notes to the consolidated financial statements

1. introductory note

Nors, S.A. is a public limited company resulting from the transformation of Auto-Sueco, Lda. on 22 November 2018. The company's origins date back to 1949, and it maintains its registered offices in Porto, Portugal. The company and its affiliates mainly carry out economic activities within the motor vehicle trade area, namely cars, trucks, machinery, and other industrial equipment, their components, and workshop services.
Nors Group is the corporate and institutional name for a set of companies, while specific individual trade names depend on each company's business.
The Nors Group is especially directly active in Portugal, Brazil, and Angola, as well as Turkey, the United States of America, and Central Europe through joint ventures.
At 31 December 2019, the Nors Group's subsidiaries, their respective registered offices and main line of business are as follows:

Subsidiaries

Companies with registered offices based in Portugal	Business Activity
Amplitude Seguros - Corretores de Seguros S.A. Registered offices: Rua Brito Capelo, 97 4º A 4450-072 Matosinhos	Insurance Mediation
ASFC S.G.P.S., S.A. Registered offices: Rua Conde da Covilhã, 1637 4100-189 PORTO	Management of shareholdings
Asinter - Comércio Internacional, Lda. Registered offices: Via Marechal Carmona, 1637 4100 - 189 Porto	International Trade
ASMOVE - Consultoria e Projectos Internacionais, S.A. Registered offices: Rua Manuel Pinto de Azevedo, 711 - 2 4100-321 Porto	Import and export Provision of consultancy services
Auto-Sueco II Automóveis, S.A. Rua Manuel Pinto de Azevedo, 711 - 2 4100-301 Porto	Trade and Repair of vehicles

Civiparts - Comércio de Peças e Equipamentos, S.A. Registered offices: Rua D. Nuno Álvares Pereira, Armaz 13/14/15 Parque Oriente, Bobadela, 1990-502 SACAVÉM	Trade, import and export of autoparts and provision of services
Galius - Veículos, S.A. Registered offices: Rua Conde Covilhã, 1637 4100 - 189 Porto	Import, sale and After Sale of trucks and components
Grow - Formação Profissional, S.A. Registered offices: Rua Manuel Pinto de Azevedo, 711 - 2 4140 - 010 Porto	Vocacional Training Services
Imosócia – Sociedade Imobiliária, S.A. Registered offices: Rua Conde da Covilhã, 1637 4100-189 Porto	Purchase, sale, management and Administration of real estate
NewOneDrive, S.A. Registered offices: Parque Industrial do Seixal, 2ª F. - Lote 1, Quinta Nova 2840-068 Paio Pires	Trade in Parts and Accessories for vehicles
Auto Sueco Portugal, S.A. Registered offices: Rua Conde Covilhã, 1637 4149-010 Porto	Import, sale and After Sale of Volvo Trucks, Buses, Gensets, marine engines and components
Plurirent – Serviços de Aluguer, S.A. Registered offices: Rua Conde da Covilhã, 1637 4100-189 Porto	Purchase, sale and rental of passenger and goods vehicles without driver
Promotejo - Compra e Venda de Propriedades, S.A. Registered offices: Estrada Nacional 10, n.ºs 2-A e 2-B 2810-801 ALMADA	Purchase, sale and rental of land and buildings
SARI Serviços Aftermarket Região Ibéria, S.A. Registered offices: Rua Manuel Pinto de Azevedo, 4 4100-320 Porto	Provision of management support services
SGNT, SGPS S.A. Registered offices: Rua da Restauração, 348 Miragaia - Porto	Management of shareholdings in other companies

Sotkon Portugal - Sistemas de Resíduos, S.A. Registered offices: Zona Industrial, Lote I - 27 2330-210 Entroncamento	Production and Marketing of underground containers for MSW

Companies with registered offices based in Portugal	Business Activity
Agro New Máquinas Agrícolas, Ltda Registered offices: Rua Martinópolis nº 720, Jardim Del Rey 15802-040 Catanduva, São Paulo (Brasil)	Trade, Import and Export of of equipment, parts, lubricating oils and After Sales services
AS-Glass Angola, Lda. Registered offices: Estrada do Cacuaco, Bairro Petrangol, Km 4,3, Ed.5 Município do Sambizanga, Luanda (Angola)	Trade in glass for construction
AS Parts Angola, Lda. Registered offices: Estrada do Cacuaco, Bairro Petrangol, Km 3,4, Ed.2 Município do Sambizanga, Luanda (Angola)	Trade in parts and accessories for vehicles
AS Parts Cabo Verde, S.A. Registered offices: Achada Grande Frente, Edi. Oásis Motors Cidade da Praia (Cabo Verde)	Trade in parts and accessories for vehicles
Auto-Maquinária, Lda. Rua da Volvo, Bairro Candua, Município do Cacuaco Luanda (Angola)	Trade, import and distribution of industrial and construction equipment, parts, tires, fuel and After Sales services
Nors International B.V. Registered offices: Amsteldijk 166 - 6HG 1079LH Amsterdam (Holanda)	Management of shareholdings in other companies
Auto Sueco (Lobito), Ltd. Estrada Nacional Lobito-Benguela Lobito (Angola)	Sale and After Sale of trucks and buses
Auto Sueco Centro-Oeste Concessionária de Veículos Ltda. Registered offices: RDV BR 364, Km 16,3, Distrito industrial, Cuiabá, Brasil	Sale and After Sale of new and used trucks

Auto Sueco São Paulo Concessionária de Veículos Ltda. Registered offices: Av. Otaviano Alves de Lima, Nº4694 029.0001-000 São Paulo (Brasil)	Sale and After Sale of new and used trucks and buses
Auto-Sueco (Angola), S.A.R.L. Registered offices: Av. 4 de Fevereiro, 95-3º, Apartado 34 Luanda (Angola)	Import, trade, and distribution of Volvo products
Auto-Sueco Kenya, Ltd. Plot 12080 - Units 6 & 7 Apex Business Centre, Mombasa Rd, Industrial Area, NAIROBI (QUÉNIA)	Import, export, sale of motor vehicles, industrial equipment, engines, and components
Auto-Sueco (Tanzania) - Trucks, Busses and Const. Eq., Ltd. Registered offices: Kipawa Industrial Area Plot Nr. 92 Nyerere (Pugo) Road, P.O. Box 9303 DAR ES SALAAM (TANZANIA)	Import, export, sale of motor vehicles, industrial equipment, engines, and components
Auto Sueco Moçambique, S.A. Registered offices: Av. Da Namaacha nº 8274 Maputo, MOÇAMBIQUE	Sale and After Sale of new and used trucks and buses
Auto-Sueco Vehicles, Spare Parts & Services (Botswana)(Pty) Ltd. Registered offices: Plot 47 - Gaborone International Commerce Park Gaborone, Botswana	Sale and After Sale of new and used trucks and trailers
Auto Sueco Vehicles, Spare Parts & Services (Namibia) (Pty), Ltd. Registered offices: 344 Independence Avenue 3º Windhoek (Namibia)	Sale and After Sale of trucks and buses
Civipartes Angola SA Registered offices: Estrada do Cacuaco, Km 3,4 Luanda - Angola	Trade in parts and equipment
Civipartes Maroc SA Registered offices: Chemin Tertiaire 1015 Sidi Moumen 20400 Casablanca - Marrocos	Trade in parts and equipment

Company	Activity
Civipartes España Registered offices: Av. Castilla nº 32 Nave 58 28850 Madrid San Fernando Henr - Espanha	Trade in parts and equipment of parts and accessories for vehicles
Expressglass Angola Registered offices: Estrada do Cacuaco, Bairro Petrangol, Km 4,3, Ed.5 Município do Sambizanga, Luanda, Angola	Sale and After Sale of Trucks
Kinlai, S.A. Registered offices: Avenida Comandante Gika, Travessa Ho Chi Minh Empreendimento Comandate Gika, Garden Towers, Torre B, 10º Andar, Bloco 4, Bairro de Alvalade, Luanda (Angola)	Management of shareholdings in other companies
Nors Brasil Participações, Ltda. Registered offices: Rua Pamplona 818, 9º, Conj. 92 01405-001 São Paulo (Brasil)	Purchase and sale of properties
Socibil - Imobiliária, SARL. Registered offices: Avª 4 de Fevereiro nº 95, 3º., Aptº 34. Luanda (Angola)	Acquisition and sale of properties and land, and land development
Sogestim, Lda. Registered offices: Estrada do Cacuaco, Km 3,4 Luanda (Angola)	Production and Marketing of underground containers for MSW
Sotkon Anadolu Registered offices: Kemer Mah. Sehit Mustafa Dundar Cad. Kemer Park Evleri Yani No: 4 Atisalani - Esenler - Istanbul - Turquia	Production and Marketing of underground containers for MSW
Sotkon Angola, Lda. Registered offices: Rua Kwamme Nkrumah, nr. 260/262 Luanda - Angola	Production and Marketing of underground containers for MSW
Sotkon Espanha Registered offices: C/ Orla Etorbidea 8-10 - Oficina 409 nivel 4º 20160 Lasarte - Oria - Espanha	Production and Marketing of underground containers for MSW
Sotkon France, S.A. Registered offices: 93, Rue de la Villette 69003 Lyon - França	Production and Marketing of underground containers for MSW

Sotkon Marocco, SARLAU Registered offices: Twin Center, Angle Bds Zerktouni - Al Massira Tour Ouest, 16e étage 20100 Casablanca Maroc	Production and Marketing of underground containers for MSW
Sotkon Tr Atik Sistemleri Sanayi Ve Ticaret Anonim Sirketi Registered offices: Dikilitas Mah. Ayazmadere Cad. Tellioglu Plaza No:6 Kat:4 D:5 34349 Besiktas - Istanbul Turkiye	Production and Marketing of underground containers for MSW
Tecnauto Vehiculos, S.L. Registered offices: Polígono Ind. El Montavo c/Nobel 37008 Salamanca (Espanha)	Real Estate Management

As of 31 December 2019, the joint ventures and associates of Nors, their registered offices and main businesses were:

Joint Ventures and Associates:

Companies with a register office based in Portugal	Business Activity
Air Rail Portugal, Sociedade Unipessoal, Lda Registered offices: Estrada Nacional 10, Apartado 2094 2696-801 São João da Talha - Loures	Trade and distribution of industrial equipment
Ascendum, S.A. Registered offices: Praça Marquês de Pombal nº3 A-5º 1250 - 161 Lisboa	Management of shareholdings Provision of technical administration, and management services
Ascendum II - Veículos, Unipessoal, LDA Registered offices: Rua Manuel Madeira, Marcos da Pedrulha 3025-047 Coimbra	Sale and After Sale of motor vehicles
Ascendum III - Máquinas, Unipessoal, LDA Registered offices: Rua Vasco da Gama, nº 15 2685-244 Portela	Sale and After Sale of construction equipment

Ascendum Portugal - Serviços de Gestão, SA Registered offices: Rua Vasco da Gama, nº 15 2685-244 Portela	Management of shareholdings Provision of technical administration, and management services
Centrocar, S.A. Registered offices: Rua Vilar do Senhor, 461 - 1º Andar 4455-213 Lavra - Matosinhos	Sale and After Sale of construction equipment
Dalia - Gestão e Serviços, S.A. Registered offices: Rua da Carreira, 138 9000-042	Management of shareholdings Provision of technical administration, and management services
Glomak SGPS, S.A. Registered offices: Rua Vilar do Senhor, 461 4455-213 Lavra - Matosinhos	Management of shareholdings In other companies
Tractorrastos - Soc. Vendedora de Acessórios, Lda. Registered offices: Estrada Nacional 116 2615-907 Alverca	Import and sale of parts for industrial, and agricultural machinery

Companies and registered offices based in other countries	Business Activity
Air-Rail, S.L. Registered offices: Calle Alsasua, 16 28023 MADRID - España	Business Activity of industrial equipment
Air-Rail Marrocos Marrocos	Trade and distribution of industrial equipment
Air-Rail Polska, Sp. z.o.o Szpitalna 8/9, 00-031 Warszawa Polónia	Trade and distribution of industrial equipment
Art Hava Ve Ray Ekipmanlari Ltd. Sti Registered offices: Fatih Mahallesi Katip Çelebi Caddesi, nº43 Tuzla - 34940 - Istambul - Turquia	Trade and distribution of industrial equipment

Ascendum Makina Yatirim Holding, A.S Registered offices: Fatih Mahallesi Katip Çelebi Caddesi nº43 Tuzla - 34940 - Istamnbul - Turquia	Management of shareholdings in other companies
ASC Construction Equipment, INC. Registered offices: 9115 Harris Corner Parkway, suite 450 Charlotte, NC 28269 USA Estados Unidos da América	Sale, After Sale and rental of construction equipment
Ascendum Maquinaria México, S.A de C.V Carretera Mexico Queretaro KM 32.5	Sale, After Sale and rental of construction equipment
ASC Turk Makina, Limited Sirketi Registered offices: Fatih Mahallesi Katip Çelebi Caddesi, nº43 Tuzla - 34940 - Istamnbul - Turquia	Sale, After Sale and rental of construction equipment
Ascendum España, S.L. Registered offices: Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 MADRID (Espanha)	Management of shareholdings In other companies
Ascendum, GmbH Grafenholzweg 1 5101 Bergheim / Salzburg (Aústria)	Management of shareholdings Provision of technical administration, and management services
Ascendum Baumaschinen Österreich GmbH Grafenholzweg 1 5101 Bergheim / Salzburg (Aústria)	Importer of Machinery Sale and After Sale: Construction equipment
Ascendum Épitögépek Hungária KAPCSOLAT 1141 Budapest Nótárius u. 13-15 Hungria	Importer of Machinery Sale and After Sale: Construction equipment
Ascendum Gradevinski Strojevi Karlovacka 94 10250 Zagreb - Lucko (Croácia)	Importer of Machinery Sale and After Sale: Construction equipment
Ascendum Machinery SRL Sos. Odaii, nr. 439, Sector 1 013606 Bucuresti (Roménia)	Importer of Machinery Sale and After Sale: Construction equipment

Ascendum Stavebeni Stroje Czech Plzenská 430 CZ - 267 12 Lodenice (República Checa)	Importer of Machinery Sale and After Sale: Construction equipment
Ascendum Stavebné Stroje Slovensko Pestovatelská 4316/10, 821 04 Bratislava - Ružinov-Ružinov Eslováquia	Importer of Machinery Sale and After Sale: Construction equipment
Centrocar España Registered offices: Pol. Ind. La Sendilla, Avda. de las Palmeras, esq. C/ del Castaño 28350 Ciempozuelos - Madrid - Espanha	Sale and After Sale Construction equipment
Centrocar Moçambique Registered offices: Avenida da namaancha, nº 730 Maputo - Moçambique	Sale and After Sale Construction equipment
Hardparts Moçambique, Lda. Moçambique	Import and sale of parts for industrial, and agricultural machinery
Importadora Distribuidora de Maquinaria Industrial ZEPHIR, S.L. Registered offices: Calle Alsasua, 16 28023 Madrid - España	Import and trade of industrial equipment
Tea Aloya, Inmobiliaria, S.A.U. Registered offices: Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 Madrid - España	Acquisition and sale of properties, and land, construction of buildings, and land development
TRP Yedek Parça Ithalat Ihracat Ve Pazarlama Limited Sirketi Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34940 - Tuzla, Istamnbul - Turquia	Import and sale of construction of buildings, and land development
Volmaquinaria de Construcciòn España, S.A.U. Registered offices: Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 Madrid (Espanha)	Importer of Machinery Sale and After Sale: Construction equipment
Volrental Atlântico, S.A.U Registered offices: Carretera de Castilla nº167 Betanzos (La Coruña) - España	Rental of construction equipment

The attached financial statements are presented in thousands of euros, and the euro currency is used preferentially in the economic environment in which Nors' operates. Foreign operations are included in the consolidated financial statements in accordance with the policy described in 2.2. d).

