MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

2019

NORS

we drive trust.

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vision

a vision of trust

the transparency in our ambition

A message from
tomaz jervell
nors' chairman

and from
tomás jervell
nors' chief executive officer

"**2019 was a year to accept challenges and to look for the places where we want to be.**
It was a year to look inside, to our people, to our teams, at what we know how to do and at what we want — to a different, better future.
It was a year to look at our businesses and strengthen our products and services portfolio, our ability to deliver. To decisively alter our geographical footprint.
But we went even further.
We looked particularly at our customers, their needs, and their ambitions.
We looked at the world around us and faced our own transformation process. Despite our legacy of success, despite the natural barriers we face, we moved forward and with determination.
**We looked, finally, to who we are and how we express ourselves. Rediscovering the strength of our Brand. 2019 was an extraordinary year. Today we look with confidence at our future.
A future created by Nors.**

01.

identity

a personal organization

1.1. brand and communication

a brand to drive trust

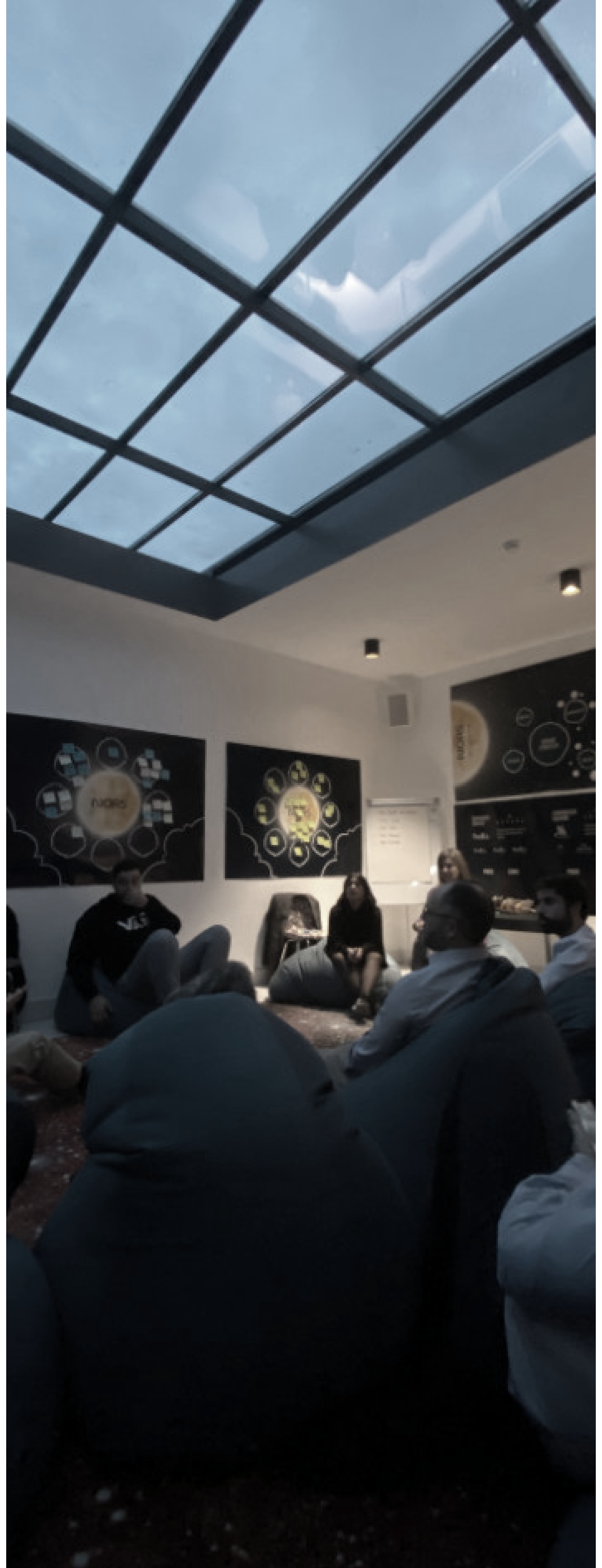
We wanted to depict Nors' soul.
Rooted where our 87 years old success story meets
an immense desire to conquer the future.
We wanted to own our charisma and our ambition,
to acknowledge how much we value relationships and trust,
to commit to the sobriety in our presence
and the transparency in our conduct. In everything we do.
Nors' brand is the voice of our entire organization.
It is the focal point of our identity.
Nors represents all of its people, all of its teams, all of its
businesses, all of its companies.
It's all of that, but even more.
**It's the whole that is much more than the sum of the parts
— and gives them meaning.
This is Nors' unique might.**

1.1.2. 2020 repositioning strategy

ambition stands for change

a new identity for a new era

Regarding the positioning of our identity and our brand, 2019 was a year marked by our certainty and drive for transformation: designing new ambitions and frameworks to communicate more, better and with a clear purpose; and reaffirming our vision to be a group that speaks, stands and works for the future.
Thus, it becomes clear that our brand is one of our most valuable assets. And if 2019 brought us the urge to transform and rethink how we approach the market, 2020 is the year to take action — bringing our identity and brand's architecture to the future we envision.
Rooted in an 87 years legacy that built our expertise, consistency, and notoriety, today, Nors' brand also embraces the audacity and confidence to change and to take a step further. Living in a time in which ephemeral and fleeting paradigms are a part of our reality, questioning the status quo and looking towards what lies ahead is an act of integrity and strength.
Merging our leadership foresight with an agile and modern perspective towards innovative ways to approach the market, we're facing a pivotal moment to rethink our brand, adopting new tools to communicate our identity. While preserving our inner essence, this strategy endorses, above all, the functional need to reorganize our diverse portfolio of brands and businesses. It guarantees a cross-sectional and conciliatory identity, capable of leveraging a paradigm of consistency and coherence, simultaneously respecting the idiosyncrasies and individuality of each of our business areas.
Along with the functional and organizational aspects, the need to amplify the communication of our brand's emotional benefits requires a clear and personal approach, one we also endorse through this new repositioning strategy. By combining a modern branding architecture with new key-visuals, channels, and communication supports, we seek to convey a sober, consistent, and elegant positioning that is closer to our core and essence.



repositioning our drivers

MAIN GOALS BEHIND OUR REPOSITIONING STRATEGY

LEVERAGING NORS' IDENTITY AS A CONCILIATOR

The main goal of this new brand architecture is to leverage Nors' identity, elevating the parent brand's corporate persona among its different brands and business areas. This empowering exercise will act as a conciliator, ensuring that our diverse portfolio of products and services, presented through a powerful and authentic identity, is cohesive and robust.

BUSINESS BRANDS LEGACY AND MARKET NOTORIETY

Our business brands have a solid notoriety in the market, built through years of history. Their personality and character stem from this individuality, the basis of their identity.
As brands that represent other brands, they have inherent standards to respect related to their main brands' products and services. With this uniqueness, our strategy relies on the need to respect the authenticity of each business area.

A NEW LAYER OF CONSISTENCY

Comprehending a new layer in our brand architecture — in which, through a monolithic approach, we exalt our business areas with their own identity — allows us to leverage brand equity across all products and services. This process will help us organize, cluster, and segment our organizational structure: on the one hand, we'll guarantee the credibility and strength of the corporate brand and, on the other, preserve the uniqueness, distinction, and specialization that comes with owning strategic business brands.

a scenario to drive trust

purpose

driving trust through long-lasting relationships.

personality

charming, transparent, ambitious, personal

value proposition

we drive your relationships further.

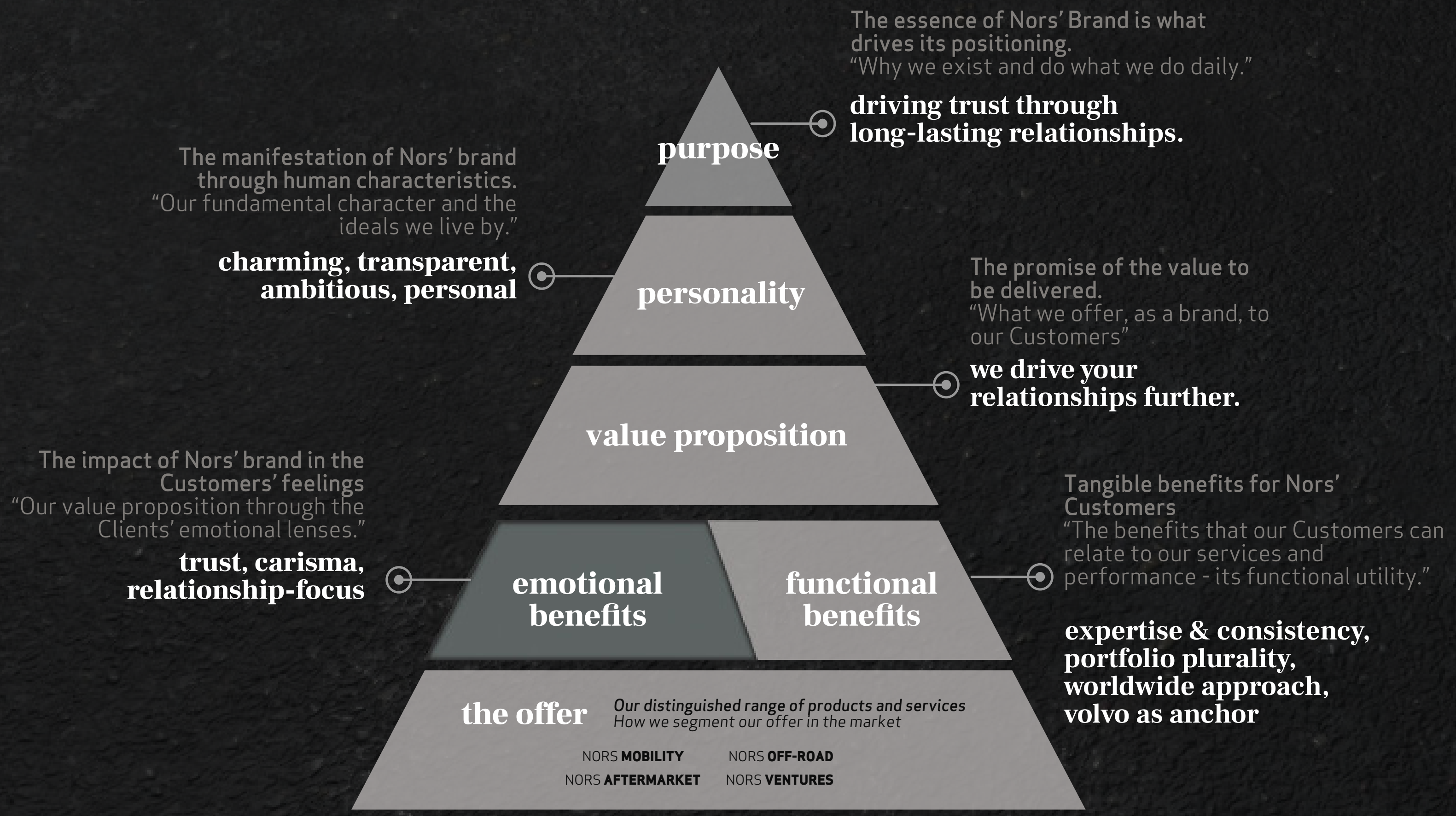
a scenario to drive trust

BRAND ARCHITECTURE AND POSITIONING STRATEGY

Our brand's new strategic focus envisions a more modern and distinctive Nors, concepts in which we rely on to help us create a human, connected, and purpose-driven positioning. Shaping the very essence of our brand, we're committed to having a strong and memorable role in the market in which we operate. Using a Brand Architecture Pyramid as a solid branding reinforcement will also help us leverage our Customer's loyalty, inspire our Employees' sense of belonging, and systemize our leadership's strategic decisions.

brand architecture pyramid

ESTABLISHING OUR BRAND'S ESSENCE



the right tools to the right purpose

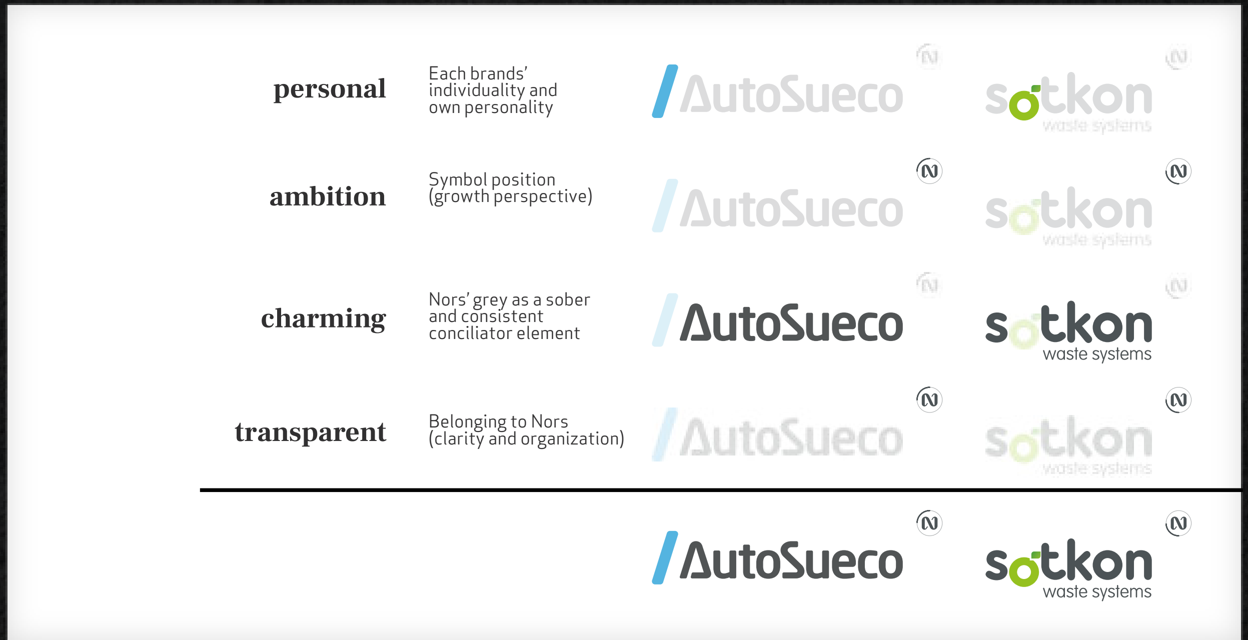
BRAND NEW ELEMENTS

THE TAGLINE

The brand's new tagline exudes our personality, comprising every element of our character and fostering, above all, a future-forward attitude.
By combining our core transparency with our relentless ambition, this three-word signature fits our market approach and the current momentum perfectly.

we drive trust

personal | ambitious | transparent



BRANDING REDEFINITION

In order to support each brand with Nors' personality elements, we created a graphic element that endorses them. As presented below, the "N" exponentiation grants identity and balances the group's different brands while allowing them to maintain their autonomy.
This differentiating element also has four variations, applied to each brand depending on the business area they belong to.

BUSINESS AREAS

Structuring Nors' portfolio through its main business areas — backed by a visual, unifying, and straight-forward approach — will enhance our business branches and guarantee our offer is understandable and clear.

NORS

- NORS **MOBILITY**
  - AutoSueco
  - AutoSueco Automóveis
  - Galius
- NORS **OFF-ROAD**
  - Auto-Maquinaria
  - AGRONEW
  - ASCENDUM
- NORS **AFTERMARKET**
  - CIVIPARTS keep moving
  - AS Parts
  - ONEDRIVE
- NORS **VENTURES**
  - AMPLITUDE SEGUROS
  - sotkon waste systems
  - VITRUM

1.2. business areas

driving your relationships further

NORS MOBILITY

NORS MOBILITY

Nors Mobility is the business area that provides solutions to meet our Customers' mobility and transportation needs. From heavy vehicles, like trucks and buses, to cars, we facilitate work and personal connections. In this business area, we find Auto Sueco, Auto Sueco Automóveis, and Galius brands.

AutoSueco

Having Volvo's core values always in mind — customer success, trust, passion, change, and performance — at Auto Sueco, we ensure a customer-oriented approach, adapted to your every need. We are present in Portugal, Brazil, Angola, Botswana, Mozambique, and Namibia, markets where our offer is adapted to each location. We distribute a diversified range of products, such as Volvo trucks and buses, Volvo Penta marine and industrial engines, and Kohler-SDMO gensets.

AutoSueco AUTOMÓVEIS

Dedicated to car retail, we are present across the Portuguese market, with 6 dealers all over the country. We rely on a specialized sales team and also focus on offering a high-quality After Sales service. We guarantee that our Customers' needs are met through a brand portfolio that exudes notoriety and trust — from Volvo to Mazda, Land Rover, Jaguar, and Honda.

Galius

We are the exclusive distributor of Renault Trucks in Portugal. With a dealer network spread over nine points across the country, we ensure a sales and After Sales service recognized for its excellence, professionalism, and dedicated support.

NORS **OFF-ROAD**

NORS **OFF-ROAD**

Nors Off-Road is the business area aimed for the distribution and supply of industrial, construction, infrastructure, and agricultural equipment. With reliable and efficient machinery, we give our Customers the chance to build a more substantial business. In this business area, we find Ascendum, Auto-Maquinaria, and Agro New brands.

ASCENDUM

We are a brand present in 14 geographies and one of the world's leading dealers of Volvo Construction Equipment. We sell industrial construction equipment, also guaranteeing its technical assistance, as well as equipment rental and logistics.

We offer an extensive and quality portfolio of premium products and brands in industries as diverse as construction and public works, extractive and transformation, handling and logistics, agriculture, forestry, recycling, demolition, and earthmoving, and energy.

Auto-Maquinaria

We offer a highly efficient range of construction equipment products focused on quality, safety, and performance, supplying the Angolan territory. We are the dealers of Volvo Construction Equipment, Groove, Hyster, Epiroc and SDLG products, playing a significant role in this market.

AGRONEW
MÁQUINAS AGRÍCOLAS

Serving the agricultural sector, we are Case IH Agriculture's dealer — the Case New Holland brand for agriculture equipment — in the State of São Paulo, Brazil. Supplying Catanduva and Votupuranga municipalities, we distribute three main products: agricultural tractors, grain harvesters, and sugar cane harvesters, the latter being the primary product we sell in our operating area.

NORS **AFTERMARKET**

NORS **AFTERMARKET**

Nors Aftermarket is the business area specialized in the distribution and retail of multi-brand parts for cars, trucks, and buses. With a diversified offer and expert support, we guarantee that our Customers continue their journey. In this business area, we find AS Parts, Civiparts, and ONEDRIVE brands.

AS Parts

Now integrated into ONEDRIVE, we started our business as an independent wholesaler of mechanical components and bodywork for the automotive sector. We provide a wide range of high-quality products, with a multi-brand offer based on a secure network of suppliers, guaranteeing a service focused on our team expertise.

ONEDRIVE
leading car parts solutions

We are an Aftermarket brand, specializing in parts and accessories for cars. With dealerships spread around Portugal and Angola, we offer skilled technical support, a dedicated online catalog, and an integrated logistics process that meets our Customers' expectations.

CIVIPARTS
keep moving

We are present in the Portuguese, Spanish, and Angolan markets. Specialized in Aftermarket and guaranteeing a diversified and professional service, we import and distribute parts and workshop types of equipment for multi-brand trucks and buses.

NORS **VENTURES**

NORS **VENTURES**

Nors Ventures is the business area which explores new endeavors. From insurance brokerage to environmental solutions and the sale of construction glass, we are always looking for the next challenge. In this business area, we find Sotkon, Amplitude Seguros, and Vitrum brands.

sotkon waste systems

As of 2019, Sotkon is wholly owned by Nors. It's a company with several patented products that dedicates itself to the design, manufacture, and sale of modular recycling systems, as well as of urban solid waste collection through underground containers. Sotkon is present in Portugal, Spain, France, Angola, and Turkey.

AMPLITUDE SEGUROS

We are an insurance and risk consultant that operates in several segments and economic sectors. Specialized in insurance brokerage, we offer a complete range of Consultancy and Insurance Brokerage services, which are thought to meet our private and corporate Customers' expectations.

VITRUM

We established ourselves in Angola as the first company specialized in the distribution of construction glass. With a point of sale strategically localized in Luanda, we ensure the quality of our Customer service, also supported by an extensive product range availability.

