years	Telecommunications	Energy	Total
Assets associated with clients' contracts	2021	99,870,060	10,452,584	110,322,644
	2022	135,993,220	20,605,437	156,598,657

The amounts of assets associated with clients' contracts are mainly from the telecommunications area. These amounts refer to services already provided according to the terms contracted with the client 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 clients and the maturity of the balances receivable, the amount calculated is immaterial. In the financial years ended on the 31st of December 2022, only one client represented more than 20% of consolidated turnover. It should be noted that there are still balances relating to client contracts, relating to services already billed in the amount of 102 million euros (see note 24).

9.3 Liabilities associated with client contracts

	Years	Telecommunications	Energy	Total
Advances from clients	2021	0	0	0
	2022	842,630	18,964	861,594
Billing made for services to be billed	2021	10,545,217	9,950,642	20,495,858
	2022	24,250,724	11,090,908	35,341,633
Liabilities associated with clients' contracts	2021	10,545,217	9,950,642	20,495,858
	2022	25,093,354	11,109,873	36,203,227

The increase in the values of liabilities associated with client contracts in the Energy segment results from the significant increase in Visabeira Infraestruturas in the amount of 1.5 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 clients (8.8 million euros). Still in the telecommunications segment, we also highlight the companies PDT and Viatel with an increase of 4.7 and 2.1 million euros, respectively.

10. Other income and other costs

	2022	2021
Other income		
Supplementary income	15,004,904	12,436,330
Operating subsidies	461,634	4,173,517
Total	15,466,538	16,609,847
Other costs		
Taxes	4,553,595	5,988,302
Other operational costs	2,317,883	3,259,186
Total	6,871,478	9,247,488

"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, J.F. Edwards recorded an income from operating subsidies relating to a non-refundable subsidy.

11. External supplies and services

	2022	Weight %	2021	Weight %
Subcontracts	488,139,550	79%	385,191,759	79%
Maintenance and repair	16,392,280	3%	18,325,376	4%
Fuel	21,880,392	4%	17,485,731	3%
Rents and leases	28,337,464	5%	14,626,184	4%
Specialised works	11,451,818	2%	11,418,776	3%
Insurance	10,332,029	2%	9,805,086	2%
Communication	3,927,383	1%	3,950,149	1%
Fast-wearing tools and utensils	2,982,507	0%	3,403,709	1%
Commissions	1,840,903	0%	3,076,900	0%
Travel and stays	4,531,189	1%	2,894,203	1%
Fees	3,400,686	1%	2,129,892	0%
Office supplies	1,252,562	0%	1,818,682	0%
Electricity	1,604,089	0%	1,067,389	0%
Others	16,897,091	3%	16,300,532	2%
Total	616,133,112	100%	491,494,368	100%

The increase in subcontracts around 103 million euros, near 43 million euros are justified by the changes in the group of companies observed during 2022, the remaining being the result of the growth of the Group Constructel Visabeira activity, adopting the strategy of hiring external labour.

12. Staff costs

	2022	2021
Management	2,375,122	1,990,010
Staff costs	180,224,242	159,600,419
Social Security contributions	27,831,198	25,480,275
Insurance	1,145,760	967,402
Social action costs	674,642	640,078
Others	12,438,541	11,064,060
Total	224,689,505	199,742,245

The average number of Constructel Visabeira's employees during 2022 was 5,930.

By country	Average number of employees	
	2022	2021
France	1,976	2,504
Portugal	1,718	1,439
United Kingdom and Republic of Ireland	839	600
Belgium	344	308
Germany	466	394
Italy	210	116
Denmark	99	122
Spain	117	120
United States of America	162	181
Total	5,930	5,784

The remuneration of 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 2022 reached 2.4 million euros (1.8 million euros in 2021). It should be noted that until July 2021 the largest remuneration component for "key management personnel" is supported by the shareholder Visabeira Global, SGPS, SA, 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 of Constructel Visabeira were transferred to the company itself, so their costs are already included in the governing bodies heading.

13. Depreciations

	2022	2021
Tangible assets amortisations		
Land and natural resources	35,241	25,944
Buildings and other constructions	2,602,119	2,490,019
Basic equipment	6,371,576	4,371,420
Transport equipment	3,486,904	3,295,763
Office supplies	1,137,220	746,011
Others	707,344	371,201
Total amortisation of tangible asset	14,340,404	11,300,359
Depreciation of assets under right-of-use		
Land and natural resources	0	4,290
Buildings and other constructions	3,383,701	3,697,819
Basic equipment	258,587	229,460
Transport equipment	19,746,184	13,697,733
Office supplies	190,035	84,015
Others	380,479	454,674
Intangible assets	15,776	17,210
Total depreciation of assets under right-of-use	23,974,762	18,185,200
Depreciation of intangible assets		
Development projects	1,275,950	1,160,699
Others	7,578,749	6,820,931
Total Depreciation of intangible assets	8,854,700	7,981,630
Total depreciation	47,169,866	37,467,189

14. Provisions and impairment losses

	2022	2021
Decreases in provisions and adjustments	1,662,100	845,467
Increases in provisions and adjustments	-707,780	-1,813,042
Total	954,320	-967,575

In 2021, regarding "increases in provisions and impairment losses", we highlight the provisions set up mainly to cover risks related to collections from clients and the reinforcement of provisions to cover other estimated losses. It is important to note the reinforcement of the provision for retirement pensions in the amount of 283 thousand euros.

During 2022, it is important to mention the reduction of provisions for retirement pensions in the amount of 1.3 million euros (see note 38). The heading details are as follows:

	2022	2021
Other receivables	-209,236	-377,278
Impairment losses clients	188,661	-261,557
Impairment losses Inventories	-28,144	270,881
Retirement provisions	1,321,200	-283,250
Provisions others	7,085	38,142
Others	-325,247	-354,513
Total	954,320	-967,575

15. Interest expense, net

	2022	2021
Interest paid		
Loans obtained	6,722,413	6,341,005
Lease liabilities	946,522	699,980
	7,668,935	7,040,985
Interest earned		
Loans granted	275,470	1,085,892
	275,470	1,085,892
Total interest paid, net	-7,393,465	-5,955,093

Interest profit was obtained from the loans made to the shareholder, Visabeira Global. The loan was fully repaid during 2022 (see note 26.1), which contributed to the value of interest earned being significantly lower than during 2021.

