

20 ANNUAL 20 REPORT

MARTIFER GROUP



MARTIFER
GROUP

MANAGEMENT REPORT

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MARTIFER GROUP

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Note: For all intents and purposes, the Portuguese version shall prevail.

MANAGEMENT REPORT



MANAGEMENT REPORT

**MARTIFER
GROUP**

01 | MARTIFER GROUP

MESSAGE FROM THE BOARD

Dear Shareholders,

Martifer Group celebrated 30 years in 2020, a year that should be commemorated but which unfortunately is marked by an extremely adverse pandemic context.

The world as we knew it has been transformed. We live today in a VUCA world characterised by volatility, uncertainty, complexity and ambiguity.

So far, Martifer Group's capacity to overcome has been, in all respects, remarkable. The 2020 indicators allow us to measure the Group's enormous operational and commercial resilience:

- In Metallic Constructions, we highlight the award in 2020 of iconic projects such as Gare de Mons in Belgium, a project by architect Santiago Calatrava, the Noisy and Lyon Train Stations, as well as the Siemens Wind Components Factory in France, the Liverpool and the Midland hospitals in the UK, and the Park & Ride project in Saudi Arabia;
- In the Naval Industry, ship repair and ship conversion reach the highest level ever, enhanced by the client Baleària;
- In Industrial Maintenance, we earned the trust of clients such as Galp, Vale and Siemens. By focusing on organic growth, we expect to achieve a turnover of around 20 million Euros in 2021;
- In Renewable Energy, we hold a significant pipeline of projects under development, particularly in Poland, where we sold a "ready to build" project in July, in line with the asset rotation strategy of this business area.

As defined in the Strategic Plan, more than 75% of the Group's turnover originates in exports and in turnover generated outside Portugal. Gross and net debt underwent another significant reduction, allowing the consolidation of the trajectory of approximation of the Net Debt/EBITDA ratio to market parameters. The last phase of the financial restructuring was successfully completed, which allows us to present at the end of 2020 a more robust balance sheet. This is relevant to the Group's sustainability and risk perception by the stakeholders. At the same time, productivity and efficiency indicators have improved significantly over the past 3 years.

They are, therefore, very positive indicators of the right approach in the direction we outlined in 2018 and with which we always seek to be consistent and coherent.

Living up to its history, Martifer Group is today a brand recognised for its competence, innovation and engineering, industrial capacity and commitment to execution. The targets achieved in the recent past enable us to face the future with renewed Ambition, optimism and determination.

Special recognition goes to the one that is the Group's greatest asset: our collaborators. We would like to highlight the dedication shown by all employees to make the Group an increasingly renowned organisation.

Lastly, we would like to thank all stakeholders for trusting us.

HIGHLIGHTS

Operating Income reached 249.3 M€, of which 121.3 M€ in Metallic Constructions, 118.9 M€ in the Naval Industry and 11.1 M€ in Renewables

Positive Equity of 5.8 M€, with Capital attributable to the Group of 7.4 M€ - something that has not happened since 2015

Turnover generated outside Portugal and exports amount to 87% of the total Group Turnover

Gross value added amounted to around 55 M€, 24% of the Turnover

Net profit attributable to the Group of 6.3 M€

Gross Debt with a reduction of 21 M€ in relation to December 2019 to 120 M€. Net Debt was reduced in 30 M€ to 76 M€

Order Book of 579 M€ in Metallic Constructions and Naval Industry, the most robust in the last 7 years

Net Debt/ EBITDA 3.9x

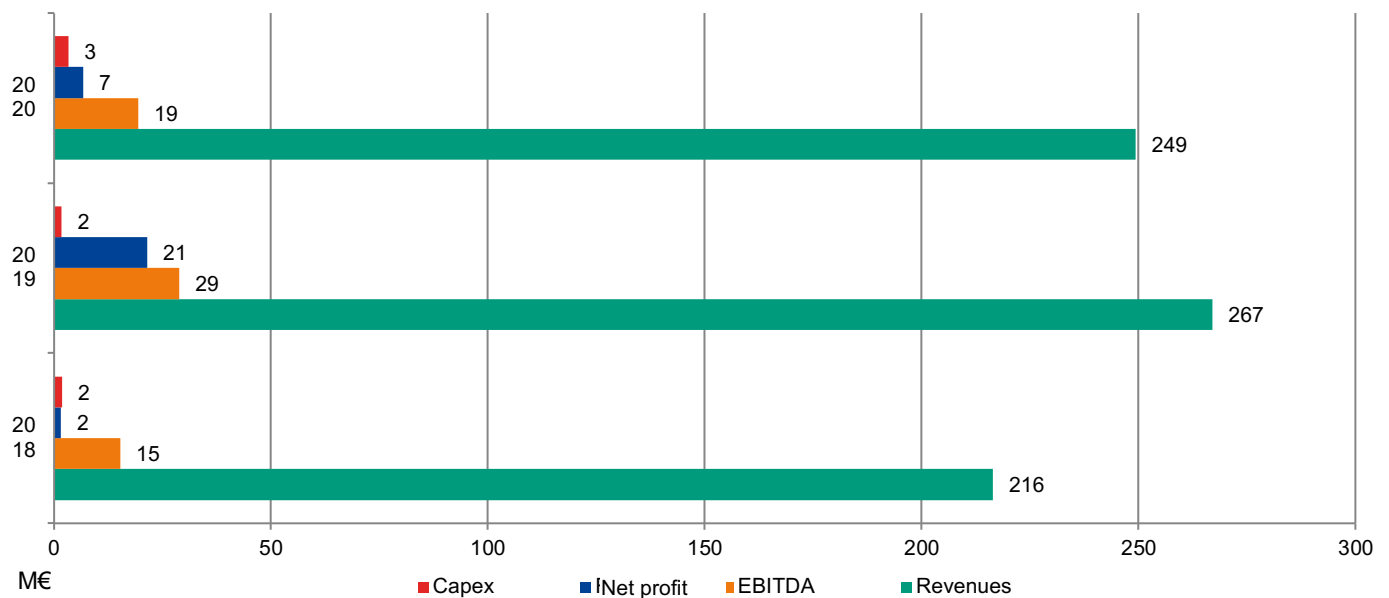
EBITDA of 19.4 M€ (margin of 8.6% on Turnover)

KEY FINANCIAL INDICATORS

€M	DEC -20	DEC -19	VAR.%
Revenues	249.3	266.9	-7%
EBITDA	19.4	28.9	-33%
EBITDA margin	8.6%	12.2%	-3.7 pp
Depreciation & Amortization	-6.0	-8.5	30%
Provisions & Impairment Losses	-0.3	-2.1	84%
EBIT	13.0	18.3	-29%
EBIT margin	5.8%	7.7%	-2 pp
Financial Results	-4.9	4.2	n.m.
Profit before taxes	8.1	22.4	-64%
Income tax	-1.4	-1.0	-42%
Net Profit	6.7	21.4	-69%
Attributable to non-controlling interests	0.4	-2.1	n.m.
Attributable to shareholders	6.3	23.5	-73%
Earnings per share €	0.064	0.241	-73%

(a) EBITDA = Sales and services rendered + Other Operating income – Cost of goods sold and consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses

(b) EBITDA Margin = EBITDA/ Turnover



MAIN EVENTS

01 2020

New Project | Ginga, Luanda, Angola

Ginga.Com - Comunicação, Multimédia e Telecomunicações, Lda awarded Martifer, in Angola, the construction of its new facilities in Luanda. It is a turnkey project for the construction of a project that includes television studios, radio studios and offices.

This complex is intended for audiovisual production; it is called by the client an "Integrated Communication Project" and includes about 6,300 sqm of gross construction area.

New Project | Navalria will build 2 Rabelo vessels

Navalria was awarded the construction of 2 Rabelo vessels for tourist navigation on the Douro River.

Tomaz do Douro, Lda is the client. This award is intended for the construction, and turnkey supply of the vessels that will be dedicated to tourist trips near Foz do Douro.

With a length of 27 metres, these Rabelo vessels have a total capacity for 176 seated passengers.

New Project | West Sea wins the construction of 4 Polar Expedition vessels

Mystic Cruises awarded West Sea the construction of 4 Polar "Ice" Class Expedition vessels from the Explorer series. The Polar Expedition vessels of "Ice" Class of the EXPLORER series are built based on the Polar Code (ice class) and equipped with a hybrid propulsion system. Each one will have the capacity to accommodate 200 passengers and 112 crew members, with the highest quality and comfort standards.

World Traveller, World Seeker, World Adventurer and World Discoverer will fill the construction areas so that in 2023 West Sea has seven polar vessels sailing.

These ships are part of Mystic Cruises' expansion plan in the luxury international cruise segment. These four new vessels join the World Explorer (already in operation), the World Voyager and the World Navigator (both under construction), thus totalling a fleet of seven vessels of this series that are revealed as true ambassadors of Portugal, taking to the four corners of the world a huge set of Portuguese brands that are part of its construction.

For West Sea, the award of these four new projects demonstrates its team's work, resilience, rigour and commitment capacity. The successful delivery of the first polar vessel built in Portugal in 2019 was the start of this new award.

NRP Setúbal is back at the West Sea Shipyard

West Sea received the oceanic patrol vessel NRP Setúbal at the shipyard. The vessel, built at West Sea and delivered to the client in 2019, now undergoes the guarantee docking after one year at the service of the Portuguese Navy. This is the last contractual phase prior to the final acceptance.

West Sea now has in hand the inspection work of quick works, the appendages of the hull (bilge keels, centreboard, rudder doors and stabilizers), the odometer, probes, bottom valves and cathodic protection, where the analysis is only possible with the vessel in a dry dock. Furthermore, the non-compliances observed during the guarantee period of the vessel, during which it was tested by the crew on actual missions, shall be eliminated.

In addition, other works will be carried out, with special emphasis on the alteration of the painting of the quick works and an application of anti-fouling paint made of silicone.

02 2020

New Project | West Sea will make the conversion of the Sicília vessel

Baleària awarded West Sea the conversion of the Sicilia, a ro-ro (roll on-roll off) and passenger ship, to operate on LNG (liquefied natural gas).

The conversion will include the installation of an LNG storage tank of about 160 tonnes and the modification of the two main engines to allow the ship to navigate both on LNG and diesel.

Martifer is 30 years old!

Martifer celebrated its 30th anniversary on 21 February. It was on this day that, in 1990, the company was founded in the area of metallic constructions, materialising the dream of two brothers.

In the words of our CEO, Pedro Duarte: "Thirty years on and we are still recognised as a distinctive brand, resulting from our capacity to implement, the courage to take on new challenges and the commitment to never give up acting in accordance with our culture, values and fundamental principles as a way of thinking and working, even in the most difficult situations.

We have always been, and will continue to be, a company that makes innovation and differentiation its strengths, that seeks to adapt to the rapid and constant evolution of the world and society, but that will never give up looking at its history and understanding the road we have travelled on so far: the union, the self-sacrifice and humility of all who are, were and will be part of this project. This is Martifer!"

Martifer's new website is now online!

Martifer Group launched its new corporate website associated with the celebration of the Group's 30th anniversary. This new website adapts the way the Group communicates to new media and digital platforms while seeking to arrive in a clearer and more direct way to different users: clients, suppliers, shareholders and the general public.

03 2020

Exceptional COVID-19 measures – minimising the risk of contagion in the workplace

The exceptional situation we lived (and are still living) with COVID-19 required the application of extraordinary and urgent measures. Following the indications of the Government and the Directorate-General for Health (DGS), a set of measures were implemented to ensure the health of employees and to minimise the risk of contagion from this epidemic outbreak, in particular with changes in hygiene habits and in the way we socialise as co-workers, or even in the distribution of office space in several buildings.

To safeguard the health of employees, the teleworking system was implemented whenever possible, trying to ensure the normal functioning of the main activities of the Group.

04 2020**West Sea and Partners united to help USLAM – the Local Health Unit of Alto Minho**

West Sea, in coordination with the Viana do Castelo City Council, challenged its business partners for a fund-raising campaign to acquire hospital material and equipment to be offered to the Viana do Castelo Hospital (USLAM – the Local Health Unit of Alto Minho).

More than 100,000 Euros were collected, and orders were placed with material and equipment suppliers, in accordance with the needs identified by the Local Health Unit and in close collaboration with its representatives, to fight COVID-19.

This dynamic has remained, allowing the various West Sea business partners to continue to contribute, supporting the population of the Viana do Castelo District.

West Sea and its partners raised more than 100,000 Euros and delivered more than 5,000 surgical masks, 7,500 individual protective suits, 44 pairs of protective boots and 5,400 litres of alcohol gel.

05 2020**Porto Office Park is ready, and Martifer overcame this great challenge!**

Martifer Metallic Constructions participated in the project since its conception, working from the beginning in close proximity to the architecture team of the renowned office Broadway Malyan, having been responsible for the conception and execution of the façades.

The solutions adopted for the design and construction of the buildings were awarded “Class A” energy certification and the international BREEAM certification, with an “excellent” rating.

This complex, with a sustainability certificate, has 31,500 sqm of offices and includes a set of unique services and facilities that will make it the most innovative workplace in the city of Porto and one of the most emblematic buildings of the city.

06 2020**Martifer returns to the Royal Liverpool University Hospital in Liverpool**

Martifer Metallic Constructions signed a new contract for the Royal Liverpool University Hospital project in Liverpool.

With Carillion's insolvency in 2018, this contract was now signed directly between Martifer, the NHS Trust (the developer) and Laing O'Rourke (general contractor).

This signature marks Martifer's return to the project to complete the remaining works and to fully replace the ACM – Aluminium Composite Material (sandwich panel) with a new one in aluminium plate.

The Royal Liverpool University Hospital is Liverpool's most important hospital and is over 150 years old. After its completion, it will have 646 beds, 18 amphitheatres and 23 clinical units and wards.

New Project | Nordex Wind Towers

Martifer Metallic Constructions was awarded the manufacture of Nordex wind towers for the following projects:

GURUNHUEL | France - Supply of 2 wind towers models N117 TS91 TiT and N117 TS106 TiT, including the purchase of all material, totalling about 472.5 tonnes of steel.

SAN CARLO | Italy - Supply of 2 wind towers, model N131 TS84 TiT, including the purchase of all materials, totalling approximately 334.6 tonnes of steel.

SUYDERLANDT | the Netherlands - Supply of 3 wind towers, model N131 TS84 TiT, including the purchase of all materials, totalling approximately 501.9 tonnes of steel.

LJUNGBYHOLM | Sweden - Supply of 12 wind towers, model N491 TS125 TiT, including the purchase of all materials, totalling approximately 4,225.44 tonnes of steel.

West Sea received the Minister for Infrastructure and Housing for the signing of the dredging of the entry of the shipyard

On 16 June, the West Sea shipyard held the ceremony for the inauguration of the dredging works of the access canal to the shipyard for the minus 6-metre level of the hydrographic zero. The Minister for Infrastructure and Housing, Pedro Nuno Santos, presided over the ceremony with the intervention of the President of APDL - Guilhermina Rego, the President of Martifer Group - Carlos Martins, and the Mayor of Viana do Castelo - José Maria Costa.

The project aims to improve the access conditions to the Bugio Pier and the shipyard, and it will stimulate industrial development; it will allow larger vessels to enter the port, and it will boost the creation of a competitive cluster in the Portuguese naval industry, increasing the competitiveness of the port infrastructure. The intervention will also promote the improvement of safety and navigability conditions in the port of Viana do Castelo. The project, which is included in the Strategy to Increase the Competitiveness of the Continent's Network of Commercial Ports – Horizon 2026, counts on the investment from APDL - Administration of the Ports of Douro, Leixões and Viana do Castelo of around 17.4 million Euros and a private investment of 15 million Euros from West Sea, which will build a new dry dock aligned with the Bugio pier, taking advantage of the old ramp.

The contract has a maximum execution deadline of eight months and has an intervention area of approximately 190 thousand square metres. The new dry dock will allow the docking of vessels up to 220 metres long and 45 metres wide.

New Project | Gare de Mons in Belgium

Martifer Metallic Constructions is responsible for the partial execution of the modernisation project of the multimodal Mons station signed by architect Santiago Calatrava. The project includes the supply and assembly of approximately 3,000 tonnes of metallic structure, the assembly of 600 tonnes of structures previously manufactured and stored on-site, as well as other works associated with the dismantling of temporary structures.

The architectural and conceptual line of the project, a brand image of Santiago Calatrava, with whom we have already worked in the Museum of Tomorrow in Rio de Janeiro, gives the project high levels of demand and complexity.

The project to modernise the station has been underway since 2004, and all the work will be carried out with the partial operation of the station, an increased logistical and assembly challenge.

Our client is Eurogare and the developer is SNCB - Société Nationale des Chemins de fer Belges.

Martifer, SGPS holds 100% of Martifer Metallic Constructions

Martifer, SGPS, S.A. acquired 25% of the share capital of Martifer Metallic Constructions, SGPS, S.A. and owns 100% of the company's share capital and consequently controls the entire 'Metallic constructions' and 'Naval Industry' segments. This was an operation with related parties.

07 2020

New Project | Maintenance of the Pocerady combined cycle power station

Siemens Gas & Power S.A. awarded Martifer Metallic Constructions the mechanical maintenance services during the largest maintenance stop at the Pocerady combined cycle power station, located in the Czech Republic.

The maintenance contract includes the inspection of the Hot Gas Path Inspection (HGPI) circuit of the high power turbines (2 units) and also the upgrade of the SP8 (rotor) and medium generation.

The oil & gas sector has been growing in Martifer Group, and the maintenance services provided by Martifer now extend to the Czech Republic.

Martifer Renewables participates in a Solar tender

Martifer Renewables is participating in the solar tender launched by the Government in March 2020. The tender aims for a 700 MVA solar capacity divided into 12 lots for solar power plants in Alentejo and the Algarve.

Martifer's application has already been submitted and approved, and the request phase will take place at the end of August.

West Sea made a donation to the Union of Parishes of Santa Maria Maior, Monserrate and Meadela

On 13 July, West Sea donated 7,000 Euros to the Union of Parishes of Santa Maria Maior, Monserrate and Meadela.

This was an initiative that is part of the support that West Sea has been promoting to the community of Viana do Castelo and local authorities within the scope of the COVID-19 pandemic.

This amount was also distributed to four private institutions of Social Solidarity (IPSS).

Martifer started the assembly of the Peace Stadium in Bouaké, in the Ivory Coast

The first parts for the Peace Stadium in Bouaké in the Ivory Coast have already been assembled on site.

The team of 27 people led by Martifer Metallic Constructions arrived in the country on 10 July, and the assembly works started immediately on 13 July.

The first part was assembled on 15 July, and three days later, the outer parts of the first two axles were assembled, which will support the roof trusses.

The solution developed by Martifer for the roof includes a set of 52 trusses in console with about 40 metres, connected from the exterior to the new reinforced concrete pillars with arms of about 10 metres and rods of about 22 metres. The total area of the roof is 25,000 sqm.

Part of the 2023 Africa Cup of Nations (CAN), this stadium is located in the second largest city in the Ivory Coast, in the centre of the country. This is a renovation that will increase the capacity of the stadium from 25,000 to 40,000 seats.

World Voyager Stability Test was successfully completed

On 19 July, the World Voyager's stability was tested. This is the 15th vessel built by West Sea, and it is at the same time the second vessel of the Polar Expedition class of a series of 7 vessels contracted by the shipowner Mystic Cruises.

Despite tidal constraints, which forced the Stability Test to be carried out early in the morning on a Sunday, the results of the test were a success. The light weight of the vessel and the centre of gravity are in line with the estimated projections and those monitored by the shipyard, giving enormous comfort for the continuation of future constructions in this class.

Martifer, EDP, Galp, REN and Vestas evaluate the creation of a green hydrogen industrial cluster in Sines

Martifer, together with EDP, Galp, REN, Vestas and several European partners, propose to evaluate the feasibility of the H2 Sines project, which aims to implement an industrial cluster for the production of green hydrogen, based in Sines. The project has an important international dimension, both due to its export vocation and by mobilising partners with extensive experience in the hydrogen value chain.

The project aims to leverage the competitive advantages of renewable endogenous natural resources, contributing to the reindustrialisation of the Portuguese and European economies on a more sustainable basis, as well as to counterbalance the trade balance.

Gare de Mons - Martifer wakes up the steel giant

Martifer Metallic Constructions began the assembly work at Gare de Mons in July, with the lift of the first piece (avant-perron), which will be installed on the roof.

This giant steel skeleton rests patiently for the metal structure work to be completed. Its construction began in 2011, and since then, there have been several pauses in its construction.

Martifer has the challenge of completing the project. It will assemble the existing metallic structure and will carry out the necessary repairs; it will also produce the missing metallic structure.

Gare de Mons is an architectural project of Santiago Calatrava that symbolises the synergies between culture and technology in the city of Mons. The city has a very rich historical and architectural heritage and has been the cultural capital of the Walloon Region since 2002, and in 2015 it was the European Capital of Culture. With a very characteristic aesthetic, Gare de Mons impresses, and it is once again impossible to dissociate it from Calatrava's "performance architecture".

08 2020

New Project | Le Havre - industrial pavilions for Siemens Gamesa

Martifer Metallic Constructions, in a consortium with Blocotelha, is responsible for carrying out the metallic structure works for the construction of a blade and wind tower plant for Siemens Gamesa Renewable Energy. Martifer is responsible for the manufacture and assembly of buildings B1 - Nacelle Area (1,705 t of metallic structures), B1 - Warehouse (925.4 tonnes of metallic structure) and B2 - Post-treatment (1,055 t of metallic structures).

The Le Havre project is the largest renewable energy industrial complex in France, and our client is the consortium led by GTM Normandie-Centre, a subsidiary of VINCI Construction France.

Martifer finished the maintenance intervention at the Ribatejo Thermoelectric Power Station

Martifer Metallic Constructions finished its maintenance intervention at the Ribatejo Thermoelectric Power Station in Carregado. The client is Siemens Energy, through Siemens Portugal.

The works began in August and included verification of the station's number 02 group – the gas turbine. Martifer's team included six specialised mechanics, and the work was successfully completed.

The Ribatejo Thermoelectric Power Station in Vala do Carregado, in the municipality of Alenquer, is an example of the decarbonisation of the region. This plant uses "one of the most efficient" electricity generation technologies: the combined natural gas cycle. This type of plant produces very low NOx and particles emissions and zero SO₂ emissions. Compared to coal-fired power stations, they emit about three times less CO₂.

World Voyager - sea trials were performed successfully!

The World Voyager left the West Sea shipyard's outfitting quay on 11 August to start the sea trial. The sea trials lasted three days, and the vessel returned to the shipyard on 14 August after the successful completion of all the trials.

The ship passed with excellent behaviour in all the requirements of the Autoridade de Bandeira, the Portuguese Directorate-General for Maritime Resources, the specific requirements of the United States Coast Guard (USCG), the Classification Company Bureau Veritas (BV), as well as those that were contracted regarding the vessel's comfort.

Compared with the World Explorer's sea trials, in the World Voyager trials, West Sea took responsibility for most of the tasks performed, thus demonstrating its high technical capacity and experience.

An interesting fact worth mentioning is that around 165 people from 29 different countries were present (the USA, Austria, Bosnia and Herzegovina, Brazil, Chile, Denmark, Slovenia, Spain, Finland, France, Germany, Greece, the Netherlands, Honduras, Indonesia, Italy, Macedonia, Norway, Philippines, Poland, Portugal, Romania, Sweden, Czech Republic, Tunisia, Turkey, Ukraine and the United Kingdom).

World Navigator has already floated!

The fluctuation of the World Navigator, West Sea's construction no. 17, has already occurred.

This is one of the most important milestones in the construction of a ship because it is when the first values of weight, trim and heel of the ship are measured. These data are all checked by the draughts. It is also the moment when the leakproofness of the hull is checked and of all equipment and accessories connected to it (bottom plugs, valves, sea chest, antifouling painting, odometer, probe, navigation lights, shaft lines, cathodic protection and stabilisers).

The ship is now in the outfitting quay where the outfitting works continue. The World Navigator is the third ocean polar vessel built by West Sea, and it is expected to be completed in April 2021.

09 2020

New Project | Park & Ride – Riyadh Metro Project, Saudi Arabia

The ArRiyadh New Mobility Consortium (ANM Consortium) awarded Martifer Metallic Constructions the supply, manufacture and assembly of the façades of four car parks that support Line 3 of the Riyadh Metro.

The project totals about 18,000 sqm of façades, divided between perforated 3D aluminium plate, vertical and horizontal shades and interior and exterior curtain façade.

6.5 million people currently live in Riyadh, and the global Riyadh Metro Project includes the simultaneous construction of 6 lines in an extremely busy city - an open-chest operation to the city.

Martifer Group presented the 2021 Gender Equality Plan

Martifer Group presented the 2021 Gender Equality Plan. This plan sets out seven objectives and 15 measures that commit to promoting a more equal Group and Society.

When we started implementing the Gender Equality Plan in 2019, the intervening team felt a change; gender equality became a cross-cutting issue in the various dimensions of the Group. Despite the fact that we already had human resources policies and practices aligned with equality, despite the fact that we talk about equality on symbolic dates, our attention and awareness changed. We surprised our people with subjects that had never been addressed; we raised discussions; we talked more about equality.

Martifer is an industrial group in the construction sector, which, by the nature of the work, evolved into an intrinsically male sector. On the other hand, despite the developments of recent decades, the areas of technology and engineering still have a small representation of the female sex.

Based on the results of the diagnosis, the 2021 Gender Equality Plan brings measures that focus on our current reality and on this disparity that we highlight, as well as others that project a more equal future, in and outside the company.