1.3. big numbers,
bigger results

a global overview

1.3.1. sales by country

Portugal
31%

Brazil
21%

USA
16%

Central Europe
11%

Spain
9%

Turkey
5%

Angola
4%

Botswana, Mozambique and Namibia
2%

Mexico
1%

1.3.2. sales by business area

NORS OFF-ROAD
55.4%

NORS MOBILITY
39.1%

NORS AFTERMARKET
4.5%

NORS VENTURES
1.0%

1.3.3. evolution of sales

Information presented in millions of euros with joint ventures at 100%.

In the USA, Turkey, Central Europe, Mexico, Spain, and Portugal, the contribution of Ascendum Group is considered at 100%, although this joint venture is accounted for by the equity method.

1.3.4. main indicators

in thousands of euros

aggregated values	Turnover [1]		Number of employees [2]
2019	1 661 137	2019	3 705
2018	1 601 735	2018	3 720

consolidated values

Turnover
2019 **782 726**
2018 **644 468**

EBITDA
2019 **58 488**
7.47% Turnover %
-18 459 Depreciations and Amortizations
2018 **44 042**
6.80% Turnover %
-10 452 Depreciations and Amortizations

EBIT
2019 **40 029**
5.11% Turnover %
1 888 Net exchange differences
-10 151 Income from financial activity
2018 **33 590**
5.20% Turnover %
2 792 Net exchange differences
-9 013 Income from financial activity

EBT
2019 **31 766**
4.06% Turnover %
2018 **27 369**
4.20% Turnover %

Net Income
2019 **24 349**
3.11% Turnover %
2018 **20 028**
3.10% Turnover %

Total assets
2019 **617 109**
2018 **560 325**

Equity, with non-controlling interests
2019 **207 495**
2018 **194 965**

Net Debt (excluding leases) [5]
2019 **72 135**
2018 **98 697**

Net Debt (including leases) [6]
2019 **126 333**
2018 **114 798**

Financial Autonomy [7]
2019 **33.6%**
2018 **34.8%**

Net Debt (including leases) / Equity [8]
2019 **0.61**
2018 **0.59**

Net Debt (including leases) / EBITDA
2019 **2.16**
2018 **2.61**

EBITDA Margin %
2019 **7.5%**
2018 **6.8%**

WCN in sales days [9]
2019 **10**
2018 **18**

ROI [10]
2019 **12.0%**
2018 **10.8%**

ROE [11]
2019 **14.0%**
2018 **10.7%**

1. Sales + provision of services + own work capitalized, aggregating 100% of joint ventures.
2. Number of Employees, aggregating 100% of joint ventures.
3. Sales +provision of services +own work capitalized, consolidated.
4. The Group's consolidated EBITDA, which allocates the Net Income from join ventures according to the share of capital held.
5. Financing obtained — cash and bank deposits — ready-for-sale investments.
6. Financing obtained + operating leases liabilities — cash and bank deposits — ready-for-sale investments.
7. Equity with non-controlled interests / Net asset.
8. Net debt (net borrowing + lease liabilities – ready-for sale investments) / Equity in non-controlled assets.
9. (Clients, Inventories, Other receivables, State, Stakeholders, Suppliers e Other outstanding balances) / Turnover multiplied by 365 days.
10. Ebit / Invested Capital [Total Equity + obtained funding + lease liabilities– cash and cash equivalents– ready-for-sale investments]
11. Net income from the parent company's ongoing operations / Equity minus Net income and non-controlled interests.

2019 was the first year applying IFRS 16, the impacts of which are mentioned further in chapter 4

1.4. organizational structure

expanding our footprint

nors iberia Portugal and Spain

NORS **AFTERMARKET**
NORS **MOBILITY**

nors angola Angola

NORS **AFTERMARKET**
NORS **OFF-ROAD**
NORS **MOBILITY**

nors brazil São Paulo and Centro Oeste

NORS **OFF-ROAD**
NORS **MOBILITY**

nors africa Botswana, Mozambique and Namibia

NORS **OFF-ROAD**
NORS **MOBILITY**

nors ventures Portugal, Spain, France, Turkey and Angola

NORS **VENTURES**

ascendum Portugal, USA, Mexico, Turkey, Spain and Central Europe

NORS **OFF-ROAD**

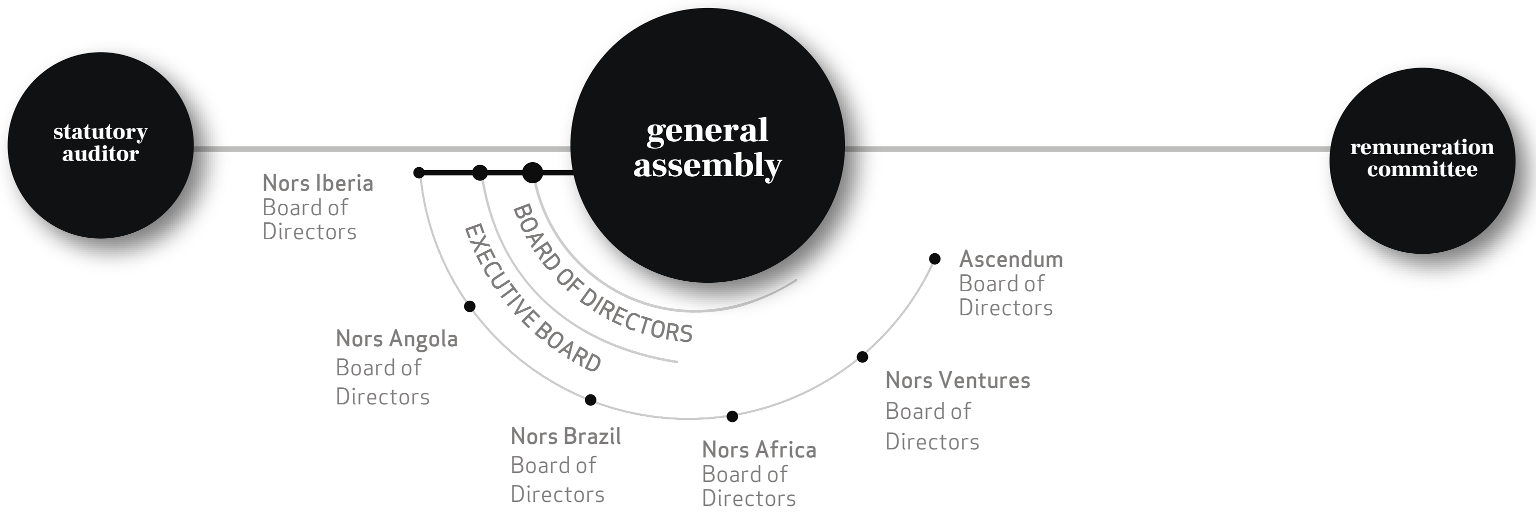
1.5. governance model

our core

1.5.1. governance model

The Governance Model governs the power relations between Nors' different governing and management bodies. Its action is defined and restricted by a set of provisions of a legal, statutory and regulatory nature.

Besides the fundamental sovereign role of the General Assembly, our governance is based on the Board of Directors, the Executive Board, and the Statutory Auditor.



general assembly

The General Assembly is the governing body that brings together all of the company's shareholders.

remuneration committee

The Remuneration Committee is elected at the General Assembly. Its responsibility is to define the remunerations of the company's governing bodies.

statutory auditor

The supervision of the company is performed by a Statutory Auditor, under the law.

board of directors

The Board of Directors approves the global strategy drawn up by the Executive Board, regularly following up its implementation and defining growth and profitability targets.

executive board

The Executive Board is Nors' main executive body. It defines and implements cross-cutting policies that materialize the global strategy approved by the Board of Directors. It's also its responsibility to manage the group's business portfolio, monitoring the performance of the business areas and operations.

board of directors

tomaz jervell
Chairman

Year of Birth
1944
Year of Admission
1981

tomás jervell
Chief Executive Officer (CEO)
Non-Executive Director Ascendum

Year of Birth
1971
Year of Admission
2000

álvaro nascimento
Non-Executive Director

Year of Birth
1966
Year of Admission
2018

álvaro neto
Non-Executive Director

Year of Birth
1966
Year of Admission
2018

artur santos silva
Non-Executive Director

Year of Birth
1941
Year of Admission
2018

francisco ramos
Executive Board Member (CSO)
Executive Director Nors Angola
Executive Director Nors Africa

Year of Birth
1972
Year of Admission
1996

jorge nieto guimarães
Executive Board Member
Executive Director Nors Brazil

Year of Birth
1956
Year of Admission
1978

josé jensen leite de faria
Executive Board Member
Executive Director Nors Ventures
Non-Executive Director Ascendum

Year of Birth
1971
Year of Admission
1998

josé manuel bessa leite de faria
Non-Executive Director

Year of Birth
1942
Year of Admission
1970

júlio rodrigues
Executive Board Member
Executive Director Nors Iberia

Year of Birth
1972
Year of Admission
2001

luís jervell
Non-Executive Director

Year of Birth
1955
Year of Admission
2018

paulo jervell
Non-Executive Director

Year of Birth
1946
Year of Admission
1972

rui miranda
Executive Board Member (CFO)
Non-Executive Director Ascendum

Year of Birth
1975
Year of Admission
1999

ASCENDUM'S BOARD OF DIRECTORS

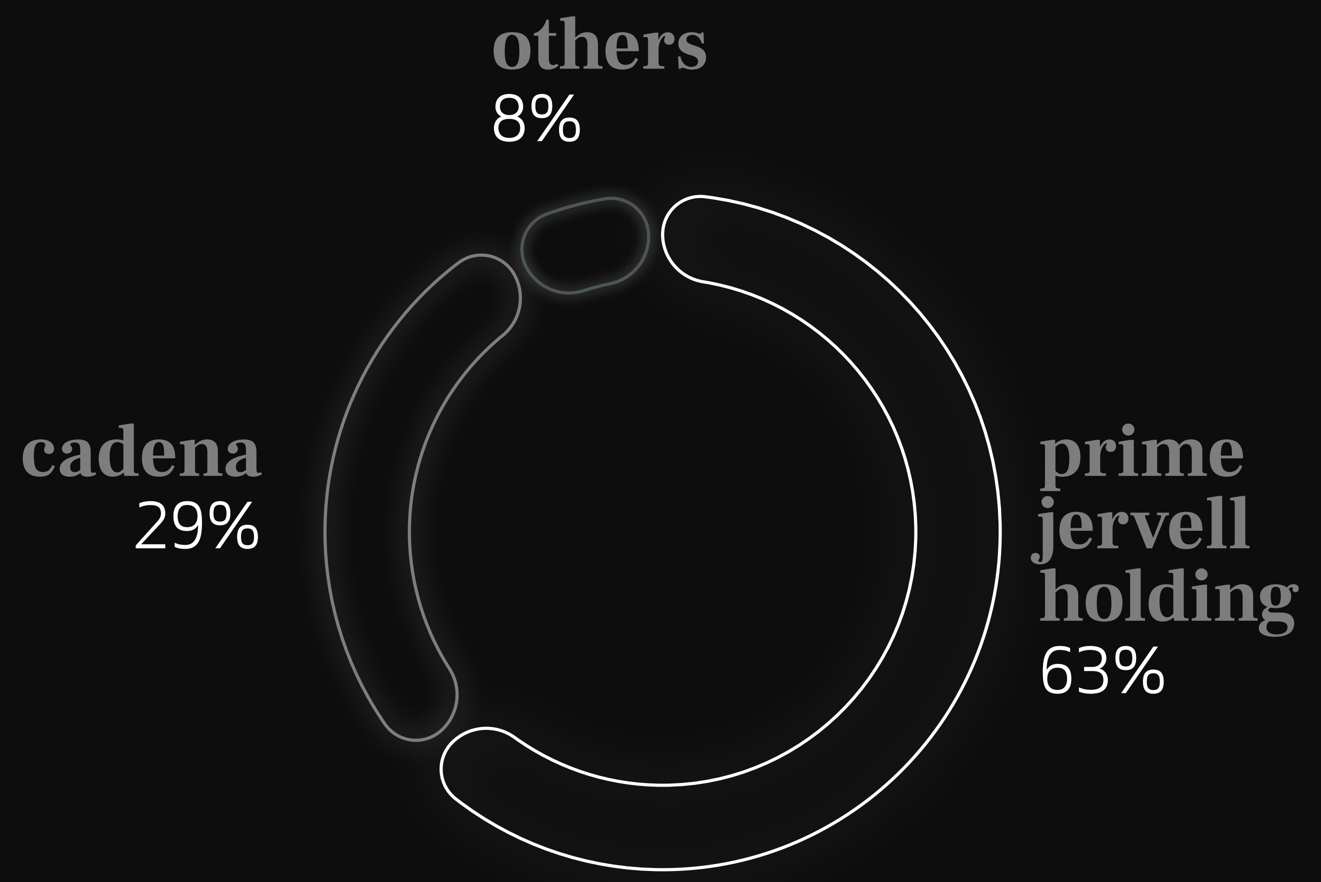
ERNESTO VIEIRA (President)
Ângela Vieira
Ernesto Silva Vieira
João Mieiro
José Jensen Leite de Faria
Nuno Colaço
Paulo Mieiro
Pedro Mieiro
Pedro Arêde
Rui Faustino
Rui Miranda
Tomás Jervell

ASCENDUM'S EXECUTIVE BOARD

JOÃO MIEIRO (President)
Ângela Vieira
Nuno Colaço
Paulo Mieiro
Pedro Arêde
Rui Faustino

1.5.2. ownership structure

Nors' equity is still held by the two founding families, the Jervell family, and the Jensen family.
Nors, S.A.'s equity, which is fully subscribed and paid up, is 30 million euros (30,000,000 shares with a nominal value of 1 (one) euro).
At 31 December 2019, the breakdown of the company's share capital was as follows:



02.

strategy

a transformational approach

2.1. 2015-2020

the end of a cycle

the end of a cycle

2015 marked the beginning of a strategic development process designed to define Nors' Wanted Position for 2020.
The First of two cycles was carried out between 2015 and 2018, based on three strategic pillars — Profitability, Consolidation, and Leadership. From these, multiple guidelines and subsequent actions were created and implemented, essential to a largely successful closing cycle.
In March 2018, the Second Cycle of this ambitious route began. Similar to what had happened previously, we defined the strategic pillars, guidelines, and actions to be implemented in 2020. They can be consulted in the following table.

profitability	development	innovation	leadership
Increment operational efficiency	Identify growth opportunities	Find new value creation models	Have the best people and the best teams
Reduce working capital	Continuously strengthen the balance sheet	Foster experimentation	Place the Customer at the center of the organization
Ensure fixed assets efficiency	Optimize the group's risk profile		Leverage corporate influence
Improve the perceived value by the Customer	Focus in the core business		

● strategic support
○ guidelines

Throughout 2018 and 2019, numerous initiatives and actions were developed.
Consciously continuing to invest in building a more robust and also more agile Nors, we stand prepared and confident in the face of the challenges and shifts that the automotive industry is going to endure.
Being now close to the culmination of another cycle, we foresee 2020 as the year in which we become one of the world's leading mobility businesses. Driven by talented Employees, stakeholders with whom we established long-lasting relationships, and that certainly recognize our value.
We managed to increase our presence in the global market of mobility solutions due to the reach of a frugal organization and growing profitability.
Having traveled all this way, the Wanted Position 2020, defined 5 years ago, was achieved with a high success rate.

2.2. innovation and development

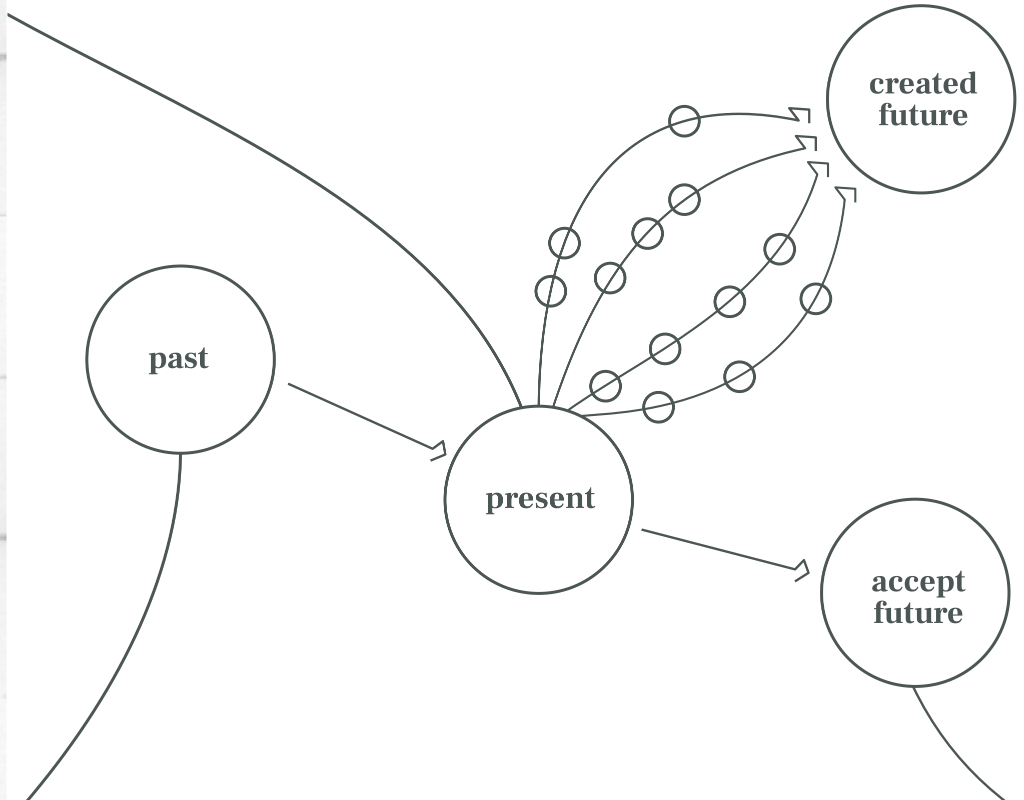
a vision of exponential ambition

We're defined by our roots but also by a clear ambition to transform the future. Driven by this thirst for transformation, we're continually looking for more challenging opportunities and taking our business, our people, and our purpose further. Having this in mind, we face innovation with the unyielding resolve to absorb, know, and do more. We build it based on three main goals: ensure our ceaseless reinvention, offer a remarkable and user-centered experience, and continuously explore new businesses that challenge the sector's frontier. Through our projects, we embody this clear vision of a more agile, resilient, and robust future.

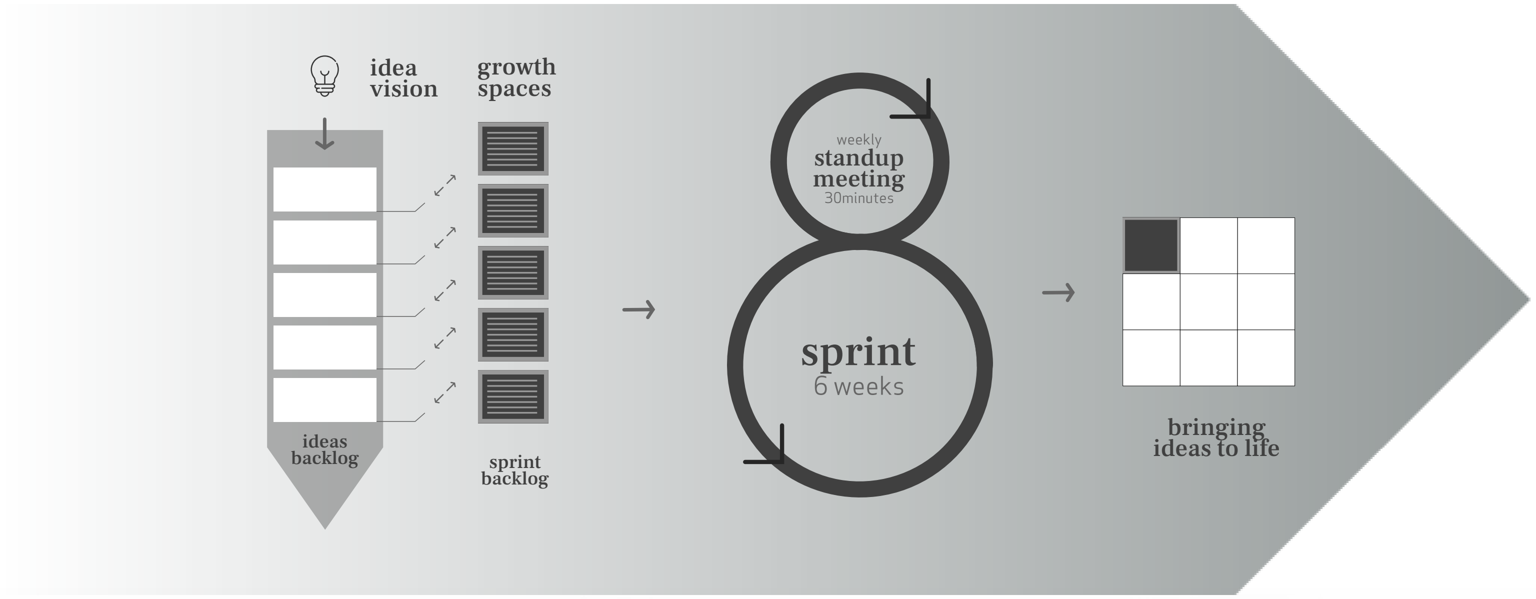
nors sun future blueprint

Nors Future Blueprint is our innovation program that aims to systematize the identification of strategic areas with high potential to transform Nors' future.
The defined approach encapsulates three main stages — Suspend, Understand, and Nurture.
Following the Suspend phase and an exciting and fruitful interaction with the innovation ecosystem — through the Nors Digital Disruptors startup competition, in 2019 — we focused on the Understand phase, mobilizing the organization to the development of a proprietary vision of what innovation means for Nors.