16. Other financial expenses, net

	2022	2021
Currency exchanges differences	-235,294	-24,379
Cash payment discounts granted	-9,785	-10,143
Other costs	-4,099,897	-4,006,952
Change in fair value of contingent remuneration	-170,275	2,068,480
Impairment loss on financial investments	-34,688	-10,602
Cash payment discounts obtained	85,948	15,763
Other income	51,677	213,618
Total	-4,412,315	-1,754,215

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

17. Income tax

	2022	2021
Current tax	-12,783,982	-13,002,008
Deferred tax	56,022	-481,820
Income tax	-12,727,960	-13,483,828

	2021	Change to the scope of consolidation	Effect on results	Effect on equity	Reclassifications	2022
Deferred tax assets						
Adjustments and other provisions not fiscally accepted	2,310,253	0	-1,311,668	85,923	-396,203	688,306
Tax losses	972,831	0	-27,500	4,846	396,203	1,346,380
Tax credit	222,440	0	0	0	-222,440	0
Total deferred tax assets	3,505,524	0	-1,339,167	90,769	-222,439	2,034,686
Deferred tax liabilities						
Difference from the fair value of investment properties	1,542,479	0	17,647	0	0	1,560,125
Difference between amortisations accepted for tax purposes	3,526,803	0	568,928	219,491	0	4,315,222
Adjustments and other provisions not fiscally accepted	7,993	0	0	7,880	-2,939	12,935
Difference from the fair value of intangible assets	2,197,501	2,476,990	-1,973,665	0	0	2,700,826
Free revaluation reserves	335,540	0	-8,099	0	-18,135	309,307
Other provisions	230,000	0	0	0	0	230,000
Total deferred tax liabilities	7,840,317	2,476,990	-1,395,189	227,372	-21,074	9,128,416

	2020	Change to the scope of consolidation	Effect on results	Effect on equity	Reclassifications	2021
Deferred tax assets						
Adjustments and other provisions not fiscally accepted	3,623,290	0	-849,805	78,962	-938,397	2,310,253
Tax losses	675,136	0	106,895	5,746	581,256	972,831
Tax credit	222,440	0	0	0	0	222,440
Total deferred tax assets	4,520,866	0	-742,910	84,708	-357,141	3,505,524
Deferred tax liabilities						
Difference from the fair value of investment properties	1,524,832	0	17,647	0	0	1,542,479
Difference between amortisations accepted for tax purposes	0	0	1,344,762	211,651	1,970,390	3,526,803
Adjustments and other provisions not fiscally accepted	1,999,579	0	-2,517	0	-1,989,068	7,993
Difference from the fair value of intangible assets	3,807,269	0	-1,609,767	0	0	2,197,501
Free revaluation reserves	379,164	0	-11,213	0	-32,410	335,540
Other provisions	230,000	0	0	0	0	230,000
Total deferred tax liabilities	7,940,843	0	-261,090	211,651	-51,088	7,840,317

The amounts specified in the heading "difference from fair value of intangible assets" are related to intangible assets from client contracts identified in business combination processes, as described in note 7.

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

	2022	2021
Results before taxes	52,967,391	56,280,117
Nominal rate of tax on profits	21.0%	21.00%
Tax rate: 21%	-11,123,152	-11,818,825
Differentiated nominal tax rates	-2,491,750	-1,272,935
Tax benefits	158,703	65,611
Autonomous taxation	-402,909	-321,661
Negative equity variations not reflected in the net income	1,173,877	0
Local tax	-134,150	-449,213
Corrections of previous years	0	504,141
Other	35,399	290,874
Total current tax	-12,783,982	-13,002,008
Deferred tax	56,022	481,820
Tax for the financial year	-12,727,960	-13,483,828

*Differentiated tax on profits: France and Belgium 25%; UK 19%; Italy 27.9%; Denmark 22%, Spain 24%, United States of America 30% and Germany 30%.

18. Tangible assets

	Land	Buildings	Basic equipment	Transportation equipment
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
Amortisation 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 31st of December 2021				
Acquisition costs	4,021,571	40,231,824	57,201,752	39,493,242
Accumulated depreciations	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
Opening Balance on the 1 st of January 2022	3,582,076	18,577,262	19,861,748	7,399,353
Changes in the scope of consolidation	0	2,657,035	396,388	0
Increases	1,231,940	2,662,162	7,596,228	4,676,293
Disposals / Transfers	239,389	435,796	392,939	-527,777
Exchange rate effect	11,650	-306,720	941,439	159,453
Amortisation for the financial year	-35,241	-2,602,119	-6,371,576	-3,486,904
Closing balance on the 31st of December 2022	5,029,814	21,423,416	22,817,166	8,220,419
On the 31st of December 2022				
Acquisition costs	5,504,551	45,680,098	66,528,746	43,801,212
Accumulated depreciations	474,736	24,256,681	43,711,580	35,580,793
Tangible assets	5,029,814	21,423,416	22,817,166	8,220,419

	Office supplies	Others tangible fixed assets	Tangible assets in progress	TOTAL
Opening Balance on the 1 st of January 2021	1,908,081	609,169	85,714	42,933,958
Changes in the scope of consolidation	16,809	54,652	0	3,618,819
Increases	702,969	682,175	630,805	18,040,043
Disposals / Transfers	-646,229	80,962	-66,152	-1,909,235
Exchange rate effect	82,220	6,547	0	1,241,271
Amortisation for the financial year	-746,011	-371,201	0	-11,300,359
Closing balance on the 31st of December 2021	1,317,839	1,062,304	650,367	52,624,496
On the 31st of December 2021				
Acquisition costs	10,926,638	13,282,544	650,367	165,807,941
Accumulated depreciation	9,608,799	12,046,694	0	113,183,444
Tangible assets	1,317,839	1,235,850	650,367	52,624,496
Opening Balance on the 1 st of January 2022	1,317,839	1,235,850	650,367	52,624,496
Changes in the scope of consolidation	0	286,000	0	3,339,423
Increases	1,341,774	1,291,761	404,481	19,204,640
Disposals / Transfers	71,770	-136,151	-566,682	-90,715
Exchange rate effect	-5,295	-4,383	0	796,144
Amortisation for the financial year	-1,137,220	-707,344	0	-14,340,404
Closing balance on the 31st of December 2022	1,588,869	1,965,734	488,167	61,533,586
On the 31st of December 2022				
Acquisition costs	12,334,889	14,719,772	488,167	189,057,434
Accumulated depreciation	10,746,019	12,754,038	0	127,523,849
Tangible assets	1,588,869	1,965,734	488,167	61,533,586