2. main in accounting policies

The main accounting policies adopted in preparing the consolidated financial statements are as follows:

2.1. basis for presentation

The attached Financial Statements we prepared using the financial and accounting information of the companies included in the consolidation. To this end, were followed the principles of historical cost and, with some financial instruments at fair value, on going concern basis (note 4).
These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the previous Standing Interpretations Committee (SIC), in force on 01 January 2019, and approved by the European Union.
For the companies considered to be joint ventures, where Nors' interests are consolidated using the Equity Method, their registered offices and the share of capital held are described in notes 1 and 4.
During the 2019 financial year, the following standards and interpretations became applicable for this year or the following years:

1. The impact of the adoption of the new standards, amendments to standards and interpretations that became effective as of 1 January 2019

a. **IFRS 16** (new), '**Leases**'. This new standard replaces IAS 17 — 'Leases' with a significant impact on the accounting by lessees who are now required to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset."
As to the transition regime, the application of IFRS 16 may be retrospective or partial simplified retrospective.
Nors opted to apply the retrospective modified approach, based on the following assumptions and practical procedures as provided in the norm:

- The exemption provided was used for leases with remaining periods of less than 12 months, but only when the contract renewal was not foreseen. Thus, this exemption was not applied to property leasing.
- For leases where the asset value is less than 500 euros, the exemption provided by the standard was used.
- Discount interest rates were calculated taking into account the risk profile of each Nors subsidiary, its country of origin, and the property leased. The main rate ranges used were:

	Discount interest rate
Portugal	1.4% – 4.5%
Spain	3.4% – 3.8%
Angola	34.9% – 36.0%
Brazil	8.6% – 13.4%
Namibia	11.9% – 12.1%
Botswana	9.0%
Mozambique	21.8% – 23.4%

The main impact of the adoption of IFRS 16 was the increase in the total Financial Position. In the Income State, the impacts were not significant, given that there was a reduction in rents (EBITDA positively affected) offset by the increase in depreciation and interest. These impacts do not jeopardize the compliance with the covenants associated with loans (financial autonomy and Net Debt/EBITDA)

impacts at the time of transition at the consolidated statement of financial position

Asset	31.12.2018	Initial recognition of IFRS16	01.01.2019
Non-current Assets			
Intangible assets	1 971		1 971
Tangible fixed assets	117 162		117 162
Investment properties	13 464		13 464
Assets through lease	16 105	33 378	49 483
Goodwill	4 943		4 943
Investments in associates and joint ventures	86 516		86 516
Equity instruments at fair value through equity	521		521
Debt instruments at amortized cost	48 226		48 226
Deferred tax assets	4 968		4 968
	338 363	33 378	371 741
Current Assets			
Inventories	110 373		110 373
Customers	58 184		58 184
Income tax recoverable	1 842		1 842
Other accounts receivable	18 186		18 186
Deferrals	3 577	-215	3 363
Cash and Bank Deposits	29 799		29 799
	221 961	-215	221 747
Total assets	**560 325**	**33 163**	**593 487**

Capital Attributable to parent company	178 728		178 728
Non-controlling interests	16 237		16 237
Total equity	**194 965**		**194 965**

Non-current liabilities			
Provisions	4 399		4 399
Financing Obtained	13 613		13 613
Liabilities through leasing	13 625	26 076	39 701
Deferred tax liabilities	3 072		3 072
	157 226	26 076	183 302
Current liabilities			
Suppliers	104 708		104 708
Income tax payable	279		279
Financing Obtained	40 592		40 592
Liabilities through leasing	2 477	7 087	9 564
Other accounts payable	51 615		51 615
Deferrals	8 316		8 316
Financial assets held for trading	147		147
	208 133	7087	215 22
Total liabilities	**365 359**	**33 163**	**398 522**
Total equity and liabilities	**560 325**	**33 163**	**593 487**

Impacts of the application of the standard in the consolidated statement of income in 2019

Income and Expenses	2019 Without IFRS 16	Annual impact of IFRS 16	2019
Turnover	782 726		782 726
Operating subsidies	28		28
Gains/Losses allocated to subsidiaries, associated companies and joint ventures	12 319		12 319
Variations in production inventories	359		359
Cost of goods sold and materials consumed	-621 624		-621 624
External supplies and services	-55 089	8 239	-46 850
Staff costs	-67 088		-67 088
Inventory impairments (losses / reversals)	-535		-535
Impairments of receivables (losses / reversals)	581		581
Provisions and impairment losses (increases / decreases)	-3 356		-3 356
Other income and gains	10 605		10 605
Other expenses and losses	-8 678		-8 678
Earnings before depreciation, interest and taxes	**50 249**	**8 239**	**58 488**
Depreciation and amortization costs / reversals	-11 749	-6 710	-18 459
Operating Income (before interest and taxes)	**38 500**	**1 529**	**40 029**
Net foreign exchange differences	1 531	357	1 888
Income from financial activity	-7 608	-2 543	-10 151
Income before tax	**32 423**	**-657**	**31 766**
Income tax for the year	-7 416		-7 416
Net Income for the year	**25 007**	**-657**	**24 349**
Net Income for the period attributable to:			
Shareholders of the parent company	24 096	-688	23 408
Non-controlling interests	911	31	942
Net income for the financial year	**25 007**	**-657**	**24 349**

b. IFRS 9 (amendment), "**Prepayment features with negative compensation'.** The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided the specific conditions are fulfilled, instead of being classified at fair value through profit or loss. The adoption of this amendment did not cause material changes in the financial statements.

c. IAS 19 (amendment), '**Plan amendment, Curtailment or Settlement'.** This amendment requires an entity to i) use updated assumptions to determine the current service cost and net interest for the remaining period after amendment, reduction or settlement of the plan; and ii) recognize in the income statement as part of the cost of past services, or as a gain or loss in the settlement, any reduction in the excess of coverage, even if the excess of coverage had not been previously recognized, due to the impact of the asset ceiling. The impact on asset ceiling is recognized in Other Comprehensive Income, not being allowed to recycle it through profit for the year. The adoption of this amendment did not cause material changes in the financial statements.

d. IAS 28 (amendment), '**Long-term interests in Associates and Join Ventures**'. The amendment clarifies that long-term investment in associates and joint venues (components of an entity's investments in associates and joint ventures) that are not being measured through the equity method are to be measured in accordance with IFRS 9 — subject to the expected credit loss impairment model, prior to being added, for impairment test purposes, to the whole investment in associates and joint ventures, when impairment indicators exist. The adoption of this amendment did not cause material changes in the financial statements.

e. **Annual Improvements 2015 – 2017.** The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3, and IFRS 11. The adoption of this amendment did not cause material changes in the financial statements.

f. IFRIC 23 (new), '**IUncertainty over income tax treatment**'. This is an interpretation of IAS 12 — 'Income tax' and refers to the measurement and recognition requirements to be applied when there is uncertainty as to acceptance of an income tax treatment by the tax authorities. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, and not under IAS 37 — 'Provisions, contingent liabilities and contingent assets', based on the expected value or the most probable value. The adoption of this amendment did not cause material changes in the financial statements.

2. Amendments to standards that have been published and are mandatory for the accounting periods begging on or after 1 January 2020, that are already endorsed by the EU:

a. **IAS 1 e IAS 8** (amendment), '**Definition of material**' (effective for annual periods beginning on or after 1 January 2020). The amendment revises the concept of material. Includes clarifications as to obscured information, its effect being similar to the omission or distortion of information; and also, clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investor, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need. The adoption of this amendment did not cause material changes in the financial statements.

b. **Conceptual framework, 'Amendments to references in other IFRS'** (effective for annual periods beginning on or after 1 January 2020). As a result of the publication of the new Conceptual Framework, the IASB introduced changes to the text of various standards and interpretations, like: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, ignorer to clarify the application of the new definitions of asset/liability and expense/income, in addition to some of the characteristics of financial information. The adoption of this amendment did not cause material changes in the financial statements.

3. Standards(new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1 January 2020, but are not yet endorsed by the EU:

a. **IFRS 3** (amendment), '**Definition of a business**' (effective for annual periods beginning on or after 1 January 2020). This amendment is still subject to endorsement by the European Union. The amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition include an input, as well as a substantial process that jointly generate outputs. Outputs are now defined as goods and services rendered to customers, that generate investment income and other income, and exclude returns as lower costs and other economic benefits for shareholders. Optional 'concentration tests' for the assessment if one transaction is the acquisition of an asset or a business combination, are allowed. The adoption of this amendment did not cause material changes in the financial statements.

b. **IFRS 9, IAS 39 e IFRS 7** (amendment), '**Interest rate benchmark reform**' (effective for annual periods beginning on or after 1 January 2020). These amendments are still subject to endorsement by the European Union. These amendments are part of the first phase of IASB 'IBOR reform' project and provide certain reliefs in connection with interest rate benchmark reform. The relief relate to hedge accounting, in terms of: I) risk components; ii) 'highly probable' requirement; iii) prospective assessment; iv) retrospective effectiveness test (for IAS 39 adopters); and v) recycling of the cash flow hedging reserve, with the objective that interest rate benchmark reform does not cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. The adoption of this amendment did not cause material changes in the financial statements.

c. **IFRS 17** (new), '**Insurance contracts**' (effective for annual periods beginning on or after 1 January 2021). This standard is still subject to endorsement by the European Union. This new standard replaces IFRS 4 and applies to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or "premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective application. The adoption of this amendment did not cause material changes in the financial statements.

summary table of the new standards

Description	Changes	Effective date
1. Standards (new and amendments) and interpretations effective as of 1 January 2019		
• IFRS 16 — Leases	New definition of lease. New accounting of lease contracts by lessees. No major changes to lessor lease accounting.	1 January 2019
• IFRS 9 — Financial instruments	Exemption to financial assets ate amortized cost classification for financial assets with prepayment negative compensation features	1 January 2019
• IAS 19 — Employee benefits	Requirement to use updated assumptions for the calculation of remaining responsibilities after a amendment, curtailment or settlement of benefits, with impact on income statement except for any reduced excess under "asset ceiling" accounting treatment	1 January 2019
• IAS 28 — Investments in associates and joint ventures	Clarification regarding long-term investments in associates and joint ventures that are not being measured through the equity method	1 January 2019
• Annual improvements to IFRS 2015 - 2017	Clarifications: IAS 23, IAS 12, IFRS 3, IFRS 11	1 January 2019
• IFRIC 23 — Uncertainty over income tax treatments	Clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments	1 January 2019
2. Amendments to standards that will become effective, on or after 1 January 2020, already endorsed by the EU		
• IAS 1 — Presentation of financial statements; IAS 8 — Accounting policies, changes in accounting estimates and errors	Revision of the definition of material, and the implication on the preparation of financial statements as a whole	1 January 2020
• Conceptual frameworks — Amendments to references to other IFRS	Amendments to some IFRS regarding cross reference and clarification about the application of the new definitions of asset/liability and expense/income	1 January 2020
3. Standards(new and amendments) that will become effective on or after 1 January 2020, not yet endorsed by the EU		
• IFRS 3 — Business combinations	Revision of the definition of business	1 January 2020
• IFRS 9, IAS 39 and IFRS 7 — Interest rate benchmark reform	Provide certain reliefs in connection with hedge accounting with the objective that interest rate benchmark reform does not cause hedge accounting to terminate	1 January 2020
• IFRS 17 — Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics	1 January 2021

2.2. consolidated principles

The following are the consolidation principles adopted by Nors:

a) Financial investment in Nors' companies

Investments in companies in which Nors holds control were included in the accompanying consolidated financial statements using the full consolidation method. Nors has control over a company when it is exposed, or has rights, on preventive variable returns of this company, and can affect them through the power it has over the subsidiary. This power arises directly (for example, the right to vote in a General Meeting and/or Board of Directors) or in a complex way (for example, through contractual agreements with third parties). The ability to affect returns is determined by the effective power that Nors holds in the subsidiary without having to ally itself with third parties.

The equity of these companies and the net income corresponding to the participation of third parties in those companies are presented separately in the consolidated statement of financial position and the consolidated income statement, under "Non-controlling interests". Nors' companies in the consolidated financial statements are broken down in note 4.

The accumulated losses of a subsidiary are allocated to non-controlling interests, in the proportions held, which may imply the recognition of negative non-controlling interests.

The purchase method is used for business combinations prior to 2010. The assets and liabilities of each branch are identified at their fair value on their acquisition date. Any excess in the acquisition cost against the fair value of the assets and net liabilities acquired is recognized as Goodwill (Note 2.2 c)). If the difference between the cost of acquisition and the fair value of the net assets and liabilities acquired is negative, this is recognized as gains in the financial year's statements after reconfirming the fair value assigned. The interests of holders of non-controlling interests are shown in proportion to the fair value of the identified assets and liabilities.

For business combinations that occurred after 1 January 2010, Nors applied the revised IFRS 3. According to this revised standard, the purchase method is still applied in business combinations but with some significant changes:

(i) all amounts that make up the purchase price are valued at fair value, with the transaction-to-transaction option of measuring the "non-controlling interests" by the proportion of the value of the net assets of the entity acquired or the fair

value of the assets and liabilities acquired.
(ii) all costs associated with the acquisition are recorded as expenses.
Similarly, the revised IAS 27 has been applied since 1 January 2010.
This requires all transactions with "non- controlling interests" to be recorded in equity when there is no change in control over the entity and no recording of goodwill or gains or losses. When there is a loss of the control exercised over the entity, any remaining interest in the entity is remeasured at fair value, and any gains or losses are recognized as income for the period.
The income from the branches acquired or sold during the period are included in the income statement from the date on which control is acquired or on which control is lost.
Whenever necessary, adjustments are made to the financial statements of the branches to adapt their accounting policies to those used by Nors.
Transactions, margins generated in Group companies, the balances, and the dividends distributed in Nors' companies are eliminated during the consolidation process. In situations where Nors substantially controls other entities created for a particular purpose, even if it does not have a direct shareholding in the capital of these entities, they are consolidated using the full consolidation method.

b) Financial investments in associates and joint ventures

Financial investments in associated companies and joint ventures (companies where Nors exercises significant influence but are not under its control through participation in the financial and operational decisions generally investments representing between 20% and 50% of a company's capital and/or for which there are shareholder agreements) are accounted for using the equity method.
Under the equity method, all financial investments are initially recorded at acquisition cost and are then adjusted annually by an amount corresponding to Nors' share in the changes in equity (including net income) of the associated companies against the corresponding gains or losses in that financial year, plus the dividends received and other changes in equity occurred in the associated companies.
The differences between the acquisition cost and the fair value of identifiable assets and liabilities of the associated company at the acquisition date, if positive, are recognized as Goodwill. If these differences are negative, they are recorded as a gain for the period in the income statement item, "Other Income and Gains," after reconfirming the fair value assigned.
An assessment of investments in associated companies is conducted whenever

there is evidence that the asset may be impaired. Confirmed impairment losses are then recorded as expenses. When the impairment losses recognized in previous years no longer exist, they are subject to reversal.

When Nors' share of accumulated losses in the associated company exceeds the value at which the financial investment is recorded, the investment is recorded as zero as long as the equity of the associated company is not favorable, except whenever Nors' has entered into commitments with the associated company, in which case, a provision to meet these obligations is recorded.

Unrealized gains on transactions with associated companies are eliminated in proportion to Nors' interest in the associated company, against the financial investment in that same company. Unrealized losses are also eliminated, but only to the extent that they do not demonstrate that the transferred asset is impaired.

c) *Goodwill*

Following the transition to the IFRS, and as permitted by IFRS 1 - "First-Time Adoption of the IFRS," Nors' chose to maintain the Goodwill resulting from business combinations that occurred before the transition date, recorded under the previous accounting rules used by Nors.

The value of Goodwill is not amortized and is annually tested for impairment losses. The recoverable amount is determined based on the current value of the estimated future cash flows expected to arise from the continued use of the asset and the value of its sale, less the cost of sale. Impairment losses in Goodwill recorded in the year are filed in the income statement for that year under the "Impairment of non-depreciable assets" item. Impairment losses relating to Goodwill cannot be reversed.