The plan covers the following dimensions: Strategy, Mission and Values, Access to Employment, Equality in Work Conditions, Training, Parental Protection and Reconciliation between personal and professional life, with 7 objectives and 15 measures.

Martifer Construções Metalomecânicas obtains ISO 45001 certification (Occupational Health and Safety Management System)

The APCER external audit carried out on 23 and 29 June and 7, 8, 9 and 10 July aimed to maintain the certifications of the management system in the areas of quality, safety and environment and also to migrate the occupational health and safety management system from OHSAS 18001 to standard ISO 45001.

The certifying entity - APCER - has already informed that the maintenance of certification of the quality, safety and environment areas was successfully achieved, and in the case of occupational health and safety, Martifer Construções Metalomecânicas, SA is now certified by ISO 45001.

Our commitment to continuous improvement is 30 years old and will always be one of the strategic priorities of our activity.

West End Gate - Martifer installed the last module of the project's first phase

On 11 September, Martifer's team in the United Kingdom installed the last façade module in the West End Gate building.

2,226 construction modules were assembled, which make up the 29 floors of this housing tower.

The interior work continues, and the last phase of the project will begin in October, with the assembly of another 92 modules. Martifer started the project in 2018 and has now reached the final phase of its intervention.

West End Gate is a project for Berkeley Homes with a total intervention area of 24,300 sqm, with a major impact on the London luxury real estate market and was designed by the renowned architect office Squire & Partners.

New Project | Noisy–Champs railway station

The consortium that includes VINCI Construction France and Spie Batignolles Genie Civil awarded Martifer Metallic Constructions the project and construction of the elliptic roof and the access ramps to the new Noisy-Champs Railway Station. The execution project will be carried out by Quadrante as a subcontractor.

This unique cover consists of a double elliptical helix of 101 by 62 metres and is 21 metres high. The helixes will be supported by 12 built-in pillars. Martifer's steel works also include the railway sleepers, staircases and access lifts to the station.

The Noisy-Champs Railway Station is a creation of Agence d'architectes-urbanistes Duthilleul by architect Jean-Marie Duthilleul and is part of the Le Grand Paris Express project, the largest transport project in Europe. An automated transit network that will improve multimodal transport in the Grand Paris region. Located between the municipalities of Noisy-le-Grand and Champs-sur-Marne, each helix starts at one of these and joins at the top.

Elisabeth Schulte - New naval repair project

The Elisabeth Schulte vessel of the Bernhard Schulte Shipmanagement (Cyprus) arrived at the shipyard in September. 145 metres long and 23 metres breadth, the ship entered directly into dock no. 1, where the repair work was carried out. The repair of the Elisabeth Schulte was completed, and the ship left the shipyard a month and a half later.

The main work was: normal docking tasks (hull treatment and painting, shaft and rudder clearances, bottom valves); assembly of a ballast water treatment system (BWTS); sandblasting and painting of 3 cargo tanks: repair of the main engine; various piping works, mechanics and electricity.

Pavo J - New naval repair project

Jüngerhans GmbH's Pavo J container ship arrived at the shipyard in September. 139 metres long and with 22 metres breadth, the main 130-tonne engine was removed for block and crankshaft replacement.

The main machine, weighing approximately 130 tonnes, has been successfully removed from the ship's interior and moved to the block workshop, where it was repaired, and the block and camshaft were replaced.

This operation was successfully completed, and the machine, weighing 130 tonnes, left the block workshop to be re-installed in the ship.

The hull treatment works were then done in a dry dock and then the aligning of the machine with the vessel floating.

The main works were: repair of the 130-tonne main engine (consisting of the replacement of the block and crankshaft).

New Project | Maintenance of the furnace firing system of the Sines Refinery, Portugal

Martifer Metallic Constructions was awarded the 4-year Maintenance Contract of the Furnace Firing System of the Sines Refinery. This contract, in addition to the maintenance component, also considers the operating component, which includes the daily routines necessary for the good performance of the refinery furnaces.

This contract confirms and consolidates Martifer's position as a service provider in Operation and Maintenance (O&M), a core area of the Group that has been developed since February 2018.

10 2020

Martifer France celebrates 10 years of activity!

Congratulations to the team at Martifer France, who celebrates the 10th anniversary of the company. With 10 years of history, it participated in the execution of complex and emblematic works in various parts of the country, such as the Stade des Lumières - Lyon, the MECA building - Bordéaux, the Forum des Halles - Paris, ITER - Cadarache, among others, cementing the leadership of Martifer Group in the execution of great projects in the metallic constructions and the aluminium and glass façades sectors.

France is one of the largest markets in Europe, occupying a prominent position in the ranking of the main clients in Portugal. It is an economy of strategic importance to the companies that are part of the construction sector, so Martifer should remain strongly betting on it.

Minister of the Sea visited West Sea

The Minister of the Sea, Ricardo Serrão Santos, visited the West Sea shipyard on 7 October. After a brief presentation, the delegation visited the shipyard and visited the polar vessel World Voyager.

In an interview, Ricardo Serrão Santos highlighted the company's performance during the pandemic. 'This shipyard has successfully crossed COVID-19 and is now in full operation, with more people and with a very relevant order book,' he pointed out.

"The shipyards crossed the COVID-19 pandemic with more work and more workers than in the past. We are aware of what the market has to bring us. A part of our order book depends heavily on the tourism sector, which is suffering. But we are adapting ourselves so that this path continues within the demands that the market places us, also thinking of the decarbonisation and sustainability agenda," referred Carlos Martins, Chairman of Martifer Group.

New Project | Repair and maintenance of the TK-12 storage tank in Viana do Castelo

In July 2020, Martifer Metallic Constructions executed a framework agreement with Galp Energia for the repair and maintenance of storage tanks located in the various Galp Energia parks or its subsidiaries.

Under this agreement, Galp Energia awarded Martifer the repair and maintenance of the TK-12 Tank located in the commercial port of Viana de Castelo (Terminal de Asfaltos).

With the award of this project, Martifer enters a new market segment, also within the scope of Industrial Maintenance and complementing the steps that have been taken in this business segment.

The POP building is considered the 2020 Best Office Development

The second edition of the Real Estate Awards, an initiative organised by the newspaper Expresso and by the TV network SIC Notícias, included 42 contenders. The winners of the five categories of the competition were made known at a ceremony held in Estufa Fria, in Lisbon. This initiative received applications geographically distributed throughout the country of projects that were completed during 2019.

Porto Office Park was nominated in three categories: Best Resort – Office; Interior Architecture – Office; Sustainability – Energy Efficiency, and it won the 2020 Best Office Development Award.

Martifer Metallic Constructions participated in the project since its conception, working from the outset in close proximity with the architecture team of the renowned Broadway Malyan office, being responsible for the design and execution of the façades.

The solutions adopted for the design and construction of the buildings were awarded "Class A" energy certification and the international BREEAM certification, with an "excellent" rating.

MECA wins Iconic Awards 2020

Maison de l'Economie Creative et de la Culture (MÉCA) won the Iconic Awards 2020 in the "Cultural Centre" category.

Martifer Metallic Constructions was responsible for the manufacture and assembly of 791.3 tonnes of metallic structure and 2,722 sqm of collaborative plate for the building.

The new building, in which the Aquitaine region intends to generate synergies between cultural agents, will house 3 entities of the region: the ECLA - Écrit Cinéma Livre Audiovisuel, the FRAC - Fonds Régional d'Art Contemporain and the OARA - Office Artistique de la Région Aquitaine.

Martifer integrated the GTM Batiment Aquitaine consortium (the consortium's mandate), Soletanche, SIDF, Cobarec, Coveris and Freyssinet.

11 2020

The World Voyager arrived in Lisbon - West Sea delivers the vessel to Mystic Cruises

The World Voyager is the second of six vessels of the Explorer series built by West Sea, to be delivered to Mystic Cruises. With a capacity for 200 passengers and 117 crew members, the vessel is ready to sail in the icy seas of Antarctica and the Arctic, as well as transatlantic cruises and exploration programmes in some of the world's most exclusive destinations.

The vessel left the Bugio Pier on 3 November and headed towards the Lisbon Cruise Terminal, along with its twin 'sister', the World Explorer. The two vessels will be moored at the port of Lisbon before returning to their activity of cruises in exotic destinations.

West Sea completes the repair works on the Elisabeth Schulte

The repair of the Elisabeth Schulte was completed, and the vessel left the shipyard on 12 November.

The ship, belonging to Bernhard Schulte Shipmanagement Cyprus, arrived at the shipyard on 25 September. With 145 metres in length and 23 metres breadth, the vessel entered directly in dock no. 1, where several repair works were carried out: normal docking tasks (hull treatment and painting, clearances, shafts, rudder and bottom valves); assembly of a ballast water treatment system (BWTS); sandblasting and painting of 3 cargo tanks: repair of the main engine; various piping works, mechanics and electricity.

New Project | Siemens Energy - maintenance of the Tapada do Outeiro, Pego and Lipor II power stations

Martifer Metallic Constructions was awarded by Siemens Energy, branch in Portugal, the planned maintenance interventions of the Tapada do Outeiro, Pego and Lipor II Power Stations.

The planned maintenance interventions began at the end of January and ended at the end of March 2021. The gas and steam turbines and the groups of generators were intervened.

West End Gate - the last façade module has already been installed

The assembly of the last module, installed in November, marks the completion of an important phase for the project - the installation of the façade of this 29-storey building in central London.

West End Gate is a luxury condominium with 29 floors, situated in the centre of London, designed by the architect office Squire & Partners.

Our client and developer is Berkeley Homes, and Martifer's intervention consists of executing the entire exterior envelope of the building, from the second floor to the roof, with a total intervention area of 24,300 sqm.

Martifer has been part of the project since February 2018.

Martifer Metallic Constructions finishes assembling the roof of the Peace Stadium in the Ivory Coast

Martifer Metallic Constructions completed the assembly of the metallic structure of the roof of the Peace Stadium.

The renovation of this stadium in Bouaké took Martifer for the first time to the Ivory Coast. We have been part of the project since July 2019, and the assembly of the first part on site took place in July 2020.

Work will continue with the required paint finishings, and the assembly of the roof coating will start soon.

12 2020

Martifer-Visabeira S.A. renewed Vale's preventive and corrective maintenance contract for another four years

Martifer-Visabeira renewed for another four years the maintenance service contract for Vale through its subsidiaries CDN - Corredor de Desenvolvimento do Norte, CLN - Corredor Logístico do Norte and CEAR - Central East African Railways, all developed at the Nacala facilities in Mozambique. The areas include mechanics, electricity and instrumentation.

Martifer-Visabeira's work includes the maintenance and recovery of the train engines (mechanical, electricity and instrumentation services), as well as all rotating electrical equipment such as pumps, turbos and compressors.

The Nacala Corridor is intended to allow railway transport between the coal mine in Moatize, Mozambican Province of Tete, and the Port of Nacala on Mozambique's maritime coast. Of the 900 km distance between Moatize and Nacala, approximately 250 km are located in Malawi.

New Project | Alcalá 546

Following the good work carried out in the Helios project, Therus awarded Martifer Metallic Constructions the execution of the façades of L'Oréal's future head office. The head of the architecture project is the prestigious office Fenwick Iribarren, with the assistance of ARUP, specialising in façades consultancy. The final client of the project is Acciona, one of the main Spanish construction companies.

Martifer's intervention consists of the manufacture and assembly of 6,500 sqm of curtain wall façade with different types of stick system, 500 sqm of windows, around 8,000 sqm of A2 aluminium composite panel (ACM), stone, ETICS (External Thermal Insulation Composite Systems) and other metallic elements, 600 m of glass railing and also smoke extract vents, Saint Andrew's crosses and lifelines.

A new challenge for Martifer that will participate in the construction of another iconic building in Madrid, ensuring the usual required quality to obtain LEED Platinum V.4 certification.

New Project | Siemens Energy - Maintenance of Umm-al Houl and Ras Laffan combined cycle power plants in Qatar

Martifer Metallic Constructions was awarded Scheduled Maintenance Interventions at the Combined Cycle Power Plants of Umm-Al Houl and Ras Laffan by Siemens Energy - Middle East Branch. Both are located in Qatar Economic Zone 3, South of the capital (Doha) and 80 km North of the capital, in the industrial area of Ras Laffan, respectively.

The scheduled maintenance interventions started in January and will be completed during April 2021. During these interventions, the gas and steam turbines and the generator sets were intervened.

This award marked the entry of Martifer Group as a specialised industrial maintenance service provider in the Middle East.

The Stories building with 3,790 modules installed in 2020

Martifer Metallic Constructions achieved one of the goals assumed with the client Bateg - Vinci Construction and finished the assembly of the modular façade in the Stories building, with the installation of module number 3,790.

Martifer is responsible for the aluminium and glass façades and the coating of the building. The intervention includes the manufacture and assembly of 17,500 sqm of modular façade (now completed), 5,600 sqm of curtain façade, 6,000 sqm of wall and ceiling cladding and 10,100 sqm of interior motorised blinds.

Designed by the architects Chartier Dalix, the project involved the demolition of a building complex and the construction of a 7-storey (64,500 sqm) commercial building with four restaurant areas, 8,000 sqm of accessible terraces and outdoor spaces, a business centre with an auditorium and meeting rooms, and a car park for 660 vehicles.

This construction will have HQE Exceptional level certification, BREEAM Exceptional level certification, WELL Core & Shell Silver level certification.

MNews 11 – Special 30th-anniversary edition

Martifer Group published issue number 11 of MNews magazine. This special edition highlights the Group's 30th anniversary and includes the most important milestones in its history.

With the cover highlight dedicated to the anniversary, this MNews edition brings together last year's most important news about the Group and some articles dedicated to the history of the last 30 years.

In an interview, Alberto Coelho, Managing Director of Big Projects, shares his vision and journey within the Group. Jorge Ribeiro, the first employee to join Martifer's team, shares his 30-year journey. It also includes the message of President Carlos Martins and the CEO Pedro Duarte's message, and the most important developments in the areas of Metallic Constructions, Naval Industry and Renewables of 2020.

MAIN SUBSEQUENT EVENTS

The Santo André Ship-Museum returns to the Oudinot Garden after its renovation at Navalria

After the maintenance and renovation at Navaria in January 2021, the Santo André Ship-Museum returned to the Oudinot Garden.

Navalria renovated all the areas on the ship, with particular emphasis on the holds, the accommodation areas, the fishing winch park, the engine room, the external balustrade, the deck, the masts and the bridge, in addition to the total painting, docking and hauling, and the renovation of the entire electrical component and systems of the ship, among other works.

The museum-ship awaits the development of the museum project, with the creation of new dynamics in the visit that will make a trip to the historical past of the ship, its crew and cod fishing by trawl gear. This is the last vessel of its class to survive.

New Project | Nordex Wind Towers

Martifer Metallic Constructions was awarded the manufacture of Nordex wind towers for the following projects:

NORDEX - MEENBOG | Ireland

Supply of 12 wind towers, model TS90 Delta4000 including the purchase of all materials, totalling approximately 2,154 tonnes of steel.

NORDEX – ZAHRENHOLZ | Germany

Supply of 6 wind towers, model TS99 Delta3000 including the purchase of all materials, totalling approximately 1,243 tonnes of steel.

NORDEX - NORD SARTHE | France

Supply of 3 wind towers, model TS106 Delta3000, including the purchase of all materials, totalling approximately 827 tonnes of steel.

NORDEX - SANT SAUVANT | FRANCE

Supply of 7 wind towers, model TS120 Delta3000, including the purchase of all materials, totalling approximately 2,018 tonnes of steel.

New Project | Siemens Energy - Maintenance of Celtejo

Siemens Energy - Portugal awards Martifer Metallic Constructions the Scheduled Maintenance Intervention of Celtejo - Empresa de Celulose do Tejo, S.A., located in Vila Velha de Ródão.

The scheduled maintenance intervention began in March 2021 and is expected to be completed in April. The intervention consists of the inspection and maintenance of the steam turbine.

IMPACTS OF THE COVID-19 PANDEMIC

The spread of coronavirus SARS-COV-2 and the disease caused by its infection (COVID-19) marked the year 2020. It affected the health of millions of people worldwide and the world economy. It is still uncertain how negative the impacts will be and how long they will last.

Martifer Group has been continuously monitoring the information disclosed and carefully complying with all recommendations of national and international authorities, in particular, the Portuguese Directorate-General for Health (DGS) and the World Health Organization (WHO); and has implemented a set of measures to safeguard the health and well-being of its employees as much as possible and to minimise the economic and financial impacts on the Group to ensure its future sustainability.

Given the uncertainty regarding the duration of the pandemic and the dimension of its effects on the world economy, it is not possible to date for the Group to quantify the future impacts on its activity. However, it is possible to assess the impacts already verified and to identify the main measures taken by the Group, namely:

Operational activity

Naval Industry

During 2020, including the periods in which the state of emergency was in force in Portugal, the Naval area kept on working, although its activity slowed down. This slowdown essentially resulted from difficulties related to:

- reduction of employees at service, due to family support (having children under 12) or suffering from diseases considered risky;
- difficulty in moving people, mainly foreign technical service providers, due to restrictions on flights and air travel, which did not allow the continuity of some of the activity.

There was some difficulty in the supply chain for some raw materials and greater difficulty in processing orders with equipment manufacturers that suffered delays in delivery compared to the initial planning.

Slowly, the activity has been recovering and the difficulties encountered have been decreasing.

Metallic Constructions

The aluminium and glass façade factory was always in operation. However, with a slight slowdown in activity. And the metallic structures factory reduced its activity during the 1st semester, having even partially closed in May, June and July, as a result of supply difficulties by suppliers and the cancellation and deferral of some orders. Following this partial closure, simplified lay-off was used, and the factory slowly resumed activity, and the number of employees in lay-off was reduced in June and July. As of August, there were no employees in lay-off.

Projects were almost stopped during some periods, in nearly all countries, due to restrictions on the movement of people imposed by the States. Although with some limitations, the works resumed in the second semester at a pace close to normal.

Renewables

The complete paralysis of the industry as a result of the lockdown measures imposed in the fight against the pandemic caused a substantial impact on energy sale price, which has fallen sharply as of March 2020. In the second half of 2020, with the upturn of activity, prices were recovered, and there was a slight decrease at the end of the year and at the beginning of 2021 due to the second and third waves of the pandemic Europe.

With the start of vaccination campaigns and reports of strong European Union support for the energy sector, prices have stabilised at higher levels, in addition to the trend of price growth transacted in forward markets at European level.

Employees

The safeguard of employees' health is a priority, and the Group adopted a set of measures in all companies, regardless of their geographical location, including the following examples:

- Dissemination of basic procedures for hand hygiene, information on respiratory etiquette procedures, supply of community masks and indications on their usage and disclosure of social conduct procedures;
- Promotion of the physical separation of office employees to other available facilities and maintenance of employees with operational functions separated in shifts, whenever practicable;
- Strengthening of the hygiene measures of the various installations;
- Cancellation of all business trips except for return trips of displaced employees;
- Implementation of the teleworking system for all employees whose functions are compatible with this system;
- Organisation of the canteen access to reduce the gathering of a lot of people and, in some cases, the closure of the canteens, replacing the meal with the supply of a 'meal kit' delivered to each employee at the job site;
- Monitoring and sorting the persons on the premises at the entrance, in particular at the Viana do Castelo shipyard;

A COVID-19 Contingency Plan was prepared, which includes, in the Containment phase (period before the appearance of infected persons in the Martifer universe), the previously mentioned measures and the procedures for the Mitigation phase (if there is an infected person).

Some cases of infection among employees were identified but in residual numbers.

Liquidity

Despite the decline in activity, as a result of the Group's financial consolidation in recent years, with the substantial and systematic reduction of debt, and a set of treasury management measures adopted in this period, the Group maintained and maintains a balanced liquidity situation that allows it to look to the near future with some peace of mind.

SUBSEQUENT EVENTS

The year 2021 continues to be marked by COVID-19, with vaccination and the number of infections evolving differently in various countries, and, consequently, they adopt more or less restrictive pandemic containment measures. In Portugal and Europe, the measures have been very restrictive, with several countries imposing mandatory lockdowns. The world economy is in a phase of recovery at a slower pace than the one desirable, and uncertainties about the future remain many.

Martifer Group continues to permanently monitor the information disclosed and carefully comply with all the recommendations of the national and international authorities, namely the Portuguese Directorate-General for Health (DGS) and the World Health Organization (WHO), and to maintain a set of measures implemented to safeguard the health and well-being of its employees and to minimise the economic and financial impacts on the Group to guarantee its future sustainability.

The current situation is conditioning the Group's activity, and given the uncertainties about the future, it is impossible to quantify the magnitude of the impacts.

In 2021, there has also been an increase in the price of steel, one of the main raw materials used by the Group. The impact of this price increase is not significant in ongoing projects, as the steel requirements for these projects are guaranteed either by inventories or by contracts signed with suppliers where the price is fixed. However, the impact of the sharp rise in steel price is reflected in the price of commercial proposals.

The recent conflicts in Mozambique may indirectly impact the Group's affiliated company, Martifer-Visabeira, as some projects in the gas area may be suspended or cancelled, and some important clients may reduce their activity.

Since the date of the financial statements, except those mentioned above, there have been no other events that affect the disclosed financial information.

CONSOLIDATED NON-FINANCIAL INFORMATION

Martifer chose to disclose the information on the consolidated non-financial statement, as required by article no. 508-G of the Commercial Companies Code, in Martifer Group's Sustainability Report, which is included in an autonomous chapter of the Annual Accounts.

MANAGEMENT REPORT

GUIDELINES

02 | GUIDELINES

ACTIVITY

Martifer began its activity in 1990 in the steel structures sector. Since 2014, due to the strategic focus of the business, Martifer concentrated its operations in the metallic constructions sector. Subsequently, through the construction and repair of vessels, the Naval Industry also became a strategic business segment with significant predominance for the Group.

The Group' holding, Martifer, SGPS, S.A., also develops other activities and manages financial participations, namely in the Renewables segment, through the promotion and development of wind and solar projects, and in the Oil & Gas and industrial maintenance sector.

HOLDING

Martifer SGPS, S. A. is the holding company of the Group. With the changes in the governance model implemented in 2012, Martifer SGPS, S. A. positions itself as a financial holding, establishing and defining rules and policies for the Group and monitoring the activity of the business areas, which were given a greater degree of independence and power.

The business areas act independently, following the strategic guidelines approved by the holding, based on the annual budgets and business plans approved by Martifer SGPS, S. A.'s executive board.

METALLIC CONSTRUCTIONS

Martifer Metallic Constructions, SGPS, S.A., the sub-holding for the Metallic Constructions business segment, is 100% held by Martifer, SGPS, S.A. (in 2020, a 25% shareholding was acquired, which was held by the reference shareholders I'M SGPS and Mota-Engil, SGPS through the company Vetor Diálogo, SGPS, S.A.). It is a globally recognised player in the sector. The company (and its subsidiaries) is focused on two major geographic areas: Europe and the Middle East and Africa, and has industrial units that allow them, from these areas, to build the most complex projects in diverse locations such as, for example, Luanda in Angola, Geneva in Switzerland, Bouaké in the Ivory Coast, Paris in France or London in the United Kingdom. Its industrial units are located in Portugal, Romania, Angola, and Mozambique (in partnership).

This business area bases its development strategy on the differentiation of its engineering quality and its vocation for complex projects. Martifer Metallic Constructions aims to follow a directed approach by partnering with companies from complementary segments, which will allow it to offer more complete solutions and gain a greater dimension, especially internationally.

It provides global and innovative engineering solutions, namely in the segments: metal mechanical constructions, aluminium and glass façades, and infrastructures for oil & gas.

This industrial and commercial activity has a production capacity that allows it to complete projects in several continents. At the end of 2020, it had 1,018 employees.

NAVAL INDUSTRY

The companies whose activity focuses on the naval industry are West Sea - Estaleiros Navais Unipessoal, Lda and Navalria-Docas, Construções e Reparações Navais SA.

Resulting from the tender for the sub-concession of the old facilities of the Estaleiros Navais de Viana do Castelo (Viana do Castelo Shipyards), West Sea was established in this city in 2014 and has been engaged in shipbuilding and ship repair.

West Sea has had the opportunity to bring together the professional skills appropriate to the activity by hiring highly qualified employees with accumulated experience from the old shipyards.

Currently, West Sea has 333 employees, of which more than 50% were workers of the old shipyard. West Sea dominates the leading shipbuilding and ship repair activities with this team, taking advantage of the subcontractor market for accessory specialities.

After more than 6 years of activity after the shipyard's sub-concession started, West Sea already has a portfolio of experience that places it as a reference in the market of its sector of activity, which consists of:

- **Naval Construction** – with a well-defined strategy, the company specialises in quality products and high technological incorporation. The segment of tourism vessels such as River Cruises and Ocean Expedition Cruise vessels are two examples of the segments the company has built and Military Vessels which, due to their technological level, standards of quality and versatility are the other side of the experience already gained. The company is considered one of the references in shipbuilding in Europe, thus contributing with relevant weight to exports in this activity;
- **Ship Repair** - it has had a solid exporting propensity with capacity for medium and large vessels. The excellent location with proximity to international routes of cargo ships has contributed to this success. The proximity to the North Atlantic hubs allows the capture of internationally renowned clients. This, combined with high-quality service and quick responsiveness, have allowed the West Sea shipyard to be among the best and most competitive in Western Europe. Always focused on customer satisfaction, West Sea has consolidated a relationship of trust, allowing customer loyalty. It should be noted that in 2020 West Sea made an effort to diversify by also investing in the conversion of vessels to LNG (liquefied natural gas), having intervened in two projects of a Spanish shipowner, thus projecting itself on the market as a crucial infrastructure for energy transition, which is now so long-awaited.