The most relevant changes for the increase in tangible fixed assets were Obelisk (2.3 million euros) and Elektro-Würkner (0.7 million euros), acquired during the 2022 financial year.

Impairment tests

The Group 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 2022, has the following composition:

	Land	Buildings	Basic equipment	Transportation equipment
Opening Balance on the 1 st of January 2021	6,435	6,761,878	829,234	39,835,572
Increases	0	6,205,846	992,673	13,845,388
Exchange rate effect	0	452,696	0	1,036,328
Amortisation 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
Tangible assets	2,145	8,182,976	1,588,597	40,973,977
Opening Balance on the 1 st of January 2022	2,145	8,182,976	1,588,597	40,973,977
Increases	0	2,330,955	699,895	20,255,920
Reductions	0	120,173	-560,553	791,776
Amortisation for the financial year	0	-3,383,701	-258,587	-19,746,184
Closing balance on the 31st of December 2022	2,145	7,250,403	1,469,352	42,275,490
On the 31st of December 2022				
Acquisition costs	8,580	19,315,049	2,307,433	104,358,706
Accumulated depreciation	6,435	12,064,645	838,080	62,083,216
Tangible assets	2,145	7,250,403	1,469,352	42,275,490

	Office supplies	Others tangible fixed assets	Intangible assets	TOTAL
Opening Balance on the 1 st of January 2021	167,420	284,553	83,182	47,968,275
Increases	0	1,688,018	0	22,731,925
Exchange rate effect	0	11	0	1,489,035
Amortisation 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
Tangible assets	83,406	1,482,872	65,972	52,379,945
Opening Balance on the 1 st of January 2022	83,406	1,482,872	65,972	52,379,945
Increases	0	1,444,152	0	24,730,922
Reductions	0	206,593	0	557,989
Amortisation for the financial year	-190,035	-380,479	-15,776	-23,974,762
Closing balance on the 31st of December 2022	-106,629	2,753,138	50,197	53,694,096
On the 31st of December 2022				
Acquisition costs	341,542	3,808,065	103,261	130,242,635
Accumulated depreciation	448,171	1,054,927	53,065	76,548,540
Tangible assets	-106,629	2,753,138	50,197	53,694,096

During 2022 the group had an increase of around 24.7 million euros in total assets under right-of-use, essentially relating to the acquisition of vehicles.

20. Goodwill

Purchases recorded up to 2015 in the telecommunications sector, before corporate reorganisation 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 2022, it is important to note the increase of goodwill resulting from purchases amounting to 29.7 million euros. In addition, there was an increase in goodwill from the acquisitions during 2021 of the companies Cunha Soares and EIP Serviços in the amount of 6.1 million euros (see note 7). The reduction in the amount of MJ Quinn's goodwill is exclusively explained by currency devaluation of the pound sterling occurring during the financial year. It should be noted that the value of the goodwill of various cash generating units is the initial value that arose from the business combination and that no impairment has yet been recorded.

	Year of acquisition	Value of goodwill	
		2022	2021
Telecommunications			
MJ Quinn	2018	53,970,861	56,958,936
Constructel France	2014	16,995,234	16,995,234
Elektro-Würkner	2022	14,690,096	0
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
Obelisk	2022	10,364,163	0
Grupo Modal	2017	5,666,717	5,666,717
Inpower Group	2022	2,372,316	0
PDT	2004	2,327,314	2,327,314
Constructel Belgium	2015	2,245,572	2,247,572
Infrasign	2020	546,503	546,503
Gatel	2015	22,590	22,590
		147,694,711	123,258,211
Energy			
Cunha Soares	2021	31,528,217	28,288,684
EIP Serviços	2021	16,070,135	13,394,866
Visabeira Infraestruturas	2020	5,312,398	5,312,398
Toft Hansen	2019	2,616,302	2,616,302
MJ Quinn Solar	2022	2,322,446	0
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
		59,596,325	51,359,077
Total Goodwill		207,291,036	174,617,288

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 2022, 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 2022 were the following:

Assumptions impairment tests 2022	MJ Quinn	Obelisk	Constructel France	Viatel
Method used	Updated cash flow method	Updated cash flow method	Updated cash flow method	Updated cash flow method
Based used	Projection	Projection	Projection	Projection
Years of projection	5 years	5 years	5 years	5 years
Sales growth in 2023	2.00%	11.45%	2.30%	2.33%
CAGR sales 2024-2027	2.00%	5.54%	1.85%	2.23%
Perpetuity growth rate	2.00%	2.00%	1.56%	2.03%
WACC used in perpetuity	5.99%	5.99%	4.81%	7.06%

Assumptions impairment tests 2022	Franz-Josef Braun	Elektro-Würkner	OMV Natie
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 2023	10.04%	2.81%	-2.34%
CAGR sales 2024-2027	3.50%	2.13%	1.69%
Perpetuity growth rate	1.95%	1.95%	1.66%
WACC used in perpetuity	4.52%	4.52%	4.36%

In the Energy sector, the main assumptions used in the impairment test for 2022 were the following:

Assumptions impairment tests 2021	Cunha Soares	EIP Serviços
Method used	Updated cash-flow method	Updated cash-flow method
Based used	Projection	Projection
Years of projection	5 years	5 years
Sales growth in 2023	4.67%	2.29%
CAGR sales 2024-2027	2.24%	2.20%
Perpetuity growth rate	2.03%	2.03%
WACC used in perpetuity	7.06%	7.06%