With the Moonshot Factory, we collided in ideas and perspectives, bringing together different audiences, in a divergence and convergence process designed to define our innovation purpose and to develop a portfolio of ideas throughout the three innovation horizons: incremental, disruptive and exploratory. More than 1000 ideas were generated, later organized into 24 migration paths and 6 growth spaces, from which sprang the purpose through which all of Nors' innovation must be considered: to be the engine of an intelligent transportation ecosystem.



In 2019, we organized and prioritized this significant body of ideas in initiatives and started its implementation through an Agile Office. The teams organize themselves, with considerable autonomy, around projects managed following the Agile methodology, in six months waves and six weeks sprints, always with the vital patronage from the organization top management, serving now as sponsors of the growth spaces created.



We also initiated the preparation of the Nurture phase, intended to capacitate Nors' top leaders, on innovation issues, and the development of the entitled exponential leadership.

customer journey

To us, it's a given that our success is rooted in the success of our Customers. In a world always on the move, with a more digital, shared, and responsible economy, it's vital to be agile and flexible, not only to respond to our Customers and their businesses' needs but also to foresee them.
With this in mind, the Customer Journey project aims to structure the commercial activity of Nors' trucks and buses, as well as manage our relationship model with our Customers, according to their needs. This constant evaluation and understanding of what is essential adds exponential value to our Customers.
Currently, this project is being carried out at Auto Sueco Portugal, through 12 different initiatives, organized in 5 stages of implementation, presented bellow.

organization & relational
- 01 KEY ACCOUNT MANAGEMENT
- 02 ALTERNATIVE SERVICE MODELS
- 03 CONTRACTS WITH SLA
- 04 COMMERCIAL APPROACH MODEL

engagement
- 05 DEVELOP THE DRIVER'S COMMUNITY
- 06 CONTENT PRODUCTION

dependent on cores systems
- 07 SINGLE CUSTOMER VIEW
- 08 SELF SERVICE TOOLS
- 09 DOC. SIMPLEX

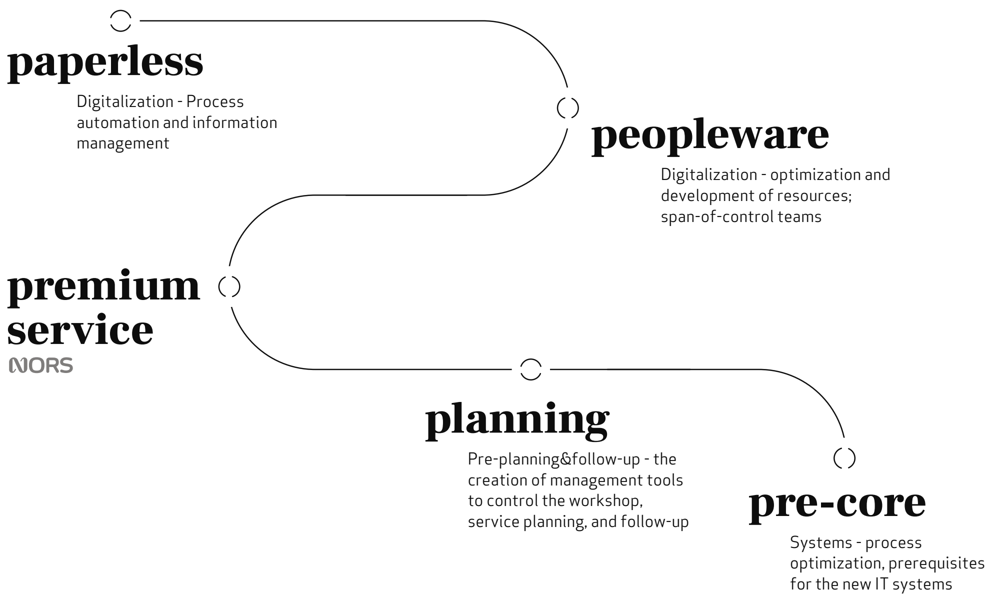
independent
- 10 CONFIGURATOR

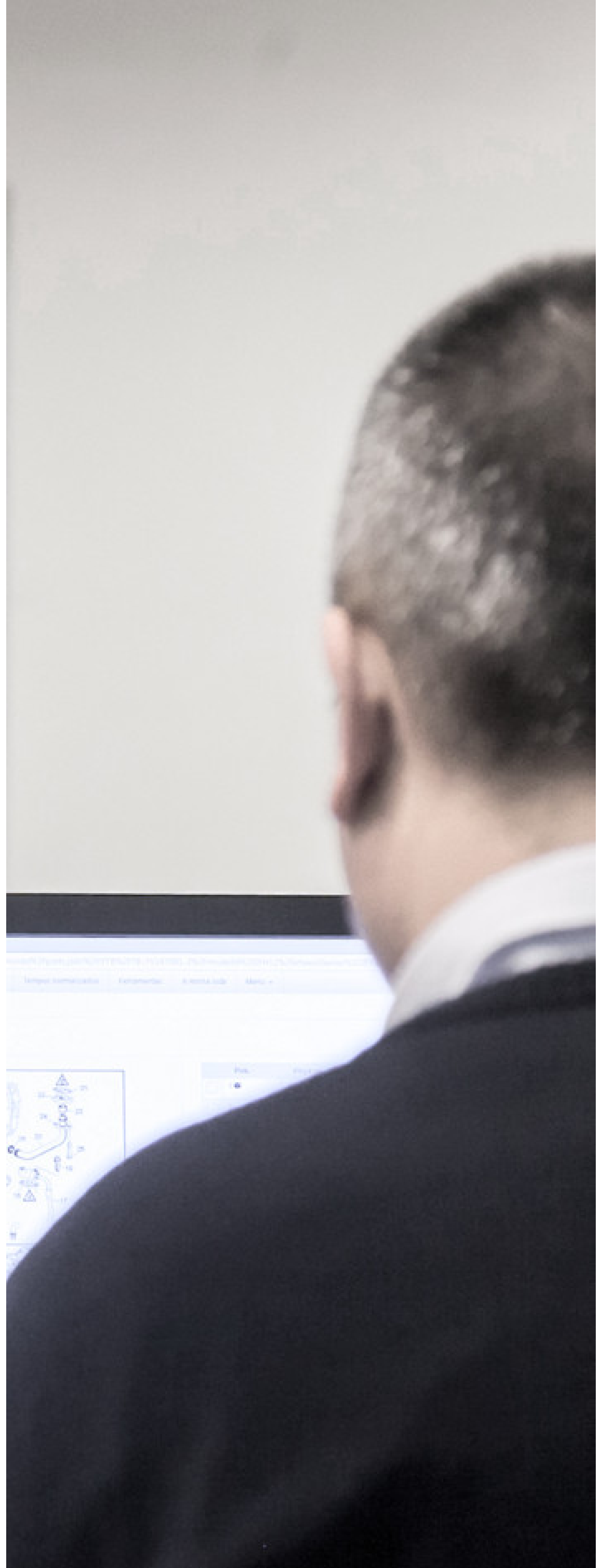
data-driven services
- 11 DYNAFLEET FREEMIUM
- 12 DATAFLEET

flow

There's a change happening in the transportation sector's paradigm, particularly in the repair and maintenance process.
Aware of the importance of After Sales in our Customers' satisfaction, we want to reinforce the core principles and values that drive the way we work and dedicate our selves to whom we serve.
In line with this intention, the Flow project focuses on workflows, associated organization, and planning, to achieve optimization and operational efficiency of the After Sales service.

Our main goal is to ensure quality, agility, transparency, and maintaining the trust of over 85 years of high-quality service.
This project is being implemented at Auto Sueco Portugal, covering the commercial, administrative, and operational activity of its After Sales Units. Having the promotion of a Premium Service as the ultimate goal, we defined four guidelines, presented bellow.





core

We are driven by the ambition t o leverage our competitive business edge globally. Knowing that real change comes from within, we initiated, in 2017, an organizational transformation process — the CORE project. Involving all of Nors' functional areas in a period of more than 5 years and divided into 4 waves of implementation, we aim to unlock our companies growth and profitability potential. This process will enable them to have a solid foundation and a more substantial business model to embrace current and future challenges and opportunities.
The CORE project is pillared in 4 main goals, presented bellow.

operational efficiency and effectiveness

"MORE WITH LESS"
- Robust and integrated processes
- End 2 end vision
- Consistent, reliable and timely information management

customer

"CUSTOMER CENTRIC"
- Improve retention, interaction, and quality
- 360 view
- Ability to offer new services and experiences

employee

"EMPLOYEE CENTRIC"
- Improve the employees' experience, as well as their interaction with peers and integration within the group

agile

- "AGILE/2 SPEED ARCHITECTURE"
Level architecture:
- **Level 1:** Basic foundations that include the group's core processes
- **Level 2:** Agile platform, allowing to respond to the permanent market needs quickly

CORE has as its foundation the implementation of a new ERP — S4/Hana — as a unique, efficient and robust base that will leverage a continuous business transformation, while also guaranteeing the process standardization in favor of a Corporate Template. This base will be complemented with CRM Cloud solutions — C/4 — Human Capital — SF — as well as with rapid development layer, adequately integrated, to meet the short term particular emerging needs, allowing more agility and higher and better responsiveness.
In 2019, we concluded the implementation of the new ERP in the Car Aftermarket in Portugal and in the back-office structure that supports this business.

03.

people

a transparent voice

the strength of our ambition

3.1. nors' employees

We deeply believe that our people are crucial to our success. With a culture based on transparency, ambition, and a personal approach, we ensure an atmosphere of trust and cooperation, wherever our challenges drive us.
This sense of belonging stimulates commitment, supports connections, and combines strengths, allowing us to grow and achieve more than we would alone.
Embodying our shared core values, Nors' people are what drives us further.

WOMEN
689

MEN
3 016

MANAGEMENT POSITIONS
396

TRAINING HOURS
68 892

setting the pace

3.2. strategic people management

In an increasingly demanding and volatile world, there's an urgent need to position ourselves as an attractive company to work for, offering a distinctive value proposition to our Employees.
The life cycle of managing our talent is full of critical moments. From the initial recruitment stages to the integration process, performance management, reward, and benefits system, training and empowerment, and career development opportunities.
All of this provides a positive and differentiating experience, one of Nors' people management main priorities.

choosing talent with excellence

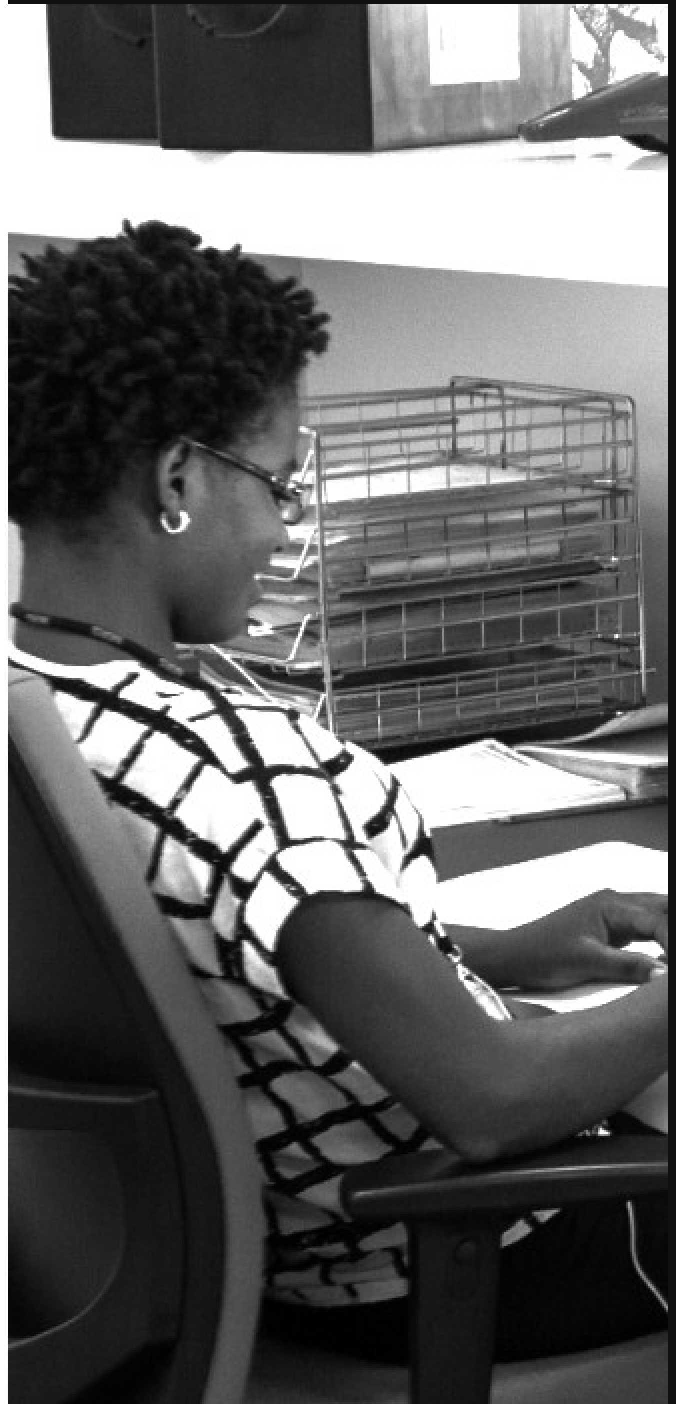
3.3. recruitment and selection

We are driven by people. In this sense, and in order to face present and future challenges with confidence and robustness, we are concerned with attracting talented employees.
Aware of the importance of meeting the expectations of young candidates, we are often present in presentation and network sessions in an academic environment. Furthermore, we seek to capture the existent talent in the market.
Thus, and through an exempt recruitment and selection process, we ensure a diverse and balanced workforce, as well as the skills and experience needed to pursue our corporate goals.

empowering our people

3.4. training and development

The development and training area plays a fundamental role at Nors. On the one hand, it allows us to strategically adapt our workforce to the market and business demands; on the other, it will enable us to create and offer relevant content that promotes the development of current skills and needs.
With Development and Training Programs, we invest in creating and evolving soft skills, whether at an individual or Intra and Inter teams level. We promote a rewarding and distinctive experience by integrating our solutions to the digital transformation and the use of new technologies. In this manner, we guarantee a multigenerational workforce and distinct training journeys.



nors business academy

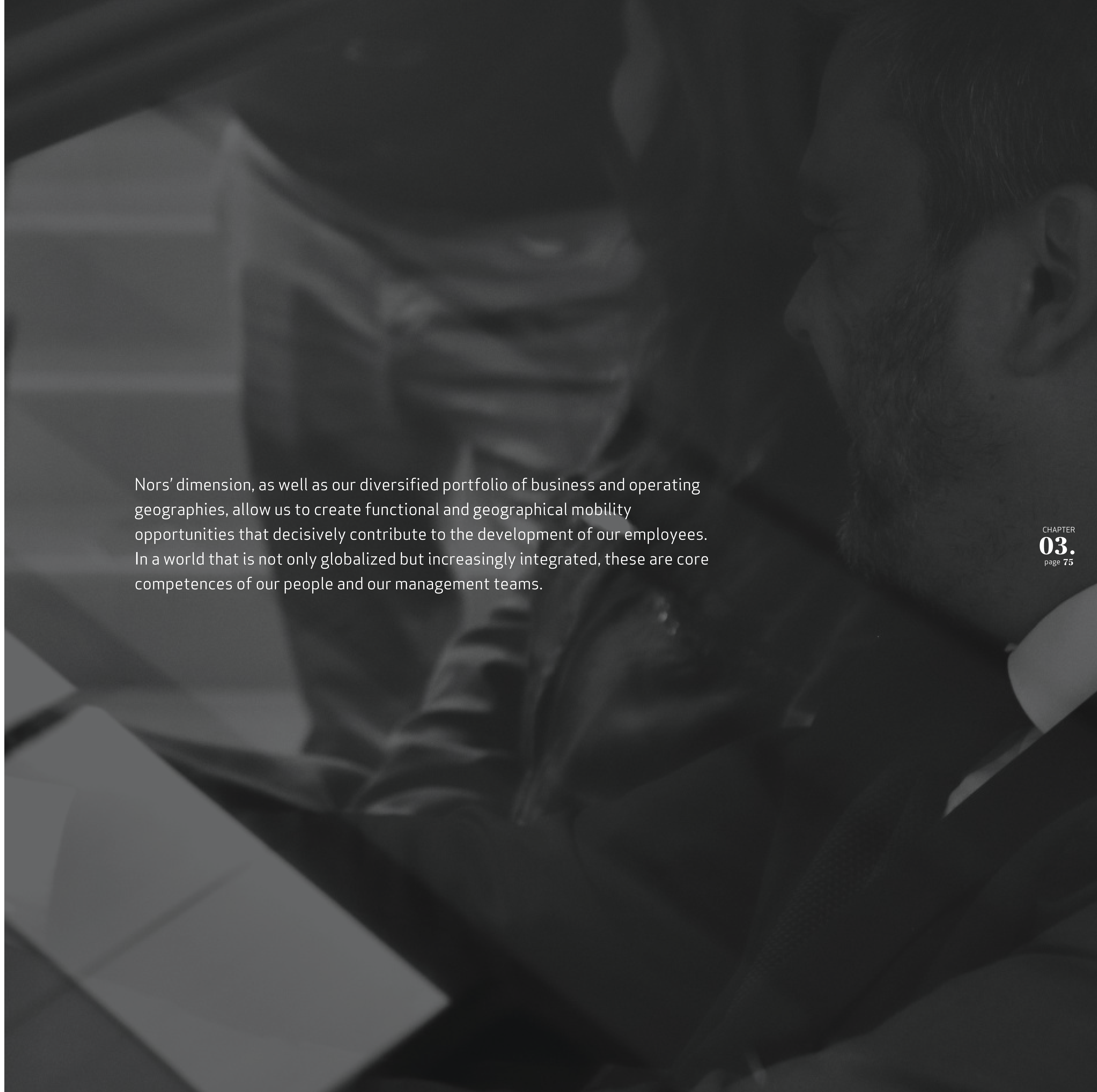
In 2019, we further strengthened the investment in presential and digital learning solutions, through Nors Business Academy and our new e-learning platform. Thereby, we were able to promote more agile and individualized learning processes, as well as cover immediate needs — all through engaging and dynamic content. We registered a total of 272 active trainees involved in numerous formative projects, whether in a technical or behavioral field. We emphasize our commitment towards capacitating our employees to master the English language, as a Nors strategic competence, through blended learning and individual coaching.

road

Simultaneously, our Employees' development, our leaders' preparation, and the creation of a leadership pipeline has assumed a vital role in our people management activity. With this in mind, the potential and leadership development program was designed — the ROAD Project — in which more than 100 Nors' Employees were involved. We carried out Assessment Centres to identify gaps, conducted individual feedback sessions with all our employees, and built personal development plans. This allows us to boost the professional development of each employee and provide the organization with the necessary tools and know-how to manage performance, mobility, and engagement, in an objective, structured and transparent way.

moving throughout the world

3.5. mobility



Nors' dimension, as well as our diversified portfolio of business and operating geographies, allow us to create functional and geographical mobility opportunities that decisively contribute to the development of our employees. In a world that is not only globalized but increasingly integrated, these are core competences of our people and our management teams.

building long-lasting relationships

3.6. performance management system

Based on a culture of continuous feedback, Nors' Performance Management System is an essential component for the alignment of each Employee with the organization's strategy, goals, and values.
In 2019, we continued establishing the Performance&Goals module. Through this performance management system based on market-leading technology, performance evaluation and recognition aim to be a differentiating elements and have a positive and significant impact, enhancing our Employees' involvement and better collective performance of the organization.

sharing our presence

3.7. communication

nors live awards

This year, WE.NORS Awards — which distinguish the Employees whose talent, dedication, ability to innovate and entrepreneurship are most evident — and "Um de Nors" — an homage to the Employees who complete 20, 30 and 40 years at our service — were brought together for the first time at the Nors Live Awards. The event had more than one hundred guests and was, as traditionally, broadcasted in web streaming to all of the countries in which we operate. In this seventh edition, WE.NORS Awards were, also for the first time, attributed by our Employees universal vote.

nors' annual meeting

The 2019 Nors' Annual Meeting brought our top management together and featured a brilliant intervention by PhD José Fernando Pinto dos Santos, under the theme "Management in a Multinational Company."

loop, buzz e muvi

This was the year that marked the launch of our new Intranet Platform — "LOOP" — as well as of two other communication and collaboration tools: the internal social network "Buzz," and the corporate video channel "Muvi." These tools aim to improve the Employee experience by making it more fluid, exciting, and, above else, more engaging. While aware that there is still work to be done, we emphasize that the experience thus far is highly positive.

apce award

Also this year, we were the selected winners in the "External Event up to 1000 people" category at the APCE Award — Portuguese Association f or Corporate Communication 2019, for the international Startups contest "Nors Digital Disruptors," promoted with our partners Chain Reaction and Desafio Global.

patronage and social responsibility

Continuing our active and differentiated presence in the public space, we supported, through donations and partnerships, several organizations from the so-called third sector — in particular, cultural and social initiatives.