In Aveiro, there is another operational unit, Navalria, with more than 40 years of experience, of which more than 10 of them belonging to Martifer Group. Its activity is focused on ship repair of small and medium-sized vessels. It is also always available to complement West Sea to carry out some vessel construction in partnership. Still, repairing is the company's historical activity, and this is the only company to operate in the area of Aveiro. Navalria has maintained and stimulated this segment by attracting new clients outside this region, especially fishing vessels of Northern Spain, tug vessels and tourist vessels. In 2019, it was awarded the construction of two rabelo vessels destined for tourism in the Douro River. These projects began at the end of 2019. Navalria had 46 employees at the end of 2020.

In terms of organisation, the companies are focused on and oriented towards good management of human resources, allowing the necessary cohesion and the capture of the best human resources, taking advantage of the availability of specialised labour and also of undifferentiated labour to undergo professional training programmes and that way acquire the appropriate skills.

RENEWABLES

Martifer Renewables, SGPS, S.A, the sub-holding of the Renewables business segment, is 100% held by Martifer, SGPS, S.A. It is a developer of renewable energy, mainly in the development of wind and PV projects. More than accumulating power in operation, Martifer Renewables' strategy is focused on the rigorous use of capital in the development and construction of projects, having implemented an asset rotation policy in projects under development, construction management, asset management and operation and maintenance (O&M).

This business area, which had 36 employees at the end of the year, has comprehensive experience in developing and managing wind farms and solar parks. It is present in the Iberian Peninsula and Central Europe. Owning, entirely or in partnership, a portfolio of over 55.3 MW in operation, Martifer Renewables has already developed and/or built more than 1,200 MW in different countries, having had as partners in the latest projects that were sold relevant companies such as IKEA, Galp, Ferrostaal, SPEE, Bank Santander, CPFL, Tractebel, EDP, Statoil, Solaire Direct and Finerge.

The Group is currently organised as follows:



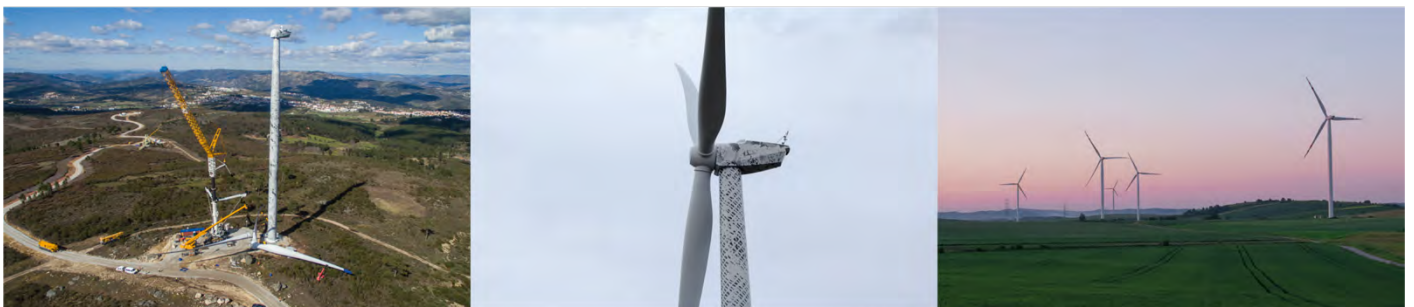
MARTIFER
METALLIC CONSTRUCTIONS

METAL-MECHANICAL CONSTRUCTIONS
ALUMINIUM AND GLASS
INFRASTRUCTURES FOR OIL & GAS
INDUSTRIAL MAINTENANCE




WestSEA
VIANA SHIPYARD

SHIPBUILDING
SHIP REPAIR
RETROFIT



MARTIFER
RENEWABLES

DEVELOPMENT OF WIND ENERGY ASSETS
CONSTRUCTION MANAGEMENT
TECHNICAL AND OPERATION MANAGEMENT

INTERNATIONAL PRESENCE

Portugal Romania Angola Mozambique

INDUSTRIAL FACILITIES

Oliveira de Frades

Located in Oliveira de Frades, our industrial units are equipped with infrastructures and equipment that enable us to respond effectively to daily challenges.

WE MAKE

Metallic structures and Aluminium

Up to 9,600 t metallic structures + 12,000 sqm façades

+700 Employees

Portugal Romania Angola Mozambique

SHIPYARD

Viana do Castelo

The West Sea shipyard in Viana do Castelo has the necessary infrastructures to build, retrofit and repair any vessel up to 37,000 tonnes, 190 metres long and 29 metres breadth, as well as small and medium-sized vessels.

WE BUILD AND REPAIR

Medium and large-sized vessels

16 vessels built and delivered in the last 5 years

+300 Employees

Portugal Romania Angola Mozambique

SHIPYARD

Aveiro

In the port of Aveiro, the Nayatria shipyard has several equipment that allow it to build and repair several vessels simultaneously.

WE BUILD AND REPAIR

Small and medium-sized vessels

More than 300 vessels were repaired in 5 years

+45 Employees

Portugal **Romania** Angola Mozambique

INDUSTRIAL FACILITIES

Calarasi


Located in Calarasi and in operation since 2008, the industrial unit has a total area of 50,000 sqm and a covered area of 16,500 sqm. It can produce 6,500 t/year of metallic structures and it is equipped and certified to meet the needs and demanding quality level of both the local and the international market.

WE MAKE

Metallic structures

Up to 6,500 t metallic structures

+180 Employees



Portugal Romania **Angola** Mozambique

INDUSTRIAL FACILITIES

Luanda


Luanda's industrial units have an area of more than 17,000 sqm. Having the necessary infrastructures and equipment, their installed capacity meets the needs of the Angolan market.

WE MAKE

Metallic structures and Aluminium

Up to 10,000 t metallic structures + 18,000 sqm façades

+75 Employees



Portugal Romania Angola **Mozambique**

INDUSTRIAL FACILITIES

Nacala


With an 80,000 sqm implantation area and a 16,000 sqm of covered production area, the plant is fully equipped to respond to the most complex projects in the area of metallic constructions, such as projects with high technological demand in the Oil & Gas segment.

WE MAKE

Metallic structures and Aluminium

Up to 7,000 t metallic structures

+80 Employees



HISTORY

1990

In February 1990, Martifer is incorporated as a limited company, with the share capital of approximately 22,500 Euros (at the time: 4,500 thousand Escudos) and its headquarters are in the Industrial Zone of Oliveira de Frades, where it continues to be today.

At the end of its first year of activity, Martifer had 18 employees and a turnover of 240,000 Euros.

1998

On 26 May, the company which already had 100 employees, is transformed into a Public Limited Company therefore changing its shareholder structure. The company's share capital was held by MTO SGPS, SA. (currently I'M SGPS, SA) and by ENGIL SGPS, SA. (currently MOTA-ENGIL SGPS, S.A.). In Portugal, Expo 98 takes place with Martifer participating in several projects, such as the Vasco da Gama Tower.

1999

In November, Martifer begins its internationalisation process in Spain with the objective of becoming one of the reference companies in metallic constructions in this country.

2002

Martifer built its second industrial unit in Portugal, located in Benavente, to meet the construction needs for the Euro 2004 stadiums.

2003

In February 2003, Martifer continues with the internationalisation process by building an industrial unit in Gliwice, in Poland. It starts operating in the second half of 2004.

2004

In February, Martifer begins activity in the renewable energy equipment sector, through Martifer Energia. This company is dedicated to the manufacturing of metallic towers for wind turbines and is based in the Industrial Zone of Oliveira de Frades.

In November, Martifer, SGPS, SA is created with the objective to manage the shareholdings of all Martifer Group companies.

2005

The metallic structures activity widens its market to Central Europe, opening branches in Romania, the Czech Republic, Slovakia and Germany.

Investments are started in the area of Agriculture and Biofuels in Romania.

Martifer became one of the reference shareholders of the German company REpower Systems AG, one of the largest worldwide producers of wind power equipment, ending the year with a financial shareholding of 25.4%. In June, REpower Portugal is established, aimed at the market of building and giving assistance to wind farms and assembling wind turbines.

In August, Martifer Group creates yet another company called M Energy (today, Martifer Renewables) with the main purpose of centralising the management of all the activities in the area related to the promotion of renewable energy.

2006

In March, through the Ventinveste Consortium, Martifer submitted its application to the tender for the attribution of licences for the production of wind power in Portugal.

In May, Martifer Solar is incorporated with the corporate object of projecting, designing, manufacturing and installing solar panels.

At the end of the year, Martifer is awarded the 1st prize of excellence in the promotion of new areas of investment and business, awarded by the Chamber of Commerce and Industry of Romania.

2007

In February, Martifer, together with the Indian Group Suzlon, launches a takeover bid on Repower Systems AG. The consortium takes control of 56.93% of the company, and, thanks to an agreement between Areva and Suzlon, the consortium took control of 87.1% of the voting rights of REpower Systems. Martifer agrees to sell its participation in REpower Systems to Suzlon in 2009 for 270 million Euros.

The Ventinveste consortium - formed by Martifer, Galp Energia, Enersis, Efacec and REpower Systems AG - came in first place in "Phase B" of the public tender launched by the Portuguese government for the attribution of 400 MW of injection capacity and the respective reception points associated to the production of electric power in wind farms.

In June, the Initial Public Offer (IPO) for the Company was concluded. The Company received 199 million Euros in funds through the offer of 25 million shares which were placed at the peak of the price range, 8 Euros per share. After the IPO, the Company had 65 thousand new shareholders.

Martifer Solar formalised the contract with Spire Corporation for the turnkey supply of the automated photovoltaic module production line with an annual capacity of 50 MW.

The Group was also awarded "Organic Grower of the Year 2007" by A.T. Kearney's "Global Growth Assessment".

2008

Martifer Energy Systems buys Navalria. The acquisition price reached 4.7 million Euros.

The Chairman and the Vice-Chairman of Martifer, Carlos Martins and Jorge Martins win the 2nd edition of the national award attributed by Ernst & Young, Entrepreneur of the Year 2007.

The industrial units for the assembly of wind turbines, components for wind farms and PV modules start producing.

2009

Martifer and Hirschfeld created a Joint Venture for the production of wind energy components in the USA.

The metallic constructions plant in Angola (15,000 tonnes of capacity) begins production in the second semester of the year.

Martifer Renewables surpasses 100 MW of installed capacity in May and, at the end of the year, it is awarded 217.8 MW in the first wind power auction held in Brazil.

In October, the Group adopts the new governance model: Carlos Martins takes on the role of Chairman, Jorge Martins becomes CEO and Mário Couto is appointed CFO.

2010

In March, Martifer sold 11% of Prio Foods and Prio Energy for 13.75 million Euros, thereby reducing its participation from 60% to 49% in these companies and in the respective subsidiaries.

Also in March, the subsidiary Martifer Metallic Constructions acquired 45% of the share capital of Martifer Alumínios from HSF SGPS, holding the company's entire share capital.

In April, Martifer Solar increased its share capital to 50 million Euros to meet the company's investment needs, thereby strengthening its capital structure.

In September and in October, Martifer Solar finalises the construction of the two largest photovoltaic solar plants in the African Continent in the islands of Sal and Santiago, in Cape Verde.

At the end of the year and following the asset rotation policy of Martifer Renewables, the Group sells the wind farms held in Germany, Bippen and Holleben, with 53.1 MW of installed capacity.

Also in December, Martifer Solar signs an agreement with EDP to sell 60% of the company Home Energy.

2011

Martifer becomes a multinational company with over 3,000 employees worldwide and is focused essentially on two business areas: Metallic Constructions and Solar.

The Group increases its exposure to markets outside Europe with its entry into promising markets. In the Metallic Constructions area, the first semester highlighted the start of the construction of a metallic structures plant in one of the markets with the biggest growth potential in the following years: Brazil. In the Solar segment, we witnessed the award of the first photovoltaic solar energy project in India, in June.

In February, and following the strategic guideline of the Group to focus on its core activities, Martifer sold its 50% participation in REpower Portugal to REpower Systems AG.

2012

2012 is the year of full operation of the Martifer Metallic Constructions plant in Brazil. With the capacity to produce 12,000 tonnes of steel structures per year, this plant aims to respond to the big projects of the company in Brazil.

Martifer Solar was awarded its first contract in Brazil: a PV installation with 300 kW in a General Motors plant in Joinville, State of Santa Catarina. The company also continues its internationalisation process entering Ukraine, Romania and Mexico.

2013

In 2013, Martifer Solar built Latin America's largest PV plant in Mexico (30 MW). The company was in charge of the Engineering, Procurement and Construction of the plant and was also responsible for the posterior O&M services.

Martifer Renewables concluded the third wind farm in Poland (Rymanów) for Ikea Group. The farm with 26 MW was inaugurated in June.

In November, following an international public tender, Martifer Energy Systems and Navalria, Martifer Group's subsidiaries, are awarded the subconcession of the lands and the infrastructures of the Viana do Castelo Shipyard (ENVC).

2014

In the beginning of the year, Martifer signed the contract for the subconcession of the lands and the infrastructures of the old Viana do Castelo Shipyard (ENVC - Estaleiros Navais de Viana do Castelo). It is in May that West Sea, the company created by Martifer to administer the subconcession, started operating in Viana do Castelo. At the end of the year, West Sea signs the first shipbuilding contract.

Also in 2014, Brazil hosts the FIFA World Cup. Martifer Metallic Constructions participated in the construction of three stadiums: Arena Fonte Nova (Salvador da Bahia), Arena Castelão (Fortaleza) and Arena da Amazônia (Manaus). Martifer Solar was also present in this event, with the installation of the PV roof of the Mineirão Stadium, in Belo Horizonte.

2015

It was in 2015 that West Sea signed a contract with the Portuguese Navy for the construction of two Ocean Patrol Vessels.

In the Renewables sector, the Group concluded and sold its fourth wind power project in Poland, Gizalki, to Ikea Group, and signed an agreement for the sale of a 216.4 MW portfolio to EDP Renováveis.

2016

In 2016, the production of wind towers for the Âncora project was completed. This project began in 2014 and involved more than 100 employees entirely dedicated to the production of 84 wind towers.

The Âncora project has four wind farms in operation (171.6 MW). This project includes two wind towers coated with elements projected and designed by two internationally renowned artists, Vhils and Joana Vasconcelos, in what is considered the largest contemporary art project in height.

In the naval sector, the first ship built by West Sea in Viana do Castelo was delivered to Douro Azul. Viking Osfrid is a vessel very similar to the two hotel ships built in 2014 by Navalria (Viking Hemming and Viking Torgil). It is 79 meters long and accommodates 106 passengers.

2017

In 2017, Martifer Metallic Constructions was awarded the supply and assembly of the metallic structure for the expansion of the Geneva International Airport - East Wing, which consisted in the construction of a new building, 520 metres long and 20 metres wide.

In the Naval area, West Sea begins the construction of NRP Setúbal and NRP Sines, the two Ocean Patrol Vessels for the Portuguese Navy. Mystic Cruises awarded West Sea the construction of a luxury cruise to navigate in Antarctica. With 126 metres of length and a breadth of 19 metres, it has capacity for 176 guests and 125 crew members.

Martifer Renewables won a bid in Argentina for a 100 MW solar energy project located in the municipality of Iglesia in the province of San Juan, approximately 1,000 km from the capital Buenos Aires. This is the first big step in the development of its activity in Argentina.

2018

Martifer Metallic Constructions was awarded the global contract for the maintenance of the Sines refinery for a period of three years, this being Martifer's first contract in the oil & gas sector. Sines Refinery has been in operation since 1978, and is one of the largest in Europe, with a distillation capacity of 10.9 million tonnes per year, or 220 thousand barrels per day.

In the Naval area, the World Explorer, the first polar expedition vessel to be built in Portugal, was one of the major shipbuilding projects at West Sea. The World Explorer is a luxury cruise ship that will navigate in Antarctica. The vessel will be 126 metres long and 19 metres breadth. The year ended with the award of another two polar expedition vessels: the World Voyager and the World Navigator.

In the Renewables area, Poland reached the milestone of 440 MW of wind power assets for third parties.

2019

The christening of the Portuguese Republic Ship - the NRP Setúbal - was held at West Sea. This is the second military ship built by the consortium West Sea and Edisoft for the Portuguese Navy.

The christening ceremony of the polar vessel World Explorer, the first oceanic vessel fully designed and produced in Portugal, is held at the West Sea shipyard. The World Explorer is 126 metres long and has 16 metres breadth. Although it is not a very large cruise ship, it is unique in its purpose - luxury travel to extreme weather locations.

In Mozambique, Martifer-Visabeira is awarded the construction of the liquid bulk storage terminal for Galp, in Beira. An important step in the oil & gas industry.

In accordance with the Group's asset rotation strategy, Martifer sold the wind farms Vila Franca de Xira and Baião, which together have an installed capacity of 18.9 MW and 6 PV parks in Spain with an installed capacity of 8.1 MWp.

2020

Martifer celebrated its 30th anniversary on 21 February. It was on this day that, in 1990, the company was incorporated in the area of metallic constructions, materialising the dream of two brothers.

At West Sea, the year began with the award of four more Polar Expedition "Ice" Class vessels for Mystic Cruises. World Traveller, World Seeker, World Adventurer and World Discoverer will fill the construction areas so that in 2023 West Sea has 7 polar vessels sailing.

Martifer Metallic Constructions consolidates its position as a service provider in the area of Operation and Maintenance (O&M) with the award of several projects.

Also, in the area of metallic constructions, Martifer wins and is responsible for the completion of the Gare de Mons project in Belgium, with architecture by Santiago Calatrava.

In Martifer Renewables, a Ready-to-Build Wind Farm in Poland was sold, and the Babadag wind farm in Romania had its best year ever in terms of operational results.

MARKET ENVIRONMENT

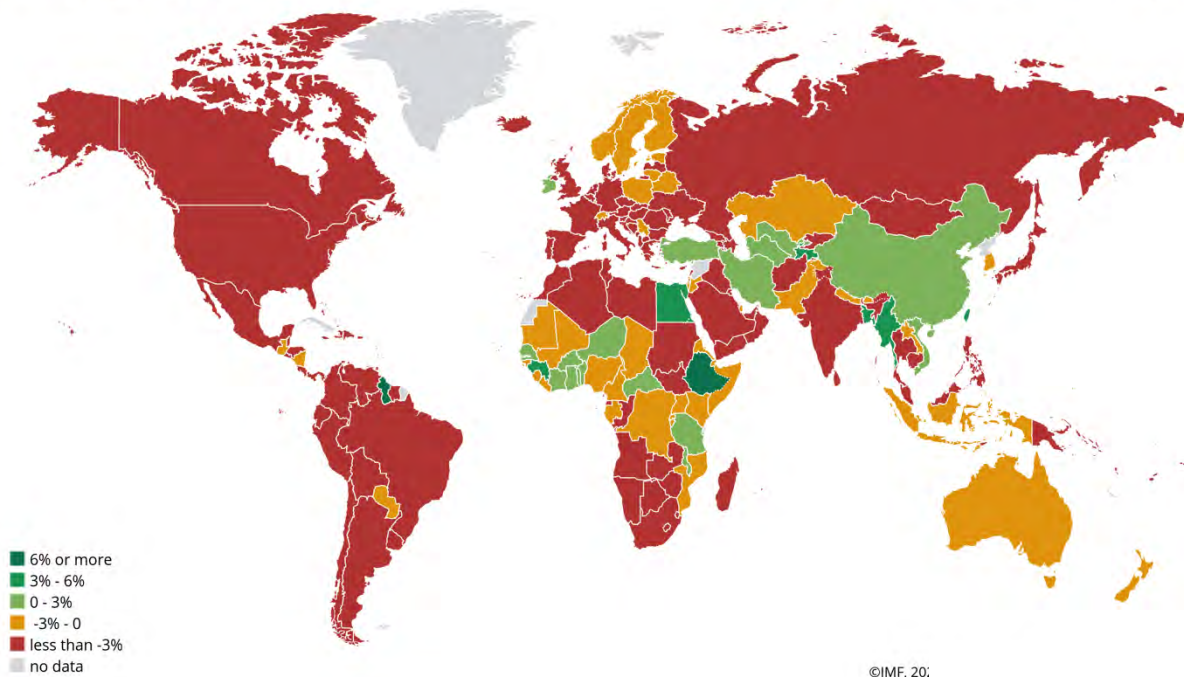
GLOBAL ECONOMY

World GDP

2021 forecast, % increase regarding the previous year

IMF DataMapper

Real GDP growth (Annual percent change, 2020)

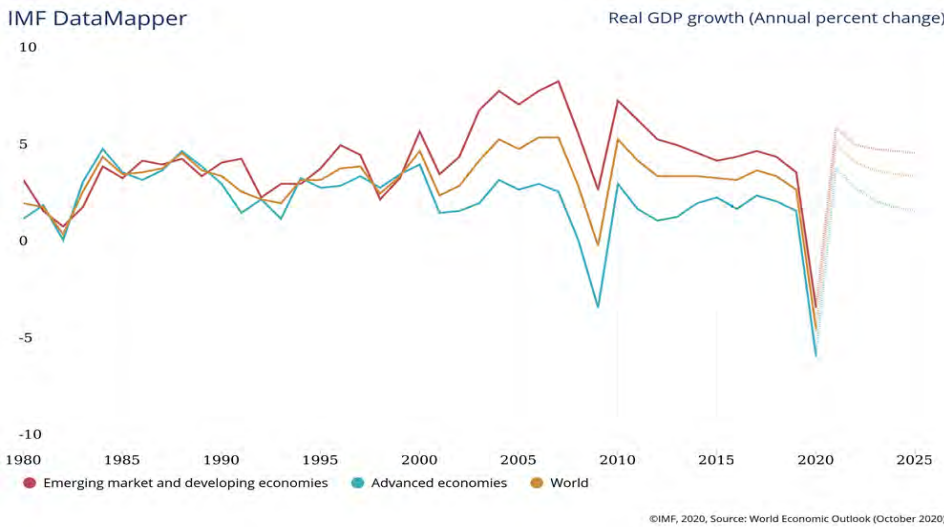


Source: World Economic Outlook

Economic Growth

The year 2020 will be marked in world history as one of the greatest crises that humanity has faced due to the pandemic that has spread across the globe. At the beginning of the year in China, the highly contagious virus that causes COVID-19 was detected and forced the nation to place a restrictive sanitary barrier in the town of Wuhan that immobilised almost all activities in the region except for core services to try to solve this sudden crisis. Despite several efforts, the pandemic spread worldwide, forcing several nations to implement mandatory lockdowns with remote work and closure of face-to-face activities. Global economic activity was drastically reduced, creating the most significant recession since the great depression of 1929.

The World Economic Outlook, published in January 2021 by the International Monetary Fund (IMF), estimates that the economic downturn was 3.5% during 2020, after a 4.9% fall was projected in June. The positive review of the estimate indicates a remarkable economic recovery in the second half of the year influenced by better medical responses and optimism caused by developments in various vaccines.



According to the IMF, the world economy had not contracted since the 2009 financial crisis, where a growth of -0.1% occurred, leading several countries to seek international support. After the 2.8% growth in 2019, the 3.5% contraction shows the impact of the pandemic across the globe. The more developed economies fell by 4.9%, showing a worse result than the emerging economies that contracted 2.4%.

The UK and the Euro area registered a deterioration in the economy of 10% and 7.2%, respectively, which shows that the pandemic has brutally shaken the European continent. The United States of America contracted 3.4%, that is, below the collapse of the group

of developed economies. In emerging economies, the Asian economic powers of China and India stand out for opposite reasons. While India showed a negative growth of 8%, the neighbouring country of the People's Republic of China grew 2.3%. China, the first nation to experience the impact of the pandemic, has also managed to recover quickly, becoming the only major economy to record growth this year.



Source: World Health Organization

The IMF mentions the application of economic support measures from 197 economies to try to secure their economies and societies. Over the year, various stimuli have been applied, such as in Germany, which has temporarily reduced its value-added tax while the European Union has created an economic stimulus plan worth 750 billion Euros. In the United States, President Donald Trump approved massive support in the amount of USD 2.3 trillion worth 11% of national GDP before losing the election in November to his successor, Joe Biden. Different monetary policies led to a reduction in interest rates, which caused global inflation to drop by 0.3 percentage points to 3.2% after the 3.5% observed in 2019.

The European Central Bank highlights the service industry as a critical factor in the European and global economy, with the manufacturing industry showing some resilience. Restrictions on mobility and face-to-face activity forced the total

or partial suspension of several services, whose natures do not allow them to be carried out remotely. Inflation has also been affected and has fallen 3.5%. The year 2020 was also marked by Brexit, UK's exit from the European Union, but all the effects of the pandemic completely obscure its impact.