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 perpetuity growth rate were as follows, in thousands of euros:

Sensitivity to key assumptions 2022	Discount rate		Perpetuity sales growth rate	
	-0.50%	0.50%	-0.50%	0.50%
	MJ Quinn	23,945	-18,599	2,122
Constructel France	24,385	-17,878	-15,288	20,848
Viatel	12,359	-10,129	-7,934	9,687
Franz-Josef Braun	6,810	-4,603	-4,035	5,983
OMV Natie	38,289	-26,334	-23,087	33,572
Obelisk	10,305	-8,021	-6,527	8,397
Elektro-Würkner	26,937	-18,182	-15,925	23,614

On the 31st of December 2022, 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 have given 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 Group'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 of sales in perpetuity were as follows, in thousands of euros:

Sensitivity to key assumptions 2022	Discount rate		Perpetuity sales growth rate	
	-0.50%	0.50%	-0.50%	0.50%
	Cunha Soares	14,063	-11,520	-9,053
EIP Serviços	3,644	-2,985	-2,345	2,863

On the 31st of December 2022, 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 Group's Board of Directors, which cover an average of five years.

21. Investment properties

	2022	2021
Opening balance	10,000,000	10,000,000
Change in fair value	0	-
Total	10,000,000	10,000,000

PDT Buildings

These are two houses not used in the ordinary course of Constructel Visabeira'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 1582 m² of construction and 3299 m² of land.

The investment properties 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 its 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 2022, did not result in any material difference compared to the value on the 31st of December 2021.

22. Intangible assets

	Development projects and software programmes	Order to backlog	Other intangible assets	Total
Opening balance on the 1 st of January 2021	5,743,522	11,510,721	3,149,998	20,404,241
Increases	60,853	0	5,517	66,370
Disposals / Transfers	-11,086	0	1,012,531	1,001,445
Exchange rate effect	51	0	-33,228	-33,177
Amortisation for the financial year	-1,160,699	-4,185,717	-2,635,214	-7,981,630
Closing balance on the 31st of December 2021	4,632,641	7,325,004	1,499,604	13,457,249
On the 31st of December 2021				
Acquisition costs	6,631,705	19,234,455	5,168,634	31,034,794
Accumulated depreciations	1,999,064	11,909,451	3,669,030	17,577,545
Intangible assets	4,632,641	7,325,004	1,499,604	13,457,249
Opening balance on the 1 st of January 2022	4,632,641	7,325,004	1,499,604	13,457,249
Changes in the scope of consolidation	143,351	12,450,818	203,822	12,797,990
Increases	112,003	0	462,053	574,057
Disposals / Transfers	112,465	0	-151,784	-39,319
Exchange rate effect	-20	0	419,025	419,005
Amortisation for the financial year	-1,275,950	-7,145,219	-433,531	-8,854,700
Closing balance on the 31st of December 2022	3,724,489	12,630,604	1,999,190	18,354,283
On the 31st of December 2022				
Acquisition costs	6,999,504	31,685,273	6,101,751	44,786,528
Accumulated depreciations	3,275,014	19,054,670	4,102,561	26,432,245
Intangible assets	3,724,489	12,630,604	1,999,190	18,354,283

The order to backlog are intangible assets that result from contractual rights identified at the date of acquisition of the subsidiaries according to the definition of IFRS 3.

The increase in the year is due to business combinations, namely of Obelisk and Elektro-Würkner (see note 7).

23. Inventories

	Raw materials	Goods	Finished products	Total
31st of December 2021				
Costs	25,038,657	2,202,829	0	27,241,487
Changes to the group of companies	44,843	722,034	1,902,481	2,669,358
Adjustments	-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
31st of December 2022				
Costs	36,127,373	3,151,285	3,994,916	43,273,575
Changes to the group of companies	5,847	779,056	15,254	800,157
Adjustments	-286,109	-26,353	0	-312,462
Inventories valued at either the acquisition cost or realisation value, whichever is lower	35,847,111	3,903,988	4,010,170	43,761,270

24. Clients

	2022	2021
Accounts receivables	104,832,259	88,627,605
	104,832,259	88,627,605
Impairment of debts receivable	-2,783,372	-2,946,258
Total	102,048,886	85,681,347

Carrying amounts presented are net of accumulated impairment losses for doubtful debts, which were estimated by the Group 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, Proximus, British Telecom, Deutsche Telekom, PT, NOS, EDP and natural gas concessionaires.

The maturity of the amounts receivable is detailed as follows:

Accounts receivables	Not yet overdue	Months after the maturity date				Total
		0 - 6	6 - 12	12 - 18	> 18	
2021	58,381,221	24,051,180	1,518,481	1,711,727	2,964,997	88,627,606
2022	70,105,988	22,232,569	6,337,537	2,022,892	4,133,272	104,832,259

Debtor allowances	Not yet overdue	Months after the maturity date				Total
		0 - 6	6 - 12	12 - 18	> 18	
2021	-4,832	-20,714	-4,591	-7,467	-2,908,654	-2,946,258
2022	-33,303	-13,274	-28,782	-15,311	-2,692,703	-2,783,372

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

	Initial balance	Change in the group of companies	write-off	Increases / decreases	Final balance
Adjustment of debts receivable	-2,946,258	0	-25,776	188,662	-2,783,372

25. State and other public entities

	Liabilities	
	2022	2021
Income tax	7,411,724	5,597,970
Total	7,411,724	5,597,970
Third-party income tax withholding	988,140	2,266,861
Value-added tax	5,501,737	7,945,043
Social Security contributions	5,173,858	5,620,721
Total (See note 34.2)	11,663,735	15,832,625

26. Other accounts receivable and other assets

26.1. Other receivables

	2022	2021
Current		
Advances to suppliers	998,027	920,946
RETGS	1,664,663	0
Shareholder (Visabeira Global - see note 40)	196,932	4,267,137
Outstanding balances from suppliers	306,588	121,044
Other debtors	5,518,255	5,834,506
Total	8,684,466	11,143,633
Total other receivables	8,684,466	11,143,633

The "RETGS" is the accrued balance of the special taxation regime for groups of national companies, dictated directly or indirectly, in at least 75% by the dominant company.