Until 31 January 2009, contingent acquisition prices were determined based on the best estimate of probable payments, with all subsequent amendments being recorded against Goodwill. After 1 January 2010, Goodwill is no longer corrected according to the final determination of the value of the contingent price paid, and this impact is recognized against income.

d) Translation of financial statements of foreign entities

Assets and liabilities in the financial statements of foreign entities are translated into euros by using the exchange rates in force at the date of financial position statements. The costs, income, and cash flows are converted into euros using the average exchange rate for the year. Exchange rate differences generated after 1 January are recorded in equity under "Translation reserves." The accumulated exchange rate differences generated prior to 1 January 2009 (date of transition

to the IFRS) were written off against the “other reserves” equity item.
The accumulated exchange rate difference is recognized in the income statement as a gain or loss from the sale whenever a foreign entity is sold.
In the 2019 and 2018 financial years, the exchange rates used in the conversion of the foreign consolidated entities into euros were as follows:

	Currency	Closing Exchange Rate 2019	Average Historical Exchange Rate 2019	Closing Exchange Rate 2018	Average Historical Exchange Rate 2018
BRL	BRL	4.5157	4.4134	4.4440	4.2774
CVE	CVE	110.2650	110.2650	110.2650	110.2650
USD	USD	1.1234	1.1195	1.1450	1.1841
TZS	TZS	2583.7863	2574.3662	2624.9698	2686.8399
BWP	BWP	11.9197	12.0402	12.2699	12.0387
MAD	MAD	10.7428	10.8773	10.9395	11.0815
KES	KES	113.3679	114.2096	116.4464	119.6935
ZAR	NAD	15.7773	16.1757	16.4594	15.5604
MZN	MZN	68.9113	70.0212	70.2488	71.2749
TRL	TRY	6.6843	6.3578	6.0588	5.6199

2.3. main accounting policies

The main accounting policies used by Nors in preparation of its financial statements are as follows:

a) Tangible fixed assets

Tangible fixed assets acquired prior to 1 January 2009 (date of transition to the IFRS) are recorded at "deemed cost," which corresponds to their acquisition cost or revalued acquisition cost in accordance with the accounting principles generally accepted in Portugal (and in the countries of Nors' subsidiaries) until that date, net of depreciation and impairment losses.
Tangible fixed assets acquired after that date are recorded at acquisition cost, net of accumulated depreciation, and accumulated impairment losses.
Impairment losses identified in the realization value of tangible fixed assets are recorded in the year they are estimated, against the "Impairment of depreciable investments" item in the income statement.
Depreciation is calculated from the time the goods are ready to be used, using the straight-line method, according to the following estimated useful lives:

	Years
Buildings and other structures	20 – 50
Basic equipment	7 – 16
Transport equipment	4 – 5
Tools and utensils	4 – 14
Office equipment	3 – 14
Other tangible fixed assets	4 – 8

Expenses on repair and maintenance of tangible fixed assets are considered as costs in the year they occur. Significant improvements that increase the estimated period of use of the assets are capitalized and amortized according to the remaining service life of the corresponding assets.
Tangible fixed assets in progress represent tangible assets still

in the construction/development stage and are recorded at acquisition cost minus accumulated impairment losses. These assets are transferred to tangible fixed assets and amortized as soon as the underlying assets are available for use and under the conditions necessary to operate as intended by the management.
The gains and losses arising from the sale or write-off of property, plant, and equipment are determined as the difference between the selling price and the net book value at the date of sale/write-off. They are recorded in the income statement as "Other income and gains" or "Other expenses and losses."
Depreciation of the tangible fixed assets is recorded in the consolidated income statement under "Depreciation and amortization costs/reversalsDepreciation and amortization expenses/reversals".

b) Intangible assets

Intangible assets are recorded at acquisition cost, net of accumulated amortization, and accumulated impairment losses. Intangible assets are only recorded if future economic benefits are likely to arise, and if Nors has the power to control them and can reasonably measure their value.
Research expenses incurred on new technical knowledge are recorded as expenses in the income statement when incurred.
Expenses on developments for which Nors shows that it has the ability to complete their development and begin their marketing and/or use and for which it is likely that the asset created will generate future economic benefits are capitalized. Development costs that do not meet these criteria are recorded as expenses in the income statement in the year they are incurred.
Internal costs associated with maintaining and developing software are recorded as expenses in the income statement when incurred, except in those situations where these costs are directly related to projects which will probably generate economic benefits for Nors. In these situations, these costs are capitalized as intangible assets.
Intangible assets are depreciated using the straight-line method over three to five years, except for those related to concession rights, which are considered to have an indefinite service life, and, as such, are not amortized and are subject to annual impairment tests.
Amortization of intangible assets is recorded in the income statement under "Depreciation and amortization costs/reversals."

c) Investment properties

Investment properties, which are the equivalent of real estate assets held for obtaining income through their rental or for increasing their capital value, and not for use in production or supply of goods and services or administrative purposes, are recorded at acquisition cost, their respective fair value being subject to disclosure.

Whenever the fair value of these assets is lower than their respective acquisition cost, an impairment loss is recorded in the income statement in the year in which it is estimated, in the item "Impairment of depreciable investments." Once the recorded accumulated impairment losses no longer exist, they are immediately reversed against impairments in the same item in the income statement up to a maximum amount that was ascertained, net of amortization for depreciation, if no impairment loss has been recognized in previous years.

The fair value of investment properties subject to disclosure was determined based on real estate evaluations carried out by an independent specialized entity.

Depreciations are calculated from the time when the assets are ready for use, using the straight-line method, according to their estimated useful life, as follows:

	Years
Buildings and other structures	20 – 50

d) Leases

Leasing contracts are classified as (i) financial leases — if practically all the inherent risks and advantages of owning the asset being leased are transferred; and as (ii) Operating Leases — if almost all the inherent risks and benefits of owning the asset being leased are not transferred.

Classification of the leases as financial or operational is carried out depending on the substance and not the type of contract.

Tangible fixed assets acquired through financial leasing contracts and the corresponding liabilities are recorded using the financial method.

According to this method, the asset's cost is recorded in tangible fixed assets, and the corresponding liabilities are recorded as accounts payable to investment suppliers. Rentals are composed of the financial charge and the financial amortization of the capital. In contrast, the financial charges are allocated to the fiscal years during the period of the lease, taking into consideration a constant periodic interest rate on the remaining balance of the liability, while the tangible fixed asset is amortized as described in note 2.3.a).

In leases considered as operating, until the year ended December 31, 2018, IAS 17 - 'Leases' was applied, the rents due are recognized as an expense in the income statement for the year to which they refer.

Beginning on January 1, 2019, operating leases in which Nors is a lessee are recognized under IFRS 16 - Leases. In the transition, Nors opted for the partial simplified retrospective.

A lease agreement thus corresponds to the "right to control the use of an identified asset". All lease agreements, operating lease liabilities, which reflect future lease payments, and "right of use" assets, are recognized at Nors under "Assets per operating lease." Exceptions to this recognition are only permitted on certain short-term leases, on contracts of less than 12 months, and where there is no provision for renewing them, and on low-value assets.

At the beginning of each contract, to determine its "right to use" and its rental liabilities, future rents are updated to the present moment, using discount interest rates determined according to the risk of each Nors subsidiary, its country of origin and the leased asset, which are defined for each contract following the practical procedures provided for in the standard. The main rate ranges in use at Nors are:

Discount interest rate

Portugal	1.4% – 4.5%
Spain	3.4% – 3.8%
Angola	34.9% – 36.0%
Brazil	8.6% – 13.4%
Namibia	11.9% – 12.1%
Botswana	9.0%
Mozambique	21.8% – 23.4%

e) Inventories

Goods and raw materials, subsidiaries, and consumables are valued at an average acquisition cost, which is below their market value.
Finished and intermediate products, as well as products and work in progress, are valued at production cost, which is below the market value.
Production costs include the cost of the raw materials used, direct labor, general manufacturing costs, and external services.
The accumulated impairment losses for depreciation of inventories reflect the difference between the acquisition or production cost and the net realizable market value of the inventories.
In the case of Inventories, impairment losses are calculated based on market indicators and on various inventory rotation indicators, which are reviewed and adjusted by the departments responsible so as to ensure that the value of inventories does not exceed their net realizable value.

f) Subsidies from the Government or from other public bodies

Government subsidies are recognized according to their fair value when there is a reasonable guarantee that they will be received and that Nors will fulfill the conditions required for these being granted.
Non-refundable subsidies and co-payments received to finance tangible fixed assets are recorded under "Deferrals" only when there is a reasonable guarantee of receipt, and are recognized as an expense in the income statement in proportion to the depreciation of the subsidized tangible fixed assets.
Subsidies related to expenses incurred are recorded as an expense, as long as there is a reasonable guarantee that they will be received, that Nors has already incurred the subsidized expenses, and that they fulfill the conditions required for their being granted.

g) Impairments of Assets, other than Goodwill and concession rights

Under IAS 36 - Impairment of Assets, an impairment test is performed on Nors' assets at the date of each statement of financial position. Whenever an event or change in circumstances is identified, that indicates the asset's book value might not be recoverable.
Whenever the asset's book value is higher than its recoverable amount (defined as the highest of the net sale price and the value in use, or as the net sale price for held-for-sale assets), an impairment loss is recognized. The net sale price is the amount that would be obtained with the disposal of the asset, in a transaction between independent and knowledgeable entities,

less the costs directly attributable to the disposal. Value in use is the present value of the estimated future cash flows expected to arise from the continued use of the asset and its disposal at the end of its useful life. The recoverable amount is estimated for each asset individually, or if that is not possible, for a cash flow- generating unit to which the asset belongs.
The reversal of impairment losses recognized in previous periods is recorded when it is concluded that the recognized impairment losses no longer exist or that they have decreased. This analysis is performed whenever there are signs that the previously recognized impairment loss has reversed. The reversal of impairment losses is recognized in the profit and loss account. However, the reversal of an impairment loss is carried out to the maximum amount that is known (net of amortization or depreciation) should the impairment loss have not have been recognized in previous reporting periods.

h) Financial charges

Financial charges related to loans obtained (interest, premiums, ancillary costs, and interest on financial leases) are recognized as an expense in the income statement for the period in which they are incurred, according to the principle of accrual accounting.
Should they relate to qualifying assets, the financial charges will be duly capitalized as defined in the applicable IFRS's.

i) Provisions

Provisions are recognized when, and only when, Nors has a current obligation (legal or constructive) as the result of a past event, whenever it is probable that in order to resolve that obligation, there will be an outflow of resources and the amount of the obligation may be reasonably estimated. Provisions are reviewed on the date of each statement of financial position and are adjusted to reflect the best estimate of the fair value at that date.
Provisions for restructuring costs are recognized by Nors whenever there is a formal, detailed restructuring plan, and the latter has been communicated to the stakeholders.

j) Financial instruments

j.i) Financial assets

Nors classifies its financial assets in the following categories:
- Debt instruments; and
- Equity instruments

Debt instruments

a) Debt instruments at amortized cost

Debt instruments are measured at amortized cost if both the following criteria are met:

- The asset is held to receive contractual cash flows; and
- The contractual cash flows of the asset represent solely principal and interest payments.

Financial assets included in this category are initially recognized at fair value and subsequently measured using the amortized cost.

At 31 December 2019 and 2018, the Nors Group held investments classified in this category, which correspond to Angolan State Treasury Bonds accepted for trading on the Angola Securities Exchange (BODIVA), acquired since 2016.

b) Debt instruments at fair value through equity

Debt instruments are measured at fair value through equity if both the following criteria are met:

- The objective of the business model is reached both through receipt of contractual cash flows and the sale of financial assets; and
- The contractual cash flows of the asset represent solely principal and interest payments.

The financial assets included in the category of fair value through equity are initially recognized and subsequently measured at fair value. Movements in the book amount are entered through other comprehensive income, except to recognize gains or impairment losses, and income from interest and exchange gains or losses, which are identified in the income statement. When the financial asset is de-recognized, the accumulated gain or loss previously recognized in other comprehensive income is reclassified from equity to the income statement.

c) Debt instruments at fair value through profit and loss

Financial assets are classified at fair value through profit and loss if they do not meet fair value criteria through other comprehensive income or amortized cost. This occurs when the initial objective is to recover the investment by selling the financial asset.

Financial assets in the category of fair value through profit and loss are measured at fair value with all the recorded variations in the income statement.

Reclassifications

Reclassifications within the categories are only permitted when there are changes in the business model for financial asset management. Reclassifications are accounted for prospectively as from the date of reclassification.

Equity instruments

Investments in equity instruments (shareholdings under 20%) are measured at fair value. Equity instruments held for trading are measured through fair value, with changes in fair value accounted for in the income statement. All other shareholdings are measured through fair value, with changes in fair value (except dividends) being accounted for in other comprehensive income.
The values are not recycled from other comprehensive income to the income statement (even when a capital equity instrument is sold). Accumulated gains or losses are reclassified within equity through retained earnings. Equity instruments measured at fair value through equity are not reclassified to equity instruments at fair value through the income statement. Equity instruments at fair value through the income statement are not subject to impairment tests.
Equity instruments at fair value through equity are subject to impairment tests, and the impairment accounted for in other comprehensive income.
On 31 December 2019 and 2018, Nors holds shareholdings in equity instruments through equity. Their variations in fair value are not materially relevant.

j.ii) Accounts receivable

Non-interest-bearing accounts receivable are recorded according to their nominal value, less any impairment losses, so that they reflect the present net realizable value. These amounts are not discounted, as the effect of being financially updated is not considered to be material.Nors follows a simplified approach to calculate impairment related to customers and other debtors.
In the simplified approach, an entity measures the impairment losses in an amount equal to the expected credit losses for the life of the asset for accounts receivable resulting from transactions within the scope of IFRS 15, and which do not contain a significant financing component.
For amounts receivable that have a significant financing component, Nors also chooses to apply the simplified approach.
Expected credit losses are an estimate of credit losses weighted by probability.
Credit loss is the difference between the cash flows that are owed to an entity according to a contract and the cash flows that an entity expects to receive deducting the original effective interest rate. As the expected credit loss considers the value and the time of the payments, a credit loss arises even if the entity expects to receive in full, but after the contractually defined time.
Nors considers unpaid balances 180 days after the agreed due date to be payment default and uses two levels to recognize impairments:

1 - Specific impairment

A specific impairment is recognized concerning cases in litigation, namely cases where collection relies on the intervention of third parties external to Nors(lawyers and similar agents), including in these cases those which are already in court, due to dispute or insolvency.

The specific impairment is recognized on the total balance due by the third party, only excluding the amounts covered by credit insurance and/or real guarantees.

2 - Generic impairment

When calculating generic impairments the following third-party balances are excluded:

- Nors' companies (parent company; subsidiaries; associates; other related parties)
- Financial entities (Lessors; Banks)
- Nors' employees
- Third parties with an overall creditor balance (for example, advances)
- Values covered by credit insurance and/or real guarantees

To estimate credit losses to customers, contractual assets and amounts receivable from leases, not included in the specific impairment, Nors uses the following intervals:

- not overdue
- 30 days overdue
- 31-60 days overdue
- 61-90 days overdue
- 91 -180 days overdue
- More than 180 days overdue

For the "not overdue" to "91 – 180 days overdue" periods, the values ascertained for 2019 at Nors' level led to the impairment percentage of 0% being applied on the book value.

j.iii) Loans

Loans are recorded in liabilities according to their nominal value less the transaction costs, which are directly attributable to the issue of those liabilities. Financial charges are calculated according to the effective interest rate and accounted for in the income statement for the period in accordance with the principle of accrual accounting.

j.iv) Accounts payable

Non-interested-bearing funds owned to third parties are recorded according to their nominal value, as the effect of the financial activity is not considered to be material.

j.v) Derivative financial instruments

Nors uses derivative financial instruments when managing its financial risks, as a means of reducing its exposure to those risks. The derivative financial instruments commonly used are foreign exchange forwards (cash flow hedges). They aim to hedge the risk of foreign exchange rate variation in intra-group operations, as well as variable to fixed interest rate swaps, to hedge interest rate risk (cash flow hedges).

The derivatives are initially recognized at their fair value at the date of entering into their contractual provisions and subsequently measured at their fair value. The method for recognizing variations in fair value depends on whether or not that derivative is designated as a hedging instrument and, if designated, the hedged item's nature.

For each transaction, and at the time of their origin, Nors prepares documentation that justifies the relation between the hedging instrument and the item hedged, as well as the risk management objective and the strategy for hedge transactions. Both at the date of negotiating the hedge and on an ongoing basis, Nors also documents its analysis of the effectiveness with which the hedging instrument offsets the variations in fair value, or of the cash flows from the hedged instruments. According to IAS 39, the fair value of option- type derivatives is separated into their intrinsic value and temporary value, given that only the inherent value of these instruments may be considered a hedging instrument. As such, the effectiveness tests of the option- type derivative only include the intrinsic value of these instruments.

The fair value of the contracted derivatives for the purpose of hedging is presented in a specific note. Movement in the hedging reserve is shown in the consolidated statement of changes in equity. The total fair value of a hedging derivative is classified as a non-current asset or liability when the residual maturity of the hedging instrument is over 12 months, and as a current asset or liability when it is less than 12 months. Negotiation derivatives are classified as current assets or liabilities.

Derivative instruments, for which the company applied hedge accounting, are initially recorded according to their cost, which corresponds to their fair value, and later re-evaluated at fair value. The variations in the latter are recorded in "Fair Value Reserves," in the case of Cash flow hedges; in "Other reserves", in the case of exchange risk hedges; in "Net investment in a foreign operation," and the income statement, in the case of fair value hedges.
Derivative instruments for which the company has not applied hedge accounting, although they were contracted with economic hedging objectives, are initially recorded according to their cost, which corresponds to their fair value, if any, and later re-evaluated at their fair value, whose variations, calculated through evaluations made by banks with whom Nors enters into the respective contracts, have a direct effect on the items of Income from financial activity in the income statement.

j.vi) Cash and Bank Deposits

The amounts included in the item “Cash and banks deposits” correspond to the values in cash, bank deposits, term deposits, and other treasury investments with a maturity of fewer than three months, and which may be immediately mobilized with an insignificant risk of a change in value.

k) Contingent assets and liabilities

Nors define contingent liabilities as (i) possible obligations that arise from past events and whose existence will only be confirmed if one or more future uncertain events take place or not, which are not totally under the Nors’ control or (ii) current obligations that arise from past events, but which have not been recognized because it is not probable that an outflow of resources incorporating economic benefits will be necessary to settle the obligation, or the amount of the obligation cannot be measured with enough reliability.
Contingent liabilities are not recognized in Nors’ financial statements. Still, they are disclosed in the Notes to the Consolidated Financial Statements unless there is a remote chance of an outflow of funds affecting future economic benefits, in which case they are not even disclosed.
Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or otherwise of one or more uncertain future events that are not entirely under the Nors’ control.
Contingent assets are not recognized in the Nors’ financial statements but disclosed in the Notes to the Consolidated Financial Statements when it is probable that there will be a future economic benefit.

l) Income tax

Income tax for the year is calculated based on the taxable results of the companies included in the consolidation, according to the tax rules in force in the location of the registered office of each Nors' company, and considers deferred taxation.