	2016	2017	2018	2019	2020e	2021f	2022f
GBP, annual var. %							
USA	1.7	2.3	3	2.2	-3.4	5.1	2.5
Euro Zone	1.9	2.6	1.8	1.3	-7.2	4.2	3.6
Germany	2.2	2.6	1.3	0.6	-5.4	3.5	3.1
Portugal	2	3.5	2.6	2.2	-8.1	3.9	4.5
Inflation, annual var. %							
USA	1.3	2.1	2.4	1.8	1.5	2.8	2.1
Euro Zone	0.2	1.5	1.8	1.2	0.4	0.5	1.2
Germany	0.4	1.7	2	1.3	0.5	1.1	1.3
Portugal	0.6	1.6	1.2	0.3	0	1.1	1.2
Unemployment rate, annual var. %							
USA	4.9	4.3	3.9	3.7	8.9	7.3	5.7
Euro Zone	10	9.1	8.2	7.6	8.9	9.1	8.4
Germany	4.2	3.8	3.4	3.1	4.3	4.2	3.7
Portugal	11.1	8.9	7	6.5	8.1	7.7	6.9
Weight of Deficit, % GDP							
USA	-4.4	-4.6	-5.8	-6.3	-18.7	-8.7	-6.5
Euro Zone	-1.5	-1	-0.5	-0.6	-10.1	-5	-2.7
Germany	1.2	1.4	1.8	1.5	-8.2	-3.2	0.6
Portugal	-1.9	-3	-0.4	0.2	-8.4	-2.7	-1.6
Price of Crude							
USD per Barrel	56.8	66.9	53.8	66	51.8	68.9	70
Interest rates, end of year (%)							
Interest rates							
- Fed (Fed Funds)	0.8%	1.7%	2.6%	1.6%	0.1%	0.0%	N/A
- BCE	-0.8%	-0.7%	-0.6%	-0.6%	-0.7%	-0.6%	N/A
- BoE	0.1%	0.4%	0.8%	0.6%	0.1%	0.0%	N/A
Long term interest rates (10Y Bonds)							
USA	2.4%	2.4%	2.7%	1.9%	0.9%	1.8%	N/A
Euro Zone	0.2%	0.4%	0.2%	-0.2%	-0.6%	1.1%	N/A
United Kingdom	1.2%	1.2%	1.3%	0.8%	0.2%	1.1%	N/A
Exchange rates, end of year							
EUR/USD	1.09	1.05	1.20	1.15	1.12	1.22	1.19

Source: Bank of Portugal, Reuters, IMF, Goldman Sachs, Trading Economics

In monetary and exchange rate markets, the dollar began the year upward until the uncertainties surrounding the American economy were settled due to the future of the US President. The elections, together with a process of impeachment, caused these uncertainties, and the American currency ended up devalued by 6.48%. The strong impact of the pandemic in Europe during the first half of the year also negatively affected the Euro, which eventually recovered and reached a valuation of 1.37% after the robust

economic stimulus from the European Union. In line with the 10% contraction in the United Kingdom, the pound sterling also devalued 7.2%.

The largest commodity index, the S&P GSCI, presented a loss of 20.6% despite gains in agriculture, precious metals and industrial metals of 12.7%, 23.5% and 15.1%, respectively. The small share of the livestock sector had a loss of 23.3%; however, the negative variation of 38.3% of the energy sector negatively influenced this index.

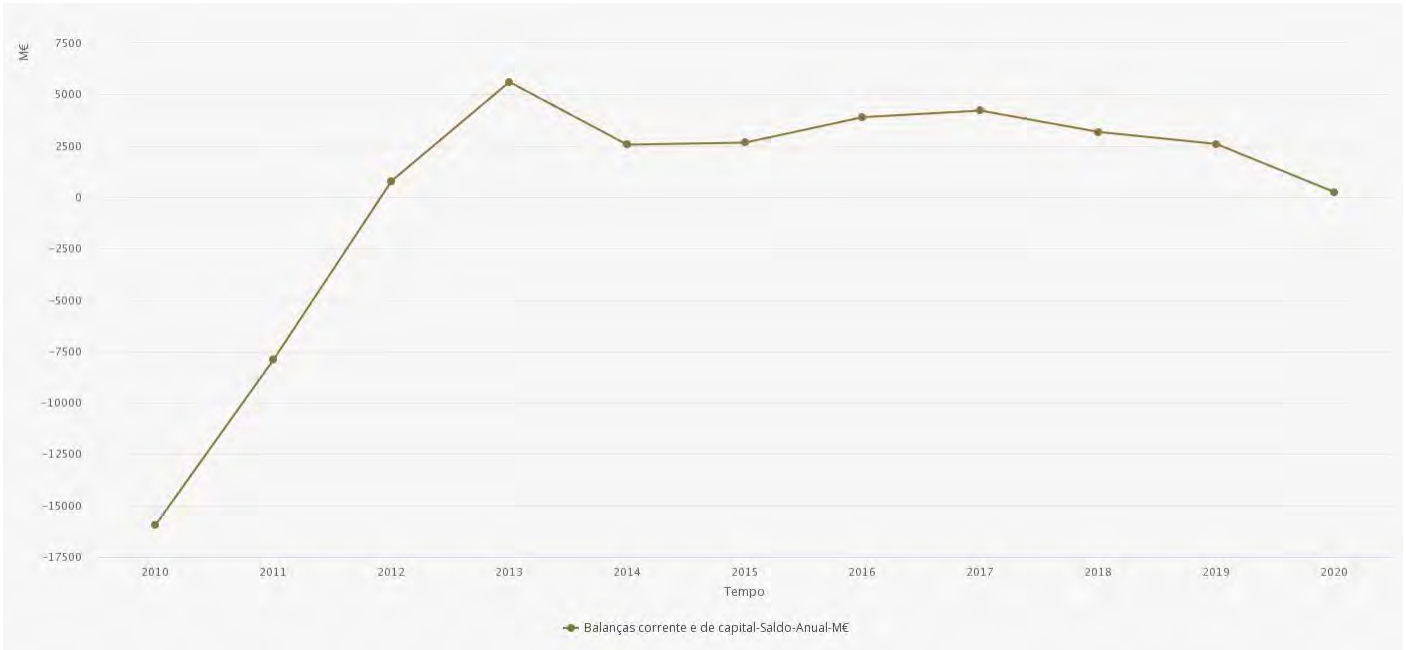
The US energy information administration reports that global crude demand collapsed by 8.8 million barrels per day (mb/d) in the energy sector. The supply-side adjusted as never before, mainly through the Organization of the Petroleum Exporting Countries (OPEC), which reached agreements despite differences between members. Less 6.6 mb/d of crude was produced in 2020. The stops in the refineries also caused a reduction of 7.3 mb/d during this year, despite the most significant monthly increase in the last seven years achieved in November, registering 2.6 mb/d. The year was marked by the West Texas Intermediate (WTI) in the oil markets, having reached negative values for the first time in history. Prices started the year around USD 65 per barrel and in the first quarter lost more than 60% of their value by reaching prices below USD 25 per barrel. Meanwhile, refineries started to stop due to low production margins. At the same time, crude producers were not able to react quickly, causing a brutal increase in inventories with storage tanks reaching their limit. Prices collapsed and reached negative values from time to time. In the next 2 months, prices recovered up to USD 40 per barrel and remained relatively stable until the end of the year, with a loss of approximately 21.5%.

In industrial metals, China's economic recovery was crucial for the sector to accumulate gains throughout the year. Despite the contraction registered at the beginning of the year, China's economic activity, which is the world's largest metal consumer, soared during the second half of the year. The Chinese economy recovered through economic stimuli that boosted various industries such as construction or retail, sustaining demand for these metals. Government restrictions in the rest of the world caused the shut-down of production, limiting supply. Additionally, protests at various production sites had the same effect while demand for electronic equipment soared due to imposed remote activities.

PORTUGUESE ECONOMY

The Bank of Portugal, along with the rest of the world, highlights the impact of the COVID-19 pandemic on the national economy and reports a heterogeneity created by the asymmetric impact on activities according to their dynamics towards measures to contain the public health crisis and social distancing. Following the historical fall in GDP of 17.3% during the first half of the year, the Bank of Portugal's economic bulletin, published in December, estimates a contraction of 8.1% in 2020.

The current and capital accounts ended with a surplus despite exports falling 10% in goods and 37.2% in services strongly impacted by the tourism sector. In accordance with the total drop of 20.4% in exports, the volume of imports also decreased. The fall in imports of 13.3% in goods and 22.6% in services generated a total of 15.1%, which was sufficient to maintain the current account and the capital account in negative terrain with a surplus of EUR 256 million.



Source: Bank of Portugal

Government measures to protect employment increased as a result of the threat to labour activities that led to the increase in the unemployment rate from 6.5% in 2019 to 7.2% in 2020. The increase in unemployment led to a 6.8% drop in private consumption, reflecting the increase in the consumption of essential goods rather than expenditure and durable goods in the first half of the year, as the Bank of Portugal's economic bulletin affirms. The impacts of supply after the closure of several activities and demand through restrictions stirred up prices. The negative variation of 0.2% in national inflation prevailed, accentuating the negative differential vis-à-vis the European Union to -0.7%.

► MAIN RISKS FOR 2021

After a year marked by the COVID-19 pandemic that surprised the world economy, economic development in 2021 will depend on the development of the pandemic over this period, which generates considerable uncertainty. The end of 2020 revealed crucial developments in the fight against the pandemic by approving several vaccines that may be central to global economic recovery. The responsiveness and adaptation of the different nations will again be evident in 2021 and should differentiate the results of the different economies. The impact of Brexit, which occurred in the first quarter of 2020, was concealed by the economic and social effects of the pandemic and could begin to manifest itself throughout 2021.

COVID-19 Pandemic

The evolution of the number of infected persons and deaths due to the disease is a great uncertainty for 2021. The two big waves observed in Portugal had tremendously negative effects on the national economy, and 2021 started with a new wave of infections. The risks associated with this pandemic, such as lockdowns and internal or external constraints, are known and will be decisive for international economic performance.

Vaccine for COVID-19

The development of vaccines has generated optimism in the markets that have begun to see the start of the solution for the pandemic that started in 2020. The evolution of its distribution and the effectiveness will be a major priority for economic and financial results. Some questions concerning production capacity are still present, and the safety of some vaccines may jeopardise the whole process. In addition, mass distribution requires intensive work from governments that may threaten success.

Tax and economic policies

The International Monetary Fund foresees a good economic recovery in 2021, which will extend to the following years. Although it is expected that the actions of governments through incentives will foster investment, consumption, employment and consequently economic growth, their lack, insufficiency or inefficiency will limit recovery.

Geopolitical tensions

In January 2020, the American attack that killed an Iranian general warned people about the increase of military conflicts between the two nations. The start of the pandemic brought new tensions between the United States of America and China after President Donald Trump blamed the Asian government for the pandemic. As opposed to indicators at the beginning of 2020, tensions fell in the remaining months, with nations focusing their efforts on reducing the number of deaths. However, they may re-emerge sharply as the pandemic fades away.

Natural disasters

Natural disasters continue to be a serious threat to economies, and knowing that the number of records has increased over the last decade, they are an unavoidable risk factor. The recession observed with the interruption of trade or the movement of primary goods revealed the effects of the paralysis that these events of great unpredictability can cause.

MANAGEMENT REPORT

FINANCIAL PERFORMANCE

03 | FINANCIAL PERFORMANCE

INTRODUCTORY NOTE

In June 2020, Martifer, SGPS, S.A. acquired 25% of the share capital of Martifer Metallic Constructions, SGPS, S.A., holding 100% of the company's share capital; and consequently, fully controlling the segments 'Metallic Constructions' and 'Naval Industry'.

CONSOLIDATED RESULTS ANALYSIS

€M	DEC -20	DEC -19	VAR.%
Revenues	249.3	266.9	-7%
EBITDA	19.4	28.9	-33%
EBITDA margin	8.6%	12.2%	-3.7 pp
Depreciation & Amortisation	-6.0	-8.5	30%
Provisions & Impairment Losses	-0.3	-2.1	84%
EBIT	13.0	18.3	-29%
EBIT margin	5.8%	7.7%	-2 pp
Financial Results	-4.9	4.2	n.m.
Profit before taxes	8.1	22.4	-64%
Income tax	-1.4	-1.0	-42%
Net Profit	6.7	21.4	-69%
Attributable to non-controlling interests	0.4	-2.1	n.m.
Attributable to shareholders	6.3	23.5	-73%
Earnings per share €	0.064	0.241	-73%

(a) EBITDA = Sales and services rendered + Other Operating income – Cost of goods sold and consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses

(b) EBITDA Margin = EBITDA/ Turnover

OPERATING INCOME

REVENUES	DEC -20		DEC -19		VAR. (%)
	€M	WEIGHT	€M	WEIGHT	
Martifer Consolidated	249.3	100%	266.9	100%	-7%
Metallic Constructions	121.3	49%	138.1	52%	-12%
Naval Industry	118.9	48%	97.5	37%	22%
Renewables	11.1	4%	33.4	13%	-67%
Others, Holding and Adjust.	-1.9	-1%	-2.2	-1%	12%

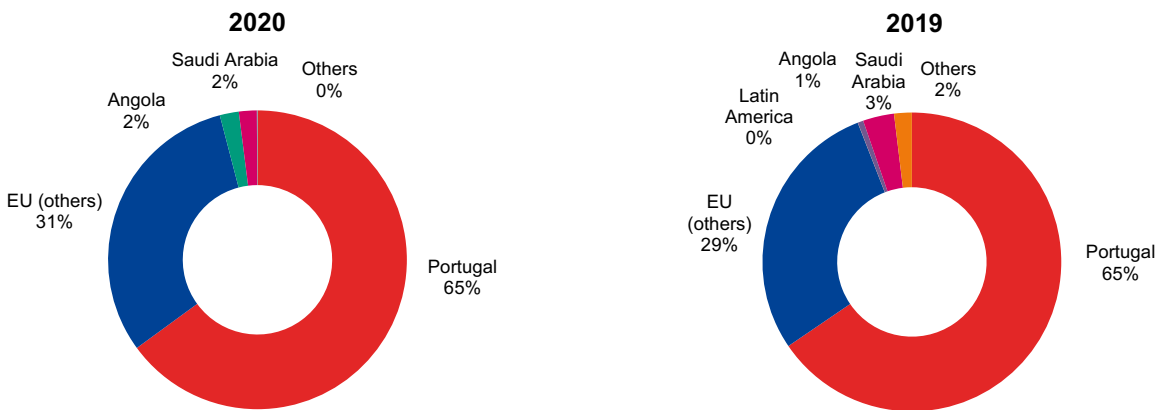
In 2020, the total operating income was 249.3 million Euros (266.9 million Euros in 2019), 49% of which in the Metallic Constructions segment, 48% in the Naval Industry segment and 4% in the Renewables segment. "Others" refers to intersegment transactions.

Operating income in the Metallic Constructions segment reached 121.3 million Euros, a 12% decrease compared to the same period of the previous year due to the reduction of activity in some countries. The Naval Industry segment presents a value of 118.9 million Euros in 2020 (a growth of 22% compared to 2019) which is a result of the strong growth of the activity of this segment in recent years. In the Renewables segment, it amounts to 11.1 million Euros in 2020, and it results from the activity of the projects in operation and the sale of a "ready-to-build" wind farm project in Poland.

Regarding turnover (sales and services rendered), in 2020 it amounted to 226.1 million Euros compared to 235.9 million Euros in 2019.

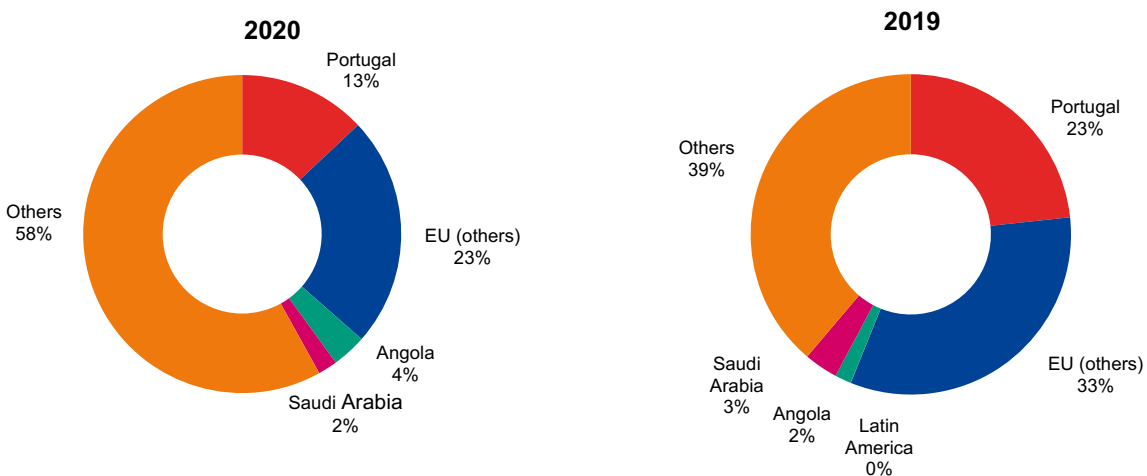
Analysing the turnover by geography - considering the location of the Group **companies** that generated the turnover – in 2020, Portugal accounts for 65% of total sales and services rendered and the remaining 35% are divided as follows: European Union (excluding Portugal) – 31%, Saudi Arabia – 2% and Angola – 2%.

BREAKDOWN OF SALES AND SERVICES RENDERED BY ORIGIN – 2020 VERSUS 2019



Analysing the turnover by geography - considering the location of the **Clients** and the destination of the sales and services rendered - in 2020, Portugal accounts for only 13% of the total sales and services rendered (mainly in the Naval Industry) and the international market 87% divided as follows: the European Union (excluding Portugal) - 23%, Angola - 4%, Saudi Arabia - 2% and Others (mainly the turnover associated with the construction of cruise ships to sail in the Arctic and Antarctica and the United Kingdom) – 58%.

BREAKDOWN OF SALES AND SERVICES RENDERED BY DESTINATION – 2020 VERSUS 2019



EBITDA AND NET PROFIT

EBITDA	DEC -20		DEC -19		VAR. (%)
	€M	MARGIN	€M	MARGIN	
Martifer Consolidated	19.4	9%	28.9	12%	-33%
Metallic Constructions	2.2	2%	-3.8	-3%	n.m.
Naval Industry	13.0	11%	8.9	9%	47%
Renewables	4.6	71%	24.3	209%	-81%
Others, Holding and Adjust.	-0.5		-0.5		-2%

In 2020, consolidated EBITDA registered a positive value of 19.4 million Euros, with positive contributions from the three operating segments. The segment of the Naval Industry contributed with 13.0 million Euros, the Renewables operational segment with 4.6 million Euros and the Metallic Constructions segment with 2.2 million Euros.

EBITDA registered a 33% reduction compared to 2019. This variation is due to the improvement of EBITDA in the Metallic Constructions and the Naval Industry segments and the reduction in the Renewables segment. In the Metallic Constructions segment, there was an increase in EBITDA of around 6 million Euros, essentially due to the recording of impairment losses from customers in the amount of 8.9 million Euros and Inventories in the amount of 1.7 million Euros; a total of 10.6 million Euros in 2019, which did not occur in 2020. In the Naval Industry segment, the improvement in EBITDA of 4.1 million Euros was due to the increase in operating income and the fact that the companies were able to optimise all their available resources (Docks and Piers). In the Renewables segment, there was a reduction in EBITDA of 19.7 million Euros, essentially since the sale of 6 solar parks in Spain occurred in 2019, which resulted in a gain of around 20 million Euros.

Amortisation and Depreciation recorded a decrease in 2020, reaching 6 million Euros compared to 8.5 million Euros in 2019, while the net amount of Provisions and Impairment Losses on non-financial assets increased from 2.1 million Euros in 2019 to 0.3 million Euros in 2020.

Operating Results (EBIT) were positive at 13 million Euros in 2020, compared to 18.3 million Euros in 2019. Thus, registering a decrease of 5.2 million Euros in relation to the same period last year.

The consolidated Financial Results were negative at 5.2 million Euros, and the earnings on associate companies and joint ventures amounted to 0.2 million Euros.

The consolidated Net Profit amounted to 6.7 million Euros in 2020 (6.3 million Euros attributable to the Group), showing a reduction compared to 2019 (21.4 million Euros, of which 23.5 million Euros are attributable to the Group).

The impact of applying IAS 29 was negative in 0.05 million Euros at EBITDA level, negative in 0.36 million Euros at EBIT and negative at 0.06 million Euros in Net Result.

NET RESULT	DEC -20		DEC -19		VAR. (%)
	€M	WEIGHT	€M	WEIGHT	
Martifer Consolidated	6.7	100%	21.4	100%	-69%
Metallic Constructions	-5.3	-79%	-8.8	-41%	40%
Naval Industry	8.6	128%	5.2	24%	65%
Renewables	3.8	58%	23.6	110%	-84%
Others, Holding and Adjust.	-0.5	-7%	1.5	7%	n.m.

CONSOLIDATED CAPEX

The value of the investment in tangible fixed assets, intangible assets and assets under the right of use, in 2020, was 3.6 million Euros and mainly derived from the Renewables segment (2.2 million Euros).

CAPEX	DEC -20		DEC -19		VAR. (%)
	€M	WEIGHT	€M	WEIGHT	
Martifer Consolidated	3.6	100%	7.8	100%	-54%
Metallic Constructions	0.8	22%	1.1	15%	-30%
Naval Industry	0.6	16%	5.4	69%	-89%
Renewables	2.2	61%	1.2	16%	79%
Others, Holding and Adjust.	0.0	0%	0.0	0%	38%

Excluding the assets under the right of use relating to lease contracts accounted for under IFRS 16 - Leases, the value of investment in tangible fixed assets and intangible assets in 2020 was 3.3 million Euros, mostly applied in the Renewables segment (2.1 million Euros), essentially in wind and solar projects in Central Europe.

CAPEX	DEC -20		DEC -19		VAR. (%)
	€M	WEIGHT	€M	WEIGHT	
Martifer Consolidated	3.3	100%	1.8	100%	87%
Metallic Constructions	0.6	18%	0.6	36%	-9%
Naval Industry	0.6	18%	0.1	4%	>100%
Renewables	2.1	65%	1.0	59%	>100%
Others, Holding and Adjust.	0.0	0%	0.0	0%	38%

CONSOLIDATED CAPITAL STRUCTURE ANALYSIS

FINANCIAL POSITION

M €	DEC -20	DEC -19	VAR. %
Fixed Assets (including Goodwill and right-of-use assets)	84.7	97.1	-13%
Other non-current assets	43.3	46.4	-7%
Inventory and Receivables	95.6	109.1	-12%
Cash and cash equivalents	43.8	35.0	25%
Non-current assets held for sale	2.2	0.0	n.m.
Total Assets	269.7	287.6	-6%
Shareholders Equity	7.4	7.6	-2%
Non-controlling interests	-1.5	-39.0	96%
Total Equity	5.8	-31.4	n.m.
Non-current debt and lease liabilities	138.0	158.8	-13%
Other non-current liabilities	13.2	24.2	-46%
Current debt and lease liabilities	3.2	5.9	-46%
Other current liabilities	109.6	130.1	-16%
Total Liabilities	263.9	319.0	-17%

On 31 December 2020, the total Assets amounted to 269.7 million Euros (287.6 million on 31 December 2019), while the value of non-current assets reached 128 million Euros (143.5 million Euros on 31 December 2019).

The total Equity on 31 December 2020 amounted to 5.8 million Euros, which compares with -31.4 million Euros on 31 December 2019, with 7.4 million Euros attributable to the Group in 2020 and 7.6 million Euros in 2019. A loss coverage carried out by the

reference shareholders in the amount of 21.8 million Euros and the transfer of non-controlling interests in the amount of -35.7 million Euros arising from the acquisition of 25% of Martifer Metallic Constructions, to which the value of -3.5 million Euros is added relating to the acquisition price of Vetor Diálogo, SGPS, SA (a company which held 25% of Martifer Metallic Constructions) contributed to the variation observed.

On 31 December 2020 the general liquidity recorded 126% (106% in 2019) and the solvency ratio 123% (106% in 2019).

NET DEBT

During 2020, the decreasing trend of the net debt was maintained, in line with the goals set in Martifer Group's Strategic Plan. Thus, on 31 December 2020, the consolidated Net Debt (bank loans + other loans - cash and cash equivalents) reached 76.3 million Euros, reflecting a 29.5 million Euro reduction when compared with the previous year.

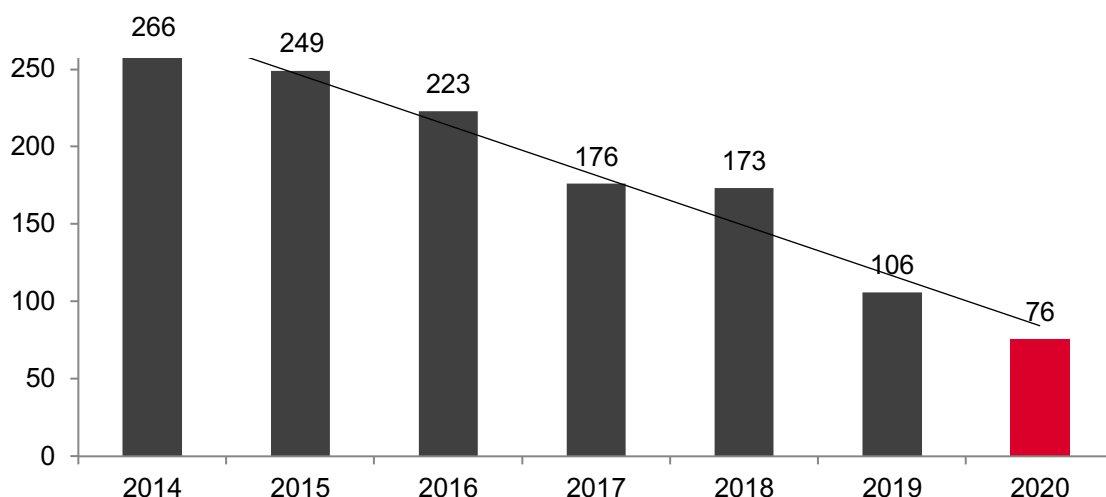
This 28% reduction substantially contributed to Martifer's loss coverage operation, which originated in the use of the holding's bank debt acquired by the reference shareholders (Mota-Engil SGPS and I'M SGPS).

The positive impact should be noted from:

- the implementation of the Group's non-core asset disposal plan, in line with the restructuring plan signed with the financing entities, which is already in its sixth year of implementation.
- compliance with the Group's bank debt service for the period under consideration (3.1 million Euros).