26.2. Other assets

	2022	2021
Current		
Deferred expenses	4,385,399	6,956,053
Total other assets	4,385,399	6,956,053

27. Cash and cash equivalents

	2022	2021
Demand deposits	81,317,080	70,519,504
Cash	11,023,740	758,174
Term deposits	41,500,397	13,001,618
Total	133,841,218	84,279,296

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).

28. Share Capital and other equity instruments

28.1. Share Capital

On the 31st of December 2021, the capital was entirely owned by Visabeira Global (64.06%, corresponding to a nominal value of 71,420,127 euros) and by Grupo Visabeira (35.94%, corresponding to a nominal value of 40,067,418 euros).

In 2022, Constructel Visabeira opened its capital to new investors. Thus, on the 12th of May, Goldman Sachs increased the Company's share capital by 31,200,520 euros through 5 subsidiaries based in Luxembourg.

On this date, the nominal value of the shares was reduced from 5 euros to 0.16 euros per share, which led to a significant increase in the number of shares. On the other hand, the company's share capital was divided into four categories of shares, namely: Preferred Shares A, Preferred Shares B, Non-Preferred Shares A and Non-Preferred Shares B, with special rights being associated with each of these categories.

	No of shares
Preferred shares A	696,309,212
Non-preferred shares B	773,115
Preferred shares B	194,790,048
Non-preferred shares B	213,199
Total	892,085,574

It should be stressed that the Shareholders' Agreement and the Articles of Association of Constructel Visabeira establish rules for payment preferences that will apply in the event of a liquidation scenario corresponding to the redemption, repurchase or reimbursement of shares, or any other return, reduction or cancellation of capital or distribution of proceeds from a sale (to apply only between selling shareholders) to operate as follows:

(i) first, all proceeds will be allocated to Non-Preferred Shares B and Preferred Shares B in an overall amount equal to the Subscription Price at the date of the Settlement and, for Preferred Shares B, all accrued and unpaid amounts of the Settlement Preferred Return (i.e. 8% per annum) calculated until payment of proceeds;

(ii) secondly, to the extent that there are still assets available for distribution after the payment (i), there shall be allocated pro rata to Preferred Shares A and Preferred Shares B, up to an amount corresponding to the sum:

- Of the Subscription Price of Preferred Shares A and Preferred Shares B; and
- of all accrued unpaid amounts of the Preferred Return calculated until payment of the proceeds;
- except in terms of each Preferred Share B, any amount paid in accordance with (i);

(iii) thirdly, to the extent that any proceeds remain payable after the payment (ii), they will be allocated pro rata to Non-Preferred Shares A and Non-Preferred Shares B (as if such shares constituted a single class of shares), regarding each Non-Preferred Share B, any amounts paid under (i).

On the 26th of the same month, three Executive Directors of the Company joined the corporate structure, which led to a further capital increase of 31,205 euros. In November, another director became a shareholder, contributing to a capital increase of 14,423 euros.

It should also be mentioned that on the 14th of December, three of the shareholders belonging to the Goldman Sachs Group assigned part of their shares to another shareholder of the same Group, establishing the corporate structure on 31/12/2022.

The share capital was fully paid on the 31st of December 2022.

The share capital of 142,733,692 euros was fully paid up as of the 31st of December 2022 and is fully owned by Visabeira Global (50.04%), Grupo Visabeira (28.07%), Grupo Goldman Sachs (21.86%) and other minority shareholders (0.03%).

28.2. Issue Premiums

It should be noted that both capital increases mentioned above were accompanied by share premiums, in the respective amounts of 168,799,480 euros, 184,792 euros and 81,577 euros.

Finally, it should be noted that transaction costs incurred due to the capital increase, in the amount of 5,589,889 euros, are accounted as a deduction from equity (share premium), as they represent incremental costs directly attributable to the equity transaction that would otherwise have been avoided, under the terms of IAS 32.

28.3. Other equity instruments

The variation of the year results from the supplementary capital contributions held by Visabeira Global SGPS SA, in the amount of 60 million euros, which were repaid in May 2022.

29. Earnings per share

	2022	2021
Basic		
Net income of the year for the purpose of calculation	38,670,301	42,173,226
Weighted average number of shares for the purpose of calculation	602,118,660	20,222,359
Basic earnings per share	0.06	2.09
Diluted		
Net income of the year for the purpose of calculation	38,670,301	42,173,226
Weighted average number of shares for the purpose of calculation	602,118,660	20,222,359
Diluted earnings per share	0.06	2.09

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

	2022	2021
Reserves	894,688	760,695
Foreign currency translation reserves	4,875,602	5,379,880
Other changes in equity	-204,493,119	-204,493,119
Retained earnings	136,002,242	97,831,225
Total	-62,720,588	-100,521,319

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 group. The transaction was carried out in the amount 266 million euros. As at the 31st of December 2022, the equity of the separate accounts of Constructel Visabeira is 337 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 American dollar.

31. Non-controlling interests

	% Non-controlling interests		Book value		Attributed results	
	2022	2021	2022	2021	2022	2021
Visabeira Infraestruturas	46%	46%	2,405,706	0	383,516	0
Aeroprotechnik	49%	49%	889,417	597,194	292,222	266,996
Cunha Soares	20%	20%	1,178,164	787,609	890,555	356,877
Others			3,786	-110	2,836	-810
Total			4,477,073	1,384,693	1,569,129	623,063

It is important to mention that the 2.4 million euros regarding the value of minority interests attributable to Inpower Group's balance sheet result from the attributed earnings, the fair value of assets and liabilities acquired attributable to minority interests of 1.1 million euros and a capital increase together with minority interests of approximately 900 thousand euros.