In the cultural sphere, we highlight Casa da Música and Fundação Serralves. In the latter, we were, for the second consecutive year, patrons of the Contemporary Projects that were part of the exhibitions "Clube de Poesia de Horácio Frutuoso" and "Alguém devia dizer-nos o que é que realmente se está a passar", by Nora Turato, found at the Museu de Arte Contemporânea de Serralves.

For the second time as well, we were patrons of the "Jazz no Parque" program, an event that took place in the Fundação de Serralves Gardens, in three consecutive weekends.

Regarding social action, we supported Porto's Banco Alimentar Contra a Fome, Fundação Cupertino Miranda and Associação Vida Norte.

04. performance

a performance fluent in results

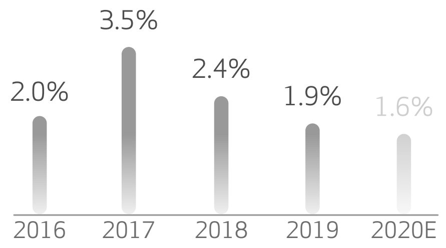
a glance through the markets

4.1. main macroeconomic indicators

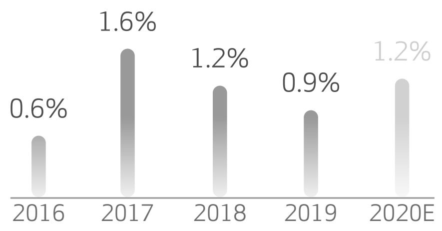
portugal

According to the projections, by the end of 2019, the Portuguese GDP growth rate will have decreased 0.5 percentage points (1.9% in 2019 compared to 2.4% em 2018). This evolution translates into an approximation of the activity growth rate to the estimated potential growth of the economy. This economic growth slowdown is partly due to the deceleration of private consumption to 2.3% when, in 2018, it had registered a 3.1% growth. Notwithstanding the maintenance of favorable financing conditions, the decline is explained by lower consumption of durable goods, since the effects of accumulated latent demand during the crisis will be dissipating. This behavior thus results in the real increase of the household savings rate, since, in 2019, we witnessed a growth in disposable income. Regarding public consumption, it is expected a 0.5% real growth in 2019. Yet again, it translates into a slowdown compared to the previous year, which had registered an increase of 0.9%. This, to some extent, is a symptom of the reversion of a one-off effect of expenditures related to the 2017 fires (with an impact in the 2018 intermediate consumption). The Gross Fixed Capital Formation grew strongly in 2019 (7.3%), closely associated with the construction sector, in which large-scale infrastructure projects were carried out, partly through public investment, and that also benefited from European funding. As to the trade balance, in 2019, Portugal managed to decrease the import growth rate, but also diminish the weight of exports on the GDP. Nonetheless, it saw a market share increase compared to the previous year.

It can be inferred that the slowdown in imports reflects the deceleration of exports and of private consumption, which has a high imported content associated. According to the Bank of Portugal projections, the unemployment rate will continue to decrease, after having registered in 2019 its lowest level since 2003, and inferior to trend, settling around 6%. Gradually designing, since 2007, a downward path, inflation would have decreased again in 2019 to 0.9%, lower than the Eurozone inflation. This decline mostly reflects the evolution of energy goods — which is closely linked to the drop in the price of a barrel of oil —, as well as of the electricity and gas prices. However, there is also a contribution from the non-energy component to the decrease of the price index in the economy, such as a price reduction in public transportation, university tuition fees, prices of school textbooks, among others. In 2020, it's expected a further drop of the GDP to 1.6%, based on the slowdown in private consumption, especially in the non-durable goods and services component. It is also estimated that the inflation rate will return to levels registered in 2018 (1.2%).



GDP growth rate in Portugal



Inflation rate in Portugal

Source
International Monetary Fund
Bank of Portugal – Economic Bulletin December 2019

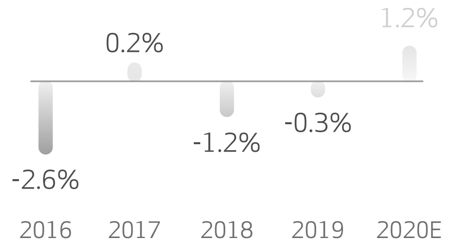
angola

It is estimated that in 2019 the Angolan economy was very close to having achieved positive growth, with a -0.3% GPD variation, when in the previous year it had registered a 1.2% decrease. The signs of recovery of both the economy and the health of public finances have been noticeable. In fact, they both presented a positive budget balance — about 2.8% of the GPD — and a primary balance that amounted to 6.6% of the GPD. However, the current performance of this economy has been revised downwards largely due to oil production, which has been less than estimated.

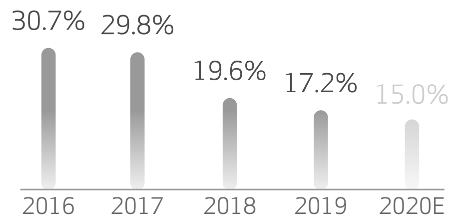
Since the country is linked to the International Monetary Fund (IMF) financial assistance program, which will allow it to receive a 3.7 billion dollars financing over a four-year period, one of the indicators which is more closely monitored is the level of net international reserves, which are expected to exceed 9.4 billion dollars. Angola ended 2019 with a stock of foreign exchange of 11.8 billion dollars, which approximately represents 6 months' worth of imports of goods and services. The public debt represents about 95% of the GDP.

Still, it is estimated that in upcoming years it will have an increasingly smaller weight, to reverse the upward trend already in 2020 (90%), to register 68% in 2024. The prospects for 2020 are positive, mainly based on the approaching structural reforms, greater political stability, and the financial support of the IMF.

Hopefully, the combination of these three factors will sustain the necessary investments and private spending. For the control and stabilization of inflation, which is expected to keep a downward trajectory initiated in 2017, the National Bank of Angola will likely maintain the key interest rate, so it should end at 16.3% in 2020.



GDP growth rate in Angola



Inflation rate in Angola

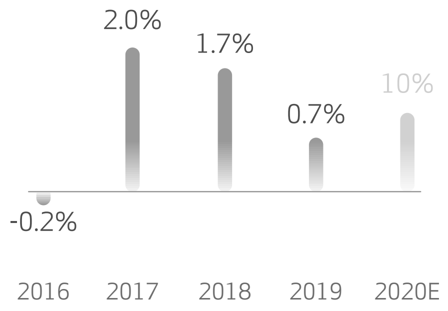
Source
International Metary Fund
Banco BPI – Weekly Information Angola January 2020

spain

The Spanish economy's growth has been decelerating in the last five years, having registered a 2.2% estimated positive GDP variation in 2019, which is still higher than the 1.1% initially forecasted. This performance is mainly due to the worsening of the global trading environment, caused by the conflict between the USA and China, the uncertainties around Brexit, and the difficulties that the automotive sector is facing in Europe. On the other hand, these factors had a direct impact on the Spanish exports of goods and services through the demand channel but didn't indicate lesser competitiveness in relative terms. It is understood that the slowdown observed in 2019 fits into a growth convergence process to levels more in line with the potential growth of the economy.

It is estimated that for 2020, a further 1.8% reduction of the growth rhythm, although the second half of 2019, has recorded an expansionary behavior, maintaining growth rates above those of the Eurozone. Inflation fell by one percentage point compared to 2018 (1.7% to 0.7%), a result of the effect that the drop in energy prices had on the consumer price index. In 2020, it's expected that the inflation rate moves to a stationary level around 1.0% since the effect of the fall in prices in energy goods started a contrary behavior in the last quarter of 2019. The employment indicators show that job creation has fallen more sharply than expected in 2019. Combining this phenomenon with an increase of the active population results in a slowdown of the reduction in the unemployment rate.

GDP growth rate in Spain

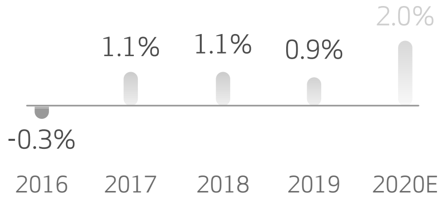


Inflation rate in Spain

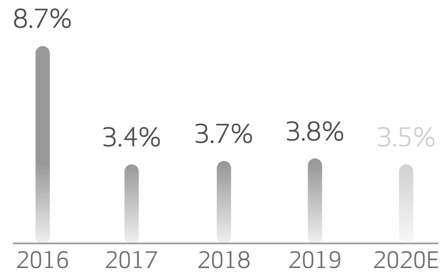
Source
International Monetary Fund
Bank of Portugal – Economic Bulletin December 2019

brazil

In Brazil, growth remained moderate, at 0.9% in 2019, but is due to accelerate to 2% in 2020.This acceleration comes from an improvement in confidence caused by the approval of the pension reform and the reduction of the interest rates of the monetary policy in the context of low inflation. The consistent implementation of the government's broad fiscal and structural reform agenda will be essential to safeguard the sustainability of the public debt and to boost potential growth. The growth in the economic activity was not as significant due to low investment an to the fact that the pension reform was only approved in October of 2019. Nevertheless, 2019 was also marked by events damped the main growth drivers, such as the slowdown in household consumption. Even though the public finance deficit continues to decrease, public debt has grown by 9.6% compared to 2018. However, the value of public debt as a percentage of GPD decreased in 2019 when compared to 2018, an occurrence that happened for the first time since 2013. It is estimated that inflation remained in 2019 at the same level as in the same period last year, thus meaning a generalized increase in prices in the Brazilian economy by 3.8%. This price level was the result of the price increase in food products. It was also supported by continuing a monetary policy that focuses on maintaining lower interest rates compared to what had been observed in previous periods. The Selic rate was revised several times downward during the second half of 2019, closing the year at 4.5%. In 2020, it is expected that the Brazilian economy continues the process of economic growth, and it is estimated a 2% GPD growth (about one percentage point above last year). The prospects regarding the evolution of prices in the economy are of a slight decrease compared to what happened in 2019, going from 3.8% to 3.5%.



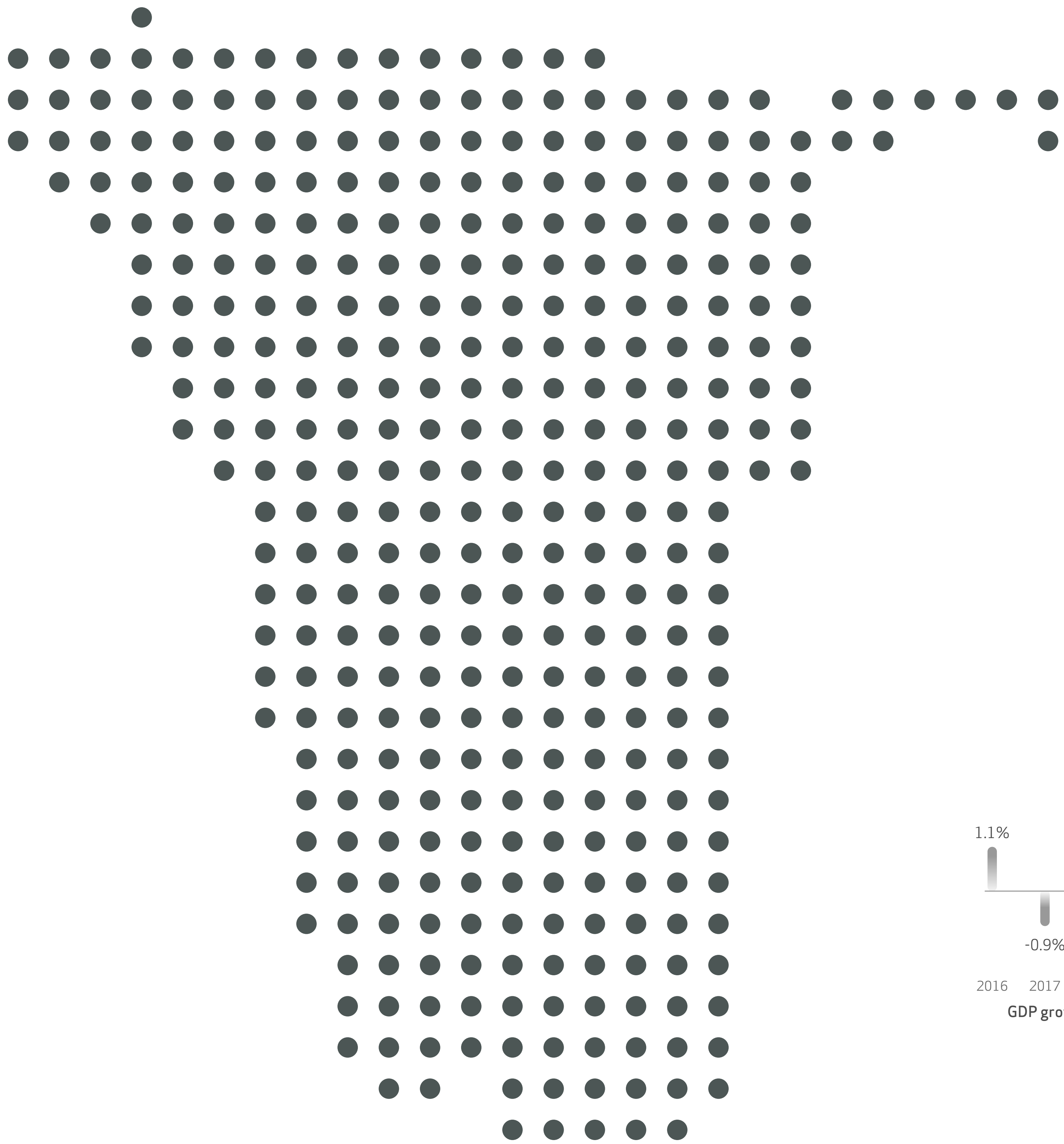
GDP growth rate in Brazil



Inflation rate in Brazil

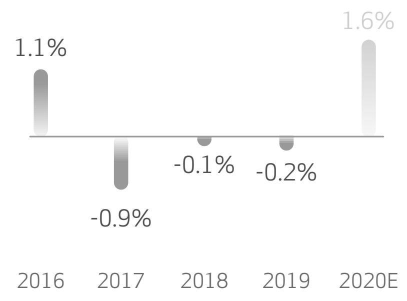
Source
International Monetary Fund
World Bank

namibia

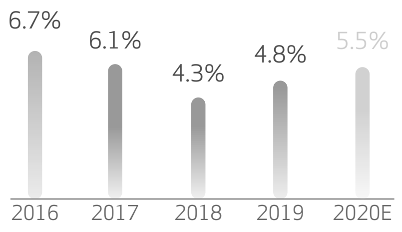


The real GDP, which had peaked at 6.1% in 2015, contracted around 0.2% in 2019, after a 0.1% contraction in 2018.
Aggregate demand fell sharply since 2017 when the government initiated the tax consolidation to remedy the growing imbalances in public spending and of the drop in tax revenue related to the Southern African Customs Union (SACU).
The Inflation estimated for 2019 was 4.8% in 2019 and is expected to remain within the 3% to 6% target in the medium term.

The Current Account deficit is estimated to have been set at 3% of the GDP in 2019, confirming the improvement trend since 2017, since once exports showed signs of recovery, import growth weakened due to the reduced economic activity.
The GDP growth is expected to recover to 1.6% in 2020, and 2.4% in 2021, primarily sustained by the development of sectors such as industry and construction.
However, the weak prospects for economic activity in South Africa may decrease the external demand and reduce SACU's revenues.



GDP growth rate in Namibia

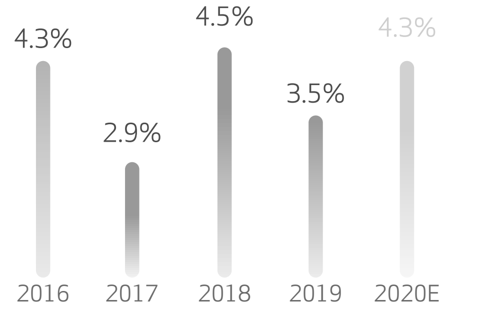


Inflation rate in Namibia

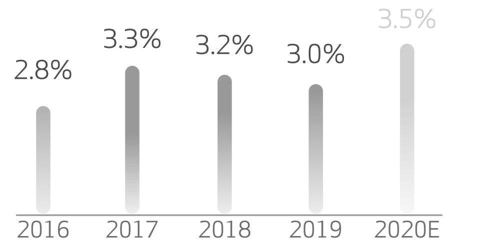
Source
IMF – Global Economic Outlook October 2019
African Development Bank Group – African Economic Outlook 2019

botswana

The real GDP is estimated to have grown 3.5% in 2019, after an average of 4% between 2016 and 2018, a behavior driven by the continued recovery of the mining sector (diamond extraction) and the generalized expansion of the economic activity unrelated to extraction.
Concerning inflation, it is estimated that it will remain stable in 2019, at around 3.1%, similar to the values recorded between 2015 and 2018 (with an average rate of 3%).
Low inflation reflects a combination of low domestic demand and controlled increases in external prices.
Public debt remains at low levels and is estimated to reach 23% of the GDP in 2019. The external position remains moderate, although the Current Account surplus shows signs of reduction, expected to fall to 1.0% of the GDP in 2019, similarly to the 1.9% recorded in 2018.
Given the volatility of diamond exports, the government decided to finance public investments by reducing reserves at the expense of contracting external debt.
Although international reserve buffers have been decreasing since 2016, their levels remain high.
The medium-term outlook remains positive, with a projected growth of 4.3% in 2020, and 5.1% in 2021.
Nonetheless, the country's dependency on diamond exports, the high unemployment — especially among the younger population—, as well as the profound social inequalities found, are factors that compromise the better performance of Botswana's economy in the near future.