Current income tax is calculated based on the taxable results of the companies included in the consolidation.

Deferred taxes are calculated based on the statement of financial position liability method and reflect the temporary differences between the amount of assets and liabilities for accounts reporting and the respective amounts for the purpose of taxation.

Deferred tax assets and liabilities are not recognized when the temporary differences arise from Goodwill or from the initial recognition of assets and liabilities other than through business combination operations.

Deferred tax assets and liabilities are calculated and evaluated annually using the taxation rates in force or announced as being in force, at the expected date of reversal of the temporary differences.

Deferred tax assets are only recorded when there are reasonable expectations of enough future tax profits for their use or temporary taxable differences, offsetting the temporary differences that are deductible in the period of their reversal. At the end of each financial year, a review of those deferred taxes is made, and these are reduced whenever their future use is no longer probable.

Deferred taxes are recorded as an expense or income for the year, except if they are the result of items recorded directly in equity. In this case, the deferred tax is also registered against the same item.

m) Tax consolidation

Whenever available, income tax for the year is calculated based on taxation regimes for groups of companies.

Nors has a Special Tax Regime for Groups of Companies ("RETGS"), with its registered office in Portugal, and this includes the companies with a registered office in this country and in which Nors, S.A. directly or indirectly owns more than 75%.

The remaining Nors companies with their registered office abroad or which do not fulfill the rules for taking part in the RETGS are taxed on an individual basis and in accordance with the applicable legislation.

n) Accrual accounting

Income and expenditure are recorded according to the principle of accrual accounting, and so they are recorded as they are generated, regardless of the time when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenditures generated are recorded in the items “Other accounts receivable”, “Other accounts payable,” and “Deferrals.” Expenditure and income whose real value is not known are estimated based on the best evaluation of Nors’ Boards of Directors and of Nors’ subsidiaries.

o) Revenue from contracts with customers

According to IFRS 15, revenue from sales and services is recognized according to the 5-step model:

I. Identify the contract with a customer

II. Identify the distinct performance obligations in the contract

III. Determine the transaction price

IV. Allocate the transaction price to each performance obligation

V. Recognize revenue when a performance obligation is satisfied

Step 1

There is contract covered by IFRS 15 when:

- It has been approved
- It establishes rights and obligations by the parties
- It establishes payment terms
- There is commercial substance
- Receipt is probable

There is a contract combination when the contracts are entered into on the same date or dates close to each other with the same customer, as long as the following criteria are met:

- Contracts are negotiated as a pack with a sole commercial objective;
- The value of the consideration to be paid in a contract depends on the price or performance of another contract;

The goods or services promised in the contracts are a sole performance obligation.

Contract modifications are treated as part of the original contract when there are new products/services at prices different from the market or when there are new products/services that are not different from the original contract. In the first case, the adjustment is prospective, and in the second case, it is cumulative (the adjustment to the values already realized affects the results for the year).

Step 2

Performance obligations may be:
- A distinct product or service that may be use/sold separately
- Different products or services only sold jointly
- A set of different services provided over time (uniform pattern for transferring services within a period of time)

When a contract has an option to buy additional goods/services at no cost or with a discount, it is considered to have an additional performance obligation.

Step 3

The variable price component is only considered if it is highly probable that there will be no reversal of income to be recognized in the future. When there is no such risk, the entity determines the most probable result or the expected result.

When there is a significant financial component, not charged to the customer at a market interest rate, the price is adjusted, except if:
- The period between the performance obligation and the payment is less than one year
- The payment time depends on the customer
- The payment deferral is not related to the customer's financial needs
- The payment time varies according to factors not controlled by the customer or the seller.

The discount rate used is
- the customer's discount rate: if the payment occurs after the performance obligations have been met
- the seller's discount rate: if the payment occurs before the performance obligations have been met.

The discounted value is recognized as revenue. Interest is recognized against receivables applying a discount rate on the amount owed.

When there is no cash consideration, the non-monetary consideration received is measured according to the fair value of the non-monetary consideration received. If this is not possible to determine, the fair value of the products/services delivered is used.

Values payable to customers are recorded as follows:

as a price reduction, if the sum paid is not related to any service to be incurred by the seller as a means of meeting the performance obligation.

as an expense if the sum paid is similar to other purchases of goods/services made by the entity.

Step 4

The price is allocated to each identified performance obligation based on their

relative prices.
The relative price (separate sale price) is estimated, if not directly observed, considering:
- Increased cost method
- The market price of similar goods/services
- Residual approach
Discounts are allocated proportionally to all performance obligations.
Specific performance obligations are attributed only if:
- The goods or services are sold separately
- The goods or services are sold as a pack with a discount regularly.
- The discount attributed to goods/services sold as a pack is similar to the discount in the contract under analysis.
The variable component is allocated proportionally to all performance obligations.
It is attributed to specific performance obligations only if:
The variable price component refers to specific goods/services
The allocation of the variable component is consistent with the principle of allocating the contract price to the performance obligations.

Step 5

Revenue is recognized:
- On a specific date; or
- Over time.
Revenue is recognized when there is a transfer of control, which may occur when there is:
- Legal property ownership
- Physical property
- Acceptance by the customer
- Right to receipt
When revenue is recognized over time, the following criteria are used:
- Output methods (units produced or delivered); or
- Input methods (costs incurred, time spent).
Revenue is measured according to the fair value of the consideration received.
Revenue is recorded net of returns, write-offs, and similar situations.
Revenue from service rendered is recognized by the percentage of finishing or based on the contract period when the provision of services is not linked to the execution of specific activities, but to provide a continuous service.
The cost of these repairs includes the incorporated materials and labor, the cost being final and simultaneously the price to be paid by the customers is known only on the date of concluding the repairs, with the issue of the respective invoice

and delivery of the repaired item to the customer; it is also at that time that the respective revenue is recognized. During the repair period, the cost is considered in "Inventories - Works in Progress."

Incremental costs

Incremental costs from contracts are capitalized if the contract period is more than one year, and a return is expected. Incremental costs are costs that would not be incurred if the contract were not obtained (such as commissions). Marketing costs and salaries of the commercial department are not incremental costs.

Agent/Principal

An entity is acting as a principal if:
- It is responsible for the services rendered or the products delivered
- It retains the inventory risk
- It has the liberty to establish prices and offer additional prices/services.

Revenue is recognized by the principal when the agent sells the product to third parties. The agent accounts for the commission received as revenue.

A repurchase agreement is a contract where an entity sells an asset and has the obligation or the option to repurchase the asset at a later date.
Repurchase agreements generally take three forms:
(i) obligation of an entity to repurchase the asset (forward);
(ii) right of an entity to repurchase the asset (call option); and
(iii) obligation of an entity to repurchase the asset at the customer's request (put option).
If an entity sells products and has the right (call option) or the obligation to repurchase (forward) at a lower price than the original price and:
(a) the transaction is a sale and leaseback operation, and the contract is accounted for as a financing contract
- the sale is not recognized
- the sum received is accounted for through financial liabilities
- the asset is reclassified from Inventories to Tangible Fixed Assets
- the difference between the book value of the inventory and the repurchase price is depreciated throughout the contract
- the rentals paid during the lease period are recorded through financial debt and interest.

(b) the transaction is not a sale and leaseback operation, and the contract is accounted for as an operating lease

- the sale is not recognized
- the part of the sum received corresponding to the book value of the inventory is recorded against lease liabilities
- the difference between the sale price and book value of the inventory is deferred and recognized in the income statement for the period of the lease
- the asset is reclassified from “Inventories to Operating Lease assets”
- the difference between the book value of the inventory and the repurchase price is depreciated over the period of the contract
- the difference between the initial lease debt and the updated repurchase price at the present moment is recognized as rentals in profit and loss during the lease period.

If the entity has an obligation to repurchase at the customer’s request (put option) and the repurchase price is lower than the original price and the fair value at the date of repurchase and:

(a) the customer has no economic incentive to exercise the option: the contract is accounted for as a sale with the right of return:
- on the sale date: the sale and corresponding sale cost are recognized according to the amounts that are expected not to be returned and a contractual asset (for the sale cost pending recognition) and contractual liability (for sale pending recognition) are accounted for the amounts expected to be returned
- on the date of repurchase:
- if the customer does not exercise the option and keeps the asset, the sale values and cost of the sale that had been pending recognition are recognized, and the contractual asset and contractual liability are de-recognized.
- if the customer executes the option to return the asset, the repurchase price must be paid to the customer, the asset must be recognized in inventories, and the contractual asset and contractual liability are de-recognized.

(b) the customer has an economic incentive to exercise the option: the contract is recognized as a lease in accordance with operational leasing.

Sales with the right of return

The following procedures are followed:
- Recognition of revenue in the value of the expected consideration.
- Non-recognition of revenue for products that are expected to be returned.
- Recognition of a contractual liability for the sum expected to be reimbursed to the customer.
- Capitalization of an asset according to the right to recover products from customers (adjustment to the sales cost).

The customer’s right to exchange a product for a product of the same type, quality, price, and condition is not a sale with the right of return. If the customer only has the right to return when the product sold is not working properly,
IAS 37 is applied.

Sale of equipment to financial intermediaries with a repurchase commitment

This type of transaction generally involves 3 entities:
- Nors (supplier)
- The customer (lessee)
- The finance entity (lessor)

The process is usually as follows:
Nors issues and invoice to the lessor, in accordance with the sale price agreed with the Customer (lessee), and the Finance Entity (lessor) pays Nors the value of the invoice.
At the same time, a rental contract is signed by the 3 parties, with the schedule of the installments that must be paid by the lessee to the lessor. The supplier undertakes, in favor of the financial institution, to repurchase the asset at the end of the rental period at a certain fixed price, should the lessee not exercise the option to buy the asset.
On delivery of the asset, the supplier no longer has any control over, or management of, the asset.
In cases where the repurchase value is less than half the initial value, and where the contract period is more than half the useful life of the asset, and historically, it is found that the customer exercises the option to keep the asset, sales are accounted for as sales with the right of return. In any other case, sales are accounted for as sales with repurchase agreements

Licences

Revenue from licenses to grant use of software is accounted for on a specific date.
Revenue from licences to grant access to software is accounted for over time.

Bill and hold operations

Bill and hold operations are sales where the delivery is delayed at the customer's request, but the buyer receives ownership and accepts invoicing.
The revenue is recognized when the buyer receives ownership as long as:
- It is probable that the delivery will be made
- The items are available, identified and ready to deliver to the buyer at the time

at which the sale is recognized
- The buyer specifically recognizes the deferred delivery instructions; and
- Usual payment terms are applied.

Goods sold subject to installation and inspection

The revenue is immediately recognized when the customer accepts the goods, the installation is a simple process, and the inspection is only made to check the contract values.
If the installation is a complex process, the revenue is recognized when the customer accepts the goods, concluding the installation.

Guarantees

If the customer can buy the guarantee separately, the latter is recognized as a separate obligation. Otherwise, the guarantee is accounted for in accordance with IAS 37.
There is no separate obligation when the guarantee is required by law when the guarantee period is less than one year, or the guarantee pledge only includes services to guarantee the promised product's promised specifications.
When the equipment is sold, the provision for costs arising from a repair obligation is made when the obligation is probable, and the costs can be reliably measured.
The guarantees linked to the goods sold by the Nors Group are the responsibility of their manufacturers.
As standard guarantees cannot be sold separately from the equipment, a provision for estimated future costs that are not reimbursable by the factories is considered under IAS 37.

Guarantee extensions and Assistance Contracts

Guarantee extensions and assistance contracts may be sold separately or in conjunction with the equipment. Sales of guarantee extensions and assistance contracts are considered to be a separate performance obligation.
The revenue from these is accounted for during the validity of the guarantee or the duration of the assistance contract, based on historic curves of use of the contract.
Their related costs are accounted for when borne.
A provision is set up when the foreseen costs for fulfilling the contract are higher than the revenue from the sale on the date of purchase. Recognition follows the pattern for standard guarantees.

o) Subsequent events

Events occurring after the date of the statement of financial position, which provide additional information on the condition that existed at the date of the statement of financial position (adjusting events) are reflected in the consolidated financial statements. Events after the date of the statement of financial position, which provide information on conditions that occur after the date of the statement of financial position (non-adjusting events), are disclosed in the Notes to the Consolidated Financial Statements, if they are material.

p) Classification of statements of financial position

Assets and liabilities due more than one year after the date of the statement of financial position are classified, respectively, as non-current assets and liabilities, with deferred tax assets and liabilities also being included in these items.

q) Balances and transactions expressed in foreign currency

Assets and liabilities expressed in foreign currency were converted into euros using the exchange rate in force on the date of the statements of financial position. The favorable and unfavorable differences in foreign exchange, originating from the differences between the exchange rates in effect on the date of the transactions and those in force on the date of collection, payment or on the date of the statement of financial position, are recorded as gains and losses in the consolidated income statement for the period.

r) Non-current assets held for sale

Non-current assets (and the set of assets and liabilities related to those that are to be sold) are classified as held-for-sale if their book value is expected to be recovered through their sale and not through their continuous use. This condition is only considered to be met at the time in which the sale is highly probable, and the asset (and the set of assets and liabilities related to it that are to be sold)is available for immediate sale in its current conditions. In addition, actions should be in progress that lead to the conclusion that the sale will take place within a period of 12 months after the date of being classified in this item. Non-current assets (and the set of assets and liabilities related to those that are to be sold) classified as held-for-sale are measured according to the lower of their book value or fair value, less the costs of their sale.

s) Judgments and estimates

When preparing the consolidated financial statements, Nors' Board of Directors used as a basis its best knowledge and experience of past and/or current events, considering certain assumptions regarding future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended 31 December 2019, and 2018 include:

a) Useful lives of tangible fixed assets and intangible assets;

b) Recording adjustments to the asset's values (accounts receivable and inventories) and provisions;

c) Impairment tests carried out on Goodwill;

d) Interest rates to be used to discount assets and liabilities by operating lease.

Estimates and the underlying assumptions were determined based on the best existing knowledge of events and transactions in progress, as well as on the experience of past and/or current events, at the date of approving the financial statements. However, there may be situations in subsequent periods that were not foreseeable at the date of approving the financial statements and were therefore not considered in those estimates. Changes to estimates that occur after the date of the financial statements will becorrected prospectively. For this reason, and given the associated degree of uncertainty, the actual results of the transactions in question might differ from the corresponding estimates. Changes to those estimates, which occur after the date of the consolidated financial statements, will be corrected in the income statement prospectively in accordance with the provisions of IAS 8.

The main estimates and assumptions related to future events included in the preparation of the consolidated financial statements are described in the corresponding attached notes.

2.4. risk management policy

Nors developed a risk management methodology based on best practices to ensure an independent and objective assessment of organizational risks, enabling the monitoring, management, consolidation, and "benchmarking" between Nors' various organizational dimensions.

The identification of Nors' corporate risks is the responsibility of the Board of Directors, advised by the Internal Audit Department, establishing the main risks to which Nors as a whole is exposed, defining the level of exposure desired for each. It is from this combination that the Organizational Risk Profile is determined, which should guide the actions and initiatives to be adopted and implemented across Nors. In this context, the main initiative developed was the design and permanent modification of Nors Corporate Policies.

These Corporate Policies define, for each topic, the main responsibilities, decisions, and approvals between the Management Bodies, the Corporate Structures, and the Business Units/Nors' Companies.

a) Environment risk

Environment risk arises from factors external to the company, which might affect the feasibility of its business model, jeopardizing the fulfillment of the strategy and objectives.

The more critical risks in this category were worked on by the Board of Directors, and the action plan will be monitored and developed over time.

b) Processes and Decision-making Information risk

Process Risk is the risk of Nors not efficiently and effectively acquiring, managing, renewing, and using the business' assets. Decision-making information risk is the risk of the information used to support the business model's execution, for internal or external reporting on performance, and for continuous assessment of the business model.