32. Debt

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Commercial paper	0	0	0	5,100,000	4,550,000	9,650,000
Bank loans	21,952,399	29,001,833	50,954,232	43,587,956	40,967,919	84,555,875
Bond loans	0	54,408,178	54,408,178	0	54,408,178	54,408,178
Total	21,952,399	83,410,011	105,362,409	48,687,956	99,926,096	148,614,052

During the period 2022, the evolution of indebtedness can be represented as follows:

	Commercial paper	Bank loans	Bond loans	Total indebtedness
Closing balance on the 1st of January 2021	15,210,000	97,020,629	54,210,065	166,440,695
Transactions with cash impact:				
Financing activities				
Receipts of loans	0	39,526,459	0	39,526,459
Amortisation 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 group of companies	0	758,819	0	758,819
Unrefunded Financing (Note 10)	0	-350,274	0	-3,250,274
	0	-2,014,462	198,112	-1,816,350
Closing balance on the 31st of December 2021	9,650,000	84,555,875	54,408,178	148,614,052

	Commercial paper	Bank loans	Bond loans	Total indebtedness
Closing balance on the 1st of January 2022	9,650,000	84,555,875	54,408,178	148,614,052
Transactions with cash impact:				
Financing activities				
Receipts of loans	0	32,609,265	0	32,609,265
Amortisation and repayment of loans	-9,650,000	-67,524,131	0	-77,174,131
	-9,650,000	-34,914,866	0	-44,564,866
Transactions without cash impact:				
Exchange rate variation	0	-248,320	0	-248,320
Recognition of amortised cost	0	332,900	0	332,900
Changes to the group of companies	0	1,228,643	0	1,228,643
	0	1,313,223	0	1,313,223
Closing balance on the 31st of December 2022	0	50,954,232	54,408,178	105,362,409

The bond loan concerns two syndicated issues by Constructel Visabeira, 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, paris 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 2022, no creditor could demand the early repayment of any financing granted to the Group as a result of a non-compliance of covenants.

32.1 Bank loans

Bank loans have the following geographic division:

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Authorised bank over-drafts	225,372	128,406	353,778	13,213,448	0	13,213,448
Portugal	0	0	0	7,308,825	0	7,308,825
France	0	0	0	939,192	0	939,192
Germany	0	0	0	4,749,777	0	4,749,777
Denmark	137,772	0	137,772	215,655	0	215,655
Spain	87,600	128,406	216,006	0	0	0
Loans obtained	21,727,027	28,873,427	50,600,454	30,374,510	40,967,919	71,342,428
Portugal	14,610,079	8,613,037	23,223,116	16,488,642	15,147,105	31,635,747
France	4,440,682	11,918,295	16,358,977	11,508,030	15,957,869	27,465,898
United Kingdom	318,072	1,977,002	2,295,074	309,791	2,348,886	2,658,677
Italy	803,726	1,767,350	2,571,076	565,207	1,569,937	2,135,144
Belgium	1,051,849	4,340,292	5,392,141	1,065,229	5,336,901	6,402,130
Germany	376,215	69,805	446,020	284,122	192,838	476,961
Spain	126,404	187,645	314,049	153,490	414,382	567,872
Total	21,952,399	29,001,833	50,954,232	43,587,958	40,967,919	84,555,876

The interest rate varies depending on the country, the company, the type, guarantees and maturity of financing. The lowest rates have a margin of 0% in some liquidity support lines contracted during the pandemic and the maximum rate of 8%, the result of the interest rate increase in 2022.

32.2 Debt maturity and contracted currency

	Portugal	France	Germany	United Kingdom	Others	Total
2023	14,610,079	4,440,682	376,215	318,072	2,207,352	21,952,399
2024	5,842,233	58,327,058	66,072	334,296	2,158,004	66,727,664
2025	1,993,026	4,040,930	3,733	1,642,706	1,553,353	9,233,749
2026	777,778	3,405,999	0	0	1,450,082	5,633,858
2027 onwards	0	552,487	0	0	1,262,254	1,814,740
Total	23,223,116	70,767,155	446,020	2,295,074	8,631,045	105,362,410

On the date of the statement of financial position, Constructel Visabeira's average debt maturity was 1.9 years. All loans are in euros, with the exception of loans traded in the United Kingdom, which are in pounds sterling, in Denmark in Danish krone and in the United States in dollars.

33. Suppliers

	2022	2021
Suppliers - current account	140,471,752	110,262,724
Total	140,471,752	110,262,724

During the 2022 financial year, there was an increase in the balance of suppliers of about 32 million euros, of which 16% represent the new changes to the group of companies.

34. Other accounts payable and other liabilities

34.1. Other accounts payable

	2022	2021
Non-current		
Debt related to purchase of subsidiaries - Contingent remuneration	17,257,356	6,327,072
Selling option related to the acquisition of subsidiaries	11,003,837	19,992,056
Debt related to purchasing subsidiaries	0	12,500,000
Total non-current	28,261,193	38,819,128
Current		
Factoring	6,240,513	11,112,602
Confirming	31,708,530	25,071,804
Express Bill	1,165,921	7,362,578
Shareholders	155,838	576,231
RETGS Debt	0	2,183,020
State and other public entities (see Note 25)	11,663,735	15,832,625
Personnel	5,356,905	7,609,722
Client creditors balances	86,532	45,000
Selling option related to the acquisition of subsidiaries	5,035,122	4,368,929
Debt related to purchase of subsidiaries - Contingent remuneration	11,796,894	14,107,285
Others	14,672,854	10,943,922
Total current	87,882,845	99,213,718
Total other accounts payable	116,144,038	138,032,846

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 2023.

34.2. Other liabilities

	2022	2021
Current		
Remunerations payable	5,643,830	4,944,275
Work in progress not invoiced by suppliers.	53,569,642	45,794,740
Total other liabilities	59,213,472	50,739,015

During 2022, the increase in the heading "Work in progress not billed by suppliers" relates mainly to the increase in the activity within the telecommunications and energy areas, as well as the acquisition of new subsidiaries.