GDP growth rate in Botswana

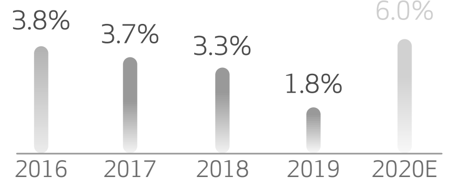


Inflation rate in Botswana

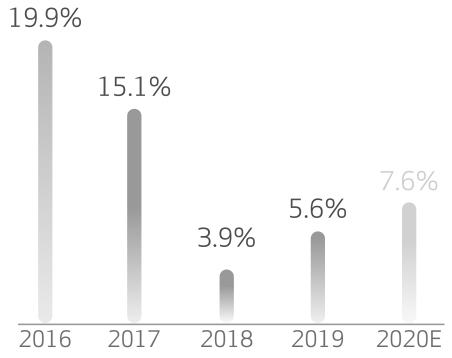
Source
IMF – Global Economic Outlook October 2019
African Development Bank Group – African Economic Outlook 2019

mozambique

Mozambique faced an economic slowdown in 2019, with a 1.8% GPD growth, mostly explained by the impact of the Idai and Kenneth cyclones.
Together, and due to the drop in foreign direct investment, the economic activity was already showing a slowdown between 2016 and 2018, with an average growth rate of 3.7%, compared to 6.7% in 2015.
Regarding inflation, as a result of a monetary policy of contraction, the rate fell to 3.9% in 2018, and 3.4% in 2019, reversing the high levels recorded in 2016 and 2017.
It is estimated a GDP growth of around 6% in 2020 and about 4.0% in 2021, boosted by the finding of gas reserves. Mozambique now has the opportunity to diversify the economy and simultaneously improve its competitiveness — modernizing agriculture, electrifying the country through different energy solutions, and promoting other industries, such as fertilizers, fuels, and metalworking. Besides, the need for infrastructure to exploit these resources should trigger a cycle of private and public-private investments.
The current account deficit increased to 54.2% of the GDP in 2019 (against 29.5% in 2018), and is expected to reach a level of 65% of the GDP in 2020 and 2021, as projects related to gas exploration will lead to a substantial increase on the volume of imports.
Simultaneously, the public finance deficit is expected to reach 4.5% of the GDP in 2020 and 4.3% in 2021, which raises concerns about the sustainability of public debt.



GDP growth rate in Mozambique



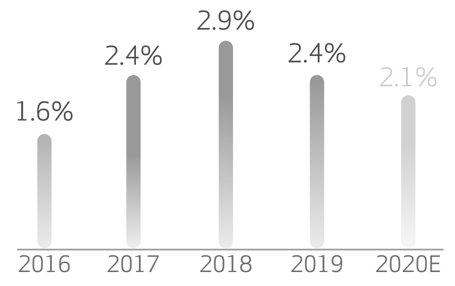
Inflation rate in Mozambique

Source
IMF – Global Economic Outlook October 2019
African Development Bank Group – African Economic Outlook 2019

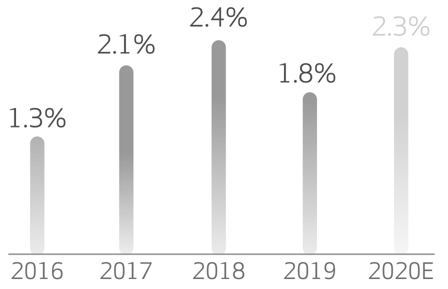
usa

The Northern American economy is close to breaking the record for the most prolonged period of growth in the last 170 years. The unemployment rate also fell to the lowest levels recorded since the 1960s.
However, the growth of the US economy decelerated somewhat in 2019 to 2.4%, and the outlook is to maintain this slowdown throughout 2020, with the estimate fixed at 2.1%. This trend is, to no small extent, a consequence of the protectionist measures already in place — increased trade tariffs on products —, trade tensions with the main economic partners, and the reduced impact of fiscal stimuli.
In 2019, the Federal Reserve chose to adopt a more accommodative approach in monetary policy, which is expected to continue throughout 2020.

In this context of modest economic growth, the inflation rate is expected to remain around 2.0% in the coming years (in line with the Fed target).
 The oil prices, that were kept under control during 2019 (compared to 2018), supported the low inflation rates (around 1.8%). In 2020, the combination of tariffs imposed on Chinese imports and the maturity of the economic expansion cycle is expected to exert upward pressure on prices, although without high levels of inflation being reached, with a forecast of 2.3 %.
The focus on the November 2020 presidential elections has created some instability in domestic policy. Concerning foreign policy, the protectionist measures adopted in 2018 and 2019 are a reflection of the paradigm shift from multilateralism to that of protectionism in the USA.



GDP growth rate in USA



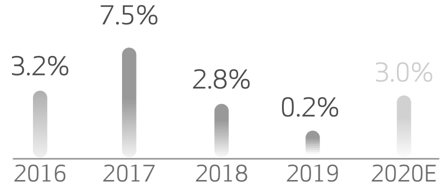
Inflation rate in USA

Source
IMF – Global Economic Outlook October 2019
Banco BPI - Country Outlook United States 2019

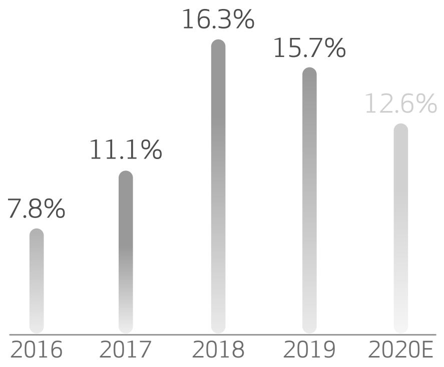
turkey

The Turkish economy registered a 0.2% growth in 2019, a performance significantly below what it had achieved in 2018, and slightly below the prospects formulated for this period. After a period of substantial macroeconomic imbalances, Turkey is currently undergoing macroeconomic adjustment, resulting in a timid growth of 0.2%. Regarding price developments, inflation reached 15.7% in 2019.

Last year, the Turkish lira depreciated 10.3%. The prospects for 2020 are to recover from the growth recorded in 2019, partly supported by a relative institutional stability that was not seen in recent years. Thus, the prospects for 2020 are of a GDP growth of around 3%, and a lower price growth in the economy, which will be about 12.6%.

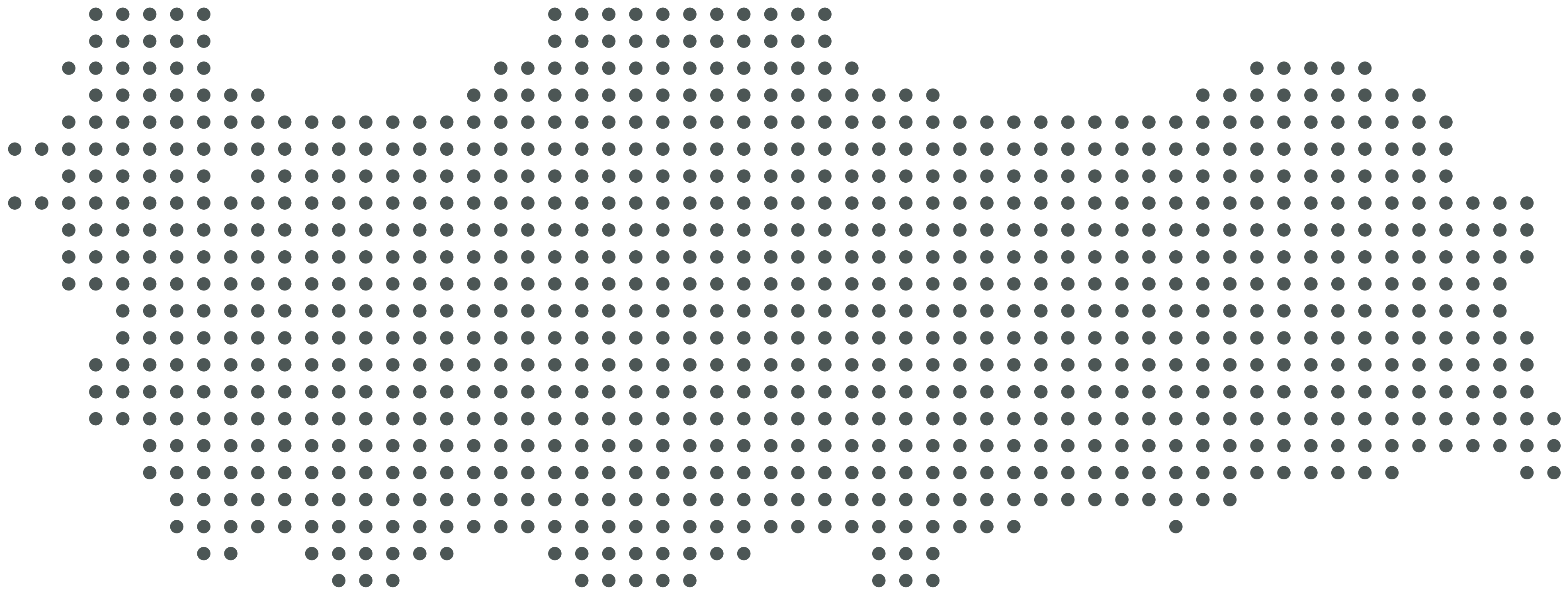


GDP growth rate in Turkey



Inflation rate in Turkey

Source
IMF – Global Economic Outlook October 2019



czech republic

It is estimated that the GDP growth will reach 2.6% in 2020, driven by household consumption, reflecting the increase in wage levels combined with the extremely low unemployment rate, however negatively affected by the downward trend in external demand. Consumer price growth remains low, at 2.3%, maintaining the level projected for 2020, with an average rate expected to reach 2.6%.

Source
IMF – World Economic Outlook October 2019

romania

The Romanian GDP maintained, in 2019, the level of growth recorded in the most recent years, standing at 4.0%, as a result of the boost of private consumption and investment. It is expected that 2020 will not allow the Romanian economy to repeat this level of growth, setting the estimate at 3.5%, albeit with lower inflation levels, at around 3.3% (compared to 4.2% in 2019).

Source
IMF – World Economic Outlook October 2019

austria

Economic activity has performed well in recent years but shows signs of contraction. Growth slowed in 2019, mainly due to a fragile external environment, although domestic demand remains robust. In this sense, in 2019, the growth of the Austrian economy was 1.6%, with an expectation of 1.7% for 2020. The average inflation rate was 1.5% in 2019, and it is estimated to come close to 1.9% in 2020.

Source
IMF – World Economic Outlook October 2019

hungary

Regarding the GDP, in 2018, Hungary was one of the countries that most grew in Europe, and maintained in 2019 a sound level of growth, standing at 4.9%. In 2020, this strong recovery is expected to slow to around 3.3%. Private consumption will continue to drive growth, although public investment is expected to slow down due to decreasing disbursements from the European Union's structural funds. In 2019, inflation was set at 3.4% and is expected to remain close to these levels in the coming years.

Source
IMF – World Economic Outlook October 2019
OCDE – Economic Outlook November 2019

croatia

In 2019, Croatia continued its path of economic expansion, achieving solid economic growth for the fifth consecutive year, registering a GDP growth of 2.9%, driven largely by private consumption and tourism. At the same time, the greater absorption of funds from the European Union should make it possible to increase public investment in the coming years. The labor market continued to show signs of robustness and wages continued to rise, while import prices helped to keep inflation low, at 1.3%.

Source
IMF – World Economic Outlook October 2019
IMF – Republic of Croatia 2019 Article IV Consultation-Press

mexico

In Mexico, the economic activity stagnated in 2019 due to political uncertainty. Growth is expected to recover to 1% in 2020, as conditions normalize, namely the ratification of the trade agreement between the United States, Mexico and Canada (USMCA) and the recent easing of monetary policy, that aims to contain the inflation rate, with an average rate of 3.1% expected for 2020 (compared to 3.7% in 2019).

Source
IMF - Outlook for Latin America and the Caribbean

slovakia

In 2019, was registered a 2.3% GDP growth and economic growth is expected to be around 2% in 2020 and 2021, as the decline in external demand will affect export growth. In turn, domestic demand will remain relatively stable, mainly due to private consumption, which will be sustained by a job market with low levels of unemployment. In 2019, inflation was set at 2.8% and is expected to remain above 2%, given that the economy operates above its average capacity.

Source
IMF – World Economic Outlook October 2019
OCDE - Economic Outlook November 2019

4.2. economic performance

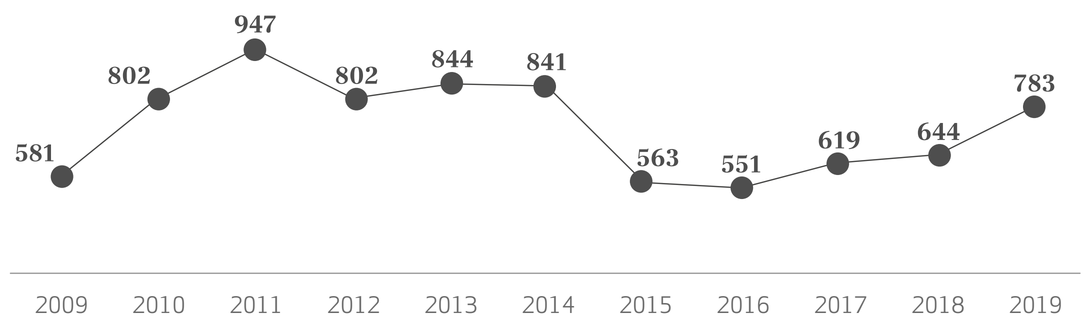
a look into the results

a broad look into the results

financial ratios in 2019

With the upward trajectory of recent years reinforced, the turnover registered a 21.5% growth, reaching a consolidated total of 782.7 million dollars.
This overall performance is primarily based on an activity rise in the Brazilian market, as well as the contribution of Portugal, Angola, and other countries in the African Region.
In Brazil, 2019 confirmed and strengthened the growth trend initiated in 2018. We achieved a 50% increase in sales, a figure that would have had a more significant impact if not for the adverse exchange rate effect.
In Portugal, 2019 was a year marked by stability in the high range truck market, having evolved positively only by 2% (4,410 units in 2019 when compared with 4,307 units in 2018). It was also a year where we committed to different projects that will allow our companies to evolve and redefine their business models, preparing themselves for future paradigm changes.
Despite the growth in its turnover, the Angolan market remains significantly conditioned by the situation that has been lived since 2015. The severe exchange rate devaluation suffered by the Kwanza during the year — induced to stop inflation — took the purchasing power away from the economic agents. This phenomenon, paired with a near absence of investment, determined yet another year of great apathy in the economy as a whole, but also in our sector, in particular.

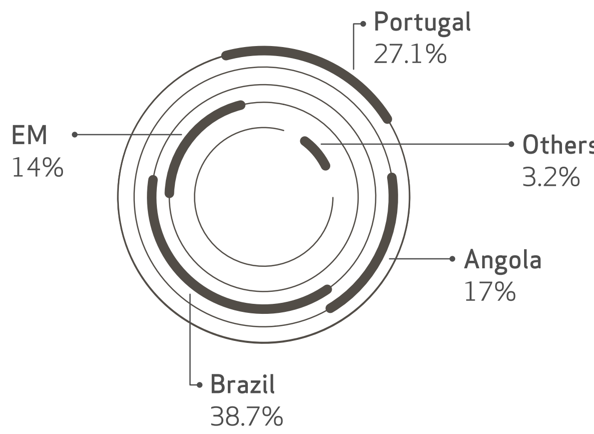
consolidated turnover (millions of euros)



The joint ventures began to be consolidated using the equity method in 2012. Until then, they were entered using the proportional method. The values shown in the graph are calculated using the equity method, and are therefore comparable.

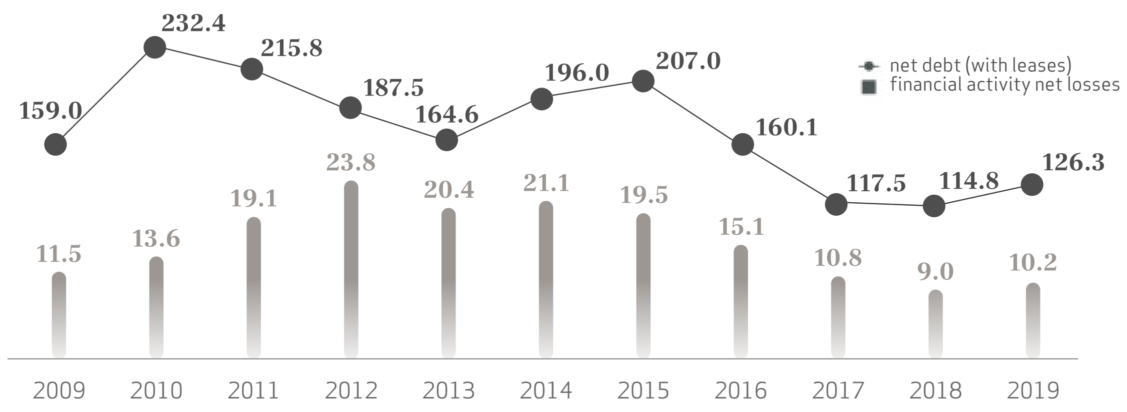
Our global turnover growth also materialized in an increase in the generated gross margin. In fact, this indicator went from 117.4 million euros in 2018 to 132.6 million euros in 2019, mainly due to the excellent performance of Brazil's operations. On the other hand, the gross margin percentage decreased, a phenomenon that can be explained by the shift in the business mix and respective contribution to its margin.
In Brazil, the expansion cycle underlies our growth in the sale of equipment, which is the business area with the least contribution to the margin.
In Angola, the continuation of the economic slowdown and the erosion of the circulating park extended the After Sales business breakdown, the business area with the highest contribution to the margin.
This increase in the generated gross margin, combined with a stable cost structure, led to a rise in EBITDA from 44 million euros in 2018 to 58.5 million euros in 2019.
This evolution includes the positive impact resulting from applying IFRS 16 in the amount of 8.2 million euros.
Along with the EBITDA increase, it should be noted the EBITDA qualitative evolution regarding its origin.

ebitda distribution



Despite the pressure that the growth in activity places on the capital employed, without the effects of the application of IFRS 16, Nors would once more register a reduction in net debt, going from 98.7 million euros in 2018 to 72.1 million euros in 2019. This decrease is mainly associated with the production of operational cash flow. Still, we cannot fail to mention the positive contribution of selling non-strategic assets — similar to what has been done in recent years — and that in 2019 determined the sale of the company Biosafe (3.1 million euros).

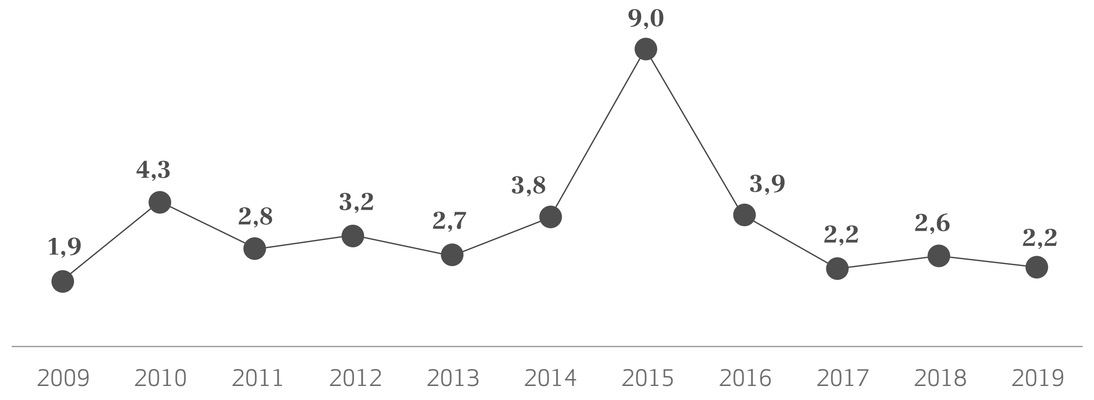
net debt (with leases) and financial activity net losses



The joint ventures began to be consolidated using the equity method in 2012. Until then, they were entered using the proportional method. The values shown in the graph are calculated using the equity method, and are therefore comparable.