€M	METALLIC CONSTRUCTIONS	NAVAL INDUSTRY	RENEWABLES	HOLDING	MARTIFER CONSOLIDATED
Net Debt FY 2020	72.6	-7.7	11.8	-0.5	76.3
Net Debt FY 2019	66.7	-5.3	-2.4	46.8	105.8

NET DEBT DECREASE TREND NOT INCLUDING LEASE LIABILITIES (M€)



Note 1: Net debt = Loans (+/-) Derivatives – Cash and Cash equivalents.

Note 2: Until 2018, the net debt included financial leases, but as of 2019, with the adoption of IFRS 16, these were included in the lease liabilities topic. The above chart was adjusted in the years 2014 to 2018 to be comparable with 2019 and 2020. The amounts referring to financial leases were excluded.

In June 2020, due to the current uncertainty caused by the COVID-19 pandemic, the Group joined the moratorium regime following Decree-Law no. 10-J/2020 of 26 March, with the amendments introduced by Decree-Law no. 26-J/2020 of 16 June and by Decree-Law no. 78-A/2020 of 29 September, with the consequent application of the suspension of the payment of the capital of loans contracted by the companies of the 'Metallic Constructions' segment with the banks in Portugal.

The period of suspension of payment of capital and interest began on 30 June 2020 and ended on 31 March 2021 for interest instalments and extended until 30 September 2021 for capital instalments. This measure had an impact of 4.2 million Euros on financial flows for the financial year 2020.

In 2021, the Group will maintain its debt reduction strategy, continuing the strategic guidelines defined in its Strategic Plan, maintaining the focus on complying with the non-core asset disposal plan.

MANAGEMENT REPORT

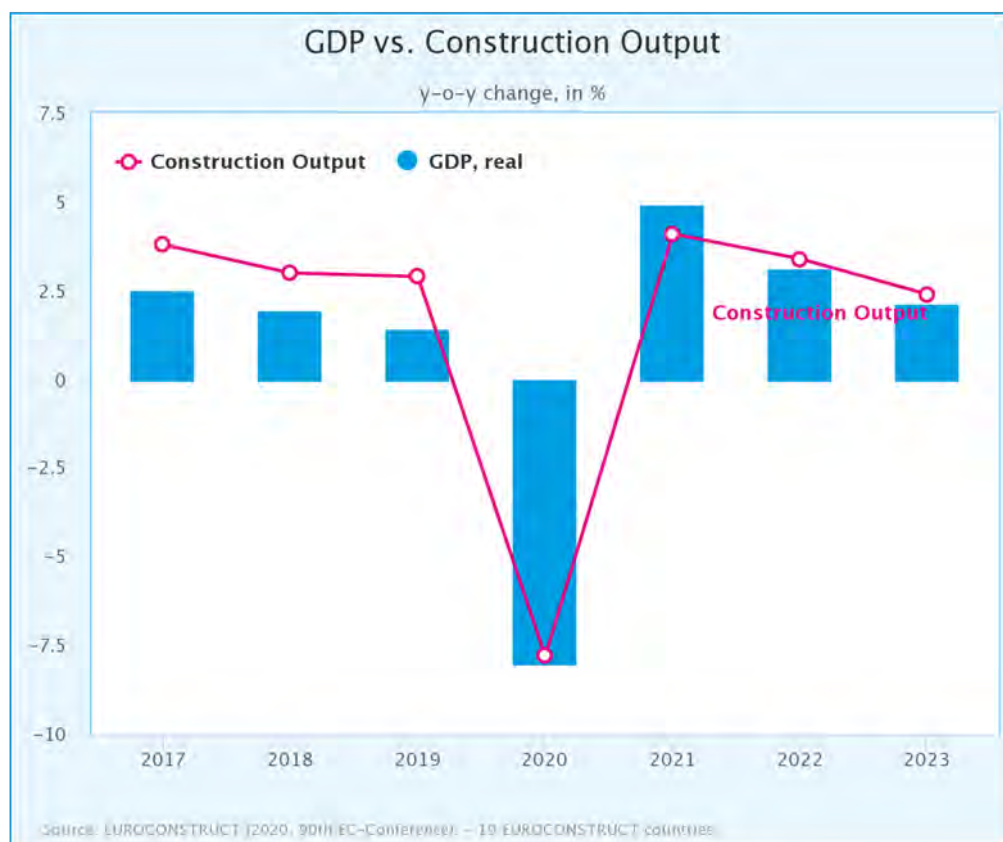
ANALYSIS BY SEGMENT

04 | ANALYSIS BY SEGMENT

METALLIC CONSTRUCTIONS

SECTOR TREND

- ▶ Euroconstruct estimates that the activity of European construction fell 7.8% during 2020 with the stagnation of Portugal and with significant falls of the European powers France and Spain, while Germany showed growth, surprisingly. Non-residential construction showed worse results with a 9.2% drop while residential construction fell by 8.6%. Recovery is expected in 2021 with a 4.1% growth, and to last until 2023.



Source: Euroconstruct

- ▶ AIMMAP (Associação dos Industriais Metalúrgicos Metalomecânicos e Afins de Portugal - Association of Metallurgical and Mechanical Engineering Industry) shows a negative year for the metalworking and metal mechanical industry in 2020, with a 12.7% decline compared to the previous year. The entity stresses the impact of the pandemic that has led to an 8.8% reduction in exports from this sector in Portugal.
- ▶ After continued downturns during the first half of the year, the industry started to grow in line with the global industry driven by demand in markets outside the European Union. Despite growth not being able to avoid the annual drop, there were very positive numbers at the end of the year, such as 1.9 billion Euros in exports in October, the highest monthly volume recorded in history.

ACTIVITY

The order book at the end of 2020 reached 261 million Euros, spread by several countries.

From the ongoing projects as well as the new ones, we highlight the following:

- In Portugal:
 - Various wind tower projects for several wind farms (Meenbog in Ireland, Saint Sauvant and Nord Sarthe in France, Zahrenholz in Germany and De Palet in the Netherlands)
 - Bouaké Stadium for the Ivory Coast
 - Kinaxixi Complex for Angola
 - Gare de Mons for Belgium
 - Maintenance of the Sines Refinery
- In Spain:
 - Requalification of the A.M. Growth Office Building in Madrid
 - Requalification of the JHM4 Office Building, in Madrid
 - The Alcalá Office Building in Madrid
- In the United Kingdom:
 - London Dock Housing Complex, in London
 - The Midland Metropolitan Hospital, in Birmingham
 - The Royal Liverpool University Hospital, in Liverpool
 - Railway bridges for the HS2 project, in Birmingham
- In France:
 - "Gare de Lyon" Train Station, in Lyon
 - F.C. METZ Stadium, Metz
 - Wind turbine blade plant in Le Havre
 - "Stories - Le Touzet" Office Building, in Paris
 - "Gare de Noisy-Champs" Train Station, in Paris
 - Marseille Airport in Marseille
- In Angola:
 - Integrated Communication Project in Luanda
- In Saudi Arabia
 - PARK & RIDE car parks to support the Riyadh Metro Stations
- In Mozambique:
 - Various industrial maintenance contracts with railway companies (Corredor Logístico de Nacala - CLN, Corredor de Desenvolvimento do Norte - CDN, Central East African Railways - CEAR, VALE)

ORDER BOOK BY GEOGRAPHY

GEOGRAPHY	TOTAL (€M)	%
Africa	28	11%
Sub-Saharan Africa	28	11%
Eastern Europe and the Middle East	10	4%
Western Europe	223	85%
Metallic Constructions	184	70%
Oil & Gas	39	15%
	261	100%

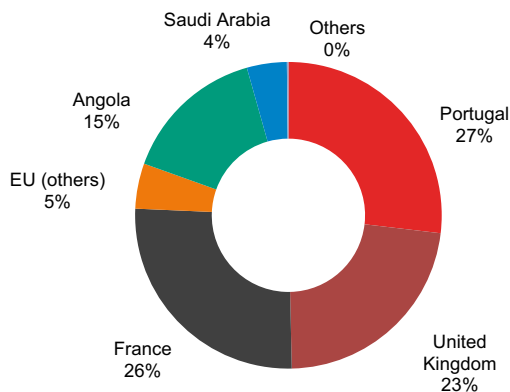
RESULTS

€M	DEC -20	DEC -19	VAR.%
Revenues	121.3	138.1	-12%
EBITDA	2.2	-3.8	n.m.
EBITDA margin	2.1%	-2.9%	5 pp
Depreciation & Amortisation	-2.7	-3.1	12%
Provisions & Impairment Losses	-0.6	0.5	n.m.
EBIT	-1.1	-6.4	82%
EBIT margin	-1.1%	-4.9%	3.8 pp
Financial Results	-3.6	-1.9	-83%
Profit before taxes	-4.7	-8.3	44%
Income tax	-0.6	-0.5	-17%
Net Profit	-5.3	-8.8	40%
Attributable to non-controlling interests	0.0	-1.5	n.m.
Attributable to shareholders	-5.3	-7.3	28%

(a) EBITDA = Sales and services rendered + Other Operating income – Cost of goods sold and consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses

(b) EBITDA Margin = EBITDA/ Turnover

Operating Income in the Metallic Constructions segment amounted to 121.3 million Euros in 2020, which corresponds to a decrease of around 12% compared to 2019, with Portugal representing approximately 27%, France representing 26%, the United Kingdom representing 23% and the remaining 24% distributed over several countries. This decrease results from the reduction in activity in some countries, particularly Portugal, Switzerland (completion of the Genève Airport project), Saudi Arabia, Romania and Spain, which was not compensated by the increase in activity in Angola, France, Belgium and the United Kingdom.



EBITDA in 2020 stood at 2.2 million Euros, an improvement of around 6 million Euros compared to 2019. This is explained by the fact that in that year, impairment losses from Customers in the amount of 8.9 million Euros and Inventories worth 1.7 million Euros were recorded, a total of 10.6 million Euros.

EBIT was negative at 1.1 million Euros, compared with a negative value of 6.4 million Euros in 2019.

Results in associate companies and jointly controlled companies in 2020 amounted to 0.1 million Euros, compared to 2.1 million Euros in 2019.

The Net Financial Debt of the Metallic Constructions segment on 31 December 2020 reached 73 million Euros, approximately 6 million Euros more than on 31 December 2019.

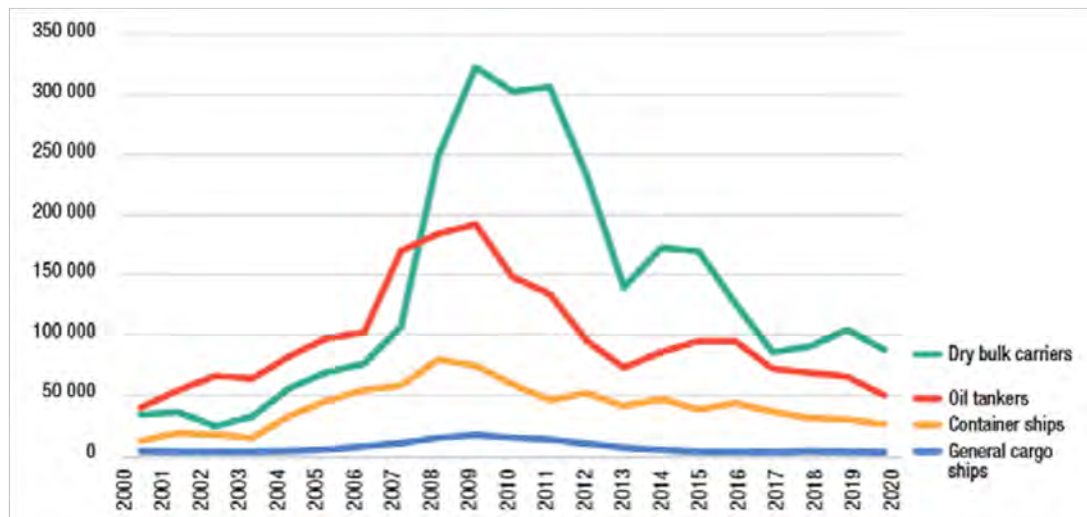
Total CAPEX, excluding 'Assets under the right of use', at the end of 2020 was 0.6 million Euros.

NAVAL INDUSTRY

SECTOR TREND

- ▶ Restrictions on labour activities and circulation caused construction disruptions and the naval sector was no exception, with numerous delays. Clarkson research released a 14% fall in built tonnes in May and a 53% fall in construction contracts in July.
- ▶ The United Nations Conference on Trade and Development (UNCTAD) announces that China, the Republic of Korea and Japan continue on the podium of shipbuilding with 92.5% of the accumulated market share. While Japan led the construction of chemical ships, the Republic of Korea was the one that built the most oil and gas tankers, and China surpassed in the construction of bulk carriers or general cargo ships.

INTERNATIONAL OUTLOOK



Thousands of tonnes ordered worldwide, Source: UNCTAD

- ▶ The economic impact on businesses was severe and led to postponement in investment. The uncertainty led to a reduction in the installation of emission purifying systems, which was expected to take off during the year due to the regulations implemented by the IMO 2020 (International Maritime Organization). In addition, this investment becomes more profitable depending on the price difference between high and low sulphur fuels. Throughout 2020, this difference remained low and discouraged the investment in the systems.

ACTIVITY

This segment is integrated in the Martifer Metallic Constructions sub-holding and includes the construction of ships and the rendering of ship repair and ship conversion services. The companies whose activity is focused on the Naval Industry are West Sea, Estaleiros Navais, Lda and Navalria, SA. Resulting from the tender for the sub-concession of the old facilities of the Viana do Castelo Shipyards, West Sea was established in this city in 2014 and has been engaged in shipbuilding and ship repair.

Navalria, with a shipyard in Aveiro, focuses its activity on the ship repair of small and medium-sized vessels. In 2019, it also won a tender to construct two rabelo vessels for tourism on the Douro River- These projects were completed in 2020.

The order book at the end of 2020 amounted to 318 million Euros.

RESULTS

The Naval Industry's operating income amounted to 118.9 million Euros in 2020, which corresponds to an increase of around 22% compared to the same period the year before, with shipbuilding accounting for 85% and ship repair representing about 15%.

EBITDA in 2020 amounted to a positive 13 million Euros, having registered a growth of 47% in relation to the same period of the previous year. This good performance results from the companies' ability to optimise all their available resources (Docks and Piers). Despite the difficulties encountered caused by the current pandemic state, the companies' maturity and resources enabled us to achieve a better profitability of the undertaken projects, essentially through improved planning, better procurement, and increased productivity.

€M	DEC -20	DEC -19	VAR.%
Revenues	118.9	97.5	22%
EBITDA	13.0	8.9	47%
EBITDA margin	11.0%	9.2%	1.8 pp
Depreciation & Amortisation	-1.0	-1.0	1%
Provisions & Impairment Losses	0.0	0.0	n.m.
EBIT	12.1	7.8	54%
EBIT margin	10.2%	8.1%	2.1 pp
Financial Results	-0.4	-0.7	47%
Profit before taxes	11.7	7.1	65%
Income tax	-3.1	-1.9	-63%
Net Profit	8.6	5.2	65%
Attributable to non-controlling interests	0.0	0.0	n.m.
Attributable to shareholders	8.6	5.2	65%

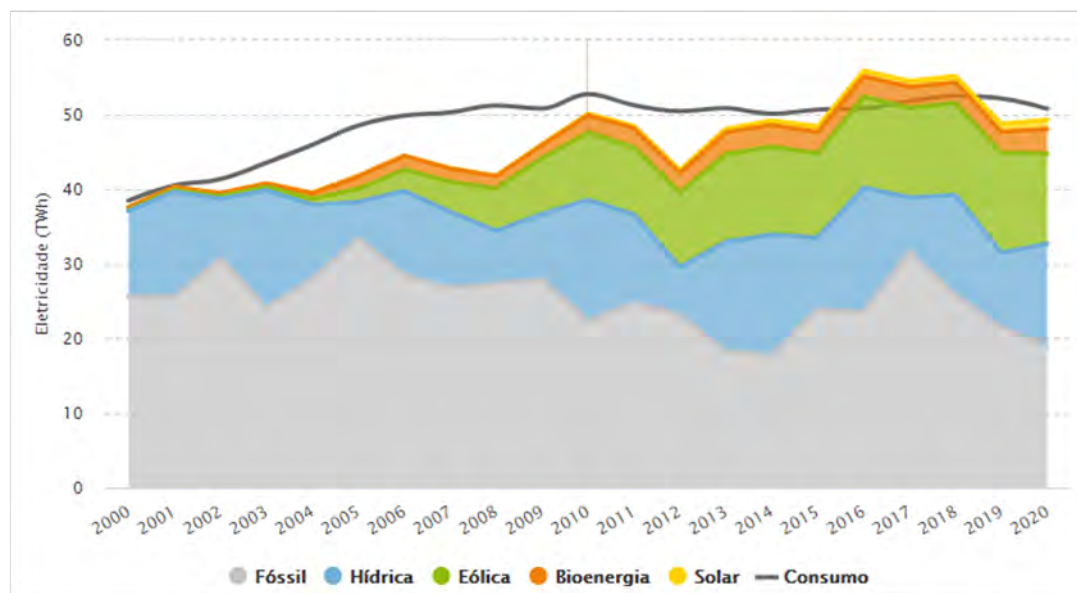
(a) EBITDA = Sales and services rendered + Other Operating income – Cost of goods sold and consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses

(b) EBITDA Margin = EBITDA/ Turnover

RENEWABLES

SECTOR TREND

- ▶ The International Energy Agency States that 90% of the world's production capacity increase in 2020 was made through renewable sources, with China and the United States of America playing a key role in this outcome. This data reflects the positive year for this energy sector when compared to oil, gas and coal that recorded losses influenced by the COVID-19 pandemic. The increase in production was led by wind, hydro and solar photovoltaic energies.
- ▶ The same source states that China, India and the European Union have auctioned an additional 15% of renewable energy production in the first 10 months of the year compared to the same period in the previous year. The forecast figures indicate a growth of 7% of world electrical production, in contrast to the 5% drop in world demand, which is the highest drop since World War II. This growth has encouraged the increase of 1% of the share of renewable energy in the global market.
- ▶ In Portugal, electricity production by fossil fuels fell again, representing 38% of the market share while maintaining natural gas as the main fossil source. In particular, wind and hydro energies that represent the large share of electricity in Portugal remain, with approximately 25% each. According to the Portuguese Renewable Energy Association (APREN), 61.7% of Portuguese electricity was produced through renewable sources.



Evolution of Electricity Production in Portugal, Source: APREN

ACTIVITY

Martifer Renewables, SGPS, SA develops its activity in promoting, developing, and exploiting renewable energy sources, being part of Martifer Group's Renewables business segment. This business area has wind and solar projects in development and operation in the Iberian Peninsula, Central Europe, and Latin America.

Martifer Renewables is currently developing a wind farm in northern Portugal with an installed capacity of 12.6 MW. At the same time, it is also developing a portfolio of several photovoltaic solar parks in Portugal, with more than 25 MW. In addition, it is also developing two self-consumption production units, one located in Oliveira de Frades and another in Viana do Castelo, for Martifer Group itself.

Martifer Renewables, through its subsidiary Volume Cintilante, obtained the prior registration by the Directorate-General for Energy and Geology (DGEG) for the construction of a small production unit located in Oliveira de Frades it is planning to start construction in 2021.

In July 2020, the "ready-to-build" project for a wind farm in Poland was sold to EDP Renewables Polska sp. z o.o., with a potential capacity of 28.6 MW. This project was the winner of the December 2019 auction.

To mitigate the variations in wind energy production during the year, Martifer Renewables began in 2020 to hybridise the Babadag wind farm project in Romania by developing a 12MWp solar project on the site of the Babadag 1 Wind Project.

RESULTS

€M	DEC -20	DEC -19	VAR.%
Revenues	11.1	33.4	-67%
EBITDA	4.6	24.3	-81%
EBITDA margin	70.5%	209.3%	-138.7 pp
Depreciation & Amortisation	-2.3	-4.4	48%
Provisions & Impairment Losses	0.2	-2.7	n.m.
EBIT	2.6	17.2	-85%
EBIT margin	39.4%	148.5%	-109.1 pp
Financial Results	1.6	6.6	-76%
Profit before taxes	4.2	23.8	-82%
Income tax	-0.3	-0.3	-20%
Net Profit	3.8	23.6	-84%
Attributable to non-controlling interests	0.0	-0.1	n.m.
Attributable to shareholders	3.8	23.6	-84%

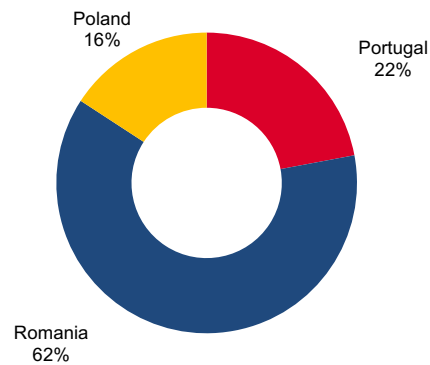
(a) EBITDA = Sales and services rendered + Other Operating income – Cost of goods sold and consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses

(b) EBITDA Margin = EBITDA/ Turnover

The Renewables' segment total operating income amounted to 11.1 million Euros and is mainly the result of the sale of electricity and Green Certificates in Romania (6.9 million Euros) and the sale of the project for a wind farm in Poland (Wind Farm Warta), with a positive impact of around 2.4 million Euros.

EBITDA reached a positive 4.6 million Euros in 2020.

The operating income of this segment originates mostly in Romania, and Portugal and Poland contributed substantially. In Portugal, through the capital gains generated from the sale of Wind Farm Warta, and in Poland through the Operation and Maintenance sales and services.



The financial results amounted to 1.6 million Euros, mainly from the interest received from intra-group loans to Martifer SGPS, SA and from the bank interest paid on bank loans contracted during 2020, totalling 19.6 million Euros.

The total investment in the development of wind and solar projects totalled 2.2 million Euros.

The Net Debt in December 2020 amounted to 11.8 million Euros.

MANAGEMENT REPORT

**SEPARATE
FINANCIAL
INFORMATION**

05 | SEPARATE FINANCIAL INFORMATION

During the 2020 financial year, the level of support services that Martifer, SGPS, S.A. (Holding company of the Group) provided the other companies of the Group was similar to those of previous years.

The Net Profit of Martifer SGPS, S.A. was positive in 31.3 million Euros, compared to a negative Net Profit of 8.1 million Euros in the previous year.

The most significant impacts on net income were the reversal of impairments on financial investments in the amount of 31.3 million Euros, which resulted from a reversal of impairments relating to the shareholding in Martifer Metallic Constructions, SGPS, SA. (MMC) of 28.9 million Euros (valuation supported by the transaction of Vetor Diálogo, SGPS, S.A. (a vehicle company holder of 25% of MMC) and an independent evaluation that assessed MMC at 55.3 million Euros) and a reversal of impairments related to the participation in Martifer Renewables, SGPS, SA of 2.4 million Euros, based on the gain achieved by this company with the sale of the FW Warta company.

Interest and similar expenses amounted to 2.8 million Euros, representing a slight reduction compared to the previous year (2.9 million Euros).

Interest and similar income amounted to 0.2 million Euros, representing a reduction compared to the previous year (3.2 million Euros, including a non-recurring gain of 2.8 million Euros).

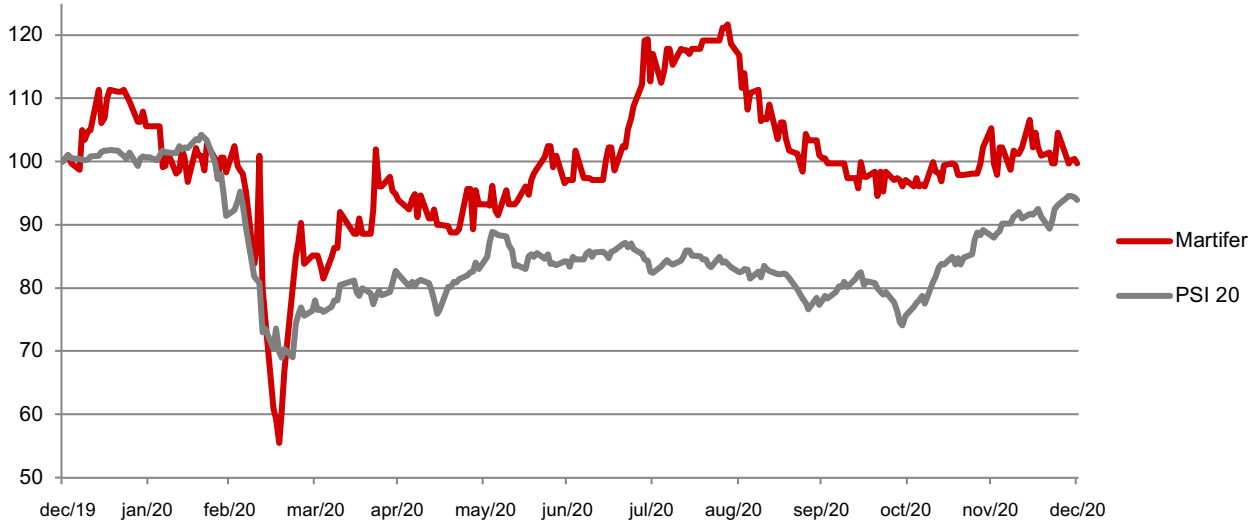
The Company's equity amounts to 88.3 million Euros, with total assets 96.1 million Euros and total liabilities of 7.9 million Euros.