Process and information for decision-making risks will be mitigated both through actions by the Directors in each Business Unit and Company and through the standards set out in the Corporate Policies.

c) Foreign exchange rate risk

Foreign exchange rate risk is related to Nors' exposure to potential economic and financial losses given the typical instability and volatility of the exchange rates of some foreign currencies and the uncertainty as to their evolution.

As Nors' presence is geographically spread across various Regions and international markets, its activity is based on different currencies. So the risk must be duly managed from a global perspective and at a central level. As such, the CFO's exclusive responsibility is to define the preferential measures and initiatives that the Group and the Business Units and Management Structure must carry out to mitigate foreign exchange risk.

Currencies with more significant exposure are the US dollar and the Brazilian real. This foreign exchange exposure is managed through natural hedging operations, namely by contracting financial debt in the currency of the place where the risk has been acknowledged.

Nors' Finance Department manages the business foreign exchange variations, using greater or lesser structured financial instruments: forwards and financial debt.

The amount of Nors' assets and liabilities (thousands of euros) recorded in a currency other than the Euro, may be summarised as follows:

in thousands of EUROS

Currency		Assets		Liabilities	
		Dec 2019	Dec 2018	Dec 2019	Dec 2018
Brazilian Real	BRL	105 552	72 144	44 588	33 675
Cape Verde Escudo	CVE	1	1		
US Dollar	USD	165 743	155 947	62 022	55 373
Tanzanian Shilling	TZS	45	45	1 395	1 373
Botswana Pula	BWP	2 620	4 715	1 554	3 667
Moroccan Dinar	MAD	91	90		
Kenyan Shilling	KES	27	26		
Namibian Dollar	NAD	8 149	5 887	7 420	5 527
Mozambique Metical	MZN	3 906	2 470	2 179	1 699

Assuming a foreign exchange scenario with a devaluation of 2% against the 2019 foreign exchanges of each currency, applying this to the direct contribution to Nors' financial position and Nors' net income in 2019, the main impacts may be summarized as follows:

Currency		Assets	Liabilities	Equity	Net Income
Brazilian Real	BRL	-2 070	-874	-1 195	-209
US Dollar	USD	-3 250	-1 216	-2 034	-101
Tanzanian Shilling	TZS	-1	-27	26	0
Botswana Pula	BWP	-51	-30	-21	2
Moroccan Dinar	MAD	-2	0	-2	0
Kenyan Shilling	KES	-1	0	-1	0
Namibian Dollar	NAD	-160	-145	-14	-2
Mozambique Metical	MZN	-77	-43	-34	-5

d) Price risk

Price risk is related to other assets and financial instruments. It presents an increased level of exposure, so the mechanisms to control or minimize it may imply the use of more sophisticated hedging instruments.
Therefore, the sensitivity and performance of the Group in the face of price variations in the "available-for-sale investments" should be monitored by the Directorate of Planning and Performance Management and managed by the CFO, in accordance with the guidelines defined by the Board of Directors, whenever necessary.

e) Interest rate risk

The Group's indebtedness is indexed to variable interest rates, exposing the cost of debt to the volatility of the financial market. The impact of this volatility on the Group's results and equity is not significant due to the following factors: a possible correlation between the level of market interest rates and economic growth (natural hedge) and the existence of liquidity and cash equivalents at variable rates.

		Dec 2019	Dec 2018
	Change	Income	Income
Obtained funding	+1 p.p.	1 600	1 767
Obtained funding	-1 p.p.	-1 600	-1 767

Additionally, in 2014, Nors decided to hire a swap variable for fixed interest rate, such as "Plain Vanilla" to cover part of the risk it is exposed to the variability of the rate used in a number of financing agreements obtained. More details about this contract are referred to in a specific note.

f) Liquidity risk

Liquidity risk is defined as being the risk of the inability to settle or fulfill any obligation within the set deadlines and at a reasonable price. There are three principal objectives of managing this risk at Nors:

- Liquidity: ensuring permanent, efficient access to sufficient funds to meet current payments in the respective due dates, as well as any requests for funds within the deadlines defined for that purpose, even if unforeseen;
- Security: minimizing the profitability of default in reimbursing any investments of funds;
- Financial efficiency: ensuring that Nors and the Business Units/ Management Structures maximize the cost of the opportunity of holding short-terms surplus liquidity.

Generally speaking, responsibility for the management of liquidity risk is incumbent upon Nors' Finance Department. However, to ensure that Nors and the Business Units/Management Structures have liquidity, working capital management parameters have been defined, enabling the maximum return to be obtained while minimizing the associated opportunity costs in a secure and efficient manner. It is important to mention that at the Nors Group, all existing surplus liquidity must be invested in amortizing short-term debt at the most pessimistic scenario that must be used as a basis for analyzing the maturity of each of the liability financial instruments, to minimize the liquidity risk linked to these obligations.
At 31 December 2019 and 2018, Nors has a net bank indebtedness

of 120,829 thousand euros and 146,923 thousand euros, respectively, divided into current and non-current loans, and Cash and Bank Deposits taken out with various institutions.
At 31 December 2019, Nors has Current assets of 251,540 thousand euros, which is higher than the Current liabilities of 240,875 thousand euros.

g) Credit risk

Credit risk refers to the risk of the counterparty defaulting on its obligations, resulting in possible losses for Nors, and so the exposure is mostly linked to trade receivables arising from the operational activity. To cover credit risk, credit insurance or other hedging instruments can be contracted, while concerning contracting credit insurance, the Accounts Receivable Areas of Norshare in the Regions must assess the need and the cost/benefit of contracting it, their conclusions being submitted to the Finance Department. Contracting any other hedging instruments is exclusively incumbent upon the CFO.
The Board of Directors has approved a Customer and Credit Management Policy that mitigates this risk, namely in the following points:
For all deals regarding products on credit from the commercial area, it is mandatory for the financial area of Accounts Receivable of Norshare to analyze the credit and issue a technical opinion;
Perform monthly impairment analyses on accounts receivables;
Monitor the evolution of credit at regular meetings.

3. changes in accounting policies and correction of fundamental errors

During the year ended 31 December 2019, there were no changes to accounting policies.

4. group companies included in the consolidation

The Nors' companies included in the consolidation using the full consolidation method and the corresponding proportion of capital held on 31 December 2019 and 2018, are as follows:

Company	% of Capital Held 2018 (1)	% of Capital Held 2019 (1)	Consolidation Method
Nors, S.A	Parent company	Parent company	-
Agro New Máquinas Agrícolas, Ltda	99.99%	99.99%	Full
Amplitude Seguros - Corretores de Seguros S.A.	82.50%	82.50%	Full
AS-Glass Angola, Lda.	73.50%	73.50%	Full
AS Parts - Centro de Peças e Acessórios, S.A.	100.00%	-	Full
AS Parts Angola, Lda.	98.01%	98.01%	Full
AS Parts Cabo Verde, S.A.	82.50%	82.50%	Full
ASFC S.G.P.S., S.A.	73.33%	100.00%	Full
Asinter - Comércio Internacional, Lda.	70.00%	70.00%	Full
ASMOVE - Consultoria e Projectos Internacionais, S.A.	100.00%	100.00%	Full
Auto Power Angola, Lda.	98.01%	-	Full
Auto Sueco (Lobito), Ltd.	79.90%	79.90%	Full
Auto Sueco Centro-Oeste Concessionária de Veículos Ltda.	99.99%	99.99%	Full
Auto Sueco Moçambique, S.A.	100.00%	100.00%	Full
Auto Sueco São Paulo, Ltda.	99.99%	99.99%	Full
Auto Sueco Vehicles, Spare Parts & Services (Namibia) (Pty), Ltd.	100.00%	100.00%	Full
Auto-Maquinária, Lda.	99.00%	99.00%	Full
Auto-Sueco (Angola), S.A.R.L.	79.90%	79.90%	Full
Auto-Sueco (Tanzania) - Trucks, Busses and Const. Eq., Ltd.	99.99%	99.99%	Full
Auto-Sueco II Automóveis, S.A.	100.00%	100.00%	Full
Auto-Sueco Kenya, Ltd.	99.99%	99.99%	Full
Auto-Sueco Vehicles, Spare Parts & Services (Botswana)(Pty) Ltd.	99.19%	99.19%	Full
Biosafe - Indústria de Reciclagens, S.A.	100.00%	-	Full
Civiparts - Comércio de Peças e Equipamentos, S.A.	100.00%	100.00%	Full
Civiparts Angola - Comércio de Componentes e Equipamentos, S.A.	100.00%	100.00%	Full

Civiparts Espanha	100.00%	100.00%	Full
Civiparts Marrocos	100.00%	100.00%	Full
ExpressGlass Angola	98.01%	98.,01%	Full
Galius - Veículos, S.A.	100.00%	100.00%	Full
Grow - Formação Profissional, S.A.	100.00%	100.00%	Full
Holding Expressglass, BV	100.00%	100.00%	Full
Imosócia - Sociedade Imobiliária, S.A.	100.00%	100.00%	Full
Kinlai, S.A.	-	100.00%	Full
NewOnedrive, S.A.	100.00%	100.00%	Full
Nors Brasil Participações, Ltda.	99.99%	99.99%	Full
Nors International B.V.	100.00%	100.00%	Full
Norsócia SGPS, S.A.	100.00%	100.00%	Full
Plurirent - Serviços de Aluguer, S.A.	100.00%	100.00%	Full
Promotejo - Compra e Venda de Propriedades, S.A.	100.00%	100.00%	Full
SARI Serviços Aftermarket Região Ibéria	100.00%	100.00%	Full
SGNT, S.G.P.S.	100.00%	100.00%	Full
Socibil - Imobiliária, SARL.	100.00%	100.00%	Full
Sogestim, Lda.	55.00%	55.00%	Full
Sotkon Angola, Lda.	36.67%	50.00%	Full
Sotkon Espanha	73.33%	100.00%	Full
Sotkon France, S.A.	73.33%	100.00%	Full
Sotkon Marocco, SARLAU	73.33%	100.00%	Full
Sotkon Portugal - Sistemas de Resíduos, S.A.	73.33%	100.00%	Full
Sotkon TR Atik Sustemleri Sanayi Ve Ticaret Anonim Sirketi	60.86%	83.00%	Full
Tecnauto Vehiculos, S.L.	100.00%	100.00%	Full

These companies were included in the consolidation using the full consolidation method, as established by IFRS 10 — "Consolidated financial statements" (control of the subsidiary through the majority of the voting rights, or another mechanism, being the holder of the company's capital — note 2.2 a)).

Company	% Capital Held 2018 (1)	% Capital Held 2019 (1)	Consolidation Method
Air Rail Portugal, Sociedade Unipessoal, Lda	25.00%	25.00%	E.M.
Air-Rail Marrocos	25.00%	25.00%	E.M.
Air-Rail Polska, Sp. z.o.o	12.50%	12.50%	E.M.
Air-Rail, S.L.	25.00%	25.00%	E.M.
Art Hava VE RAY EKIPMANLARI LTD. STI	22.50%	22.50%	E.M.
ASC Construction Equipment, INC.	50.00%	50.00%	E.M.
ASC Turk Makina, Limited Sirketi	50.00%	50.00%	E.M.
Ascendum Baumaschinen Österreich GmbH	50.00%	50.00%	E.M.
Ascendum Építögépek Hungária	50.00%	50.00%	E.M.
Ascendum España, S.L.	50.00%	50.00%	E.M.
Ascendum Gradevinski Strojevi	50.00%	50.00%	E.M.
Ascendum II - Veículos, Unipessoal, LDA	50.00%	50.00%	E.M.
Ascendum III - Máquinas, Unipessoal, LDA	50.00%	50.00%	E.M.
Ascendum Machinery SRL	50.00%	50.00%	E.M.
Ascendum Makina Yatirim Holding, A.S	50.00%	50.00%	E.M.
Ascendum Maquinaria México, S.A de C.V	50.00%	50.00%	E.M.
Ascendum Portugal - Serviços de Gestão, SA	50.00%	50.00%	E.M.
Ascendum Stavebeni Stroje Czech	50.00%	50.00%	E.M.
Ascendum Stavebné Stroje Slovensko	50.00%	50.00%	E.M.
Ascendum, GmbH	50.00%	50.00%	E.M.
Ascendum, S.A.	50.00%	50.00%	E.M.
Centrocar Moçambique	32.00%	32.00%	E.M.
Centrocar, S.A.	40.00%	40.00%	E.M.
Centrocar España, S.L.	40.00%	40.00%	E.M.
Dalia - Gestão e Serviços, S.A.	28.54%	28.54%	E.M.
Glomak SGPS, S.A.	50.00%	50.00%	E.M.
Hardparts Moçambique, Lda.	50.00%	50.00%	E.M.
Importadora Distribuidora de Maquinaria Industrial ZEPHIR, S.L.	25.00%	25.00%	E.M.
Sotkon Anadolu	36.67%	50.00%	E.M.
Tea Aloya, Inmobiliaria, S.A.U.	50.00%	50.00%	E.M.
Tractorrastos - Soc. Vendedora de Acessórios, Lda.	50.00%	50.00%	E.M.
Trp Yedek Parça Ithalat Ihracat Ve Pazarlama Limited Sirketi	50.00%	50.00%	E.M.
Volmaquinaria de Construcciòn España, S.A.U.	50.00%	50.00%	E.M.
Volrental Atlântico, S.A.U	34.50%	34.50%	E.M.

(1) - Directly and Indirectly

E.M. - Equity Method

These companies were consolidated using the equity method by the existence of agreements that, by their conditions, determine the existence of joint control, as established by IFRS 11 - "Joint Ventures".

5. changes occurred in the consolidation perimeter

During the fiscal year ended 31 December 2019, there were the following changes in the composition of the consolidation perimeter:

- Sale of Auto Power Angola, Lda., without any impact on the consolidated financial statements.
- Constitution of Kinlai, S.A. in Angola.
- Disposal of Biosafe - Indústria de Reciclagens, S.A., effective 1 July 2019. The deal corresponded to the sale of 100% of the company's share capital for the global amount of 6,300 thousand euros, having generated a gain of 3,108 thousand euros recognized in "Gains/Losses attributed to subsidiaries, associates and joint ventures. " The business has subsequent conditions in line with that practiced in the market. Besides, and an escrow account of 1,260 thousand euros was created to cover these potential obligations, that the Board of Directors considered being of low risk and, therefore, the added value was fully recognized in 2019 for the amount already received by the business.
- Merger of AS Parts - Centro de Peças e Acessórios, S.A. into NewOnedrive, S.A., without any impact on the consolidated financial statements.

Acquisition of control over the Sotkon Group through the acquisition of the 26.66% share capital of ASFC, SGPS, SA not held by Nors S.A., which now holds 100% of this company and, thus, of the Sotkon Group. The acquisition amounted to 800 thousand euros, having generated a Goodwill of 1,665 thousand euros since the net assets acquired were negative, and no assets and liabilities to be allocated in a purchase price allocation process were identified. With this acquisition, the contribution of the Sotkon Group to the consolidated financial statements changes to the following values:

Contribution	31.12.2019	31.12.2018
Tangible fixed assets	745	
Investments in associates and joint ventures	216	
Inventories	1 256	
Customers	2 500	
Cash and cash equivalents	604	
Others	3 075	
Total assets	**8 396**	
Suppliers	5 488	
Financing Obtained	3	
Provisions		2 454
Others	1 462	
Total liabilities	**6 952**	**2 454**
Turnover	12 497	
Costs of goods sold	-6 527	
Gains/Losses attributed to subsidiaries, associates and joint ventures	76	603
ESF's and Personnel Expenses	-3 981	
Others	150	
EBITDA	**2 215**	**603**
Depreciations	-196	
Interest and exchange rate differences	143	
Income ta for the period	-572	
Net income	**1 590**	**603**

During the fiscal year ended 31 December 2018, there were the following changes in the composition of the consolidation perimeter:

- Sale of Holding ExpressGlass S.A., without any impact on the consolidated financial statements.
- Sale of Amplitude Brasil Corretora de Seguros, Ltda., without any impact on the consolidated financial statements.
- Merger of IMSO – Sociedade de Montagem de Automóveis, S.A. na Promotejo - Compra e Venda de Propriedades, S.A., without any impact on the consolidated financial statements.