35. Lease liabilities

The detail of the lease liabilities, and the respective movement during 2022, is broken down as follows:

Lease liabilities	
Non-current lease liabilities	32,081,620
Current lease liabilities	19,503,346
Opening balance on the 1st of January 2022	51,584,966
Increases	28,870,507
Debt amortisation	-27,704,589
Closing balance on the 31st of December 2022	52,750,883
Financial institution	13,039,072
Other creditors	14,520,709
Total non-current lease liabilities	27,553,386
Financial institution	9,816,469
Other creditors	15,385,726
Total current lease liabilities	25,197,498
Total lease liabilities	52,750,884

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

Lease liabilities	
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 group of companies	741,473
Increases	24,090,218
Debt amortisation	-21,002,069
Closing balance on the 31st of December 2021	51,584,966
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	51,584,966

35.1 Maturity of lease liabilities

	France	United Kingdom and Rep. of Ireland	Portugal	Belgium	Germany	Others	Total
2023	8,048,286	10,905,491	2,410,269	1,382,990	841,126	1,609,337	25,197,498
2024	5,039,192	9,543,947	1,913,399	821,001	470,547	1,171,639	18,959,726
2025	2,096,811	179,949	1,444,327	612,269	378,039	368,795	5,080,188
2026	389,787	149,136	1,058,780	273,487	123,200	82,242	2,076,632
2027 onwards	31,104	661,433	247,376	322,338	11,299	163,289	1,436,840
Total	15,605,180	21,439,956	7,074,151	3,412,084	1,824,212	3,395,302	52,750,884

36. Financial Risks

Constructel Visabeira's control matrix always prioritises its 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, recognising, 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 minimise 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 to apply 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 risks, thereby jeopardizing its strategic goals.

Market risks

• Interest rate risk

Constructel Visabeira exposure to interest rate risk comes primarily from borrowing, 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 2022 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. Due to the increase in market interest rates, the current value of the future cash flows will be 2.4 million euros lower than if the financing had been contracted at Euribor 6 months with a spread of 300 bp.

An increase of 100 basis points in the interest rate would imply an increase in financial charges of around 1,070 thousand euros for Constructel Visabeira.

• 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 pound sterling 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 pound sterling against the Euro - transpose risk. Future dividends will also be exposed to said exchange rate fluctuation. The pound sterling started the year at 1.19007 Euros and ended the year at 1.12748 Euros.

The incorporation of J.F. Edwards, a subsidiary head quartered 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 American Dollar started the year at 0.88067 Euros and ended the year at 0.93756 Euros.

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

2022	Exchange rate sensitivity Effect on Equity	
	+5% valuation	-5% devaluation
J.F. Edwards	232.1	-256.5
MJ Quinn	558.9	-617.8

• Credit risks

Credit risk is an important and complex activity that is present in the everyday life of its associated 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, especially 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 client is usually summarised in a credit record, which includes available and relevant information such as the client'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 specialised 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 granting 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 Group 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 also to obtain coverage for risks that have no value attributed in the said base policy, up to the limit of one hundred thousand euros. The greater restrictions on the external coverage of credit granted imply increased rigour and a greater requirement in the appraisal of the requests for the concession in internal credit.

Loans granted to external entities, which also act as suppliers, had this year a weight of 0.58%. The associated 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, therefore, credit risk is considered to be of a low level. Examples of most prestigious operators in the Group's portfolio: Orange (France Telecom); British Telecom; Proximus (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 associated companies of Constructel Visabeira carry 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 proper management of the available short-term financial commitments.

The cash and investments of all Group 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, on the other hand, allows for a reduction in the average collection periods, with the inherent anticipation of receipts, and it enables 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 clients where credits are transferred without recourse on the adherent. The value of the credits sold without recourse on the 31st of December amounted to 36,189 thousand euros. 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 133.8 million euros. The maturity of the financial liabilities is detailed as follows:

2022	0-1 year	1 - 2 years	2 - 3 years	3 - 4 years	> 4 years	Total
Suppliers	140,471,752	0	0	0	0	140,471,752
Financing	21,952,399	66,727,664	9,233,749	5,633,858	1,814,740	105,362,409
Lease liabilities	25,197,498	18,959,726	5,080,188	2,076,632	1,436,840	52,750,884
Debt related to purchase of subsidiaries - Contingent remuneration	11,796,894	17,257,356	0	0	0	29,054,250
Selling options	5,035,122	7,251,381	1,582,500	2,169,955	0	16,038,959
Total	204,453,664	110,196,128	15,896,437	9,880,445	3,251,581	343,678,255

In Europe, Constructel France, Gatel, Constructel Energie and Escotel transformed 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 its 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, recognising, 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 minimise 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 to apply 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 risks, thereby jeopardising its strategic goals.

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 Group'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 optimise its capital structure, the group has several mechanisms such as the distribution of dividends, return of capital or issuance of new shares. The Group monitors its capital using the gearing ratio as a reference, which is net debt divided by total capital plus net debt. The Group includes in its debt: loans, lease liabilities and operating debt less cash and short-term deposits.

	2022	2021
Total bank loans	105,362,409	148,614,052
Total lease liabilities	52,750,884	51,584,967
Factoring (note 34)	6,240,513	11,112,602
Confirming (note 34)	31,708,530	25,071,804
Cash and cash equivalents	-133,841,218	-84,279,296
Net debt	62,221,118	152,104,130
Total equity	274,643,264	99,028,045
Capital and net debt	336,864,382	251,132,175
Gearing ratio	18%	61%

To achieve this purpose, the Group'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 21.83% of the company's capital in the amount of 200 million euros. The completion of this operation was carried out in 2022. The entry of this capital ensured financing for M&A operations, maintaining the expansion cycle that has occurred to date.

No changes were made to capital management purposes, policies or processes during 2022 and 2021.