MANAGEMENT REPORT

**MARTIFER
SHARE
PERFORMANCE**

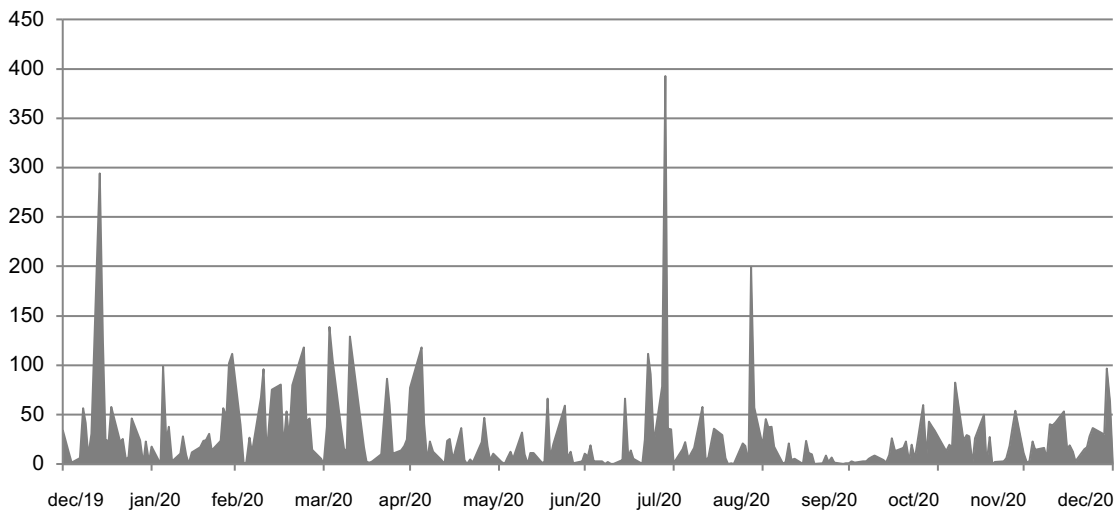
06 | MARTIFER SHARE PERFORMANCE

SHARE PERFORMANCE | 2020 – %



Source: Reuters

TRADED VOLUME | 2020 – '000 shares



Source: Reuters

After a year of gains in 2019, the main world market indices registered losses in 2020, thus proving to be an overall negative year. Equity markets were obviously negatively impacted by the pandemic that decimated the positive sentiment at the beginning of the year, following significant advances towards the resolution of Brexit and the trade war between the United States and China.

The proliferation of the pandemic across the globe caused most markets to collapse in March, at a time when Europe and the United States began to experience difficulties in controlling public health. However, after the collapse, a gradual recovery of markets in the rest of the year.

The Europe *Stoxx 50* index fell by 36.3% and managed to recover significantly, but it still ended the year with a loss of 5.14%. The various indices of the European nations showed similar behaviour during 2020, for example, the indices of the United Kingdom, Italy, France and Portugal, which fell by 6.38%, 28.3%, 7.2% and 5.61%, respectively. The DAX index demonstrated the strength of the German economy by being able to recover and end the year with a gain of 2.49% after falling 36.94%.

Europe was actually the region with the worst results since, in the Asian and American continents, there were several indices capable of fully recovering and ending the year positively. The People's Republic of China, which was the first country to be impacted, presented a solid economic recovery which led the Shanghai index to value 13.87% during the year. In the United States of America, the Dow Jones Index grew more than 7.25%, while the S&P500 index rose 16.26%. NASDAQ surpassed the other indices by showing a total growth of 47.98% during 2020.

The world's largest commodity index, S&P Goldman Sachs Commodities Index, demonstrated the industry's difficulties by devaluing 24.49%.

Martifer SGPS, SA's shares valued 2.9%, reaching 0.39€/share after beginning the year at 0.379€/share. During this period, they reached their minimum value of 0.22€/share on 18 March and their highest value of 0.47€/share on 27 August.

From the perspective of the daily transaction volume of Martifer SGPS, SA's shares, 12 May and 2 June had the lowest volume, with only 50 transactions, compared to 28 July, which had the maximum value of the year with 392,704 transactions. The volume of traded shares also decreased from 7,956,120 shares in 2019 to 7,158,640 shares in 2020.

PURCHASE OF OWN SHARES

In accordance with CMVM Regulation no. 5/2008, namely article no. 11, paragraphs 1 and 2, we confirm that Martifer SGPS, SA did not purchase own shares on the Stock Exchange during 2020.

Therefore, the position was not changed, holding a total of 2,215,910 own shares, representing 2.22% of its share capital.

MANAGEMENT REPORT

FUTURE PROSPECTS

07 | FUTURE PROSPECTS

Maintaining the focus, consistency and coherence that will allow the consolidation of the trajectory of recent years and making justice to the 30-year history, we defined a clear and objective strategic positioning per business unit:

- In Metallic Constructions, we want to look for opportunities in line with the aim of strengthening the Group's export profile, boosting the industrial capacity in Portugal for the external markets where Martifer is present;
- In the Naval Industry, we want to execute the investment in the new dock, consolidating the weight of this business unit in the Group's turnover;
- We want to reinforce the Industrial Maintenance activity;
- In Renewable Energy, either through asset rotation or taking advantage of opportunities in wind and solar projects, we want to continue to enhance the successes achieved, namely in the wind and solar energy auctions in Poland;
- And doing justice to the Group's DNA, we want to look for opportunities, particularly in the Energy sector, in line with the challenges of energy transition and the goals of decarbonising the economy.

For our employees, as in the three-year period 2018-2020, we will seek to maintain our commitment to specific training programmes in the future and to generate career development opportunities and challenges within the Group.

We are strongly convinced that with the defined strategic alignment and an organisational culture sustained on rigour and commitment, together with teamwork, we will continue to build a more sustainable Martifer every day, a successful Martifer, a Martifer with future!

MANAGEMENT REPORT

MAIN RISKS

08 | MAIN RISKS

FINANCIAL RISKS

A) PRICE RISK

The volatility of the price of raw materials constitutes a risk for the Group in the Metallic Constructions and Naval Industry segments.

In recent years, the evolution of steel and aluminium prices was marked by the trade war between the USA and China, which have led to the implementation of fees on the import of steel and aluminium from third countries; there has been a sharp rise in the price of Steel that has reached values close to historic highs in September 2018. Despite the adjustment to lower levels, at the end of 2018 and during the first half of 2019, the price of Steel continued its upward trajectory, reaching the price of 126 USD per tonne (maximum values of January 2014). However, in the second half of the year, prices began to decline moderately. At the beginning of 2020, it was estimated that they would remain at high levels, relieving as the year progressed.

With the COVID-19 pandemic, there was a strong reduction in steel and aluminium prices as a result of the sharp drop in demand and supply of this commodity as a result of the industry's downtime. However, with the Chinese economic recovery after the Lockdown period, supported by the Chinese government's strong investment in infrastructures to address the negative impact of the pandemic on the country's economy, in the second half of 2020, prices began an upward trend, reaching values very close to the values recorded in 2018.

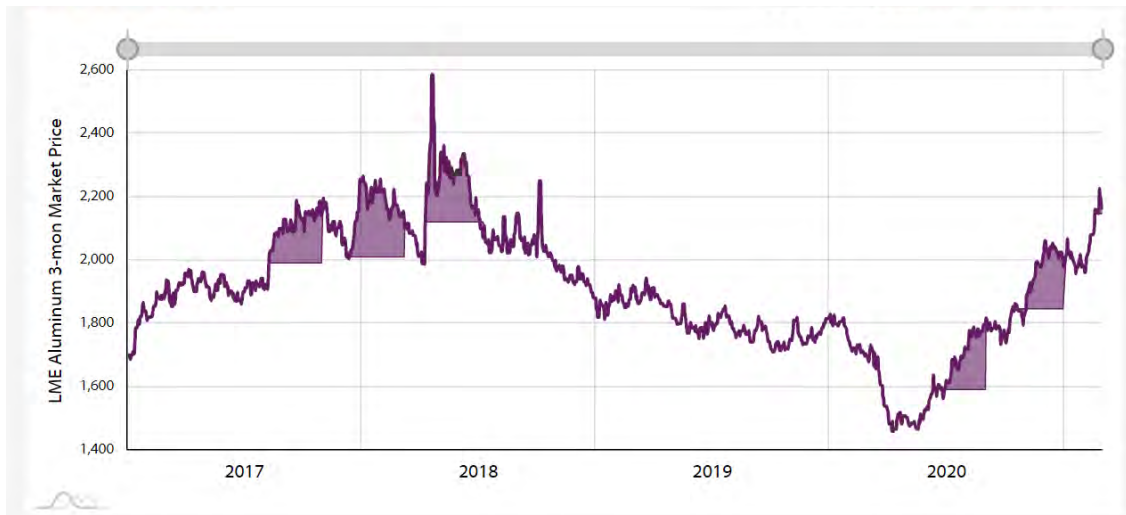
Historical evolution of the price of Steel



Source: <https://tradingeconomics.com/commodity/steel>

Similarly, aluminium has recorded price increases since the second half of 2020, after having recorded historic lows in the first quarter of 2020 at the beginning of the pandemic which was accompanied by more severe containment measures.

Historical evolution of the price of Aluminium



Source: <https://agmetalmminer.com/metal-prices/aluminum/>

It should be noted that, so far, the construction sector has not been greatly affected by the effects of the pandemic at a global level, and it is even expected that local governments, namely in the European Union, through the recovery fund and the so-called European "Bazuca", increase infrastructure investment as a way to stimulate post-pandemic economic growth. It is expected that companies in the sector, namely Martifer, will benefit from these investments with expected increases in the order book.

Martifer has sought to mitigate this risk through rigorous planning of raw material purchase, which enabled the achievement of economies of scale in purchased quantity and consequent price-fixing. On the other hand, it has mitigated this risk through contracts with clients that allow the reflection of price changes of the raw material in the amount paid by the client.

The Group is also subject to the risk associated with the variation in energy sales prices through the renewable energy business area.

In 2020, the complete paralysis of the industry as a result of the lockdown measures imposed in the fight against the pandemic also had a strong impact on the energy sale price, which fell sharply from March 2020 onwards. With the resumption of activity in Europe, prices began to recover, and it is expected that in the second half of 2021, they will already be able to resume the growth trajectory that they had been on before the shock caused by the health crisis.

It should be noted that the increase in the need for the acquisition of renewable energy by industrial producers and the announcement of various support for the development of the sector, in particular by the European Union, are factors that positively influence the sector and can help mitigate the risk of reducing energy prices as a result of the economic slowdown. As a way to control the energy sale price risk, particularly in projects that do not have a regulated tariff, the Group has as its policy the fixing of the sale price of energy on at least an annual basis to mitigate the risk of falling energy sales prices in the profitability of renewable source energy production projects in operation owned by the Group.

The Group pays attention to the evolution of the consequences of the pandemic in relation to possible price impacts to adjust its strategy both for the purchase of raw materials according to the expected developments and for sales prices by adjusting them to market value.

B) EXCHANGE RATE RISK

Exchange rate risk has a strong interdependence with the other types of risks, with reference to the risk of countries, through the evolution of economies and its impact on inflation and interest rates and credit risk, due to the possibility of currency fluctuations which may jeopardise future financial flows, originating the possibility of recording losses or gains as a result of changes in exchange rates among different currencies.

Martifer Group is exposed to exchange rate risk due to its geographical diversification, currently developing its operational activities in subsidiaries that are present in 4 different continents.

Therefore, there is an exposure to transaction risk associated with operating activities (in which expenses, income, assets and liabilities are indicated in currencies other than the reporting currency) of transactions carried out between these subsidiaries and other Group companies and the existence of transactions carried out by the operating companies in a currency other than the Group's reporting currency.

The exchange rate risk management policy followed by the Group has as its ultimate objective to decrease the maximum sensitivity of its results to exchange rate fluctuations.

In what concerns the operational activity of all subsidiaries, the company strives for transactions to be carried out in their local currency. For the same reason, the loans contracted by foreign subsidiaries are preferably contracted in their local currency, thus allowing the matching of the cash flows locally and the consequent annulment of exchange rate risk of an economic nature.

In relation to the coverage of exchange rate risk, hedging operations are sporadic because their cost is sometimes considered excessive compared to the level of the risks involved. However, whenever considered appropriate, the Group hires the coverage of exchange rates in order to cover the risk.

In the 2020 financial year, the money market during the first half of the year was strongly affected by the effects of the COVID-19 pandemic, which is expected to continue during 2021. The need to inject currency into the real economy as an immediate response to the crisis has led many Central Banks to choose to devalue the currency, of which the pound sterling is an example.

The rise in unemployment and the levels of uncertainty generated by the crisis have led to an increase in demand for foreign currencies, in particular, the dollar and the euro, with demand levels and consequently the quotations of these two currencies under greater or lesser pressure, depending on the impacts of the evolution of the pandemic in both regions and the perception of greater or lesser control of the health crisis by economic agents.

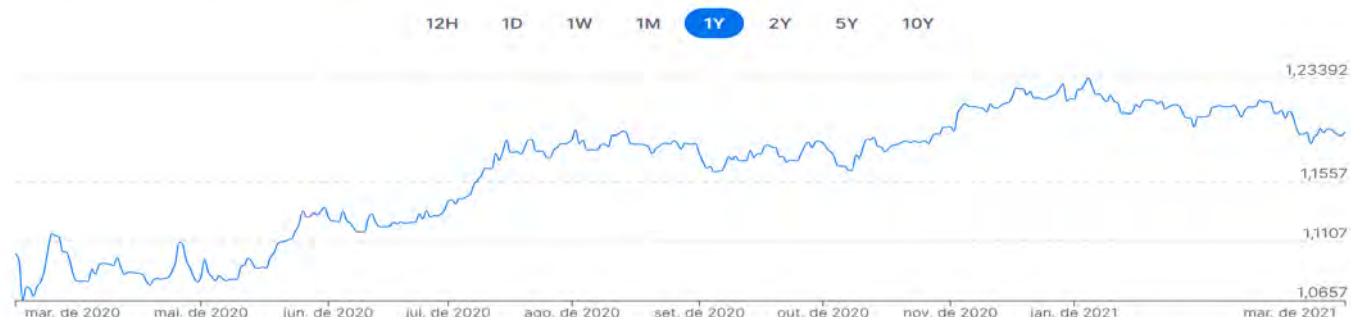
Joe Biden's victory in the American elections is predictive of an increase in budget spending and a consequent higher level of indebtedness, resulting in a weakening of the Dollar. The new US President offers even greater security in foreign policy, particularly in what refers to relations with Europe, which should translate into a relief for the Euro that could gain ground as a safe haven asset.

Thus, the Dollar has been weakening against the Euro since the beginning of the pandemic crisis. Nevertheless, the ECB should seek to control this strengthening of the Euro, namely by the pressure it causes in inflation rates. A declining trend of the Dollar against the Euro has already been observed in the first months of 2021.

Gráfico de EUR para USD

De Euro a Dólar dos EUA

1 EUR = 1,19281 USD 18 de mar. de 2021 13:02 UTC



Source: <https://www.xe.com/pt/currencycharts/?from=EUR&to=USD&view=1Y>

In England, the Pound, which was undoubtedly the most affected asset by Brexit, has also suffered great pressure from the pandemic and contraction of global economies and the consequent outflow trend of UK capital investors. It started a path of recovery in mid-March, a trend that is expected to continue in the coming months, namely with the expectation of the vaccination of the country's population.

Other European currencies to which the Group is exposed, such as the Polish Zloty or the new Romanian Leu, have been strongly affected by the pandemic, and these currencies are currently at historically low levels.

In developing economies such as Angola and Mozambique, with the increased risk of capital flight to more developed countries that present lower risk and with the pandemic growing in these countries, currencies should continue to be heavily penalised.

In 2021, the effects of the pandemic crisis are expected to continue to be felt in foreign exchange markets. The growing need to increase national budgets to fight the effects of the pandemic and economic recovery should continue to put strong pressure on currency behaviour.

With the expectation of vaccination in Europe, in the United Kingdom and the United States by the end of the summer, it is expected that in the second half of 2021, the recovery of the economy will begin with the consequent positive effects on currency behaviour.

In this context, Martifer Group has mitigated this risk, seeking to make a natural exchange rate coverage through contracts fixing the payment in tradable currency, with lesser volatility and simultaneously used in the payment of raw materials. Currently, the evolution of the various currencies is constantly being monitored in order to assess the feasibility of using coverage instruments in cases that may justify it.

C) INTEREST RATE RISK

The Interest rate risk reflects the possibility of fluctuations in the amount of future financial fees on loans contracted due to the evolution of the market interest rate level.

The cost of the financial debt contracted by the Group is indexed to short-term reference rates, reviewed on a period of less than one year (especially the Euribor 6m) and added risk premiums in a timely manner. Thus, variations in interest rates can affect the results of the Group.

The Group's exposure to interest rate risk arises from financial liabilities contracted at a variable rate, so changes in the interest rate have a direct impact on the value of the interest, consequently causing cash variations.

During 2020, as a result of the effects of the pandemic crisis, there was a great deal of pressure on interest rates in the Euro Area, but the policy of controlling interest rate growth adopted in recent years by the European Central Bank remained. Thus, according to projections published in March 2021 in the “ECB staff macroeconomic projections for the euro area, March 2021”, interest rates are expected to be maintained on negative ground over the next four years.

Martifer Group's exposure to interest rate risk is currently very reduced, not only by the expected maintenance of reference interest rates at very low levels but also as a consequence of the restructuring agreements signed with banks in 2015, which enabled the temporal stability of the spreads at very competitive levels.

D) LIQUIDITY RISK

Liquidity risk reflects the Group's ability to satisfy its financial responsibilities with the available financial resources.

The main objective of the liquidity risk management policy is to ensure that the Group has at its disposal, at any time, sufficient financial resources to meet its responsibilities and to pursue the outlined strategies, honouring all commitments made with third parties through adequate management of the cost vs maturity of financing.

Currently, the Group maintains the levels of the adequacy of the maturity of the debt to the degree of permanence of its long-term assets, allowing the cash surpluses to be sufficient to comply with its responsibilities, as the result of the implementation of the Group's Strategic Plan which included the signing of the restructuring of the financial debt plan with banks in 2015.

Thus, given the nature of medium/long-term investments made, the debt service shall accompany the maturity of the associated assets, not jeopardizing the commitment deriving from its short-term operational activity in pursuit of the objective of the Group to match the maturity of the inflows of the operational activity and of the investment/divestment to the outflows from the financing activity.

The financial management department monitors the implementation of the risk management policies defined by the Board in order to ensure that economic and financial risks are identified, measured and managed in accordance with such policies.

The COVID-19 pandemic poses an enormous risk to corporate liquidity. As a result of the measures to contain the progress of the pandemic, the paralysis of a significant part of the economic activity will have strong consequences in terms of payments and receipts from companies.

European governments have put in place a number of measures to support the liquidity of companies. In Portugal, the simplified Lay-off allowed companies, in situations of activity disturbance, to receive support for salary payments and a moratorium on credit that allowed the suspension of the payment of capital and interest as direct support to company liquidity.

Martifer adhered to the moratorium regime in the 'metallic constructions' segment, thus allowing us to overcome the possible cash-flow gaps caused by the delays imposed by anti-pandemic measures, namely Lockdowns and limitations on circulation.

It should be noted that, in the 'metallic constructions' segment, given that Martifer's main clients do not operate in the sectors most affected by the crisis, the liquidity risk for the Group was not increased by the effect of the pandemic. In the 'Naval Industry' segment, since the main client in the construction area is currently a group that operates in the tourism sector, one of the sectors most affected by the pandemic, the liquidity risk for the Group can increase.

Today, the expectation of the resumption of economic activity as vaccination plans are implemented in the various countries where Martifer has activity, together with a set of liquidity-injection policies that are being implemented in the various countries and combined with the expected support from the European Union Recovery Fund, which will support the economies of member states in the process of economic recovery, can significantly help companies mitigate this risk.

E) CREDIT RISK

Following the measures imposed by central banks on banking after the 2012 financial crisis, banks are in a much more stable financial position than in the past, and despite being more careful in granting credit, the improvement in the conditions for obtaining

credit by companies has been observed since 2019. At the end of March 2020, as part of the economic support package during the period of implementation of the COVID-19 pandemic containment measures, the various member states announced measures to support companies that involve the possibility of obtaining state-backed funding and which mitigate the possible credit risk that could arise from this pandemic crisis.

However, and with the progress of the pandemic, it has been found that the plans announced should be reinforced, given the high level of demand for this type of support.

These measures allowed to alleviate the additional risk of access to credit that could be generated by the risk/uncertainty that the current situation could represent in the risk analysis by banks.

The Group is subject to credit risk in relation to its operational activity, and the exposure mainly stems from clients and other debtors.

Aware of this reality and of the increase in credit risk in the current context of economic contraction, the Group seeks to assess the credit risk of all its clients as a rationale for establishing the credit to be granted; the ultimate objective is to ensure effective collection of credits within the established deadlines in order to minimise the exposure to each of the clients.

With this objective in mind, the Group uses the financial information and credit assessment agencies and performs regular risk analysis and credit control, as well as collection and management of litigation processes. These are essential procedures to manage credit activity and to minimise the occurrence of irrecoverable amounts.

In the 'Naval Industry' segment, the Group's main client operates in the tourism sector, one of the sectors most affected by the pandemic, and its ability to meet agreed commitments might be affected if the recovery in the tourism sector is slower than expected. The Group maintains regular contact with this client and is following the evolution of the situation in order to minimise credit risk.

OPERATIONAL RISKS

A) METALLIC CONSTRUCTIONS

Operational risks in the Metallic Constructions segment are currently grouped into three types of risks - client risk, supplier risk and external or market risk.

Client risk includes problems that can occur at the contracting level, such as differences in interpretation and application of contractual provisions, dislike or dissatisfaction with the service/product and the risk of significant delays or even default in making agreed payments during projects that may affect Martifer's ability to execute projects within the defined deadlines. With regard to the volatility of demand, it should be noted that the business area depends, in part, on tenders for public infrastructures (e.g., bridges, airports, stations). In the context of public tenders, although in most situations Martifer is a subcontractor for private entities (which assume the role of contractor for public entities), it is subject to complex regulations specific of each country, namely with regard to the presentation of proposals and the preparation of complete administrative files, respecting the specifications defined by the contracting entity, which may represent additional costs. It should be noted that, despite the dependence on public tenders, Martifer has had the ability to capture business deals from private entities, reducing its exposure to this risk.

In the supplier risk, it should be noted that Martifer, as an expert in engineering projects, often subcontracts other companies, which in turn may fail in the execution of its contracts and compromise in a domino effect the compliance with the project delivery deadline. The supply chain and logistics are also risks to which Martifer is exposed. As a result of dependence on suppliers, as mentioned above, there is a risk of possible delays in the completion of projects with possible contractual penalties.

Finally, in the context of external or market risks, and since the metallic constructions area has a strong correlation with the growth of the economy and with the gross fixed capital formation, it is sensitive to the economic situation. In this sense, the COVID-19 pandemic with all the negative impacts on the world economy that are known, the uncertainty as to the impacts it will still have and for how long, represents a problem for Martifer, even if the measures that many countries are taking to minimise the impact of the

crisis are a sign of hope. The weak public and private investment and the significant lack of liquidity in the financial system, which often leads to the fact that, despite the existence of attractive projects, there is no corresponding capital to allow their execution, can also constitute a risk for Martifer. Martifer's attempt to mitigate these external or market risks has been through the dispersion of businesses in different countries, namely by entering markets with higher growth rates in the construction sector and that value quality at the expense of low prices.

B) NAVAL INDUSTRY

The companies in the Naval Industry segment are exposed to:

- risks related to the innovation capacity to meet the needs of the market and new and innovative projects. In this context, the difficulty in capturing highly qualified staff due to foreign competition from Northern European countries must also be pointed out;
- client risk, especially as regards the proper execution of the projects, contractual compliance, within the deadlines set and causing satisfaction. Based on these issues, there is always the risk of suffering penalties;
- risk in the fluctuation of the price of raw material, particularly in steel price, this being one of the main materials in the production of components to be incorporated in the works to be carried out;
- risk related to the level of competitiveness of ship repair versus national and foreign competition;
- risk in relation with subcontractors and suppliers that may not fulfil their contractual obligations and can jeopardize the implementation and quality of the projects;
- risk in the labour aspect, since at the moment there is lack of qualified personnel for two major reasons: on the one hand, there is not a sufficient number of employees being trained to cater for the needs of West Sea, even though the company is making an internal effort in this direction; on the other hand, the competitive pressure from Spain, more specifically from Galicia and its shipyards that, given the geographical proximity and offering inflated conditions, are capturing a large number of professionals in the region.

C) RENEWABLES

The indices of productivity linked to the renewable energy business depend not only on operational costs but also on revenues (price and the amount of energy produced by the assets). The equipment used and some exogenous factors, such as the wind, which in turn depend on the location of wind farms, influence the production of energy and consequently the results. Whenever the wind speed is above or below the limits of the equipment, energy stops being produced. These limits vary from manufacturer to manufacturer and on the type of wind turbine. Additionally, each wind generator has its power curve that determines the power generated at each wind speed.

The availability of the equipment and the power curve of each wind turbine are contractually guaranteed, and indemnities are payable by suppliers if availability is not met or if the power curve is not reached.

This risk is also mitigated through the geographical distribution of the wind turbines in the wind farms, allowing the set-off of wind velocity variations on each farm and ensuring the relative stability of the volume of the total produced energy.

In what concerns solar photovoltaic energy, the exogenous factors are more easily foreseen so that the variation of the revenue ends up being minimized.

LICENSING:

Wind farms and solar parks are subject to strict regulations in terms of development, construction, licensing and operation of power plants. If the relevant authorities in the jurisdictions in which the Group operates cease to continue to support or reduce their support for the development of wind farms and solar parks, such actions may have a significant impact on the activity.