6. intangible assets

In the year ended on 31 December 2019 e 2018, the transactions in intangible assets, as well as the corresponding amortization and accumulated impairment losses were as follows:

1 January 2018	Development Projects	Computer Software	Industrial Property	Other Intangible Assets	Investments in Progress	Total
Acquisition value net of impairment	157	3 279	564	644	564	5 208
Accumulated depreciation	-213	-2 818	-346	-643		-4 021
Initial net value	**-56**	**461**	**217**	**1**	**564**	**1 187**
Movements in 2018						
Initial net value	-56	461	217	1	564	1 187
Translation differences — Acquisition value		-68	21	31		-17
Translation differences — Acquisition value	2	49	-15	-31		5
Additions	30	131	7		850	1 018
Transfer, sales and Write-offs/ Acquisition cost	-30	15				-15
Transfer, sales and Write-offs/Accumulated amortization	54	-14				40
Depreciation for the financial year		-185	-63			-248
Closing net value		**389**	**167**	**1**	**1 414**	**1 971**
31 December 2018						
Acquisition or revalued cost	157	3 357	591	675	1414	1 971
Accumulated depreciation	-157	-2 968	-424	-674		-4 223
Closing net value		**389**	**167**	**1**	**1 414**	**1 971**
Movements in 2019						
Initial net value		389	167	1	1 414	1 971
Changes in perimeter — acquisition value	1 545		3 399		144	5 088
Changes in perimeter — Accumulated depreciations	-1 431		-3 071			-4 503
Changes in perimeter — acquisition value	0	-5	9	13		16
Translation differences — Accumulated depreciation	0	3	-7	-13		-17
Additions	843	180	13		1 094	2 130
Transfer, sales and Write-offs/ Acquisition cost	9	665	-30		-1 448	-804
Transfer, sales and Write-offs/ Accumulated amortization	-16	244	26			254
Depreciation for the financial year	-233	-298	-114			-645
Closing net value	**716**	**1 177**	**391**	**1**	**1 205**	**3 490**
31 December 2019						
Acquisition or revalued cost	2 554	4 196	3 981	688	1 205	12 624
Accumulated depreciation	-1 838	-3 019	-3 590	-687		-9 133
Closing net value	**716**	**1 177**	**391**	**1**	**1 205**	**3 490**

In 2019, the balance of Investments in progress refers to the project for implementing Nors' new ERP. This project will lead to gains in efficiency, especially in the logistics chains, which will then be managed in an integrated manner in a single system and project, which will allow us to improve operational processes.

7. tangible fixed assets

In this year ended on 31 December 2019 e 2018, the transactions in tangible fixed assets, as well as in the corresponding depreciation and accumulated impairment losses were as follows:

01 January 2018	Land and Natural Resources	Buildings and Other Constructions	Basic and Transport Equipment	Office Equipment	Other Tangible fixed assets	Investments in Progress	Total
Acquisition or revalued cost net of impairment	26 004	145 079	35 842	12 073	5 414	1 997	226 409
Accumulated depreciation	0	-65 299	-28 059	-9558	-3994	0	-106 911
Closing net value	**26 004**	**79 780**	**7 782**	**2 515**	**1 420**	**1 997**	**119 498**
Movements in 2018							
Initial net value	26 004	79 780	7782	2515	1 420	1 997	119 498
Translation differences — Acquisition cost	90	2 362	-99	92	167	1	2 613
Translation differences — Accumulated depreciation		-196	51	-117	-130		-392
Additions		545	2 660	290	90	948	4 533
Transfer, sales and Write-offs — Acquisition cost		2 800	-3 361	-253	8	-2 007	-2 814
Transfer, sales and Write-offs — Accumulated depreciation		114	2 059	43	203		2 419
Depreciation for the financial year		-5 738	-1 833	-583	-540		-8 695
Closing net value	**26 095**	**79 666**	**7 259**	**1 987**	**1 217**	**938**	**117 162**
31 December 2018							
Acquisition or revalued cost net of impairment	26 095	150 785	35 041	12 203	5 679	938	230 741
Accumulated depreciation		-71 119	-27 782	-10 216	-4462		-113 579
Closing net value	**26 095**	**79 666**	**7 259**	**1 987**	**1 217**	**938**	**117 162**

Movements 2019	Land and Natural Resources	Buildings and Other Constructions	Basic and Transport Equipment	Office Equipment	Other Tangible fixed assets	Investments in Progress	Total
Initial net value	26 095	79 666	7 259	1 987	1 217	938	117 162
Changes in perimeter — Acquisition cost	228	612	921	184	143	26	2 113
Changes in perimeter — Accumulated depreciations		-358	-832	-177	-98		-1 466
Translation differences — Acquisition cost	86	1 288	171	117	83		1 744
Translation differences — Accumulated depreciation		-205	-131	-98	-64		-499
Additions	68	1 065	1 306	244	127	1 123	3 932
Transfer, sales and Write-Offs — Acquisition cost	-2 844	-9 351	-11 820	-519	-178	-415	-25 126
Transfer, sales and Write-Offs — Accumulated depreciation		4 750	10 863	427	139		16 179
Depreciation for the financial year		-5 674	-1 739	-524	-458		-8 394
Closing net value	**23 632**	**71 792**	**5 998**	**1 641**	**911**	**1 672**	**105 648**

31 December 2019							
Acquisition or revalued cost net of impairment	23 632	144 399	25 619	12 229	5 853	1 672	213 405
Accumulated depreciation		-72 607	-19 621	-10 588	-4 942		-107 757
Closing net value	**23 632**	**71 792**	**5 998**	**1 641**	**911**	**1 672**	**105 648**

In 2019, the amounts disclosed in the lines "Transfers, disposals and write-offs" also include accounting reclassifications, in accordance with the Nors' policies, namely for Investment Property, due to the change in use of the properties.

8. investment properties

On 31 December 2019 and 2018, the "Investment Properties" item corresponded to real estate assets held by Nors that generate income through rental or capital appreciation. These assets are recorded at acquisition cost or revalued cost on the date of the first application of the IFRS (1 January 2009).

The breakdown of the real estate assets recorded under the "Investment properties" item on 31 December 2019 and 2018 can be presented as follows:

		Dec 2019		Dec 2018	
Real Estate	**Location**	**Net Book Value**	**Appraisal Value**	**Net Book Value**	**Appraisal Value**
Algarve house and land	Algarve	313	612	306	612
Porto building and land	Porto	472	1 006	495	1 006
Coimbra building	Coimbra			725	2 040
S. João da Talha building	S. João da Talha	2 092	5 121	2 131	5 121
Barreiro building and land	Barreiro	478	477	339	485
Matosinhos land	Matosinhos	2 925	2 926	2 925	2 926
Figueira da Foz apartment	Figueira da Foz	120	142	124	142
Francos building	Porto	127	148	130	148
Gonçalo Cristóvão building	Porto	153	167	158	164
Tecnauto building	Galiza	559	1 333	577	
Clariant building	Porto			3 036	3 432
Moreira da Maia building and land	Maia	1 208	4 090	1 585	2 069
Brito Capelo offices	Matosinhos	932	967	921	967
Ovar building and land	Ovar	2 474	5 880		
Monte dos Burgos building and land	Porto	11	12	11	12
		11 867	**22 881**	**13 464**	**19 123**

The Board of Directors believes that a possible change (under normal circumstances) in the primary assumptions used to calculate fair value will not lead to impairment losses, beyond the loss already recorded. For properties whose evaluation is not presented, the Board of Directors believes that their book value approximates their respective fair value.

The fair value of investment properties that are subject to disclosure on 31 December 2019 and 2018 was determined by real estate valuation carried out by an independent expert - J. Curvelo Lda., using the arithmetic average method of the results of the comparative Market method and the costs method.

Despite the changes in book value, the property's fair value did not change, based on the valuations carried out.

In the years ended 31 December 2019 and 2018, the operating income and expenses directly associated with these investment properties were as follows:

	Dec 2019	Dec 2018
Rents and other income	937	768
Depreciation	-296	-359
Maintenance and repair	-94	-167

The transactions in the "Investment Properties" items as at 31 December2019 e 2018 were as follows:

1 January 2018	Land and Natural Resources	Buildings and Other Constructions	Investments in Progress	Total
Acquisition or revalued cost net impairment	8 315	10 450		18 765
Accumulated depreciation		-4 031		-4 031
Initial net value	**8 315**	**6 420**		**14 735**
Movements in 2018				
Initial net value	8 315	6 420		14 735
Additions		72		72
Transfer, sales and Write-offs/ Acquisition cost	-234	-800		-1 034
Transfer, sales and Write-offs Accumulated depreciation		49		49
Depreciation for the financial year		-359		-359
Closing net value	**8 081**	**5 383**		**13 464**
31 December 2018				
Acquisition or revalued cost net of impairment	8 081	9 723	9 723	17 804
Accumulated depreciation		-4 340	-4 340	-4 340
Closing net value	**8 081**	**5 383**	**5 383**	**13 464**
Movements in 2019				
Initial net value	8 081	5 383	0	13 464
Additions	0	130	0	130
Transfer, sales and Write-offs/ Acquisition cost	-27	-765	128	-664
Transfer, sales and Write-offs/Accumulated depreciation	0	-767	0	-767
Depreciation for the financial year	0	-296	0	-296
Closing net value	**8 054**	**3 684**	**128**	**11 867**
31 December 2019				
Acquisition or revalued cost net of impairment	8 054	9 088	128	17 270
Accumulated depreciation	0	-5 403	0	-5 403
Closing net value	**8 054**	**3 684**	**128**	**11 867**

In 2019, the amounts disclosed in the lines "Transfer, disposals, and write-offs" include accounting reclassifications in accordance with Nors' policies, including Tangible Fixed Assets, by changing the use of the goods.

9. leases

At 31 December 2019 and 2018, the following operations were carried out, which are registered in the accounts of the investee according to the rules provided for in IFRS 15 — Revenue from contracts with customers — and in IFRS 16 – Leases:

Movements in 2018	Contracts with a Repurchase Agreement	Operating Lease of Buildings	Operating Lease of Basic Equipment	Operating Lease of Vehicles	Operating Lease of Office Equipment	Total
Initial net value	0					
Increases	17 256					17 256
Depreciation for the financial year	-1 151					-1 151
Closing net value	**16 105**	**0**	**0**	**0**	**0**	**16 105**
31 December 2018						
Increases	17 256					17 256
Depreciation for the financial year	-1 151					-1 151
Closing net value	**16 105**					**16 105**

Movements in 2019	Repurchase Agreements	Operating Lease of Buildings	Operating Lease of Basic Equipment	Operating Lease of Vehicles	Operating Lease of Office Equipment	Total
Initial net value	16 105	0	0	0	0	16 105
Initial application IFRS 16 — partial simplified retrospective	0	30 395	5	1 402	1 576	33 378
Translation differences — Acquisition cost	0	-302	0	-11	-22	-334
Translation differences — Accumulated depreciation	0	39	0	6	5	50
Increases	6 382	5 730	0	1 076	856	14 044
Repurchases — Acquisition cost	-443	0	0	0	0	-443
Repurchases — Accumulated depreciation	97	0	0	0	0	97
Decreases and other regularizations/Acquisition cost	0	-55	0	-182	-42	-279
Decreases and other regularizations/Accumulated depreciation	0	55	0	182	42	279
Depreciation for the financial year	-2 414	-5 039	-2	-1 113	-556	-9 124
Closing net value	**19 727**	**30 823**	**2**	**1 361**	**1 859**	**53 772**
31 December 2019						
Gross amount	23 195	35 768	5	2 286	2 369	63 622
Accumulated depreciation	-3 468	-4 945	-2	-924	-510	-9 850
Closing net value	**19 727**	**30 823**	**2**	**1 361**	**1 859**	**53 772**
Closing net value — non-current	**17 616**	**30 823**	**2**	**1 361**	**1 859**	**51 662**
Closing net value — current	**2 110**					**2 110**

As of 31 December 2019 and 2018, the following obligations related to contracts with repurchase agreement and with operating leases of right-of-use assets result, due to the application of IFRS 15 and IFRS 16:

	Dec 2019	Dec 2018
Contracts with repurchase agreement	19 720	16 102
Operating leases	34 478	0
Liabilities through leasing	**54 198**	**16 102**
Current Liabilities	**9 825**	**2 477**
Non-current Liabilities	**44 373**	**13 625**

The recognition obligations for future years as of December 31, 2019 and 2018, respectively, are:

IFRS 15 - Contracts with repurchase agreement

Dec 2019	Deferred Rent	Deferred Interest	Repurchase Price	Total
2020	2 911	-235	1 980	4 656
2021	2 475	-186	2 437	4 726
2022	1 633	-111	4 874	6 397
2023	660	-40	2 705	3 324
2024	82	-5	541	617
Total	**7 761**	**-578**	**12 537**	**19 720**

Dec 2018	Deferred Rent	Deferred Interest	Repurchase Price	Total
2019	2 249	-189	417	2 477
2020	2 021	-170	1 910	3 761
2021	1 584	-119	2 437	3 902
2022	929	-59	3 270	4 140
2023	274	-15	1 563	1 822
Total	**7 057**	**-551**	**9 596**	**16 102**

IFRS 16 - Leases

	Dec 2019		
	Deferred Rent	Deferred Interest	Total
2020	8 033	-2 233	5 800
2021	7 276	-1 845	5 431
2022	6 641	-1 457	5 183
2023	5 868	-1 071	4 797
2024	3 910	-790	3 120
2025-2030	12 096	-1 950	10 146
Total	**43 824**	**-9 346**	**34 478**

10. *Goodwill*

During the fiscal year that ended on December 31, 2019, and 2018, the acquisition of a controlling position in ASFC, SGPS, SA led to the creation of Goodwill in accordance with the norms foreseen in IFRS 3 - Concentration of Business Activities. For more information, see note 5.
Goodwill is not amortized. Impairment tests are performed annually.
For the purpose of the impairments analysis, the recoverable amount was determined based on the value in use, according to the discounted cash flow method, based on business plans developed by the managers of the respective companies and duly approved by the Group's Board of Directors, and using discount rates that reflect the inherent risks of the business, or in the case of real estate firms, the disposal value minus selling costs, as provided for in the regulations.
On 31 December 2019, the method and assumptions used to ascertain the existence or not of impairment were as follows:

	Dec 2019		
Company	***Goodwill***	**Growth Rate**	**Discount Rate (after tax)**
Auto Sueco Centro Oeste	1 659	3.50%	8.29%
NewOnedrive	2 258	2.00%	4.43%
Arrábida Peças	913	2.00%	4.43%
Auto Sueco São Paulo	9 041	3.50%	8.29%
ASFC	11 442	2.00%	7.00%
Civiparts S.A.	15 696	2.00%	4.43%
Amplitude	1 614	2.00%	6.11%
Promotejo	812		
Agro New	3 248	3.50%	8.29%
Galius	4 186	2.00%	4.43%
	50 870		

The movement of "Goodwill" as of 31 December, 2019 and 2018, was as follows:

1 January 2018	**51 111**
Impact of exchange rate variations	-1 681
31 December 2018	**49 430**
Additions/reviews	1 665
Impact of exchange rate variations	-225
31 December 2019	**50 870**

Supported by the value of the 5-year forecast for cash flows, discounted at the rate considered to be applicable, the Board of Directors concluded that, at 31 December 2019, the book value of the cash-generating units is not higher than their recoverable value.
The projections of cash flows were based on historical performance and expectations of improved efficiency and organic growth. The management believes that a possible change (within a typical scenario) in the main assumptions used in the calculation of the recoverable amount will not cause impairment losses.
In companies with real estate activity, the recoverable value was determined by the fair value of the real estate minus disposal costs, which is higher than the book value of the net assets, including Goodwill; therefore, it is not necessary to consider an impairment of assets in this case.

11. financial investments

11.1. Investments in Associates and Joint Ventures

The balance of Investments in associated companies and in companies excluded from the consolidation as of 31 December 2019 e 2018 is as follows:

	% Shareholding	Dec 2019	Dec 2018
Dália-Gestão e Serviços, S.A.	28.54%	3 957	4 038
Grupo Ascendum	50.00%	81 738	82 478
Grupo Sotkon	73.33%		0
Sotkon Anadolu	50.00%	216	
		85 911	**86 516**

The movements reported between the two periods are as follows:

	Dec 2019	Dec 2018
Balance at 1 January	**86 516**	**79 258**
Perimeter variation	158	
Share of the profit (loss)	9 211	13 140
Distributed Profits	-5 285	-6 500
Reclassification for Provisions		82
Other movements in own capitals	-4 689	536
Balance at 31 December 2019	**85 911**	**86 516**

The amount reclassified as Provisions in 2018 corresponds to the value of the participation in ASFC, SGPS SA, whose adjusted equity is negative.
The key indicators of the companies that entered using the equity method are:

	Share Capital (local currency)	Currency	Assets	Equity	Sales	Net Income	% Group
Dália - Gestão e Serviços S.A.	1 354	EUR	15 006	13 865	319	3 328	28.54%
Grupo Ascendum	15 000	EUR	659 886	167 466	882 541	17 025	50.00%
Grupo Sotkon	50	TRY	468	432	1 302	152	50.00%

11.2. Equity instruments at fair value through equity

The balance and composition of the item "Equity instruments at fair value through equity" as of 31 December 2019 and 2018 was as follows:

	% Shareholding	Dec 2019	Dec 2018
Grupo Auto Union Espanha GAUE SL	3.44%		
Aliance Automotive Espanha, S.L.	15.75%		
Other equity instruments	-		
		562	**521**

11.3. Debt instruments at amortized cost

The balance of the item "Debt instruments at amortized cost" corresponds to Treasury Bonds from the Angola Popular Republic, with the intention of holding them until maturity.