As a result of the lower consumption of the financial debt, associated with a more favorable average price, the interested invoice effectively decreased. Nonetheless, the value reported in Income from Financial Activity is negatively impacted by the effects of IFRS 16 — without which it would total -7.6 million euros.
As shown in the graph below, combining the effects of EBITDA and the net debt with leases allowed it to reduce its respective ratio. The effects of IFRS 16 also impacted this ratio — otherwise, it would be 1.8.

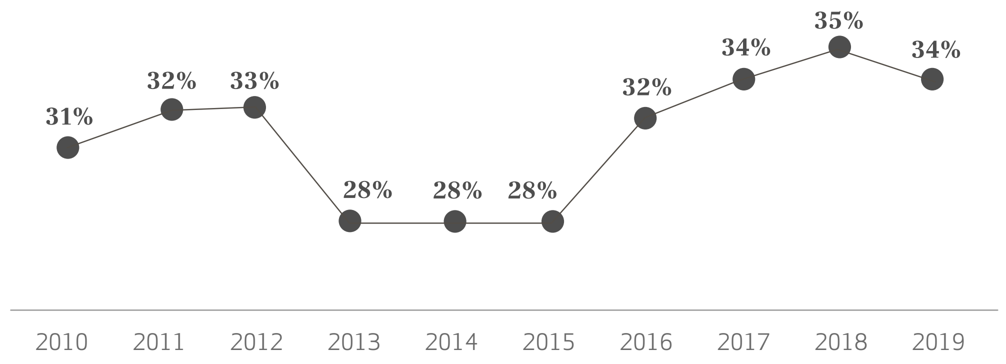
net debt (with leases) / ebitda



The joint ventures began to be consolidated using the equity method in 2012. Until then, they were entered using the proportional method. The values shown in the graph are calculated using the equity method, and are therefore comparable.

We effectively managed the currency impacts coming from Angola, caused by our exposure to the Kwanza devaluation risk, and the United States Dollar. The first risk was eliminated by using Treasury bonds of the Angolan State, whose valuation is indexed to the United States Dollar. The second risk was managed through a natural hedging strategy, achieved by creating financial liabilities denominated in United States dollars.
The growth in EBITDA offset the slight increase in expenses related to the financial activity, allowing us to close 2019 with a growth in net income — which rises to 24.3 million euros in 2019.

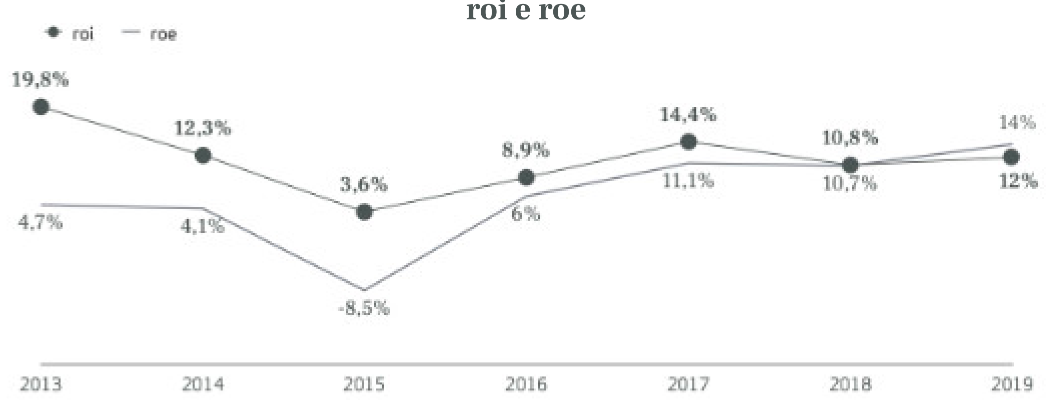
financial autonomy



The joint ventures began to be consolidated using the equity method in 2012. Until then, they were entered using the proportional method. The values shown in the graph are calculated using the equity method, and are therefore comparable

Benefiting from this performance, the equity balance sheet item grew. We also recorded a growth in Net Assets — from 560.3 million euros in 2018 to 671.1 million euros in 2019 — justified by the introduction of IFRS 16, which directly caused a 33.8 million euros increase. Nevertheless, we were able to maintain our financial autonomy practically unchanged compared to 2018, without which the ratio in question would amount to 35.7%.

roi e roe



The joint ventures began to be consolidated using the equity method in 2012. Until then, they were entered using the proportional method. The values shown in the graph are calculated using the equity method, and are therefore comparable.

Profitability ratios were also affected by the introduction of IFRS 16. The net result was negatively impacted by 0.7 million euros due to IFRS 16 - without which ROE would be 14.4%. On the other hand, EBIT had a positive impact of 1.5 million euros (an increase of 8.2 million euros in EBITDA and an increase in depreciation of 6.7 million euros). Thus, without the result of this effect, ROI would be 12.9%. In summary, regarding profitability ratios, ROE grew from 10.7% to 14% and ROI from 10.8% to 12%.

consolidated performance

consolidated thousands of euros	**2019**	**2018**
turnover [1]	**782 726**	**644 468**
EBITDA[2]	**58 488**	**44 042**
Turnover %	7.47%	6.80%
Amortization and Depreciation	-18 459	-10 452
EBIT	**40 029**	**33 590**
Turnover %	5.11%	5.20%
Net foreign exchange differences	1 888	2 792
Financial Activity Result[3]	-10 151	-9 013
Income before taxes	**31 766**	**27 369**
Turnover %	4.06%	4.20%
Net income	**24 349**	**20 028**
Turnover %	3.11%	3.11%

[1] Sales + provision of services + own work capitalized
[2] Results prior to depreciations, financial expenses and taxes
[3] Costs and income associated with the financing activity

turnover

Our turnover comes from a diversified portfolio of operations, geographically disperse, and that allows us to incorporate and mitigate different risks associated with regional economic cycles.
In 2019, this indicator recorded a 21.5% growth, which is equivalent to 138 million euros.
This increase results from a different composition of contributions by region to the consolidated performance. The favorable variations arise from Brazil, Angola, Portugal, and Africa Region.
The distribution of turnover according to each region and business is as follows:

Sales by Country millions of EUROS	2019	% Total	2018	% Total
Portugal	337	43%	330	51%
Angola	63	8%	54	8%
Brazil	344	44%	230	36%
Spain	11	1%	12	2%
Other Countries	27	4%	19	3%
Total	783		644	

thousands of euros	sales 2019	% total sales	sales 2018	% total sales
NORS MOBILITY	**648 435**	**82.9%**	**527 018**	**81.8%**
AS Portugal	106 709		101 261	
Galius	59 723		71 110	
AS Automóveis	102 359		96 803	
AS Centro Oeste	120 770		72 822	
AS São Paulo	209 256		143 179	
AS Botswana	9 198		7 946	
AS Namibia	13 240		7 823	
AS Moçambique	4 421		2 730	
AS Angola	22 759		23 344	
Kinlai	0		0	
NORS OFF-ROAD	**41 829**	**5.3%**	**29 432**	**4.6%**
Agro New	14 481		13 648	
Auto-Maquinaria	27 348		15 783	
NORS AFTERMARKET	**75 209**	**9.6%**	**80 675**	**12.5%**
Civiparts	21 966		22 847	
Civiparts Angola	5 528		6 623	
Civiparts España	11 202		11 896	
ONEDRIVE	30 752		32 332	
ONEDRIVE Angola	5 761		6 977	
NORS VENTURES	**17 060**	**2.2%**	**6 328**	**1.0%**
Biosafe	2 015		3 863	
Sotkon	12 654		0	
Amplitude	925		858	
Vitrum	1 465		1 607	
Other	**193**	**0.0%**	**1 016**	**0.1%**
Total	**782 726**		**644 468**	

gross margin

In 2019, we recorded a higher gross margin in value, reaching 132.6 million euros (16.9%) compared to 117.4 million euros (18.3%) in 2018. The decrease in the percentage margin is directly associated with greater relevance of the chassis sale in the turnover, with lower margins than those obtained in activities related to After Sales.

ebitda

We registered, in 2019, an EBITDA of 58.5 million euros, which corresponds to an increase of 14.4 million euros (+32.8%) in comparison with the one achieved in 2018. A higher gross margin value caused this growth, mainly sustained by the increase in sales in Brazil's operations. The EBITDA generated in 2019 includes the effect of IFRS 16 in the amount of 8.2 million euros.

net income

We ended 2019 with a Net Profit of 24.3 million euros, resulting in an increase of 4.3 million euros (+21.6%) compared to the previous year.
This result was negatively impacted by the introduction of IFRS 16 in 0.7 million euros.

property performance

thousands of euros	2019	2018
asset	**617 109**	**560 325**
Non-current asset	365 569	338 363
Inventories	125 935	110 373
Customers	57 847	58 184
Other current assets	28 629	23 605
Cash and cash equivalents	39 129	29 799
liability	**409 614**	**365 359**
Financial abilities	159 958	176 722
Provisions	4 951	4 399
Suppliers	121 174	104 708
Other liabilities	123 531	79 530
equity with non-controlling interests	**207 495**	**194 965**
Capital	30 000	30 000
Global reserves	137 509	131 441
Net income	23 408	17 287
Non-controlling interests	16 578	16 237
financial autonomy	**33.6%**	**34.8%**

Our consolidated assets are worth over 617.2 million euros, which, compared to the amount registered at the end of 2018, corresponds to a 56.8 million euros (+10%) increase, of which 33.8 million results from the application of IFRS 16.

capital employed

In line with the strategy initiated in 2015, in 2019, we continued to carefully monitor the allocation of resources to our businesses located in different geographies. The application of IFRS 16 had a negative impact (an increase of 33.8 million euros in capital employed), contributing to the 15.4% increase in capital employed by Nors in 2019. In different circumstances, Nors would report a 7.6% decrease, even in the context of increased activity.
This effort was achieved through rationing Investments in fixed assets, maintaining the policy of investing only in assets needed for the operations activity.
In working capital needs, we got a high decrease in absolute terms.
This, along with the growth in activity, is reflected in the decline of working capital needs in sales days — from 18 days in 2018 to 10 days in 2019.
This progress reflects our commitment to carefully affect our resources, thus allowing us to reduce the net operation debt and its consequent interest invoice.

net debt

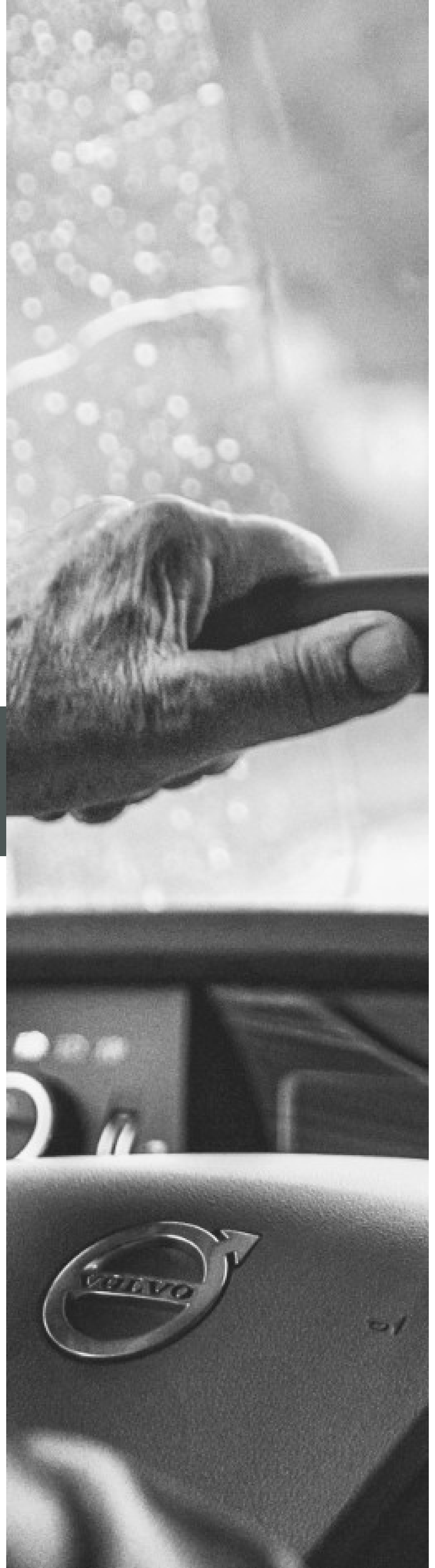
We ended 2019 with a Net Debt with Lease Liabilities of 126.3 million euros, which directly impacted the application of IFRS 16 (33.8 million euros).
Regarding the Net Financial Debt (Financing obtained - cash and bank deposits -investments available for sale), Nors closed 2019 with 72.1 million euros, compared with 98.7 million euros in 2018 and 117.5 million euros in 2017.
This pattern demonstrates our commitment to ensuring the solidity of our balance sheet.

an in-depth look at the results

4.2.2.1. NORS MOBILITY

In **Portugal**, the results were mostly positive. From a strategic point of view, and having as a primary goal to establish the future business model of our different companies, we continued to invest in diverse internal projects adapted to those companies' specific needs.
In **Brazil**, 2019 was a year marked by exceptional results. These results were due to an increase in demand, a stable market share, an increase in prices, and an improvement in the mix of sold products. It should be noted that the sales volume recorded a 50% growth (8 percentage points above the market growth).
Alongside this, the EBITDA of Auto Sueco São Paulo and Auto Sueco Centro Oeste doubled in value, registering its best result to date. Such success is justified by the increase in sales volumes and margins, by overhead expenditure reduction and — despite the considerable growth in turnover — by maintaining the Region's Headcount. Finally, with a 60% reduction in financial charges and with the year closing without any bank debt, we noticed a robust evolution in the financial function.
In **Angola**, we faced a particularly adverse macroeconomic and financial scenario. The strong devaluation of the Kwanza largely contributed to the market retraction, especially in the last quarter of the year.
To maximize profitability, we adjusted the structure of our different companies to the market needs.
In the other African countries where we operate — **Botswana, Namibia, and Mozambique** —, 2019 marks another important milestone in the success trajectory, with historical results both in EBITDA and EBT.
Auto Sueco Botswana and Auto Sueco Mozambique directly contributed to this achievement, with a particular reference to the additional 0.7 million euros in EBITDA obtained by Auto Sueco Botswana.

It should be pointed out that these companies attained, respectively, 7.9% and 9.8% of percentual EBITDA — results that transpire Nors' best practices and reinforce their path of excellence and efficiency. We emphasize the debt management effort, which was the best achieved to date. It allowed us to close the year with 2.8 million euros worth of available funds, consolidating these countries' extraordinary performance.



	Units				Value thousands of EUROS			
NORS MOBILITY	**2016**	**2017**	**2018**	**2019**	**2016**	**2017**	**2018**	**2019**
Trucks	2 662	3 160	4 139	5 050	194 713	244 161	302 132	400 442
Buses	187	140	215	215	13 180	10 802	15 006	14 454
Cars	2 142	1 985	2 293	2 295	51 178	48 587	63 806	70 998

thousands of EUROS

Sales	2019	2018	Var.
AS Portugal(1)	106 709	-	-
AS Automóveis	102 359	96 803	5.7%
Galius	59 723	71 110	-16.0%
AS S. Paulo	209 256	143 179	46.1%
AS Centro Oeste	120 770	72 822	65.8%
AS Angola	22 759	23 344	-2.5%
AS Botswana	9 198	7 946	15.7%
AS Namíbia	13 240	7 823	69.2%
AS Moçambique	4 421	2 730	61.9%
Kinlai	0	0	0.0%
Total	**648 435**	**425 757**	

EBITDA	2019	2018	Var.
AS Portugal(1)	7 393	-	-
AS Automóveis	1 915	1 167	64.1%
Galius	984	1 460	-32.6%
AS S. Paulo	12 449	4 701	164.8%
AS Centro Oeste	9 737	6 080	60.1%
AS Angola	2 894	4 463	-35.1%
AS Botswana	249	262	-5.2%
AS Namíbia	510	-37	-
AS Moçambique	669	89	652.9%
Kinlai	-62	0	-
Total	**36 738**	**18 184**	

(1) In 2018, the split up of Auto Sueco Portugal's truck activity, previously developed at Auto Sueco, Lda, occurred, so we do not present the 2018 results.

auto sueco portugal

Auto Sueco is the exclusive distributor of Volvo trucks and buses, and Volvo Penta marine and industrial engines, for the Portuguese territory. Auto Sueco is also the exclusive dealer of Kohler-SDMO gensets in Portugal. Overall, Auto Sueco Portugal recorded a profitable year, documenting an improvement in profitability in new trucks sales and a 14.2% market share in heavy-duty trucks (≧16 tons).

In the After Sales service, 2019 marked a generalized growth in retail and imports (+4% when compared to 2018) and the inauguration of a new Multi-brand Collision Centre for heavy vehicles in Gaia. In its first year of activity, the latter not only added turnover but also managed to break-even. Besides, we reached a record value in operating results and industrial equipment sales — selling 27 Volvo Penta engines and 131 Kohler-SDMO gensets. Alongside the commercial activity, we continued with our two ongoing strategic projects that aim to define the company's future business model — Customer Journey, which focuses on redefining the commercial model with the customer at its center, and Flow, directed for workshop efficiency.

volvo trucks

Medium-Duty Trucks

Year	Mshare	Market
2015	3.4%	147
2016	5.3%	190
2017	7.3%	220
2018	4.6%	302
2019	5.8%	225

Heavy-Duty Trucks

Year	Mshare	Market
2015	12.4%	3 460
2016	13.9%	4 222
2017	13.6%	4 534
2018	14.3%	4 307
2019	14.2%	4 410

renault trucks

Medium-Duty Trucks

Year	Mshare	Market
2015	11.6%	147
2016	5.8%	190
2017	14.1%	220
2018	11.6%	302
2019	6.2%	225

Heavy-Duty Trucks

Year	Mshare	Market
2015	17.7%	3 460
2016	14.6%	4 222
2017	15.3%	4 534
2018	14.9%	4 307
2019	11.9%	4 410

auto sueco angola

Auto Sueco Angola distributes Volvo trucks, buses, and cars in the Angolan territory, and is also a representative of the Kohler-SDMO gensets in this country. Considering the context of the Angolan market mentioned earlier, and as demonstrated by the analysis of the indicators, the overall results were challenging.

The trucks' market (≧16 tons) registered another fall, having dropped 26.8% since 2018, to 123 vehicles. Nevertheless, Auto Sueco Angola managed to maintain its market share (+30%). Additionally, it should be noted that this company had an extraordinary performance in the Volvo car segment, having grown 400% in sales and 43.7% of the market share in the medium-high range, translating into a global market share of 3%.

Heavy-Duty Trucks

Year	Mshare	Market
2015	26.9%	521
2016	32.2%	231
2017	47.1%	110
2018	36.3%	168
2019	31.7%	123

Cars

Year	Mshare	Market
2015	0.8%	14 173
2016	0.1%	5 756
2017	0.1%	2 879
2018	0.8%	1 698
2019	3.0%	2 057

auto sueco centro oeste and auto sueco são paulo

Auto Sueco São Paulo and Auto Sueco Centro Oeste are Volvo trucks and buses dealers in Brazil, in the State of São Paulo, and States of Mato Grosso, Rondônia, and Acre, respectively. Brazil's combined market — medium/heavy-duty trucks, and heavy-duty trucks — grew by 42%, reaching 74,495 units. Still, it decelerated from a 60% growth in 2018 and represented 75% of the average market volume registered between 2010 and 2014.