Other disclosures on financial instruments

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

	2022	2021
Financial assets recorded at amortised cost		
Cash and cash equivalents	133,841,218	84,279,296
Clients	102,048,886	85,681,347
Other receivables	8,377,878	11,022,590
Financial liabilities recorded at amortised cost		
Paid loans	105,362,409	148,614,052
Suppliers	140,471,752	110,262,724
Other accounts payable	59,387,094	77,404,879
Lease liability	52,750,884	51,584,967
Assets associated with clients' contracts	36,203,227	20,495,858
Financial liabilities at fair value		
Other accounts payable	45,093,209	44,795,342

Measured at fair value

The following table presents the fair value hierarchy of the assets and liabilities held by the Group, as a reference to the 31st of December 2022 and 2021:

	Level	2022	2021
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	608,294	521,734
Assets measured at fair value			
Other bills to pay - Contingent remuneration and put option relating to the purchase of subsidiaries	Level 3	45,093,209	44,795,342

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 2022. 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 2022 and 31st December 2021, there were several legal claims and other tax contingencies filed against several companies belonging to 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 2022 and 2021, there were several legal claims and other tax contingencies filed against certain companies in the Group, 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:

	2022	2021
Other legal and tax contingencies	2,596,731	1,255,096
Total	2,596,731	1,255,096

38. Provisions for other risks and expenses

	2021	Changes to the group of companies	Increases/Decreases	2022
Provisions				
Retirement pensions	2,000,471	0	-1,321,200	679,271
Others	2,512,312	2,500,000	-457,863	4,554,448
Total	4,512,783	2,500,000	-1,779,063	5,233,719

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	2021	Increases/Decreases	2022
Constructel France	944,229	-545,295	398,934
Gatel	66,108	-26,945	39,163
Escotel	667,292	-626,078	41,214
Constructel Energie	322,842	-122,882	199,960
Total	2,000,471	-1,321,200	679,271

The variation during the year results from the variation in the estimate. Since there was a decrease in the number of employees, there was a significant reduction in the amounts payable. Also noteworthy is the increase in the discount rate compared to the previous year.

To calculate this estimate, the following assumptions were used:

	Assumptions on 12/31/2022	Assumptions on 12/31/2021
Discount rate	3.75%	1.00%
Inflation rate	1.00%	1.60%
Salary growth rate (Inflation included)	1.00%	1.60%
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 2022	INSEE 2019
Turnover table	Table by category and age	Table by category and age

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.

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 - 813 thousand euros (807 thousand euros in 2021) for compensations related to terminating employment.

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 Group companies are involved.

39. Guarantees provided

Guarantees provided	2022	2021
Actual guarantees	36,357,001	52,390,966
Technical guarantees / good workmanship	36,394,697	75,573,697
Financial guarantees	1,349,207	5,296,921
Total	74,100,905	133,261,583

The decrease in guarantees is essentially explained by the significant reduction of J.F. Edwards, contradicting the slight increase in Constructel Belgium.

In 2022, real guarantees represented an amount of 44.1 million euros and referred to guarantees provided under leasing contracts (21.8 million euros) and loans (14.2 million euros) and the properties pledged as collateral in the financing of Constructel France (8.7 million euros) and Constructel Belgium (1.7 million euros) are worthy of note. On the 31st of December 2022, the technical and financial guarantees provided to third parties as bank guarantees and bond insurance, namely to clients 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	2022	2021
USD	6,336,140	53,645,261
EUR	31,216,123	27,037,973
DKK	191,641	187,383
Total	37,743,904	80,870,617

It should be noted that the main change in terms of technical guarantees from 75.5 million euros to 28.6 million euros is mainly caused by the company J.F. Edwards - a number of the works which were in progress and which had high value guarantees was completed. As for the financial guarantees, their variation is justified by the drastic reduction of Cunha e Soares.

On the 31st of December 2022, the details of the guarantees provided by company are detailed as follows:

Guarantees provided	2022	2021
Constructel Belgium	9,432,044	7,497,970
Visabeira Infraestruturas	8,858,087	6,955,978
EIP Serviços	7,015,410	6,093,152
J.F. Edwards	6,336,140	52,909,713
Viatel	2,772,099	3,432,997
Ieme	1,354,244	2,580,363
Cunha Soares	775,296	0
Other companies	1,200,584	1,400,444
Total	37,743,904	80,870,617

40. Related parties

	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 clients	Amounts payable to suppliers
Shareholders	2022	1,362,241	5,040,579	204,853	244,999	196,932	155,838	22,510	875,749
	2021	2,160,129	5,418,232	11,590	747,570	4,267,137	583,165	592,027	1,319,685
Grupo Visabeira Companies	2022	5,474,888	5,418,232	63,514	177	1,786,263	1,011,676	4,729,616	1,090,720
	2021	7,264,074	3,657,753	0	0	164,170	2,197,571	6,480,323	1,394,330

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.

41. Subsequent events

Within the context of the company's corporate structure, it should be noted that on the 7th of March 2023, the shareholder Visabeira Global SGPS SA acquired from Grupo Visabeira SA the shares the latter owns in Constructel Visabeira (28.071%), thus increasing its shareholding to over 78%.

It is important to highlight that, at the beginning of February 2023, the *Autoridade da Concorrência* [Competition Authority] approved the acquisition of the company Arquiled by Constructel Visabeira. Besides this company were acquired the companies O+M and Tavan, as disclosed in note 7.

There were no other events subsequent to the date of the Financial Position Statement and updating of the accounts that could have a material impact on the financial statements.

Viseu, the 31st of March 2023

Chartered Accountant

The Board of Directors

Daniel Augusto Vitorino Pereira

Nuno F. Reis

[Signature]

Antonio M. P. P.

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

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**ASSESSMENT AND
CERTIFICATION
DOCUMENTS**





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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Grupo Visabeira, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2022 (showing a total of 2,328,426,430 euros and a total equity of 688,647,444 euros, including a net profit for the year of 46,263,982 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 the Grupo Visabeira, S.A. as at 31 December 2022, 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 and the supervisory body 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.

The supervisory body is responsible for overseeing the Group's financial reporting process.

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

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Grupo Visabeira, S.A.
Statutory Auditor's Report
31 December 2022

accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- ▶ 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, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Oporto, 6 July 2023

Ernst & Young Audit & Associados - SROC, S.A.

Sociedade de Revisores Oficiais de Contas

Represented by:

(Signed)

Daniel José Venâncio Guerreiro (ROC nr. 1303)

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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 2022.

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:

Sociedade Anónima - Capital Social 1.340.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número
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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 2022 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 2022 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, 26 april 2023

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

(Signed)

Daniel José Venâncio Guerreiro (ROC nr. 1303)
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22

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