Movements recorded between the two periods are as follows:

	Dec 2019	Dec 2018
Balance at 1 January	**48 226**	**40 337**
Perimeter Variation	885	
Acquisitions in the fiscal year	2 968	7 783
Exchange variation	224	2 796
Divestments	-4 493	-2 690
Balance at 31 December 2019	**48 694**	**48 226**

The maturity of the lines currently held is as follows:

	2020	2021	2022	2023
Treasury Bonds	43 217	1 711	1 929	1 837
Total	**43 217**	**1 711**	**1 929**	**1 837**

12. deferred taxes

The breakdown of the amounts and the nature of deferred tax assets and liabilities recorded in the consolidated financial statements on 31 December 2019 and 2018, can be summarized as follows:

Deferred tax assets:

	Reporting Tax Losses	Provisions and Adjustments not accepted as Tax Costs	Other	Total
1 January 2018	**4 334**	**4 297**	**918**	**9 549**
Exchange rate variation	-317	-114		-431
Impact on Income statement	-1 022	-1 448	-18	-2 489
Other Adjustments		-1 218	-444	-1 662
31 December 2018	**2 995**	**1 516**	**456**	**4 968**
Exchange rate variation	-27	-10		-37
Perimeter Variation	1 650	23		1 673
Impact on Income statement	1 101	-226	-142	734
Other Adjustments	6	-438	-41	-472
31 December 2019	**5 726**	**865**	**273**	**6 865**

“Other settlements/uses” refers essentially to the use/reclassification of adjustments not accepted as a tax expense.

Tax report that originated Deferred Taxes Assets as of 31 December 2019:

	Portugal		Brazil		Spain		France		Total	
	Base	DTA	Base	DTA	Base	DTA	Base	DTA	Base	DTA
2008					120	24			120	24
2009					1 406	281	243	81	1 649	362
2010						0	300	100	300	100
2011						0	181	60	181	60
2012					882	176	262	87	1 144	264
2013			930	316	833	167			1 763	483
2014	1 551	326			398	80	68	23	2 017	428
2015			4 015	1 365	171	34	31	10	4 216	1 409
2016			3 528	0	180	36			3 708	36
2017			2 378	0	15	3			2 393	3
2018									0	0
2019	12 175	2 557							12 175	2 557
	13 726	**2 882**	**10 851**	**1 681**	**4 004**	**801**	**1 085**	**362**	**29 666**	**5 726**

According to the legislation in force in Portugal, tax losses are reportable during a period of five years, for the 2013 reporting periods, after their occurrence and are subject to being deducted from tax income generated during that period. Losses from 2014 to 2016 are reportable for 12 years. Losses generated in 2017 and the following years are reportable for 5 years.
In light of the State Budget for 2013, as from that year, deduction of tax losses is limited to 70% of the value of the taxable profit ascertained in the period in question, regardless of the period in which the tax loss was ascertained.
In accordance with the legislation in force in Spain (Basque Country), tax losses generated between 2008 and 2017 are reportable over a period of fifteen years. The deduction of tax losses is limited to 50% of the value of the taxable profit ascertained in the period in question, regardless of the period in which the tax loss was ascertained.
In France, tax losses have no limited period of use.
In Brazil, tax losses have no limited period of use, although there is an annual deduction limit of 30% of the taxable income earned in the period in question.
In Angola, tax losses are reportable over a period of 3 years.

Deferred tax liabilities:

	Deferral of Capital Gains Tax	Effect of Fair Value Valuation on Land	Others	Total
1 January 2018	**135**	**2 326**	**591**	**3 052**
Exchange rate variation			-55	-55
Impact on Income statement	-2	-24	101	76
Other Adjustments		20	-20	
31 December 2018	**133**	**2 322**	**617**	**3 072**
Exchange rate variation			-15	-15
Impact on Income statement		-128	222	94
Other Adjustments	283	-287	4	
31 December 2019	**416**	**1 907**	**828**	**3 151**

Nors' companies based in Portugal and in which Nors S.A. directly or indirectly holds more than 75%, are taxed for Corporation Tax in accordance with the "RETGS" (Special Tax Regime for Groups of Companies), provided for in articles 69 and the following articles of the IRC (Corporation Tax) Code. For taxation periods beginning on or after 1 January 2017, the state levied taxes on the portion of taxable income subject and not exempt from IRC that is in excess of 1,500 thousand euros, with a rate of 3% up to 7,500 thousand euros, a rate of 5% up to 35,000 thousand euros and of 7% if it is higher than the latter amount.

According to the legislation in force, the tax returns of Nors' companies based in Portugal are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when there have been tax losses, when tax benefits have been granted, or inspections, claims or other challenges are in progress, in which case, depending on the circumstances, the deadlines are extended or suspended. Therefore, the tax returns of Nors' companies since 2015 could still be subject to review.

Nors' The Board of Directors believes any possible corrections resulting from the tax authorities's reviews/inspections of those tax declarations for the years pending inspection should not materially impact the attached consolidated financial statements.

Pursuant to article 88 of the Corporation Tax Code, companies based in Portugal are also subject to autonomous taxation on a series of charges at the rates envisaged in the above-mentioned article.

13. inventories

On 31 December 2019 and 2018, this item was broken down as follows:

Inventories	Dec 2019	Dec 2018
Raw materials and consumables	20	164
Products and work in progress	1 144	890
Finished and intermediate products	0	453
Goods	129 045	114 262
	130 209	**115 769**
Accumulated impairment losses on Inventories (note 22)	-4 274	-5 397
TOTAL	**125 935**	**110 373**

The Cost of goods sold and materials consumed (COGS) for the financial years ended on 31 December 2019 and 2018 was calculated as follows:

COGS	Dec 2019	Dec 2018
Initial Inventories	114 426	95 616
Perimeter Variation	1 342	
Net Purchases	634 921	518 304
Closing Inventories	129 065	114 426
TOTAL	**621 624**	**499 494**

14. customers

On 31 December 2019 and 2018, this item was broken down as follows:

Customers	Current Assets	
	Dec 2019	Dec 2018
Customers, current account	55 419	56 852
Customers, bills of exchange receivable	2 429	1 332
Customers, doubtful debts	4 458	6 604
	62 305	**64 789**
Accumulated impairment losses on customers (nota 22)	-4 458	-6 604
TOTAL	**57 847**	**58 184**

The amounts included in the statement of financial position are net of accrued impairment losses, which were estimated by Nors in accordance with the accounting policy adopted and disclosed, as well as on the assessment of the climate and economic environment at the date of the statement of financial position. Credit risk concentration is limited as the customer base is wide and not inter-related. The Board of Directors believes that the book values of trade accounts receivable are close to their fair value.
The amounts in trade balances recorded in assets are not influenced by advances made for acquiring services/merchandise, which are presented in liabilities in the item “Other accounts payable (customer advances)” and which at 31 December 2019 and 2018, amount to 18,953 thousand euros and 11,902 thousand euros, respectively (note 25).

15. assets and liabilities for current tax

On 31 December 2019 and 2018 this item had the following composition:

	Assets		Liabilities	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Income Tax	1 495	1 842	1 203	279

16. other accounts receivable

On 31 December 2019 and 2018, this item was broken down as follows:

	Dec 2019	Dec 2018
Advances to suppliers	4 925	4 226
Value Added Tax	1 485	1 227
Other balances with State and other public entities	4 042	4 179
Bonus receivable	4 478	4 468
Accrued Income	1 842	1 736
Other debtors	4 277	2 444
	21 049	**18 279**
Impairment losses (note 22)	-203	-93
Total	**20 846**	**18 186**

The “Other balances with State and other public entities” corresponds to the balances of taxes to be received /deducted by Nors’ entities in the different geographical areas in which it operates, other than value added tax and income tax.

17. deferrals

On 31 December 2019 and 2018, in Assets, this item was broken down as follows:

	Dec 2019	Dec 2018
Insurances to be recognized	443	333
Interest to be recognized	52	33
Other expenses to be recognized	3 683	3 211
Total	**4 178**	**3 577**

Nors recognizes expenses according to their economic classification, regardless of their payment. At the end of each period, expenses already paid are deferred under this heading, but they must only economically affect the following period(s).
The balance of other expenses to be reported is related to deferred invoices awaiting credit notes, sickness benefits, and rents to be recognized.

On 31 December 2019 and 2018, in Liabilities, this item was broken down as follows:

	Dec 2019	Dec 2018
Sales to be recognized	19	4 985
Other income to be recognized	2 909	2 804
Margin to be recognized - IFRS 15	621	527
Total	**3 550**	**8 316**

18. cash and bank deposits

On 31 December 2019 and 2018, the breakdown of cash and cash equivalents was as follows:

	Dec 2019	Dec 2018
Cash	280	204
Bank deposits	38 849	29 595
Total	**39 129**	**29 799**

The explanations of the items in Cash Flow statement are summarized in the following table:

Item	Source of Flows
Other receipts/payments	Payments of Withholding Tax
	Payments of Social Security Contributions Withheld
	Valued Added Tax Payments and Receipts
	Receivables from Real estate Rents
	Compensation Claims

In 2019 e 2018, payments were made regarding the acquisition of Treasury Bonds, and, in 2019, was also made a payment of 800 thousand euros for the acquisition of the affiliate ASFC, SGPS, SA (note 5).
Receipts in Financial Divestments refer to Treasury Bonds that reached their maturity during the period, and the receipt of the disposal of Biosafe (note 5).
In addition, dividends were received from the affiliate Ascendum, SA, in the sum of 5,000 thousand euros, and from the affiliate Dália in the sum of 285 thousand euros.

19. breakdown of share capital and earnings per share

On 31 December 2019, the capital of Nors, S.A, which is fully subscribed and paid up, is 30 Million euros (30,000,000 shares with a nominal value of 1 (one) euro).

Identification of the corporate entities with more than 20% of the subscribed capital is as follows:

Company and Registered Office	Holding	Nominal Value	Percentage of Capital
Prime Jervell Holding - Consultoria e Gestão, S.A.			
Registered offices: Largo do Terreiro, nº4 4050-603 Porto	18 801 000	1.00 €	62.80%
CADENA - S.G.P.S., S.A.			
Registered offices: Rua Alberto Oliveira, 83	8 700 000	1.00 €	29.00%

Earnings per share may be expressed from a "basic earnings" or "diluted earnings" point of view.
Basic earnings per share are calculated by dividing the profits or losses for the year by the weighted average number of ordinary shares in circulation during the period.
Diluted earnings per share are calculated by dividing the profits or losses for the year by the weighted average number of ordinary outstanding shares during the period, adding the number of ordinary shares that can be issued, as a result of converting other instruments issued by the entity.
During 2019 and 2018 financial years, there were no issues, reductions or amortizations, ando the average number of ordinary outstanding shares during the years exercise was 30,000,000.
There was also no issue/amortization of any instruments that could be converted into ordinary shares.
There are no shares with special and/or limited rights.

Earnings per share are disclosed below:

	Dec 2019	Dec 2018
Net income for the period	24 349 376	20 028 360
Average number of ordinary shares	30 000 000	30 000 000
Basic earnings per share	**0.81**	**0.67**

20. equity

Dividends

In accordance with the decision at the General Meeting, during this year, dividends were paid through the distribution of free reserves in the total amount of 7,000 thousand euros.

Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net profit of each company, calculated in its individual accounts, must be appropriated to the legal reserve until this represents at least 20% of the share capital. This reserve cannot be distributed, except in the event of liquidation of the company, but can be used to absorb losses, after all other reserves have been used up, to increase the share capital.
The figure shown in the Financial Position corresponds to the Legal Reserve of Nors, S.A.

Revaluation surpluses

Revaluation reserves relate to the reserve amount for the revaluation of tangible fixed assets, net of deferred taxes, performed on the date of the transition to the IFRS.

Fair value reserves

Fair value reserves reflect the variation of hedge accounting the market value (note 26).

Adjustments to financial assets

Adjustments to financial assets contain the variations in the application of the equity method to the associated companies. This reserve cannot be distributed to shareholders.

Results carried out over and other reserves

This item includes translation reserves which reflect currency exchange variations occurred in the transposition of the financial statements of branches into a currency other than the euro, and the financial liabilities of hedge accounting identified for such.
The reserves available for distribution to shareholders are determined on the basis of the separate Financial statements of Nors, S.A..

21. non-controlling interests

The transactions in this item during the years ended on 31 December 2019 and 2018 were as follows:

Non-controlling Interests	Dec 2018	Dec 2018
Opening Balance at 1 January	**16 237**	**13 109**
Income for the year attributable to non-controlling interests	942	2 741
Dividends distributed	-896	-311
Impact of exchange rate variations	304	701
Other changes in equity in associated companies	-9	-4
Closing Balance at 31 December 2019	**16 577**	**16 237**

Information on subsidiaries with a contribution to Non-controlled Interest is found in note 4.

22. provisions and accumulated impairment losses

On 31 December 2019 and 2018 the "Provisions" item was broken down as follows:

	Dec 2019	Dec 2018
Taxes	14	
Guarantees to customers	957	253
Ongoing legal proceedings	3 779	1 557
Equity method		2 454
Other provisions	201	135
Total	**4 951**	**4 399**

Nors discloses, under the caption Provisions for Customer Guarantees, the best estimates of the present obligations with uncertain timetables, related to warranties provided to customers, arising from the normal flow of operations.

Under the heading of Legal Proceedings in Progress, the best estimates of the total amount of outflows that may occur in the future arising from actions filed in court by third parties are also disclosed.

In Other Provisions, a set of estimates of other present obligations with uncertain timetables, not included in the other two categories mentioned above, are disclosed.

The Provisions for Taxes refer to the provisions established to cover additional tax assessments arising from tax contingencies.

In 2018, the provision relating to the Equity Method referred to the shareholding in ASFC, SGPS.

The transactions in provisions and impairment losses during the years ended in December 2019 and 2018 were as follows:

Provisions and Impairment Losses	2019						
	Opening Balance	Translation Differences	Increases	Reversals	Uses/ Adjustments	Equity Method	Total
Accumulated Impairment losses with customers	**6 604**	73	964	-1 554	-1 629		**4 458**
Accumulated Impairment losses in other debtors	**93**	18	9		83		**203**
Accumulated Impairment losses on inventories	**5 397**	61	2 119	-1 545	-1 758		**4 274**
Provisions	**4 399**	-77	3 886	-530	-272	-2 454	**4 951**

Provisions and Impairment Losses	2018						
	Opening Balance	Translation Differences	Increases	Reversals	Uses/ Adjustments	Equity Method	Total
Accumulated Impairment losses with customers	**13 403**	-1 757	1 229	-3 036	-3 235		**6 604**
Accumulated Impairment losses in other debtors	**400**	18	2		-327		**93**
Accumulated Impairment losses on inventories	**5 418**	-578	1 287	-552	-179		**5 397**
Provisions	**4 397**	-263	162	-5	27	82	**4 399**

Given the unpredictability of the timing of the reversal of provisions and given the nature of what they may be used for, these were not financially update by Nors.

23. financing obtained

On 31 December 2019 and 2018, the item "Financing Obtained" was broken down as follows:

	Dec 2019			Dec 2018		
Funding Obtained	**Current**	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
Commercial Paper		85 000	85 000	2 500	99 447	101 947
Secured current accounts	13 705		13 705	15 774		15 774
Bank Loan	15 077	30 921	45 998	9 836	36 303	46 139
Bank Overdrafts	4 890		4 890	4 893		4 893
Commercial Credit Lines	9 836		9 836	4 917		4 917
Financial Leases	187	343	530	187	381	568
Floor Plan				2 099		2 099
Investment subsidies				385		385
Total	**43 694**	**116 264**	**159 958**	**40 592**	**136 130**	**176 722**

The movement that occurred in 2019 in the "Financing obtained" item are explained as follows:

	2019	**2018**
Opening Balance at 1 January	**176 722**	**186 477**
Exchange effect	189	-432
Receipts for financing obtained	116 289	117 032
Payment for financing obtained	-133 242	-126 355
Closing Balance at 31 December	**159 958**	**176 722**

On 31 December 2019, the maturity of non-current loans obtained is as follows:

	2021	2022	2023	2024
Commercial Paper	35 000		40 000	10 000
Bank Loan	4 243	26 678		
Financial Leases	150	170	24	
Total	**39 393**	**26 847**	**40 024**	**10 000**

On 31 December 2019, Nors had 320,405 thousand euros available in lines of credit distributed as follows:

	Hired Credit Limit	Available Credit Limit
Commercial Paper	167 500	82 500
Secured Current Accounts	22 326	8 621
Bank Loan	45 998	
Bank Overdrafts	11 073	6 183
Commercial Credit Lines	41 503	31 667
Financial Leases	530	
Floor Plan	31 475	31 475
Total	**320 405**	**160 447**

24. suppliers

On 31 December 2019 and 2018, this item was made up of current balances payable to suppliers, which are all due in the short term.
On these dates, the aggregate balance of the suppliers' item was not restricted by payment plans that included interest payments and, therefore, the financial risk related to changes in interest rates is slight in this case.