It should be noted that in the heavy-duty range, the market volume is now equivalent to the one from that period. However, in the medium/heavy-duty range, the market volume is still 50% from that maximum. In light of this context, Auto Sueco São Paulo maintained its share in a state market that grew 35%, and Auto Sueco Centro Oeste managed to increase its share in the heavy-duty market by 1 percentage point, in a region that registered a 55% growth.

as são paulo volvo trucks

Medium-Duty Trucks

Year	Mshare	Market
2015	9.9%	3 531
2016	7.6%	2 743
2017	3.0%	2 300
2018	6.5%	3 164
2019	6.3%	4 526

Heavy-Duty Trucks

Year	Mshare	Market
2015	29.2%	2 153
2016	24.9%	1 925
2017	25.0%	3 003
2018	22.3%	5 415
2019	22.4%	7 189

as centro oeste volvo trucks

Medium-Duty Trucks

Year	Mshare	Market
2015	15.1%	838
2016	8.2%	545
2017	7.2%	414
2018	10.2%	713
2019	11.2%	687

Heavy-Duty Trucks

Year	Mshare	Market
2015	29.7%	775
2016	25.6%	675
2017	24.7%	1 199
2018	25.6%	2 195
2019	25.5%	3 810

auto sueco botswana, auto sueco moçambique and auto sueco namíbia

Auto Sueco Botswana is the exclusive representative of Volvo trucks and buses for this territory and the representative of trucks from Renault Trucks.
Auto Sueco Namíbia holds the exclusive representation of Volvo trucks and buses in Namíbia, and trucks from Renault Trucks and UD Trucks.
Auto Sueco Moçambique operates in the distribution of Volvo trucks and buses and SDLG construction equipment.
As shown by the indicators, all companies have significantly strengthened their market shares. In Botswana, we have achieved the best market share to date; in Mozambique, we kept our dominant position in the market. In Namibia, we substantially reinforced the second position of the Volvo brand.
We highlight Auto Sueco Namíbia's performance in the UD trucks range, obtaining a 4.6% market share in the heavy-duty range and 12.8% in the medium-duty range — thus recovering from the performance of 2018.
In Auto Sueco Moçambique, we continued to implement the strategy of territorial coverage reinforcement by opening new facilities in Beira.
2019 is also the year that marks the beginning of the import and distribution of SDLG Construction Equipment, brand, and market segment, which we believe will play an essential role in its performance.
It should be added that 2019 was an exceptional year for Auto Sueco Moçambique. It delivered 124 new Volvo trucks, with a total of 11.9 million euros, and 7 SDLG construction types of equipment, which represents 302.6 thousand euros.
Lastly, we have to mention the positive performance in the After Sales activity, with the Region growing 12% in total sales in the three markets.
This growth was mainly driven by the 52% increase of Auto Sueco, and the stability shown by Auto Sueco Botswana and Auto Sueco Namíbia.

as botswana volvo trucks

Heavy-Duty Trucks		
Year	Mshare	Market
2015	11.6%	190
2016	7.7%	220
2017	13.4%	276
2018	16.2%	222
2019	28.2%	301

as namíbia volvo trucks

Heavy-Duty Trucks		
Year	Mshare	Market
2015	16.3%	386
2016	17.5%	349
2017	22.0%	259
2018	16.8%	286
2019	21.9%	347

auto sueco automóveis

Auto Sueco Automóveis is a car retail company with multi-brand dealers in Porto (Volvo, Mazda, and Honda), Lisbon (Volvo, Jaguar and Land Rover), Braga (Volvo), and Guimarães (Volvo).
2019 was a year of many achievements. Even though the return on capital employed was above what was initially planned, the EBITDA reflects the mentioned success — setting a record both in absolute value and margin. An essential part of the good results obtained by Auto Sueco Automóveis is the organization in the commercial area. Following the investment in resources that took place in 2019, we were able to focus exponentially on the channels where opportunities presented themselves. Furthermore, we capitalized on all possibilities for growth in the Volvo and Jaguar brands, without compromising commercial profitability.
In the After Sales service, we have achieved a growth in turnover in all of our locations. We also maintained our gross margins, which allowed us to leverage that growth into the business margin.
In order to prepare the company for a new 5-year cycle, we invested, at a structural level, in 3 different areas: After Sales, Customer Service, and Digitalization. Regarding the first area, we reinforced our After Sales team management skills.
In the Customer Service area, we launched a project to implement a Global Call Centre — professionalizing the telephone assistance, facilitating contact, and ensuring that our Customers feel even closer to the company.
As to Digitalization, we launched a "Digital Transformation" project for the business. We began by creating a new website, more adapted to the company, and the Customers' current needs. Simultaneously, we set a new approach to Social Media, capitalizing on them to promote our products, services, and users' engagement with our brand. Finally, we focused on achieving a more professional and faster project management.

Cars		
Year	Mshare	Market
2015	0.8%	178 496
2016	1.0%	207 345
2017	0.9%	222 134
2018	1.0%	228 290
2019	1.0%	223 799

Volvo Market Share	
Year	Volvo Mshare
2015	27.1%
2016	28.0%
2017	27.7%
2018	28.2%
2019	27.7%

galius

Galius is the exclusive Renault Trucks distributor in Portugal.
Galius' year was marked by a significant decrease in the new trucks sale business due to the company's commercial approach to the market.
In fact, with the considerable internal restrictions imposed on sales via rental, their weight in the sale of new vehicles dropped from 52% in 2018 to 36% in 2019. Regarding the heavy-duty trucks (≧16 tons) market share, we registered a drop from 14.9% to 11.9% in 2019.
Besides that, the total market share fell 12% since 2018, according to the number of vehicle registrations.
Compared to 2018, the medium-duty trucks (10 to 16 tons) market in Portugal has suffered a decrease in turnover. This is a natural trend in the market, taking into account that the high range offer broadly covers the Customers' needs for solutions that in the past only existed in the lower range.
In the After Sales service, we obtained, once again, positive results, growing 7% when compared to 2018.
In 2019, Galius began its involvement in the Moonshot project, within the scope of Nors' innovation program, which started an engagement with numerous innovation initiatives, associated with the company's different areas.

galius - renault trucks

Medium-Duty Trucks

Year	Mshare	Market
2015	11.6%	147
2016	5.8%	190
2017	14.1%	220
2018	11.6%	302
2019	6.2%	225

Heavy-Duty Trucks

Year	Mshare	Market
2015	17.7%	3 460
2016	14.6%	4 222
2017	15.3%	4 534
2018	14.9%	4 307
2019	11.9%	4 410

Nors operates in Angola, Brazil, and in every geography in which is indirectly present through its subsidiary, Ascendum.
In Angola, despite the arduous macroeconomic scenario, 2019 was a positive year in this business area, highly based on the country's mining activity performance.
In Brazil, 2019 was a year of transition for the agricultural machinery business. However, it is important to note a shift in the company's leadership by hiring a new Director, a change that we believe will enhance the operating results in 2020.
The Ascendum Group, held in 50% by Nors, is one of the world's largest suppliers of construction and infrastructure industrial equipment of Volvo Construction Equipment (VCE).
In addition to Portugal, it is present in Spain, USA, Turkey, and Mexico, and, with the expansion of its activity towards Central Europe in late 2013, it is also in Austria, Hungary, Czech Republic, Slovakia, Romania, and Croatia. In 2019, Portugal, Spain, and Central Europe managed to grow significantly. Nonetheless, the group's global growth was affected by the circumstances in Turkey and Mexico, as well as by a bellow of expectations performance in the American market.

	Units				Value in thousands of EUROS			
NORS OFF-ROAD	2016	2017	2018	2019	2016	2017	2018	2019
Construction Equipment	2 488	2 489	2 584	2 186	820 280	869 265	884 562	829 389
Agricultural Equipment	89	89	89	98	10 779	14 454	9 128	9 365

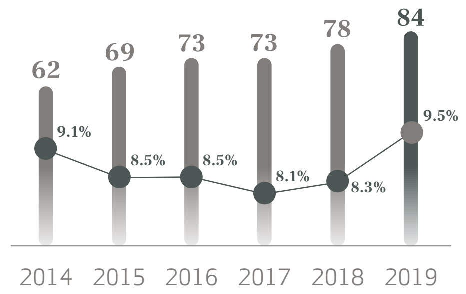
in thousands of EUROS

Sales	2019	2018	Var.
Ascendum	878 411	941 575	-6.7%
Auto-Maquinaria	27 348	15 783	73.3%
Agro New	14 481	13 648	6.1%
Total	**920 240**	**971 007**	

EBITDA	2019	2018	Var.
Ascendum	83 510	78 402	6.5%
Auto-Maquinaria	4 947	3 153	56.9%
Agro New	253	-308	-
Total	**88 711**	**81 247**	

ascendum - market and group performance

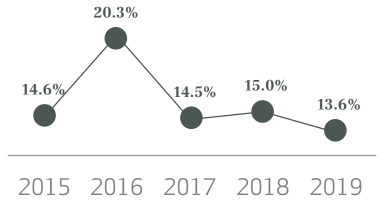
	2014	2015	2016	2017	2018	2019	^19/18
Portugal	125 049	116 311	121 259	135 845	161 520	182 668	13%
Spain	56 210	75 738	76 096	97 091	126 141	130 100	3%
USA	183 666	270 380	310 882	289 051	299 687	280 910	-6%
Turkey	170 378	185 105	188 604	203 438	147 846	75 831	-49%
Mexico	17 291	24 912	31 809	37 149	33 265	21 178	-36%
CEG	125 990	148 056	133 753	144 649	173 115	187 724	8%
Total	**678 585**	**820 501**	**862 402**	**907 223**	**941 575**	**878 411**	**-7%**



Ascendum Group's EBITDA in millions of EUROS and in Sales %

ascendum

The Ascendum Group's turnover in the Portuguese market increased by 13% compared to 2018, approximately reaching 183 million euros.

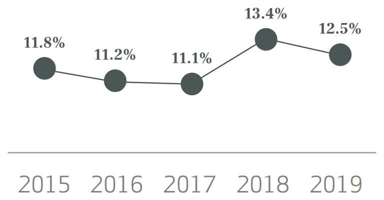


Evolution of Market Share for Construction Equipment in Portugal

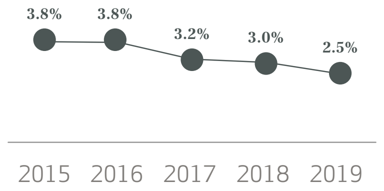
In Spain, and similarly to the previous four years, the consolidation of economic growth trajectory was seen in 2019, with the gross fixed capital formation in the construction sector estimated to have increased by 3.1% in 2018. Thus, in 2019, and comparing to the previous year, we witnessed a new increase in demand for construction equipment similar to the portfolio of products sold by Ascendum Maquinaria, an increase of around 19%.
The Group's turnover in the Spanish market totaled a rise of about 3% compared to 2018, reaching 130 million euros in 2019.

In the USA, the Group achieved a 281 million euros turnover, representing a decrease of 6% compared to the 300 million euros recorded in 2018. This drop is justified both by the risk reduction strategy taken by the Group in 2019 which caused a 7% fall in the number of sold equipment—but also due to the aggressive strategies adopted by the competition.

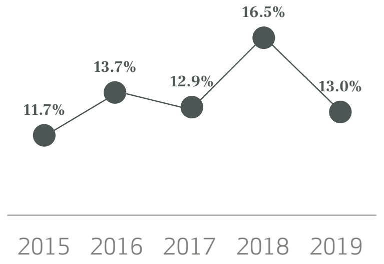
In Turkey, similarly to what happened in recent years, the activity was conditioned by a set of factors. Among them are some that stand out: the significant depreciation of the Turkish Lyra when compared to the main currencies (9.4% depreciation against the Euro); the high inflation that was around 15.7%; and the lack of liquidity in the financial markets. These events had a negative impact on billing, having the Ascendum Group's turnover in this market registered a 49% drop compared to 2018, recording 76 million euros.



Evolution of Market Share for Construction Equipment in Spain



Evolution of Market Share for Construction Equipments in USA



Evolution of Market Share for Construction Equipment in Turkey

In 2019, the Central European operation achieved a turnover of around 188 million euros (8% above the 2018 turnover), being Austria (57% of the total turnover in Central Europe), followed by the Czech Republic (19% of the total turnover in Central Europe) and Hungary (7% of the total turnover in Central Europe) the main contributors.

In Mexico, in 2019, Ascendum continued its strategy of consolidating the Mexican market operation, focusing on process improvement, optimizing the operational structure, and strengthening the skills of its employees. Thus, and considering the macroeconomic and operational scenario is still not favorable for the Ascendum Maquinaria Mexico's activity, in 2019, turnover decreased by 36% compared to 2018, being at around 21.1 million euros. In consolidated terms, the Ascendum Group's turnover dropped 7% compared to 2018, standing at 878 million euros, and the EBITDA reached 84 million euros.

auto-maquinaria

Auto-Maquinaria is the distributor of construction equipment of Volvo Construction Equipment in Angola and is also the exclusive representative of Groove, Hyster, Epiroc, and SDLG products. The company's sales rose 73.3%, a value mainly supported by gains in the mining sector's market share.

GPPE Construction Equipments

Year	Mshare	Market
2015	9.9%	496
2016	15.9%	320
2017	15.1%	325
2018	12.2%	288
2019	31.1%	180

agro new

Agro New represents Case IH Agriculture in Catanduva and Votupuranga municipalities, in the interior of the State of São Paulo, with three main products: agricultural tractors, grain harvesters, and sugar cane harvesters, the latter being the primary product we sell in Agro New's operating area. The company achieved better operating results in 2019, mainly due to the After Sales activity.

In the future, we expect a stabilization in the market. Nevertheless, for 2020, we keep as a goal to increase our turnover by around 30%. This boost would be sustained both by the growth of the commercial performance in Tractors and Harvesters, as well as maintaining the growth rate of After Sales.

case

Harvesters

Year	Mshare	Market
2015	8.6%	713
2016	4.6%	910
2017	6.8%	721
2018	3.9%	643
2019	4.2%	649

In Portugal, we have gone through a year full of challenges — mainly due to our companies internal restructuring and the merger of AS Parts into ONEDRIVE. We point out the CORE project's implementation, which focused on efficiency, integration, and connection to the outside world, thus enhancing our future growth and profitability.

In Angola, the scenario wasn't a favorable one. To maximize profitability, we adjusted the structure of our different companies to the market needs. We expanded the services provided to our Customers, and the range of available products, allowing us to enter new complementary markets.

In ONEDRIVE and Civiparts, we started selling tires and reinforced our product range with Wolf lubricants.

in thousands of EUROS

Sales	2019	2018	Var.
Civiparts Portugal	21 966	22 847	-3.9%
Civiparts España	11 202	11 896	-5.8%
Civiparts Angola	5528	6623	-16.5%
ONEDRIVE Portugal	30 752	32 332	-4.9%
ONEDRIVE Angola	5 761	6 977	-17.4%
Total	**75 209**	**80 675**	

EBITDA	2019	2018	Var.
Civiparts Portugal	2 193	1 951	12.4%
Civiparts España	-1 140	-939	21.5%
Civiparts Angola	1 088	1 765	-38.4%
ONEDRIVE Portugal	1 649	2 157	-23.5%
ONEDRIVE Angola	-26	316	-108.1%
Total	**3 764**	**5 251**	

civiparts portugal and civiparts españa

Civiparts Portugal and Civiparts España distribute parts and workshop equipment for multi-brand trucks and buses. In Civiparts Portugal, it was a year with a commercial performance bellow expectations, not only as a result of the drop in turnover (-3.9% when compared to 2018) but primarily due to the loss of GM1 (-1.6 percentage points compared 2018). However, through the investment and implementation of a new customer service model by creating a national contact center (telephone and e-mail), we guarantee our leadership ability to tend to the market.
Civiparts España recorded a loss in turnover compared to the previous year (-5.8%) and a decline in profitability (-0.5 percentage points compared to 2018).
On a positive note, the year was marked by the opening of a new warehouse in Madrid, allowing us to more than double the central storage area — from 1,000 square meters to 2,500 square meters.
Both in Civiparts and Civiparts España, we began to prepare the CORE project, a Nors systems transformation project, reshaping the commercial and logistics models that will be implemented with the new IT system, in 2020. In the last quarter, we carried out a restructuring plan, part of a Nors regional strategy designed for both companies, whose primary goal is to improve the operating profitability.

onedrive

ONEDRIVE, integrated into the company Newonedrive, is responsible for multi brand car parts retail in Portugal and Angola.
ONEDRIVE experienced a busy year. June was marked by the merger of AS Parts into ONEDRIVE and the start of the new ERP. Even though the latter had a negative impact on the results and disrupted sales and the logistics process, its implementation ensures a considerable improvement in our operational efficiency and service quality. Part of Nors' regional strategy, a restructuring plan aimed to improve operating profitability was also implemented here.

civiparts angola and onedrive angola

Civiparts Angola distributes workshop parts and equipment for multi-brand trucks and buses.
ONEDRIVE Angola is responsible for the retail of car parts in this market.
ONEDRIVE Angola and Civiparts Angola's performance was significantly affected by the further reduction of the cars and heavy vehicles running population and the consequent drop in the demand of After Sales parts and services.

2019 was a defining year for Nors Ventures, which had a widespread growth in its companies. It's worth emphasizing that, in line with our strategy of focusing on our core activity and the consequent disposal of non-core assets, we completed the sale of the Biosafe operation.

in thousands of EUROS

Sales	2019	2018	Var.
Sotkon(1)	12 654	-	-
Amplitude	925	858	7.9%
Vitrum	1 465	1 607	-8.8%
Total	**15 045**	**2 464**	

EBITDA	2019	2018	Var.
Sotkon(1)	2 215	-	-
Amplitude	275	235	16.8%
Vitrum	143	320	-55.2%
Total	**2 632**	**555**	

(1) In 2019, Sotkon became wholly owned by Nors. Since in 2018 the company did not consolidate in Nors, we did not present the results of 2018

sotkon

As of 2019, Sotkon is wholly owned by Nors. It's a company that has several patented products that dedicates itself to the design, manufacture, and sale of modular systems for recycling systems, as well as of urban solid waste collection through underground containers. Sotkon is present in Portugal, Spain, France, Angola, and Turkey.

The increase in sales presented by Sotkon was due to the Portuguese, French, and Turkish markets' performance, and because of the international distributor's network — Israel, Greece, Croatia, Lithuania, and Ukraine. Maintaining our fixed cost structure allowed an increase in operating EBITDA in proportion to the margin released by the sales success. The gross margin also showed a positive evolution as a result of the sales in the Portuguese and international markets, registering higher trade margins than other markets. As for the growth in the return on capital employed, it also derives from the extraordinary evolution of the EBITDA.

amplitude seguros

Amplitude Seguros is a full-service insurance and broker, operating in several economic segments and sectors. We maintained an organic and sustained business growth. This success is reiterated by the strengthened relevance of the market portfolio in the overall turnover.

Despite the continued growth, we anticipate some challenges in the future for Amplitude Seguros. On the one hand, the insurance market's growing concentration is causing additional difficulties on the insurance offer. On the other hand, we must adapt to more demanding administrative processes that arise from the increased GDPR and compliance requirements.

vitrum

Vitrum positions itself in the Angolan market as the first company specialized in construction glass. In view of the particularly unfavorable macroeconomic and financial context and due to a sharp contraction in the construction activity, Vitrum's results in the construction glass market were especially affected.