REGULATION:

Electricity generation from renewable sources has been promoted in Europe through mechanisms of Feed-In Tariffs (in Portugal, in Germany, in Denmark and in France, for example) or through Green Certificate schemes (in Italy, in the United Kingdom, in Romania, in Poland, etc.). These mechanisms allowed the remuneration of producers of renewable energy above the prices of the wholesale market but have resulted, in some countries, in a high cost that has led to legislative changes in the incentive systems for renewable energy. In some cases, such as in Romania, these changes have affected not only new projects but also the projects in operation, highly affecting their profitability.

The technological evolution in recent years has allowed a significant reduction of the costs of electricity generation from renewable sources, and the majority of the countries implemented an auction system that covers wind and solar energy, such as Poland; thus, ensuring that the price to be paid for the electricity generated by new wind farms and solar parks is aligned with the price of the electricity wholesale market.

LEGAL RISKS

Martifer is subject to national and local laws and regulations relating to the multiple geographies and markets where it is present and that seek to ensure, among other things, workers' rights, the protection of the environment and spatial planning and maintenance of an open and competitive market. Thus, the legislative and regulatory changes that may involve the conditions of the Group's activities and, consequently, impair or impede the fulfilment of strategic objectives imply the constant adaptation by the companies to the new regulation reality.

Legal risk management is carried out by the Legal department of the holding company and each of the Group's business areas and is monitored within the scope of legal and tax advisory services dedicated to the respective activities, which operate in dependence of the administration and management, developing their competencies in articulation with the other tax and financial departments, so as to ensure the protection of the interests of the Group and, ultimately, of the stakeholders, in strict compliance with the fulfilment of their legal duties.

Those comprising the abovementioned legal and advisory departments have specialised training and regularly participate in training sessions.

Legal and tax advice is also guaranteed, nationally and internationally, by external professionals selected from reputed firms and according to high standards of competence, ethics and experience.

MANAGEMENT REPORT

**PROPOSAL
OF RESULTS
ALLOCATION**

09 | PROPOSAL OF RESULTS ALLOCATION

The Board of Directors recommends to the Board of the General Meeting that the positive net result determined in the separate financial statements, in the amount of 31,270,852.56 Euros recorded in 2020, has the following allocation:

- For Legal Reserves, 1,424,980.69 Euros
- Retained Earnings 29,845,871.87 Euros.

Oliveira de Frades, 26 April 2021

The Board of Directors,

Carlos Manuel Marques Martins
(President)

Arnaldo José Nunes da Costa Figueiredo
(Vice President)

Jorge Alberto Marques Martins
(Vice President)

Pedro Miguel Rodrigues Duarte
(Member of the Board of Directors)

Pedro Nuno Cardoso Abreu Moreira
(Member of the Board of Directors)

Maria Sílvia da Fonseca Vasconcelos da Mota
(Member of the Board of Directors)

Mariana França Gouveia
(Member of the Board of Directors)

MANAGEMENT REPORT

OTHER INFORMATION

10 | OTHER INFORMATION

ACTIVITY DEVELOPED BY NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

In addition to incorporating Martifer SGPS, SA's Board of Directors, a publicly-traded company, almost every non-executive board member integrates, at least, one of the Committees appointed by the Board of Directors (Corporate Governance Committee, Ethics and Conduct Committee or Risk Committee). Each of these Committee's regulations is published on the Group's website, and the functions and activities developed throughout 2020 are indicated in the Corporate Governance Report.

Throughout the year, the non-executive Board Members have shared and expressed relevant opinions regarding specific business areas based on their performance, the associated risks and the future outlook, maintaining regular communication with the Executive Board Members, and with the Board Members and Directors of the business areas.

AUTHORISATIONS GIVEN TO BUSINESS TRANSACTIONS BETWEEN THE COMPANY AND ITS BOARD MEMBERS, ACCORDING TO ARTICLE 397 OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

In 2020, an operation subject to the regime of Article no. 397 of the Commercial Companies Code was concluded by the Company's Board of Directors, resulting from an authorisation given in 2019, with the favourable opinion of the Supervisory Board and the favourable opinion of the Company's Risk Committee for its formalisation. It consisted of the acquisition of the entire share capital of the commercial company Vetor Diálogo, SGPS, SA by Martifer, SGPS, SA.

The company Vetor Diálogo SGPS, SA owned 25% of the share capital of Martifer Metallic Constructions SGPS, SA; and Martifer SGPS, SA owned the remaining 75%.

The share capital of the commercial company Vetor Diálogo, SGPS, SA was held by the reference shareholder companies I'M SGPS, SA and Mota-Engil, SGPS, SA, in 53.05% and 46.95% respectively. Therefore, indirectly held by the Board Members of Martifer, SGPS, SA, Carlos Manuel Marques Martins, Jorge Alberto Marques Martins and Maria Sílvia da Fonseca Vasconcelos da Mota.

OTHER INFORMATION

Martifer, SGPS, SA doesn't present any debt to the State or any other public entity, including Social Security.

In addition to auditing services, the Statutory Auditor (or entities of the same Group) provided the following services to the Group as permitted by law and regulations in force:

- Tax consultancy services to Eviva Beteiligungsverwaltungs GmbH (service provided by Deloitte Tax Wirtschaftsprüfungs GmbH).

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

In accordance with the October 2015 European Sales and Marketing Association's (ESMA) guidelines on Alternative Performance Measures ('APM'), Martifer Group presents the chart with the definition of APMs that are not directly read in the primary financial statements:

MANAGEMENT REPORT	CONSOLIDATED FINANCIAL INFORMATION
Financial autonomy	Equity / Total assets
CAPEX	Capital expenditure (investment, at full cost, in the acquisition or improvement of tangible, intangible and under right of use assets)
Net debt	Current and non-current loans net of cash and cash equivalents
EBITDA	Sales and services rendered + Other operating income - Cost of goods sold and materials consumed - Subcontracts - External services and supplies - Personnel costs - Impairment losses on financial assets - Other operating costs
EBITDA margin	EBITDA / Turnover
EBIT	Sales and services rendered + Other operating income - Cost of goods sold and materials consumed - Subcontracts - External services and supplies - Personnel costs - Impairment losses on financial assets - Other operating costs - Amortisations and depreciations - Provisions - Impairment losses on non-financial assets
EBIT margin	EBIT / Turnover
Turnover	Sales and services rendered
Revenues	Sales and services rendered + Other operating income
Gross Value Added (GVA)	Sales and services rendered + Production variation + Own work capitalized + Supplementary income + Operating subsidies - Cost of goods sold and materials consumed - External services and supplies - Subcontracts - Indirect taxes
Financial results	Financial income and gains - Financial expenses and losses + Gains / (losses) on associated and jointly controlled companies + Net monetary gains / (losses)
Solvency Ratio	(Equity + Non-Current Liabilities) / Non-Current Assets
General liquidity	Current assets / Current liabilities
Fixed Assets (including Goodwill and right-of-use assets)	Goodwill + Intangible assets + Fixed tangible assets + Assets under right of use
Other non-current assets	Investment properties + Investments in associated and jointly controlled companies + Financial assets at fair value through profit or loss + Trade debtors and other debtors + Deferred tax assets
Inventory and Receivables	Inventories + Financial assets at fair value through profit or loss + Trade debtors and other debtors + Assets from Contracts with Customers + Advances on purchases + Income tax + State and other public entities + Other current assets
Shareholders Equity	Share Capital + Own Shares + Reserves and Retained Earnings + Net income for the period
Non-current debt and lease liabilities	Non-current loans + Non-current lease liabilities
Other non-current liabilities	Trade creditors and other creditors + Provisions + Other non-current liabilities + Deferred tax liabilities
Current debt and lease liabilities	Current loans + Current lease liabilities
Other current liabilities	Trade creditors and other creditors + Customer Contract Liabilities + Income tax + State and other public entities + Other current liabilities



MANDATORY INFORMATION

MANDATORY INFORMATION

SHAREHOLDINGS OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

In accordance with article no. 447 of the Portuguese Commercial Companies Code, the securities issued by Martifer, SGPS, SA and companies dominated by it or that are in a group relationship, held by members of the corporate bodies in the period from 1 January 2020 to 31 December 2020, are the following:

HOLDERS	CORPORATE BODY	NO. SHARES HELD ON 31/12/2020
Carlos Manuel Marques Martins*	Board of Directors	2,659,613
Jorge Alberto Marques Martins**	Board of Directors	2,430,260
I'M – SGPS, S.A.***	Board of Directors	38,005,689
Arnaldo José Nunes da Costa Figueiredo	Board of Directors	3,000
MOTA-ENGIL, SGPS, S.A.****	Board of Directors	37,500,000
Pedro Miguel Rodrigues Duarte	Board of Directors	-
Pedro Nuno Cardoso Abreu Moreira	Board of Directors	-
Maria Silvia da Fonseca Vasconcelos da Mota	Board of Directors	-
Vitor Manuel Alvares Escária	Board of Directors	-
Mariana Machado França Gouveia Sande Nogueira	Board of Directors	-
Paulo Sérgio Jesus das Neves	Supervisory Board	-
Américo Agostinho Martins Pereira	Supervisory Board	-
Mária Maria Machado Lapa de Barros Peixoto	Supervisory Board	-
António Baia Engana	Supervisory Board	-
Nuno Miguel dos Santos Figueiredo	Statutory Auditor, representing Deloitte & Associados, SROC	-
José Joaquim Neiva Nunes de Oliveira	General Meeting Board	-
Luis Leitão Marques Vale Lima	General Meeting Board	-
Luis Neiva de Oliveira Nunes de Oliveira	General Meeting Board	-

* Shares held directly and by the company Black & Blue Investimentos, SA (Carlos Manuel Marques Martins is a Director of this company, and together with his family, they are sole shareholders).

** Shares held directly and by the spouse.

*** Martifer's Board Members Carlos Manuel Marques Martins and Jorge Alberto Marques Martins are the majority shareholders of the company I'M SGPS, SA, holding shares representing 48% and 50% of its share capital, respectively.

**** The Board Member Arnaldo José Nunes da Costa Figueiredo is a member of the Board of Directors of Mota-Engil, SGPS, SA

Transactions by the members of the governing bodies in 2020:

NAME OF THE MEMBER OF THE CORPORATE BODY	DATE	ACQUISITIONS	SALE	AVERAGE PRICE
Carlos Manuel Marques Martins*	14-10-2020	7,963	-	0.3842 €
Carlos Manuel Marques Martins*	15-10-2020	10,000	-	0.373 €
Carlos Manuel Marques Martins*	16-10-2020	10,346	-	0.376 €
Carlos Manuel Marques Martins*	19-10-2020	150	-	0.365 €
Carlos Manuel Marques Martins*	20-10-2020	22,927	-	0.3715 €
Carlos Manuel Marques Martins*	23-10-2020	5,000	-	0.378 €
Carlos Manuel Marques Martins*	26-10-2020	10,000	-	0.377 €
Carlos Manuel Marques Martins*	27-10-2020	2,636	-	0.375 €
Carlos Manuel Marques Martins*	28-10-2020	26,348	-	0.373 €
Carlos Manuel Marques Martins*	29-10-2020	23,459	-	0.373 €
Carlos Manuel Marques Martins*	30-10-2020	9,800	-	0.374 €
Carlos Manuel Marques Martins*	02-11-2020	6,264	-	0.378 €
Carlos Manuel Marques Martins*	03-11-2020	13,000	-	0.378 €
Carlos Manuel Marques Martins*	04-11-2020	7,000	-	0.375 €
Carlos Manuel Marques Martins*	05-11-2020	10,192	-	0.375 €
Carlos Manuel Marques Martins*	06-11-2020	39,500	-	0.372 €

* Acquisitions made by the company Black & Blue Investimentos, S.A. (Carlos Manuel Marques Martins is a shareholder and board member of this company).

HOLDERS OF QUALIFYING SHAREHOLDINGS

In accordance with Article no. 8(1.b) of the Portuguese Securities Market Commission (CMVM) Regulation no. 5/2008, the list of holders of qualifying holdings, with the number of shares held and the corresponding percentage of voting rights on 31 December 2020, calculated pursuant to Article no. 20 of the Portuguese Securities Code, are:

SHAREHOLDER	NO. SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS ¹⁾
I'M – SGPS, S.A.	38,005,689	38.00%	38.87%
Carlos Manuel Marques Martins*	2,659,613	2.66%	2.71%
Jorge Alberto Marques Martins*	2,430,260	2.43%	2.48%
Total attributable to I'M – SGPS, S.A.	43,095,562	43.09%	44.07%
Mota-Engil, SGPS, S.A.	37,500,000	37.50%	38.35%
Arnaldo José Nunes da Costa Figueiredo **	3,000	0.00%	0.00%
Total attributable to Mota-Engil, SGPS, S.A.	37,503,000	37.50%	38.35%

1) % of voting rights = no. of Shares Held / (Total no. of Shares - Own Shares)

* Member of a corporate body of I'M SGPS, S.A.

** Member of a corporate body of Mota-Engil SGPS, S.A.

STATEMENT OF CONFORMITY PURSUANT TO ARTICLE NO. 245(1.C) OF THE SECURITIES CODE

Dear Shareholders,

According to Article no. 245(1.c) of the Portuguese Securities Code and to the best of our knowledge, we inform that:

(i) the information contained in the consolidated management report faithfully reports the evolution of trading, the performance and the position of Martifer, SGPS, SA and of the companies in its consolidation perimeter and contains a description of the main risks and uncertainties that it faces; and

(ii) the information contained in the separate and consolidated financial statements, as well as in their annexes, was prepared in accordance with the applicable accounting standards, i.e. in accordance with the International Financial Reporting Standards ("IFRS") as adopted in the European Union, giving a true and fair picture of the financial position, financial performance and cash flows of Martifer, SGPS, SA, a publicly-traded company, and of the companies included in the consolidation perimeter.

Oliveira de Frades, 26 April 2021

The Board of Directors,

Carlos Manuel Marques Martins
(President)

Arnaldo José Nunes da Costa Figueiredo
(Vice President)

Jorge Alberto Marques Martins
(Vice President)

Pedro Miguel Rodrigues Duarte
(Member of the Board of Directors)

Pedro Nuno Cardoso Abreu Moreira
(Member of the Board of Directors)

Maria Sílvia da Fonseca Vasconcelos da Mota
(Member of the Board of Directors)

Mariana França Gouveia
(Member of the Board of Directors)



CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL INFORMATION

**CONSOLIDATED
FINANCIAL
STATEMENTS**

11 | CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIODS AND SEMESTERS ENDED ON 31 DECEMBER 2020 AND 2019

€	NOTES	FY 2020	FY 2019	2 ND HALF 2020 (NON AUDITED)	2 ND HALF 2019 (NON AUDITED)
Sales and services rendered	3, 4	226,121,546	235,914,875	121,341,587	124,554,492
Other operating income	5	23,132,718	31,020,752	16,715,982	26,748,520
Cost of goods sold	6	(70,964,787)	(84,663,616)	(37,701,984)	(48,183,181)
Subcontractors	7	(70,765,306)	(64,505,967)	(36,858,124)	(29,552,968)
External services and supplies	8	(30,354,904)	(31,016,039)	(16,075,431)	(17,287,051)
Staff costs	9	(36,738,171)	(37,423,304)	(19,356,944)	(18,447,537)
Impairment losses on financial assets	25	3,265,548	(8,911,182)	1,376,294	(8,774,558)
Other operating expenses	10	(24,327,072)	(11,542,126)	(17,019,967)	(8,347,456)
	3	19,369,572	28,873,393	12,421,413	20,710,261
Amortisations and depreciations	3, 18, 19, 20	(6,006,771)	(8,528,944)	(2,756,702)	(3,866,774)
Provisions	3, 11, 35	(551,291)	669,829	(923,029)	265,765
Impairment losses on non-financial assets	3, 11	222,415	(2,732,810)	9,647	(2,732,810)
	3	13,033,925	18,281,467	8,751,329	14,376,442
Financial income	12	2,407,918	3,753,711	1,007,581	3,344,417
Financial expenses	12	(7,802,665)	(7,700,919)	(3,843,115)	(3,613,689)
Gains / (losses) on associate companies and joint arrangements	3, 13	248,900	8,026,010	(504,545)	1,788,967
Net monetary gain / (loss)	43	207,623	83,284	147,085	111,049
Profit before tax		8,095,701	22,443,553	5,558,335	16,007,186
Income tax	14	(1,411,517)	(996,873)	(964,217)	(97,162)
Profit for the year	3	6,684,184	21,446,679	4,594,118	15,910,024
Attributable to:					
non-controlling interests	31	385,981	(2,099,565)	(161,229)	(2,196,468)
owners of Martifer	16	6,298,203	23,546,244	4,755,346	18,106,488
Earnings per share:	16				
Basic and diluted		0.0644	0.2408	0.0486	0.1852

To be read with the Notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIODS AND SEMESTERS ENDED ON 31 DECEMBER 2020 AND 2019

€	NOTES	FY 2020	FY 2019	2 ND HALF 2020 (NON AUDITED)	2 ND HALF 2019 (NON AUDITED)
Profit for the year		6,684,184	21,446,679	4,594,117	15,910,024
Amounts that will not be subsequently reclassified to results					
Revaluation surplus	21	137,831	-	137,831	-
Tax effect of revaluation surplus	21	(22,053)	-	(22,053)	-
		115,778	-	115,778	-
Amounts that will be reclassified by results					
Exchange differences arising on (i) translating foreign operations; (ii) net investment in subsidiaries and (iii) goodwill		904,674	(2,509,814)	1,183,480	(2,318,409)
Exchange differences reclassified to results on the period		108,770	-	108,770	-
Adjustments to equity on associate companies and joint arrangements	22, 35	204,381	(448,217)	416,457	17,783
		1,217,824	(2,958,031)	1,708,707	(2,300,626)
Total comprehensive income for the period		8,017,786	18,488,648	6,418,602	13,609,395
Attributable to:					
non-controlling interests		708,826	(2,774,963)	170,568	(3,014,379)
owners of Martifer		7,308,960	21,263,612	6,248,034	16,623,772

To be read with the Notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ON 31 DECEMBER 2020 AND 2019

€	NOTES	FY 2020	FY 2019
ASSETS			
Non-current assets			
Goodwill	17	10,974,649	14,148,579
Intangible assets	18	447,059	615,322
Tangible fixed assets	19	57,193,053	65,346,902
Right-of-use assets	20	16,111,241	16,987,781
Investment properties	21	21,327,267	20,826,300
Investments in associate companies and joint arrangements	3, 22	4,203,938	3,972,553
Financial assets at fair value through profit or loss	23	3,171,389	3,840,278
Trade receivables and other receivables	25	8,685,115	11,085,408
Deferred tax assets	14	5,924,735	6,634,856
		128,038,446	143,457,979
Current assets			
Inventories	24	8,973,088	9,927,286
Financial assets at fair value through profit or loss	13	1,300,398	1,364,783
Trade receivables and other receivables	25	27,081,768	39,833,006
Contract Assets	27	25,356,596	27,835,936
Prepayments	24	10,168,655	7,801,573
Income tax	14, 26	547,916	1,005,954
Current tax assets	26	9,187,679	7,589,873
Other current assets	28	13,005,350	13,779,072
Cash and cash equivalents	29	43,797,581	35,004,440
		139,419,031	144,141,923
Non-current assets held for sale	19, 30	2,242,712	-
Total assets	3	269,700,190	287,599,902
EQUITY			
Shared capital	31	50,000,000	50,000,000
Own shares	31	(2,868,519)	(2,868,519)
Reserves and Retained Earnings	31	(46,042,457)	(63,122,514)
Profit for the year	31	6,298,203	23,546,244
Equity attributable to owners of Martifer		7,387,227	7,555,211
Non-controlling interests	31	(1,544,289)	(38,953,345)
Total equity	31	5,842,938	(31,398,134)
LIABILITIES			
Non-current liabilities			
Loans	32	117,529,482	135,933,615
Lease liabilities	33	20,464,474	22,861,195
Trade payables and Other payables	34	2,676,527	3,959,602
Provisions	35	4,795,655	12,786,201
Other non-current liabilities	39	2,972,718	3,735,113
Deferred tax liabilities	14	2,707,641	3,765,399
		151,146,497	183,041,126
Current liabilities			
Loans	32	2,526,860	4,875,458
Lease liabilities	33	624,513	1,012,372
Trade payables and Other payables	34	51,345,919	53,572,956
Contract Liabilities	38	39,558,639	50,820,907
Income tax	14, 37	1,236,422	918,643
Current tax liabilities	37	3,443,213	3,791,201
Other current liabilities	39	13,975,189	20,965,372
		112,710,755	135,956,909
Total liabilities	3	263,857,252	318,998,036
Total equity and liabilities		269,700,190	287,599,902

To be read with the Notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIODS ENDED ON 31 DECEMBER 2020 AND 2019

€	NOTES	SHARE CAPITAL	OWN SHARES	FAIR VALUE RESERVES REVALUATION RESERVES	FOREIGN CURRENCY TRANSLATION RESERVES	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance on 1 st January 2019		50,000,000	(2,868,519)	-	(28,069,444)	(34,236,557)	1,306,965	(13,867,555)	(35,857,959)	(49,725,514)
Appropriation of the profit of 2018		-	-	-	-	1,306,965	(1,306,965)	-	-	-
COMPREHENSIVE INCOME FOR THE YEAR										
Profit for the period		-	-	-	-	-	23,546,244	23,546,244	(2,099,565)	21,446,679
Exchange differences arising from (i) translating foreign operations and (ii) net investment in subsidiaries		-	-	-	(1,862,685)	-	-	(1,862,685)	(680,038)	(2,542,723)
Exchange differences arising on goodwill		-	-	-	32,910	-	-	32,910	-	32,910
Equity method application effect		-	-	-	-	(452,857)	-	(452,857)	4,640	(448,217)
Total comprehensive income for the year		-	-	-	(1,829,775)	(452,857)	23,546,244	21,263,612	(2,774,963)	18,488,648
Hyperinflationary restatement		-	-	-	(458,110)	132,982	-	(325,128)	(422,050)	(747,178)
Other changes in equity of parent company and subsidiaries		-	-	-	-	320,442	-	320,442	265,468	585,910
Non-controlling interests transactions		-	-	-	-	163,840	-	163,840	(163,840)	-
Balance on 31st December 2019		50,000,000	(2,868,519)	-	(30,357,329)	(32,765,185)	23,546,244	7,555,211	(38,953,345)	(31,398,134)
Balance on 1 st January 2020		50,000,000	(2,868,519)	-	(30,357,329)	(32,765,185)	23,546,244	7,555,211	(38,953,345)	(31,398,134)
Appropriation of the profit of 2019		-	-	-	-	23,546,244	(23,546,244)	-	-	-
COMPREHENSIVE INCOME FOR THE YEAR										
Profit for the period		-	-	-	-	-	6,298,203	6,298,203	385,981	6,684,184
Exchange differences arising from (i) translating foreign operations and (ii) net investment in subsidiaries		-	-	-	775,077	-	-	775,077	322,845	1,097,923
Exchange differences arising from goodwill	17	-	-	-	(84,479)	-	-	(84,479)	-	(84,479)
Equity method application effect	22	-	-	-	-	204,381	-	204,381	-	204,381
Revaluation surplus, net of tax	21	-	-	115,778	-	-	-	115,778	-	115,778
Total comprehensive income for the year		-	-	115,778	690,598	204,381	6,298,203	7,308,960	708,826	8,017,786
Loss coverage		-	-	-	-	24,654,706	-	24,654,706	1,114,572	25,769,278
Hyperinflationary restatement		-	-	-	-	(118,807)	-	(118,807)	-	(118,807)
Other changes in equity of parent company and subsidiaries		-	-	-	-	950,872	-	950,872	(157,757)	793,115
Changes in the consolidation perimeter	31	-	-	-	-	6,278,419	-	6,278,419	1,281	6,279,700
Non-controlling interests transactions	31	-	-	-	-	(39,242,134)	-	(39,242,134)	35,742,134	(3,500,000)
Balance on 31st December 2020		50,000,000	(2,868,519)	115,778	(29,666,731)	(16,491,504)	6,298,203	7,387,227	(1,544,289)	5,842,938

To be read with the Notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIODS AND SEMESTERS ENDED ON 31 DECEMBER 2020 AND 2019

€	NOTES	FY 2020	FY 2019	2 ND HALF 2020 (NON AUDITED)	2 ND HALF 2019 (NON AUDITED)
OPERATING ACTIVITIES					
Receipts from customers		232,917,702	231,095,669	99,175,367	130,464,905
Payments to suppliers		(203,754,619)	(196,720,982)	(98,993,639)	(103,890,303)
Payments to employees		(25,688,164)	(26,094,609)	(13,433,607)	(7,425,627)
Cash generated from operations		3,474,919	8,280,078	(13,251,879)	19,148,976
Income tax paid / received		(1,116,108)	(927,878)	(609,157)	(407,807)
Other receipts/(payments) relating to operating activities	44	8,240,358	5,667,830	5,205,222	(1,955,701)
Cash generated from other operating activities		7,124,250	4,739,952	4,596,065	(2,363,508)
Net cash generated by operating activities (1)		10,599,168	13,020,031	(8,655,814)	16,785,468
INVESTING ACTIVITIES					
Receipts arising from:					
Financial assets	44	7,372,455	34,019,270	7,372,455	22,691,770
Tangible fixed assets		80,963	1,899,185	1,758	1,885,639
Loans to related parties		-	3,071,698	-	-
Interest and similar income		483,649	200,461	279,177	182,672
Others		228,282	38,830	(23,716)	38,830
		8,165,349	39,229,444	7,629,674	27,820,609
Payments arising from:					
Financial assets	44	131,132	-	131,132	-
Tangible fixed assets		(1,753,159)	(289,213)	(1,636,543)	634,067
Intangible assets		(7,335)	(84,664)	(7,335)	(83,810)
Loans to related parties		-	(210,418)	-	(160,418)
Others		(131,700)	(21,231)	(95,784)	16
		(1,761,062)	(605,526)	(1,608,530)	389,855
Net cash generated by investing activities (2)		6,404,287	38,623,918	6,021,144	28,210,464
FINANCING ACTIVITIES					
Receipts arising from:					
Loans	32	1,631,965	-	-	-
Others		-	188,000	-	187,989
		1,631,965	188,000	-	187,989
Payments arising from:					
Loans	32	(2,776,254)	(42,007,766)	(1,091,428)	(38,753,746)
Lease liabilities		(3,031,919)	(1,156,653)	(506,115)	(536,318)
Interest and similar costs		(2,345,694)	(2,818,820)	(659,210)	(708,265)
Lease interest		(620,507)	(342,521)	-	-
Others		(129,057)	(340,720)	(38,375)	(5,586)
		(8,903,430)	(46,666,480)	(2,605,667)	(40,346,436)
Net cash generated by financing activities (3)		(7,271,465)	(46,478,480)	(2,605,667)	(40,158,447)
Net increase in cash and cash equivalents (4)=(1)+(2)+(3)		9,731,991	5,165,469	(5,240,336)	4,837,485
Changes in the consolidation perimeter and others		380,276	(2,310,542)	(484,604)	(2,457,082)
Effect of foreign exchange currencies		(1,319,126)	(1,265,317)	(86,677)	(924,785)
Cash and cash equivalents at the beginning of the period	29	35,004,440	33,414,830	49,609,198	33,548,822
Cash and cash equivalents at the end of the period	29	43,797,581	35,004,440	43,797,581	35,004,440

To be read with the Notes to the consolidated financial statements.