25. other accounts payable

On 31 December2019 and 2018 this item was broken down as follows:

Current	Dec 2019	Dec 2018
Advances from Customers	18 953	11 902
Withholding of Income Taxes	719	662
Value Added Tax	7 498	8 623
Contributions to Social Security	1 213	1 215
Other balances with State and other public entities	1 099	727
Investment Providers	486	387
Remunerations and Expenses	10 332	10 071
Accrued Interest Expenses	533	222
Accrued Bonus Expenses	1 691	788
Operating Costs Payable	1 197	885
Other Creditors due to Additional Expenses	5 676	4 089
Other Creditors	12 032	12 045
Total	**61 429**	**51 615**

26. derivative financial instruments

Interest rate and exchange rate derivatives

The Board of Directors regularly assesses Nors' degree of exposure to various risks inherent to the activity of the different companies, namely price risk, interest rate risk, and exchange rate risk.

On 31 December 2019 and 2018, the degree of exposure to the risk of variation in interest rates was considered low, taking into account that a significant part of the banking liabilities was represented by medium/long term lines of credit, with previously agreed on financing conditions.

Given the historically low indices of interest rates during the year 2014, it was decided to hire a "swap floating rate for fixed" like "Plain Vanilla" that variable-rate Euribor 1m exchange for a fixed rate. During the year 2019 the contract expired, and the conditions of the contract were:

Type	Operation Date	Start	Maturity Date	Nominal Value
Swap Fixed Rate - *Plain Vanilla*	13/06/2014	17/06/2014	17/06/2019	30 000

	Dec 2019	Dec 2018
Market Value "Market to Market"	0	-147

This instrument was accounted for in a hedge accounting logic, and the necessary effectiveness tests have been carried out, which have shown that the hedge is effective.

On the other hand, although an increasing share of the Consolidated Financial Position is subject to the impact of fluctuations in exchange rates (euro/dollar, euro/real and euro/Turkish lira), the degree of exposure was considered to be controlled by the policy followed by natural hedging with the use of bank financing in these currencies, especially in US dollars.

Hence, as of December 31, 2019, and 2018, Nors had not negotiated any type

of financial derivative instrument for the exchange rate.
Nevertheless, the most recent changes in the capital market and the higher degree of exposure of Nors' Consolidated Financial Position to foreign exchange variations in the above-mentioned currencies or others, may lead the Executive Board to introduce, in the short term, in its risk management, the negotiation of derivative financial instruments that are duly adjusted to the type of respective risks.

27. sales and services rendered

The breakdown of sales and services rendered by business area for the financial years ended on 31 December 2019 and 2018, was as follows:

Sales by Business Area	2019	2018
NORS MOBILITY	648 435	527 100
NORS OFF-ROAD	41 829	29 432
NORS AFTERMARKET	75 209	80 675
NORS VENTURES	17 253	7 261
Total	**782 726**	**644 468**

Additionally, the distribution of sales and services rendered by geographical market is as follows:

Sales by Region	2019	2018
Portugal	337 314	330 006
Angola	62 861	54 335
Brazil	344 490	229 649
Spain	11 202	11 896
Others	26 859	18 582
Total	**782 726**	**644 468**

28. external supplies and services

On 31 December 2019 and 2018, the "External Supplies and Services" item was broken down as follows:

	2019	2018
Subcontracts/Specialized Work	14 808	12 996
Advertising and Promotion	1 040	844
Surveillance and Security	1 757	1 752
Maintenance and Repairs	2 284	3 455
Electricity and Fuel	2 838	3 154
Travel and Accommodation	2 557	2 115
Leases and Rents	2 224	9 049
Insurance	1 178	1 302
Guarantees	5 014	3 497
Contracts	836	1 398
Transport	4 242	3 364
Communications	1 105	1 072
Other External Supplies and Services	6 967	6 726
Total	**46 850**	**50 725**

The main changes observed correspond to the increase and the adequacy of Nors' available resources for the growth cycle it envisages, "Leases and rents" vary under the application of IFRS 16, and the amounts presented in 2019 correspond to the values of expenses with rentals from short-term contracts (less than 12 months) and/or whose value of the underlying asset is considered to be low value.

29. staff costs

Staff cost for the year ended on 31 December 2019 and 2018 are broken down as follows:

	2019	2018
Remuneration of Corporate Bodies	2 118	2 441
Staff Remuneration	47 234	45 571
Compensation	1 370	873
Charges on Remuneration	10 959	10 257
Other Staff Costs	5 407	5 727
Total	**67 088**	**64 869**

As of December 31,2019 and 2018, the number of personnel employed by Nors was as follows:

	Dec 2019	Dec 2018
Number of Employees	2 213	2 223
Total	2 213	2 223

The remuneration of members of Nors' governing bodies in the 2019 and 2018 financial years was as follows:

	2019	2018
Nors, S.A.	2 112	2 310
Auto-Sueco (Angola)	6	130
Total	**2 118**	**2 441**

30. other incomes and gains/other costs and losses

On 31 December 2019 and 2018, the "Other Income and Gains" and "Other Costs and Losses" items were broken down as follows:

Other Income and Gains	2019	2018
Cash Discounts	26	37
Capital Gains on Disposal of property, plant and equipment and Investment properties	2 866	1 246
Surplus tax estimate	334	498
Interest received from operating activities	35	47
Recoveries of costs and concessions	1 371	3 563
Rents and other income on investment properties	937	768
Income under Guarantees	1 485	1 087
Other supplementary income	139	203
Remainder and other regularization of inventories	1 730	2 014
Others	1 683	2 692
Total	**10 605**	**12 155**

Other Costs and Losses	2019	2018
Cash discounts granted	-259	-287
Tax	-2 624	-2 316
Inventory Losses	-1 889	-2 393
Corrections in relation to previous financial years	-124	-193
Gifts and inventory samples	-187	-265
Interested paid on operating activities	-35	-202
Losses on sales of tangible fixed assets	-156	-51
Other expenses on funding activities	-1 040	-1 351
Donations	-91	-138
Other	-2 274	-4 242
Total	**-8 678**	**-11 438**

31. financial performance

On 31 December 2019 and 2018, this item was broken down as follows:

	2019	2018
Interest and similar income obtained	3 868	3 686
Interest in bank loans — Commercial Paper	-1 532	-1 907
Loan interests on bonds		-681
Interest on bank loans — Other	-5 748	-5 561
Interest on Financial Leases	-43	-30
Interest on operating leases — Repurchase agreements	-217	-106
Interest on operating lease — Leases under IFRS 16	-2 543	
Investment income tax	-757	-1 177
Other interest and similar expenses	-3 179	-3 239
Total	**-10 151**	**-9 013**

32. income tax

The income tax recognized in the years ending on 31 December 2019 and 2018 is broken down as follows:

	Dec 2019	Dec 2018
Current Tax	-8 244	-4 927
Deferred Tax (nota 12)	828	-2 413
	-7 416	**-7 341**

The breakdown of Deferred Tax is shown in note 12.

On 31 December 2019 and 2018, the tax rates used for assessing current and deferred taxes where as follows:

	Tax Rate	
Country of Origin of Branch	**31.12.2019**	**31.12.2018**
Portugal	24.50% / 21%*	24.50% / 21%*
Angola	30%	30%
Brazil	34%	34%
Spain	30% / 25%*	30% / 25%*
France	33.33%	33.33%
Namibia	34%	34%
Botswana	22%	22%
Kenya	30%	30%
Tanzania	30%	30%

• In the case of DTA (deferred taxes for the year) for tax losses

The effective tax rate by country is:

Country	Portugal	Spain	Angola	Brazil	Africa	Total
Positive Income before Tax	20 383	3	7 711	17 247	294	45 639
Tax for financial year	416		-1 485	-5 934	24	-6 978
Effective tax rate	-2%	0%	19%	34%	-8%	15%
Negative Income before Tax	-10 805	-1 738	-1 031	-183	-116	-13 873
Tax for financial year	-77	-1	-99	-261		-438
Effective tax rate	-1%	0%	-10%	-142%	0%	-3%
Income before Tax	9 578	-1 735	6 681	17 064	178	31 766
Tax for financial year	339	-1	-1 584	-6 194	24	-7 416
Effective tax rate	-4%	0%	24%	36%	-14%	23%

33. financial assets and liabilities

On 31 December 2019, the financial assets and liabilities were broken down as follows:

Financial Assets	Valuation Method	Valor contabilístico
Debt Instruments	amortized cost	48 694
Other Accounts Receivable	amortized cost	19 004
Customers	amortized cost	57 847
Cash and Bank Deposits	amortized cost	39 129
		164 674

Financial Liabilities	Valuation Method	Valor contabilístico
Financing Obtained	amortized cost	159 958
Liabilities by Operating Lease	amortized cost	54 198
Others Accounts Payable	amortized cost	42 001
Suppliers	amortized cost	121 174
		377 331

Only the Financial Assets (Customers) have impairment losses, as shown in Notes 14 and 22.

The gains and losses on financial assets and liabilities in 2019 and 2018 were as follows:

Gains and Losses	Gains/(Losses) 2019	2018
Accounts Receivable	581	1 804
Other assets at amortized cost		
Cash and bank deposits		
	581	**1 804**

The interest from financial assets and liabilities in 2019 and 2018 was as follows:

Gains and Losses	Gains/(Losses) 2019	2018
Accounts Receivable	3 903	3 733
Liabilities at amortized cost	-14 054	-12 902
	-10 151	**-9 168**

The exchange rates differences for financial assets and liabilities in 2019 and 2018 were as follows:

Exchange differences	Gains/(Losses) 2019	2018
Foreign exchange rate gains	21 894	24 587
Foreign exchange rate losses	-20 006	-21 795
	1 888	**2 792**

34. related entities

The balances and transactions between Nors and its subsidiaries, which are related entities of Nors, were eliminated in the consolidation process and will therefore not be disclosed in this Note.

a) Transactions

The breakdowns of the transactions between Nors and its related entities can be summarized as follows:

Sales of Products and Services	2019	2018
Grupo Ascendum	18 725	22 529
	18 725	**22 529**

Purchases of Products and Services	2019	2018
Grupo Ascendum	-2 564	-197
	-2 564	**-197**

Other Income and Gains	2019	2018
Grupo Ascendum	1 802	154
Grupo Sotkon		180
Nortesaga Investimentos SGPS Lda	12	12
	1 814	**346**

Interest and similar income obtained	2019	2018
Nortesaga Investimentos SGPS Lda	1	
	1	

Interest and similar income borne	2019	2018
Nortesaga Investimentos SGPS Lda		-11
		-11

Purchases and sales goods and the provision of services to the entities involved were at market prices.

b) Balances

The breakdown of balances between Nors and its related entities can be summarized as follows:

Customers	Dec 2019	Dec 2018
Grupo Ascendum	1 649	1 452
Grupo Sotkon		37
Nortesaga Investimentos SGPS Lda	5	
	1 654	**1 489**

Suppliers	Dec 2019	Dec 2018
Grupo Ascendum	457	257
	457	**257**

Other Accounts Receivable	Dec 2019	Dec 2018
Grupo Ascendum	2	30
	2	**30**

Other Accounts Payable	Dec 2019	Dec 2018
Grupo Ascendum	6	205
	6	**205**

35. contingent assets and liabilities

The company has contingent liabilities regarding bank guarantees and other guarantees and other contingencies related with its business. This is a summary of the guarantees:

	2019				
Company	Guarantees Provided to Banking Entities	Guarantees Provided to Importers of Represented Brands	Guarantees Provided in Public Tenders	Other Guarantees	Total
Nors, S.A.	4 430		1 814	35	6 279
Auto Sueco Portugal, S.A.			687	73	761
Auto Sueco II Automóveis, S.A.		7 700			7 700
Civiparts España				250	250
Galius, S.A.			30		30
TOTAL	**4 430**	**7 700**	**2 532**	**358**	**15 020**

	2018				
Company	Guarantees Provided to Banking Entities	Guarantees Provided to Importers of Represented Brands	Guarantees Provided in Public Tenders	Other Guarantees	Total
Nors, S.A.	3 930	1 098	1 092		6 120
Auto Sueco Portugal, S.A.		12 500	837	25	13 362
Auto Sueco II Automóveis, S.A.		7 700			7 700
Galius, S.A.		10 000	30		10 030
Biosafe, S.A.	370				370
TOTAL	**4 300**	**31 298**	**1 960**	**25**	**37 583**

The Bank Guarantees relate primarily to the guarantee provided to public bodies in relation to public tenders and also guarantees to customers and suppliers within the scope of Nors' operation activities.

36. financial commitments undertaken and not included in the consolidates statement of financial position

On 31 December 2019 and 2018, Nors had not made any significant financial commitments that are not included in the consolidated financial statement.

37. remuneration of the statutory auditor

The fees paid to statutory audit firms in the various countries where Nors is present and in relation to the companies included in the consolidation in the 2019 and 2018 financial years were as follows:

Fees	2019	2018
TOTAL	530	465

38. information relating to the environment

Nors adopts the required measures in relation to the environmental area for the purpose of complying with current legislation. Nors' Board of Directors does not estimate that there are any risks related to environmental protection and improvement, and received no administrative infractions associated with this subject during the 2019 financial year.

39. subsquent events

strongco corporation acquisition

On January 24, 2020, through a wholly-owned subsidiary of Nors, we celebrated an Arrangement Agreement for the acquisition of 100% of Strongco Corporation - an entity that at the time was listed on the Toronto Stock Exchange - TSX: SQP. This operation was carried out on March 18, 2020, and, as a result, the company was withdrawn from the stock exchange, leaving its status as a public entity on March 24.
Strongco Corporation sells, rents and services equipment used in industries as diverse as construction, infrastructure, mining, oil and gas, utilities, municipalities, waste management, and forestry. Operating and serving customers through its 26 branches across Canada, it has about 500 employees. In 2019, the company invoiced 410,525 thousands of Canadian dollars.
The acquisition cost, amounting to around 132 million euros, included the cost of acquiring capital and assumed debt. At the closing date of this document, the process of allocating the acquisition cost to the net assets acquired is in progress.

COVID-19 pandemic

Nors' Management recognizes the real and tangible extent of the crisis caused by the COVID-19 pandemic.
We acknowledge that, depending on how the pandemic affects each of the countries in which we operate, the impacts experienced by our operations may be asymmetric.
As it is not possible to quantify the extent of these impacts at the date of this document, we guarantee that we are monitoring the evolution of the situation in each country and each subsidiary. Moreover, we can guarantee the fulfillment of the obligations of our subsidiaries and the continuity of our operations since there is liquidity and the ability to mobilize credit lines.
The mentioned liquidity is materialized in four main facts. On the one hand, on December 31, 2019, Nors' Current Assets were higher than Current Liabilities by 10,665 thousand euros, and the balance of cash and cash equivalents amounted to 39,129 thousand euros. On the same date, we had contracted credit lines in the amount of 320,405 thousand euros — of which 160,447 thousand euros were unused — with the debt due to mature in 2020 only amounted in 43,694 thousand euros. In the first quarter of 2020, to face the acquisition of Strongco Corporation, we contracted additional lines of 17,000 thousand euros from Portuguese banks, having negotiated simultaneously with the current funding entities of Strongco Corporation, maintaining or increasing the company's financing lines. Finally, in March 2020, we negotiated structured financing, increasing the lines contracted by 30,000 thousand euros — of which 15,000 thousand were approved but which are still being formalized — allowing us to refinance some of the lines in 2020 maturely.
As Nors' Management, considering the aforementioned, we firmly believe that the assumption of continuity of operations used in the preparation of the consolidated financial statements remains appropriate.

40. approval of the financial statements

These financial statements were approved by the Board of Directors on 14 April 2019. In addition, the attached financial statements at 31 December 2019 are pending approval by the General Meeting of shareholders. However, the Board of Directors of the Group believes they will be approved without any amendments.

Porto, 14 April, 2020
board of directors

Tomaz Jervell
Tomás Jervell
Álvaro Nascimento
Álvaro Neto
Artur Santos Silva
Francisco Ramos
Jorge Nieto Guimarães
José Jensen Leite de Faria
José Manuel Bessa Leite de Faria
Júlio Rodrigues
Luís Jervell
Paulo Jervell
Rui Miranda