4.3. risks and uncertainties

overcoming adversity

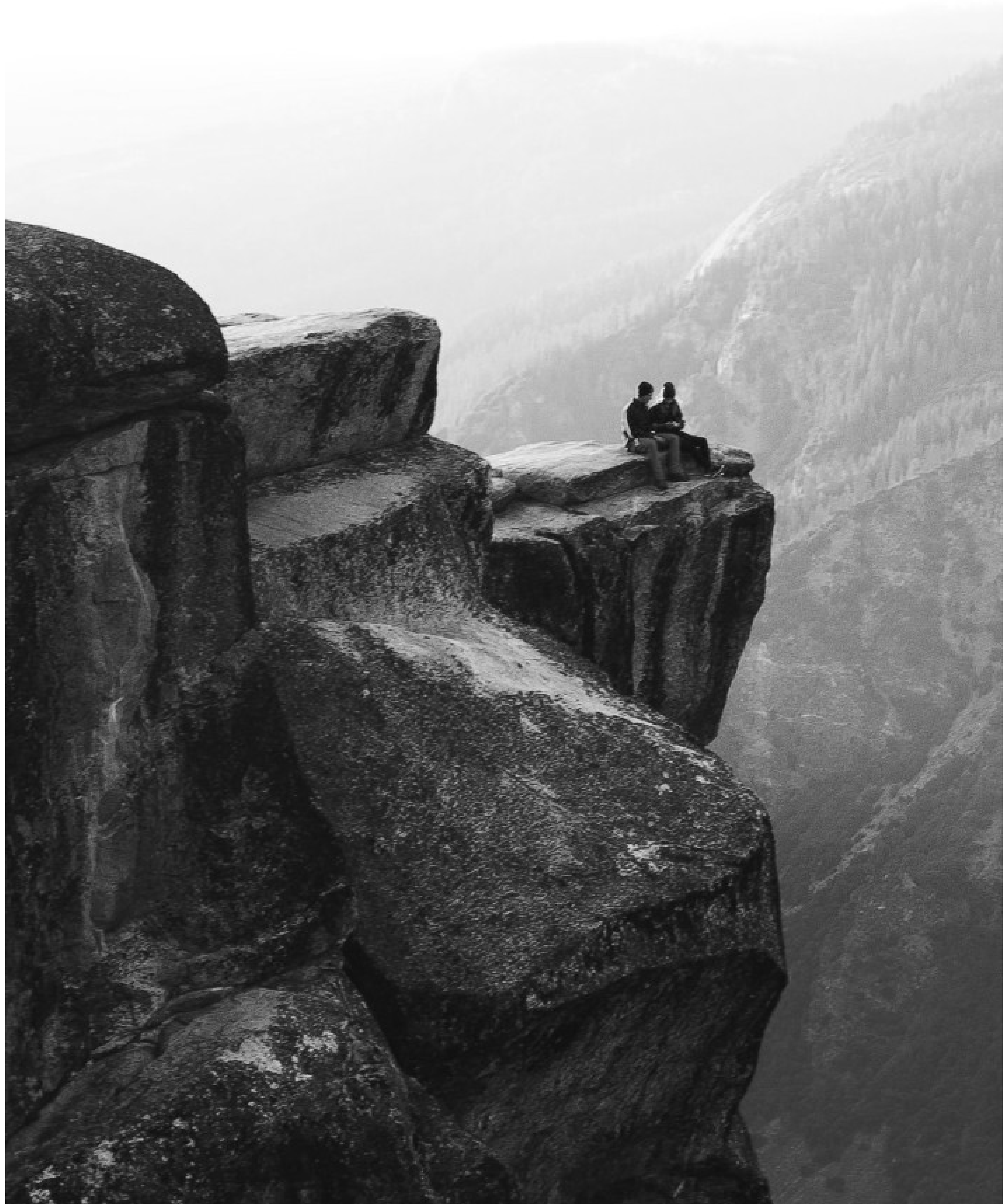
Due to our international presence, we face a number of risks. These can be endogenous, for example, related to quality, human resources or financing, and exogenous, such as exchange variation, regulation, political instability, or economic evolution. 2019 was marked by the risks presented below.

credit risk

The exposure to the risk of default arises from Nors' companies' commercial and operational activity. To ensure its management, we have a specific department, governed by established procedures and mechanisms for collecting financial and qualitative information — hence the assessment of debtors in fulfilling their obligations.
This department is also responsible for managing customer accounts and respective billing.

foreign exchange rate risk

Operating internationally, we are exposed to the possibility of recording losses resulting from variations in the exchange rate between the different currencies with which we operate. This risk, having an impact on results and cash flows, affects the results at the operational level. Likewise, it impairs the measurement of capital invested in foreign subsidiaries. Occasionally, in order to mitigate the aforementioned risk, we resort to the use of the forward exchange rate, particularly in commercial transactions where the purchase and sale currency are not the same. Fort the management of foreign exchange risk on equity, we have insisted, whenever possible, on natural hedging strategies.



interest rate risk

The interest rate risk opens up the possibility of fluctuations in the amount of the financial charges borne by Nors related to loans taken out in the countries in which we operate. However, with the future entry in different markets and different economic environments, we obtain a portfolio of loans and investments less sensitive to the increase of the interest rate specific to certain countries. It should be noted that, in 2014, we contracted an interest rate swap to set the Euribor rate to one month, which ended in 2019. Also, part of our structured debt is contracted at a fixed rate.

oil price risk

The variation in the price of oil affects the economy of some markets where we are present, becoming an indicator of risk, namely in the Angolan market.
The significant influence of the oil sector in the Angolan economy affects the country's economic performance, impacting all economic agents directly or indirectly — from the State to companies, not forgetting the individual consumer and families.
Thus, as it has happened in the recent past, in case of any significant drops in oil prices in international markets, the impact on the Angolan economy is directly felt — tax revenues and the currencies stocks decrease, leading to a contraction in imports and local commerce.

liquidity risk

Another of the risks that we face is the inability to settle or meet obligations within the defined time frames and at a reasonable price — the so-called liquidity risk.
In managing this risk, we aim to achieve three objectives: liquidity, security, and financial efficiency. Liquidity guarantees access to funds on a permanent, efficient, and sufficient basis to account for current payments on the respective due dates, as well as for possible requests for funds, even those not foreseen within the set time frames. Security, in turn, guarantees us to minimize the probability of defaulting in the repayment of any application of funds. Finally, financial efficiency ensures that Nors and our business units/management structures maximize the value created and minimize the opportunity cost of holding excess liquidity in the short term.
Generally speaking, the responsibility for managing the liquidity risk lies with Nors' Finance Department. However, to ensure the existence of liquidity in both Nors and our business units, there are working capital management parameters that allow, safely and efficiently, to maximize the return obtained and minimize the associated opportunity costs. It should be noted that at Nors, all the existing liquidity surpluses should be applied to the amortization of short-term debt.
To this end, the most pessimistic scenario for the maturity analysis of each of the passive financial instruments is adopted as the basis, in order to minimize the liquidity risk associated with these obligations.
On December 31, 2019, and 2018, we showed, respectively, a Net Debt of 72.1 million euros and 98.7 million euros. These amounts are divided between current and non-current loans, Cash in hand and at banks contracted with various institutions, as well as debt securities with liquidity (Treasury Bonds).

capital risk

Our main goal is to ensure our operations' continuity, providing an adequate remuneration to shareholders and the corresponding benefits to the company's remaining stakeholders. To pursue this objective, careful management of the capital employed in the business is essential, seeking to secure an optimal capital structure and, thus, guarantee the necessary reduction in its cost.
To maintain or adjust the capital structure considered adequate, the Management may propose to the shareholders' General Assembly the measures it deems necessary.
Simultaneously, we seek to maintain a level of equity appropriate to the characteristics of the main business, as well as to ensure continuity and expansion.
The capital structure balance is monitored based on the financial leverage ratio, calculated by dividing net interest-bearing debt by the sum of net interest-bearing debt with equity.

4.4. 2020 in perspective

defining new routes

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 total investment amounted to approximately 132 million euros and 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.
Strongco is the exclusive dealer of Volvo Construction Equipment (VCE) equipment in the Canadian provinces of Alberta, Ontario, Quebec, Newfoundland and Labrador, Nova Scotia, New Brunswick, and Prince Edward Island.

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.

05.

sustainability

a sustainable development

5.1. nors' sustainability program

redefining the future

Inspired by the Sustainable Development Goals adopted by the United Nations in 2015, we are certain that our future performance relies more than ever on understanding the global challenges which have an overall material impact in our business and identifying the associated opportunities and risks. It becomes quite clear that corporate responsibility has to be a part of our corporate and innovation strategy. In order to ensure the exact alignment needed for a successful implementation, we are developing the Sustainable Motions program, a conscious strategy focused on offering specific solutions — and always with the human dimension at the center of this vision. This program embraces all of our value chains. It will be developed, as presented below, in five fields of action — Services, Supply Chain, People, Community, and Integrity — each with its priority.

responsibility in services

- Contribute to a plastic-free world
- Protect wildlife
- Adapt our business to climate change
- Reduce CO2 emissions

responsibility in the supply chain

- Ensure transparency in our partnerships
- Have a role in the Environmental and Resources Conservation

responsibility in people

- Future proof talent management
- Projecting new ways of work
- Vocational training based on needs
- Diversity and equality
- Holistic Health Management

Our commitment is unequivocal — create value in a sustainable manner. We believe that the opportunities that we have will only continue to exist if our ambition encompasses the protection of what's in its origins — the planet and the people. It's time to go further.

responsibility in the community

- Open dialogue with the community and its agents
- Corporate Citizenship

responsibility in integrity

- Compliance and risk management
- Personal Data Protection

statement on internal control over financial information

Nors' Administration is responsible for maintaining an appropriate internal control system. The company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of information and the preparation of financial statements for internal and external purposes, in accordance with the prudential criteria determined by the top management and in compliance with the international accounting principles and standards issued by the IASB.
The company's internal control includes policies and procedures which:

i. Pertain to keeping reasonably detailed records that accurately and fairly reflect the transactions and changes in the company's assets, minimizing its asset risk;
ii. provide reasonable assurance that transactions are recorded as it's required in order to make it possible to prepare the financial statements in compliance with the IFRS, allowing for the standardization of accounting of all the financial information obtained in the different Nors' companies located in different countries;
iii. assure, with a high degree of confidence, that company income and expenditure are in accordance with authorization from the management and the administration;
iv. provide reasonable assurance regarding the prevention and timely detection of the misuse of Nors' Assets.

Due to the inherent limitations, any and all internal controls over financial reporting may not prevent the existence of errors. Additionally, projections of any evaluation of effectiveness in the future are subject to the risk that these controls may become inadequate due to changes in conditions or because the degree of compliance with policies and procedures may deteriorate.

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

06.

financial information

an endless movement

financial statements

6.1.1. consolidated statement of financial position

Consolidated Statement of Financial Position of Nors, S.A.
(in thousands of euros)

Assets	Note	31.12.2019	31.12.2018
Non-current assets			
Intangible assets	6.	3 490	1 971
Tangible fixed assets	7.	105 648	117 162
Investment properties	8.	11 867	13 464
Assets through lease	9.	51 662	16 105
Goodwill	10.	50 870	49 430
Investments in associates and joint ventures	11.1.	85 911	86 516
Equity instruments at fair value through equity	11.2.	562	521
Debt instruments at amortized cost	11.3.	48 694	48 226
Deferred tax assets	12.	6 865	4 968
		365 569	338 363
Current Assets			
Inventories	13.	125 935	110 373
Assets per lease	9.	2 110	
Customers	14.	57 847	58 184
Income tax recoverable	15.	1 495	1 842
Other accounts receivable	16.	20 846	18 186
Deferrals	17.	4 178	3 577
Cash and Bank Deposits	18.	39 129	29 799
		251 540	221 961
Total assets		**617 109**	**560 325**

Equity and liabilities			
Equity			
Share capital	19.	30 000	30 000
Legal reserves	20.	6000	6000
Fair value reserves	20.		-147
Adjustments in financial assets	20.	69 062	66 499
Results carried over and Other reserves	20.	49 970	46 612
Revaluation surpluses	20.	12 478	12 478
		167 510	161 441
Net income for the year		23 408	17 287
		190 918	178 728
Non-controlling assets	21.	16 577	16 237
Total equity		**207 495**	**194 965**
Non-current liabilities			
Provisions	22.	4 951	4 399
Financing Obtained	23.	116 264	136 130
Liabilities through leasing	9.	44 373	13 625
Deferred tax liabilities	12.	3 151	3 072
		168 739	157 226
Current liabilities			
Suppliers	24.	121 174	104 708
Income tax payable	15.	1 203	279
Financing Obtained	23.	43 694	40 592
Liabilities through leasing	9.	9 825	2 477
Other accounts payable	25.	61 429	51 615
Deferrals	17.	3 550	8 316
Financial assets held for trading	26.		147
		240 875	208 133
Total liabilities		**409 614**	**365 359**
Total equity and liabilities		**617 109**	**560 325**

the certified accountant

Lúcia Mendonça

board of directors

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Luís Jervell
Paulo Jervell
Rui Miranda

6.1.2. consolidated statement of income

Consolidated Statement of Income of Nors, S.A.
(in thousands of euros)

Income and expenses	Note	2019	2018
Turnover	27.	782 726	644 468
Operating subsidies		28	8
Gains/Losses allocated to subsidiaries, associated companies and joint ventures	5 e 11.1.	12 319	13 146
Variations in production inventories		359	-230
Cost of goods sold and materials consumed	13.	-621 624	-499 494
External supplies and services	28.	-46 850	-50 725
Staff costs	29.	-67 088	-64 869
Inventory impairments (losses/reversals)	22.	-535	-604
Impairments of receivables (losses/ reversals)	22.	581	1 804
Provisions and impairment losses (increases/decreases)	22.	-3 356	-157
Impairment of non-depreciable/amortizable investments (losses/reversals)			-22
Other income and gains	30.	10 605	12 155
Other expenses and losses	30.	-8 678	-11 438
Earnings before depreciation, interest and taxes		**58 488**	**44 042**
Depreciation and amortization costs/reversals	6. a 9.	-18 459	-10 452
Impairment of depreciable/amortizable investments (losses/reversals)			
Operating income (before interest and taxes)		**40 029**	**33 590**
Net foreign exchange differences	33.	1 888	2 792
Income from financial activity	31.	-10 151	-9 013
Income before tax		**31 766**	**27 369**
Income tax for the year	32.	-7 416	-7 341
Net income for the year		**24 349**	**20 028**
Net income for the period attributable to:			
Shareholders of the parent company		23 408	17 287
Non-controlling interests		942	2 741
Net income for the financial year		**24 349**	**20 028**
Basic earnings per share	19.	**0.81**	**0.67**

the certified accountant

Lúcia Mendonça

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6.1.3. consolidated statement of comprehensive income

Consolidated Statement of Comprehensive Income of Nors, S.A.
(in thousands of euros)

	2019	2018
Consolidated net income for the financial year, including non-controlling interests	**24 349**	**20 028**
Components of other comprehensive income for the year		
Variation in currency translation reserves	1 111	65
Other comprehensive income allocated to subsidiaries, associates and joint ventures	-4 689	1 403
Late entries regarding previous financial year	-492	-583
Impact of accounting for the fair value of interest rate risk hedging instruments	147	274
Impact of accounting for exchange rate risk hedging instruments		-251
Comprehensive consolidated income for the period	**20 426**	**20 936**
Attributable to:		
Shareholders of the parent company	19 180	17 492
Non-controlling interests	1 246	3 444

the certified accountant

Lúcia Mendonça

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Paulo Jervell
Rui Miranda

6.1.4. consolidated statement of cash flows

Consolidated Statement of Cash Flows of Nors, S.A.
(in thousands of euros)

	Note	2019	2018
Cash Flows from Operational Activities			
Receivables from Customers		789 648	659 970
Payments to Suppliers		-669 530	-552 938
Payments to Staff		-67 079	-64 833
Cash Flow Generated by Operations		**53 039**	**42 200**
Income tax payments/receivables		-6 398	-7 576
Other receivables/payments	18.	-17 979	-2 499
Cash Flow from Operating Activities (1)		**28 662**	**32 125**
Cash Flows from Investment Activities			
Payments concerning:			
Acquisition of Tangible Fixed Assets		-3 963	-7 686
Acquisition of Intangible Assets		-2 130	-1 018
Acquisition of Financial Investments	11.3. e 18.	-4 652	-11 186
Payments from Investment Activities		**-10 745**	**-19 890**
Receivables from:			
Divestments of Tangible Fixed Assets		13 035	2 571
Financial divestments	11.3. e 18.	10 793	2 690
Interest and similar income		3 542	2 909
Dividends	18.	5 285	6 886
Receivables from Investment Activities		**32 655**	**15 056**
Cash Flow from Investment Activities (2)		**21 910**	**-4 833**
Cash Flow from Funding Activities			
Receivables from:			
Financing Obtained	23.	116 289	117 032
Receivables from Funding Activities		**116 289**	**117 032**
Payments concerning:			
Financing Obtained	23.	-133 242	-126 355
Operating Leases		-8 239	
Interests similar expenses		-10 211	-12 258
Dividends		-7 000	-4 500
Payments from Funding Activities		**-158 691**	**-143 113**
Cash Flow from Funding Activities (3)		**-42 403**	**-26 081**
Net Change in Cash and Cash Equivalents (4)=(1)+(2)+(3)		8 169	1 210
Perimeter variation		1 036	
Net foreign exchange effect		125	-88
Net Cash and Cash Equivalents — Beginning of period		29 799	28 678
Net Cash and Cash Equivalents — End of Period	18.	**39 129**	**29 799**

the certified accountant

Lúcia Mendonça

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

6.1.5. consolidated statement of changes in equity

Consolidated Statement of Changes in Equity of Nors, S.A.
(in thousands of euros)

	Capital attributable to parent company										
		Reserves									
	Share Capital	Legal Reserves	Revaluation Surpluses	Adjustments in Financial Assets	Fair Value Reserves	Res. Carried Over and Other Reserves	Total reservas	Net Profit	Sub total	Non-controlling Interests	Total
Balance at 1 January 2018	**30 000**	**6 000**	**12 478**	**57 787**	**-421**	**43 195**	**119 038**	**16 532**	**165 570**	**13 109**	**178 679**
Changes in the period:											
Appropriation of the consolidated 2017				14 253		2 279	16 532	-16 532			
Change in fair value of interest hedging instruments					274		274		274		274
Variation in currency translation reserves						-636	-636		-636	701	65
Impact of accounting for foreign exchange risk hedging instruments						-251	-251		-251		-251
Other comprehensive income allocated to subsidiaries, associates and joint ventures				1 403			1 403		1 403		1 403
Other				-6 943		6 524	-419		-419	-4	-422
				8 713	**274**	**7 917**	**16 904**	**-16 532**	**371**	**697**	**1 069**
Net Profit for the period								17 287	17 287	2 741	20 028
Consolidated Comprehensive Income for the year								17 492	17 492	3 444	20 936
Transactions with Equity Holders in the period:											
Distributions						-4 500	-4 500		-4 500	-311	-4 811
						-4 500	**-4 500**		**-4 500**	**-311**	**-4 811**
Balance at 31 December 2018	**30 000**	**6 000**	**12 478**	**66 499**	**-147**	**46 612**	**131 441**	**17 287**	**178 728**	**16 237**	**194 965**

Balance at 1 January 2019	**30 000**	**6 000**	**12 478**	**66 499**	**-147**	**46 612**	**131 441**	**17 287**	**178 728**	**16 237**	**194 965**
Changes in the period:											
Appropriation of the consolidated income for 2018				12 537		4 749	17 287	-17 287			
Change in fair value of interest hedging instruments					147		147		147		147
Variation in currency translation reserves						807	807		807	304	1 111
Other comprehensive income allocated to subsidiaries, associates and joint ventures				-4 689			-4 689		-4 689		-4 689
Other				-5 285		4 803	-483		-483	-9	-492
				2 563	**147**	**10 359**	**13 069**	**-17 287**	**-4 218**	**295**	**-3 924**
Net Profit for the period								23 408	23 408	942	24 349
Consolidated Comprehensive Income for the year								19 180	19 180	1 246	20 426
Transactions with Equity Holders in the period:											
Distributions						-7 000	-7 000		-7 000	-896	-7 896
						-7 000	**-7 000**		**-7 000**	**-896**	**-7 896**
Balance at 31 December 2019	**30 000**	**6 000**	**12 478**	**69 062**		**49 970**	**137 510**	**23 408**	**190 918**	**16 577**	**207 495**

the certified accountant

Lúcia Mendonça

board of directors

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

6.2 annex to the financial statements

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

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 (Áustria)	Management of shareholdings Provision of technical administration, and management services
Ascendum Baumaschinen Österreich GmbH Grafenholzweg 1 5101 Bergheim / Salzburg (Áustria)	Importer of Machinery Sale and After Sale: Construction equipment
Ascendum Építögépek 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		Assets		Liabilities	
Currency		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/(Losses)	
Gains and 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/(Losses)	
Gains and 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:

	Gains/(Losses)	
Exchange differences	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

6.3. statutory auditor's report

Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Nors S.A. (the Group), which comprise the consolidated statement of financial position as at December 31, 2019 (which shows total assets of 617,109 thousand Euro and total shareholders' equity of 207,495 thousand Euro, including a net profit of 23,408 thousand Euro), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Nors S.A. as at December 31, 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

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

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

Emphasis

We draw your attention to the note 39 of the annex containing the explanatory notes, namely with regard to the impacts of the COVID-19 pandemic on the future operational activity of the Group.

Our opinion is not modified in respect of this matter.

Responsibilities of management for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

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b) the preparation of the Directors' Report in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

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

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

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e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

April 15th, 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

José Miguel Dantas Maio Marques

José Miguel Dantas Maio Marques, R.O.C.


driving trust through
long-lasting relationships.