CONSOLIDATED FINANCIAL INFORMATION

**NOTES TO
THE CONSOLIDATED
FINANCIAL
STATEMENTS**

12 | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

0. INTRODUCTORY NOTE

Martifer SGPS, SA, with head office in Zona Industrial, Apartado 17, Oliveira de Frades, Portugal ('Martifer SGPS' or 'Company'), and its subsidiaries ('Group') have as their main activities Metallic Constructions (metallic structures, aluminium and glass façades and infrastructures for oil & gas), the Naval Industry and Renewable Energy (promotion and development of wind and solar projects) (Note 3).

Martifer SGPS was incorporated on 29 October 2004, and its share capital was realised through the delivery of all the shares, valued at market value, that the shareholders of the Group held in Martifer Construções, SA, a subsidiary incorporated in 1990, and which at the time was the parent company of the current Martifer Group. Martifer SGPS is the holding company of Martifer Group and has as reference shareholders I'M, SGPS, SA (38%) and Mota-Engil, SGPS, S.A. (37.5%).

From June 2007 onwards, and following the successful Initial Public Offer (IPO), the Company started trading on the Portuguese Stock Exchange, Euronext Lisbon.

On 31 December 2020, the Group developed its activity, mainly in Western Europe (Portugal, Spain, France, Belgium and the United Kingdom), in Eastern Europe (Poland and Romania), in the Middle East (Saudi Arabia), in Latin America (Argentina), and in sub-Saharan Africa (Angola and Mozambique).

All the amounts presented in these notes are expressed in Euro (rounded to the unit) unless otherwise indicated.

1. BASIS OF PREPARATION AND CONSOLIDATION, AND ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

These accompanying financial statements relate to the consolidated financial statements of the Martifer Group companies and were prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union, in force at the beginning of the economic period started on 1 January 2020. These correspond to the International Financial Reporting Standards, issued by the International Accounting Standards Board ("IASB"), and to the interpretations issued by the IFRS Interpretations Committee or by the previous Standing Interpretations Committee ("SIC") that have been endorsed by the European Union.

The attached consolidated financial statements were prepared from the accounting records of the Company and its subsidiaries (Note 2) on the assumption of continuity of operations.

The Board of Directors assessed the capacity of the Company to continue to operate, based on all relevant information, facts and circumstances of a financial, commercial or other nature, including events that occurred after the reference date of the financial statements available about the future. As a result of that assessment, the Board of Directors concluded that the Group has the adequate resources to maintain the activities, having no intention of terminating them in the short term; therefore, it considered appropriate to use the assumption of continuity of operations in the preparation of the financial statements.

These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain non-current assets and certain financial instruments, which are recorded at fair value.

The accounting policies and mensuration criteria adopted by the Group in the 2020 financial period are consistent with those applied by the Group in the preparation of the financial statements of the previous financial period, presented for comparative purposes, except in respect of the standards and interpretations entering into force on or after 1 January 2020, the adoption of which has not had a significant impact on the Group's comprehensive income or on the Group's financial position.

Changes to effective standards on 1 January 2020 and 1 June 2020:

	EFFECTIVE DATE
Conceptual structure – Changes in the reference to other IFRS	01/01/2020
IAS 1 and IAS 8 (amendment) - Definition of material	01/01/2020
IFRS 3 (amendment) - Definition of a business	01/01/2020
IFRS 9, IAS 39 and IFRS 7 (amendment) - Interest rate benchmark reform	01/01/2020
IFRS 16 (amendment), Leases – Covid-19 Related Rent Concessions	01/06/2020

Corresponds to amendments to several standards (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 and SIC 32) regarding references to the revised conceptual framework in March 2018. The revised conceptual framework includes revised definitions of an asset and a liability and new guidelines on calculation, derecognition, presentation and disclosure. The adoption of these amendments did not cause significant changes in the presented consolidated financial statements.

Amendment to IAS 1 and IAS 8 – Definition of material. Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. Information is material if by its omission, distortion or concealment it is reasonably expected to influence the decisions of the primary users of the financial statements on the basis of the financial statements. The adoption of this amendment did not cause significant changes in the presented consolidated financial statements.

Amendment to IFRS 3 - Definition of a business. It corresponds to amendments to the definition of business, seeking to clarify the identification of the acquisition of a business or the acquisition of a group of assets. The revised definition also clarifies the definition of output of a business as the supply of goods or services to customers. The changes include examples for identifying a business acquisition. The adoption of this amendment did not cause significant changes in the presented consolidated financial statements.

Amendment to standards IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform (IBOR Reform). Corresponds to amendments to Standards IFRS 9, IAS 39 and IFRS 7 related to the project of the interest rate benchmark reform (known as the “IBOR reform”), in order to reduce the potential impact of the change in reference interest rates on financial reporting, in particular in hedge accounting. The adoption of this amendment did not cause any change in the presented consolidated financial statements.

Change to IFRS 16 – Leases – “COVID-19 Related Rent Concessions”. This amendment introduces an optional practical expedient by which tenants are exempted from analysing whether rent concessions, typically suspensions or reductions in rent related to the “COVID-19” pandemic, correspond to contractual modifications. The adoption of this amendment did not cause significant changes in the presented consolidated financial statements.

(New) standards (and amendments) which become effective on or after 1 January 2021, already endorsed by the EU:

	EFFECTIVE DATE
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) - Interest rate benchmark reform – Phase 2	01/01/2021
IFRS 4 (amendment) - Insurance contracts – Extension of the Temporary Exemption from Applying IFRS 9	01/01/2021

Amendment to Standards IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform - Phase 2 (IBOR Reform) (effective for financial periods beginning on or after 1 January 2021). Corresponds to additional amendments to Standards IFRS 9, IAS 39 and IFRS 7, issued on 27 August 2020, related to the second phase of the Interest Rate Benchmark Reform project (known as “IBOR Reform”), relating to changes in reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosure.

Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective for annual periods beginning on or after 1 January 2021). This corresponds to the amendment to standard IFRS 4 that extends the deferral of the application of IFRS 9 for financial periods beginning on or after 1 January 2023.

To this date, no significant impacts are expected resulting from the adoption of the standards and amendments referred to above.

(New) standards (and amendments) that become effective on or after 1 January 2021, not yet endorsed by the EU

	EFFECTIVE DATE
IFRS 17 – Insurance contracts	01/01/2023
IAS 1 (amendment) - Presentation of financial statements - Classification of liabilities as current or non-current	01/01/2023
IFRS 3, IAS 16, IAS 37 (amendment)	01/01/2022
Annual improvements 2018-2020	01/01/2022
Amendment to IAS 1 Presentation of Financial Statements and Statement of Practice IFRS 2: Disclosure of Accounting Policies	01/01/2023
Amendment to IAS 8 Accounting Policies, Changes in Accounting estimates and errors: definition of Estimates	01/01/2023
Proposed Amendments to IFRS 16 Leases: Covid-19 Leases Concessions after June 30, 2021	01/04/2021

IFRS 17 (new), 'Insurance Contracts' (effective for financial periods beginning on or after 1 January 2023). This standard is still subject to endorsement by the European Union. This standard lays down, for insurance contracts within its scope, the principles for their recognition, calculation, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts. This standard does not apply to Martifer Group.

Amendment to IAS 1 Presentation of financial statements – Classification of liabilities as current or non-current (to be applied in financial periods beginning on or after 1 January 2023). This amendment is still subject to the process of endorsement by the European Union. This amendment published by IASB clarifies the classification of liabilities as current or non-current by analysing the contractual conditions existing at the reporting date.

Amendments to Standards IFRS 3, IAS 16, IAS 37 (effective for annual periods beginning on or after 1 January 2022). These amendments are still subject to approval by the European Union. These amendments correspond to a set of updates to the various mentioned standards, namely: - IFRS 3 – update the reference to the 2018 conceptual framework; additional requirements for analysing obligations under Standard IAS 37 or IFRIC 21 at the date of acquisition; and explicit clarification that contingent assets are not recorded in a business combination; - IAS 16 - prohibition of deducting the cost of a tangible asset from revenue related to the sale of products before the asset is available for use; - IAS 37 - clarification that costs of performance of a contract correspond to costs directly related to the contract.

Annual improvements 2018-2020 (effective for annual periods starting on or after 1 January 2022). These improvements are still subject to approval by the European Union. They essentially correspond to amendments in 4 standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41.

Amendments to Standard IAS 1 Presentation of Financial Statements and Practice Statement IFRS 2: Disclosure of accounting policies (effective for annual periods beginning on or after 1 January 2023). These amendments are still subject to approval by the European Union. These amendments establish criteria for the identification and disclosure of material accounting policies.

Amendment to IAS 8 Accounting policies, Changes in Estimates and accounting errors: definition of Estimates (effective for annual periods beginning on or after 1 January 2023). These amendments are still subject to approval by the European Union. This amendment changes the definition of accounting estimates and clarifies that changes in estimates as a result of new information do not correspond to errors.

Proposed amendments to IFRS 16 - Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021). These amendments are still subject to approval by the European Union. These changes provide exemptions applicable in reports on the evaluation of modification of lease contracts as a result of COVID-19.

The Board is analysing the impact, if any, on the consolidated financial statements.

The consolidated financial statements are presented in Euro since it is the main currency of the Group's operations. The financial statements of subsidiaries in foreign currency were converted into Euro in accordance with the accounting policies described in Note 1.4 (xiv).

In the preparation of the consolidated financial statements, in accordance with IAS/IFRS, the Group's Board of Directors adopted certain assumptions and estimates that can affect the assets and liabilities reported, as well as the profits and losses incurred in the reported periods (Note 1.4 xv). All the Board of Directors' estimates and assumptions were made, taking into consideration the best knowledge available at the financial statements' approval date, based on the information available at that time.

Given the current context resulting from the COVID-19 pandemic, the Board of Directors has undertaken an analysis of the current situation and future perspectives taking into account all the uncertainty that exists to assess the Group's ability to operate in continuity, the ability of assets to recover in the medium and long term and the registration of liabilities and commitments at their fair value. The Board concluded that the Group has adequate resources to maintain the activities and that the consolidated financial position presents the Group's situation in the current context in an appropriate manner, according to the information it possesses.

1.2 COMPARABILITY OF INFORMATION

The consolidated financial statements of Martifer Group on 31 December 2020 were prepared in accordance with the accounting policies and methods of calculation similar to those presented in the 2019 Consolidated Annual Report.

1.3 BASIS OF CONSOLIDATION

The consolidation methods adopted by the Group are the following:

a) Group Companies

The financial holdings in companies controlled by the Group were included in the annexed consolidated financial statements using the full consolidation method. The Group controls an investee when it is exposed, or it is the holder of rights concerning variable results through its relationship with the investee, and it has the capacity to affect these results by the power it has over the investee.

The equity and the net result of these companies, corresponding to the participation of third parties in them, are presented in the consolidated financial position statement (under the heading 'own capital - not controlled interests') and on the consolidated profit and loss statement (included in the consolidated net profit attributable to non-controlling interests), respectively. The companies included in the consolidated financial statements by the full consolidation method are detailed in Note 2.

In business combinations that occurred after 1 January 2004 and until 31 December 2010, the assets and liabilities of each subsidiary (including contingent liabilities) are identified at their fair value on the date of acquisition as stipulated in IFRS 3. Any surplus/ deficit in the acquisition cost compared to the fair value of the net assets and liabilities acquired is recognised, respectively, as the difference of positive acquisition of the asset (Goodwill, or to be added to the respective item, which originated the difference, when identified) and in case there is a negative acquisition of the asset (Badwill), after reconfirmation of the process of recovery of the fair value, and in case this is maintained, in the profit and loss statement of the period. Non-controlling interests include the proportion of third parties in the fair value of the assets, liabilities and contingent liabilities identifiable at the date of acquisition of the subsidiaries.

In the combinations of business activities that occurred on or after 1 January 2011 (IFRS 3R), the excess of the acquisition cost, the fair value of any shareholding held prior to the acquisition of control and the value of non-controlling interests, over the fair value of the assets, liabilities and identifiable contingent liabilities is recorded as *Goodwill*. If the acquisition cost, the fair value of any shareholding held prior to the acquisition of control and the value of non-controlling interests is less than the fair value of the net assets of the acquired subsidiary, the difference is directly recognised in the income statement of the period under 'Other operating income'. The transaction costs relating to business combinations that occurred after this date are recognised in expense when incurred.

Transactions in the sale or acquisition of shareholdings in non-controlling interests that do not affect the control exercised by the Group do not result in recognition of gains, losses or Goodwill, and any determined difference between the value of the transaction and the book value of the transacted shareholding recognised in equity.

The negative results generated in each period by the subsidiaries who have non-controlling interests are allocated in the percentage held to the non-controlling interests, regardless of becoming negative.

The results of subsidiaries acquired or sold during the year are included in the financial statements from the date of their acquisition or up to the date of their sale. Gains or losses recognised as a result of loss of control of the subsidiaries are presented under the headings 'Other operating income' or 'Other operating expenses'.

Whenever necessary, adjustments are made to the financial statements of subsidiaries to adequate their accounting policies to those used by the Group. The transactions, balances and dividends distributed between Group companies are eliminated in the consolidation process. In situations in which the Group holds, in substance, the control of other entities created with specific purposes, even if they do not have capital holdings in these entities, they are consolidated by the full consolidation method. On 31 December 2020 and 2019, there were no entities in this situation.

b) Associates and jointly controlled companies

Investments in associates (companies where the Group holds a significant influence but does not have control over them through the participation in making financial and operating policies in the Company - usually investments representing between 20% to 50% of the capital of a company) and in jointly controlled companies (companies where the Group shares control with other partners) are recorded under the equity method under the heading 'Investments in associates and jointly controlled companies'.

According to the equity method, the financial contributions are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's participation in the variations in Equity and in the net results of subsidiaries, by contrast to other comprehensive income, of profit or loss for the financial year, respectively, and the dividends received, net of accumulated impairment losses.

The assets and liabilities of each subsidiary (including contingent liabilities) are identified at their fair value at the date of acquisition. Any excess in acquisition cost compared to the fair value of the net assets and liabilities acquired is recorded as a positive acquisition difference (Goodwill), being added to the amount of the balance sheet of the financial asset and its recovery is reviewed annually as part of the financial asset and, in case there is a difference of negative acquisition (negative Goodwill), after reconfirmation of the fair value valuation process and in case it is maintained, in the P&L statement of the period.

An evaluation of the investments in associated companies and in jointly controlled companies is done when there are signs that the asset may be impaired. In that case, a loss is registered in the P&L statement.

When the proportion of the Group in the accumulated losses of the associate or jointly controlled company exceeds the value at which the investment is registered, the investment is reported by null value while the equity of the associate or jointly controlled company is not positive, except when the Group made commitments to the entity, registering in such cases a provision under the heading of Liabilities 'Provisions' to meet those obligations.

The unrealized gains on transactions with associates and jointly controlled companies are eliminated, in proportion to the interest of the Group in them, in return for the investment in these entities. The unrealized losses are similarly eliminated, but only to the extent that the loss does not evidence that the transferred asset is in an impairment situation.

Companies included in the consolidated financial statements under the equity method are detailed in Note 2.

1.4 MAIN ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

The main accounting policies, judgements and estimates used in the preparation of the Group's consolidated financial statements, for the years presented are as follows:

i) **Differences in positive acquisition (Goodwill)**

The positive differences between the acquisition cost of investments in Group companies, jointly controlled entities and associates and the fair value of the identifiable assets and liabilities (including contingent liabilities) of those companies on the date of their acquisition are recorded under the heading 'Goodwill' (in the case of investments in Group companies) or the value of the investment in associates and jointly controlled entities (in the case of investments in associates and jointly controlled entities).

Goodwill generated before the date of transition to IFRS (1 January 2004) or the result from the constitution of the Group remains registered by its net book value, determined in accordance with the Official Accounting Plan, being subject to impairment tests at the end of each year, from that date onwards.

The value of Goodwill is not amortised, being annually tested, at the end of each financial year, to check if there are any impairment losses, i.e., if Goodwill is not recorded by a superior value than its recoverable amount. Impairment losses of Goodwill, verified in the financial period, are recorded in the P&L statement under the heading 'impairment losses on non-financial assets'. The

recoverable amount is the highest between the net selling price and the value in use. The net selling price is the amount that would be obtained with the sale of the asset in a transaction within reach of the parties involved, minus expenses directly attributable to the sale. Value in use is the present value of the estimated future cash flows that are expected to result 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 it is not possible, for the cash-generating unit to which the asset belongs.

Impairment losses relating to Goodwill may not be reverted.

Goodwill arising from investments in companies of the Group, jointly controlled entities and associates, headquartered abroad and the fair value of the identifiable assets and liabilities of those companies on the acquisition date, are recorded in the functional currency of those companies, being translated into the reporting currency of the Group (Euro) at the exchange rate in force on the date of the financial position statement. Exchange rate differences arising from this conversion are recorded under 'Other comprehensive income - Currency conversion reserves'.

ii) Non-Current assets classified as held for sale

Non-current assets are classified as held for sale when their value is recovered through a sales transaction instead of during its continued use. However, this classification requires that the sale transaction is highly probable, that the asset is available for immediate sale, that the Board of Directors of the Group is committed to its sale and that it occurs in the short term (usually, but not exclusively, within a year).

Non-current assets classified as held for sale are recorded at the lowest of their book value, or their fair value, minus the expenses with their alienation, and, in the case of fixed assets affected to the operating unit held for sale, the depreciation is interrupted during that period.

iii) Intangible assets

Intangible assets are recorded at acquisition cost, minus amortisation and any accumulated impairment losses, and are only recognised if they are identifiable, if their value can be reasonably measured and if the Group has control over them.

Intangible assets are basically constituted by industrial property rights and software, and they are amortised by the straight-line method over a period of three years, as well as the expenses incurred with obtaining licenses to operate wind farms, which are amortised according to the period of the granted licenses (currently between 20 and 25 years).

The expenses incurred with the licensing of wind farms are capitalised in intangible assets solely when the following criteria are met:

- the economic viability studies demonstrate that there will be future economic benefits;
- the Group has the technical and financial capacity to carry out the installation and operation of wind farms; and
- the expenditure related to the stage of licensing of wind farms is reliably measured.

The expenses incurred by the Group during the research phase of wind farms are recognised in the income statement at the moment in which they are incurred.

The remaining research costs are recognised as an expense in the year in which they are incurred.

The intangible assets identified in the acquisition of a subsidiary are recorded separately from the heading 'Goodwill' if its fair value can be reliably estimated. The initial cost of such intangible assets is their fair value on the acquisition date.

After their initial recognition, intangible assets arising from the acquisition of a subsidiary are recorded at acquisition cost, minus amortisation and any accumulated impairment losses, in the same way as the intangible assets acquired by the Group. These assets are amortised by the straight-line method, usually during the period in which economic benefits are expected to occur.

iv) Tangible assets

Tangible assets are recorded at their acquisition cost, net of depreciation and accumulated impairment losses.

The Group did not register provisions for the decommissioning of wind farms or solar parks since the Group does not currently have any legal or contractual obligation to dismantle those assets.

Depreciation is ascribed on a systematic basis over the estimated useful lives of the assets, and land is not depreciable.

The tangible assets in course represent assets still in the construction/development phase, and they are recorded at acquisition cost, minus accumulated impairment losses. These tangible assets are depreciated from the moment in which the underlying assets are available for use and are in the necessary conditions in terms of technical quality and reliability to operate. Depreciation is ascribed on a systematic basis by the straight-line method over its useful life, which is determined taking into account the expected usage of the asset by the Group, the expected natural wear and tear and the fact that it is subject to predictable technical obsolescence.

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

Buildings:	20 to 50 years
Equipment:	
Basic equipment	3 to 7 years
Transportation equipment	4 to 5 years
Tools and utensils	3 to 5 years
Office equipment	3 to 10 years
Other tangible fixed assets:	
Wind farms and solar parks	15 to 25 years
Other tangible fixed assets	3 to 10 years

Maintenance and repair costs that neither increase the useful life nor create significant improvements in tangible fixed assets are recognized as costs in the year they are incurred.

v) Leases

Recognition

At the start date of each contract, the Group evaluates whether the scope of the contract corresponds to a lease contract or whether it contains a lease. A lease is defined as a contract, or part of a contract, by which the right to control the use of an identifiable asset is conferred for a given period in exchange for a price.

To determine whether a contract grants the right to control the use of an identifiable asset for a given period, the Group evaluates whether, during the period of use of the asset, it cumulatively has: (i) the right to obtain substantially all economic benefits derived from the use of the identifiable asset; and (ii) the right to control the use of the identifiable asset.

The Group recognises an asset under right of use and a lease liability on the date of entry into force of the lease. The asset under the right of use is initially calculated at cost, which includes the initial value of the lease liability adjusted by any lease payments that were made on or before the start date, in addition to any initial direct costs incurred, as well as an estimate of the costs of dismantling and removal of the underlying asset (if applicable), less any incentive granted.

The lease liability is initially recognised by the present value of the rent not yet paid at the date of the lease contract, discounting the interest implicit in the lease, or in cases where it is not possible to determine this rate easily, consider the incremental financing rate. The lease payments included in the measurement of the lease liability include the following:

- fixed payments (including payments in substance which are fixed) minus any incentives already received;
- variable lease payments, dependent on a specific rate or index;
- amounts due under a guarantee of the residual value;
- the exercise price of the purchase option, if it is reasonably certain that the lessee exercises the option;
- payment of penalties for termination of the contract if it is reasonably certain that the lessee cancels the contract.

After the initial date of application, the lease liability is increased to reflect interest on the liability and reduced to reflect payments made.

The lease liability is calculated at amortised cost, using the effective interest method. It is recalculated when changes are made to future payments arising from a change in the rate or index used to determine such payments, if a change occurs in the Group's

estimate of the amount to be paid under a guarantee of residual value, or if the Group changes its assessment on the option to exercise the purchase, its extension or termination.

When the lease liability is remeasured, the value of the asset under the right of use is also adjusted accordingly, or a profit or loss is recorded in the profit and loss statement if the carrying amount of the asset under the right of use was already reduced to zero.

Whenever the lease contract is modified, and the modification does not qualify as a separate lease, the Group recalculates liabilities with undue rents on lease contracts, discounting revised lease payments at the implicit rate of the lease or at the incremental financing rate determined on the date of the modification.

The Group presents assets under rights of use and lease liabilities under properly segregated items in the statement of financial position.

Short-term financial leases or low-value asset leases

The Group does not recognise as assets under the right of use or lease liabilities, lease contracts of a duration of less than 12 months or low-value leases. The Group recognises expenditure associated with these leases as a cost of the financial period during the period of life of the contracts.

Variable rents

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability nor the asset under the right of use. Such payments are recognised as expenses in the period in which the event or condition giving rise to payments occurs.

Depreciation

The asset under the right of use is depreciated using the linear depreciation method, based on the lowest between the asset's useful life under the right of use or the end of the lease term. The estimated useful life of assets under the right of use is determined on the same basis as for other tangible assets.

Impairments

The asset under the right of use is periodically reduced by impairment losses and adjusted by certain variations in the obligation for leases associated with the asset.

vi) Investment Properties

The investment properties comprise essentially real estate and land held to earn income or capital appreciation, or both, and not for use during the current activity of the business.

The investment properties are initially recorded at acquisition cost, plus acquisition charges and ownership registration fees. After initial recognition, investment properties are measured at their fair values, with recognition of changes in fair value in the results for the year in which they occur.

The expenses incurred (maintenance, repairs, insurance and taxes on properties) and revenues and rents obtained with the investment properties are recognised in the income statement for the year to which they relate.

Whenever, due to a change in the use of tangible fixed assets, these are transferred to the investment property item, the assets are measured at fair value, and any excess calculated over the book value is recorded as a revaluation surplus. Subsequent revaluation gains and losses (fair value) are recorded in results following IAS 40.

vi) Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when it is a contractual party of the instrument.

The financial assets and liabilities are initially measured at their fair value. The transaction costs directly attributable to the acquisition or the issue of financial assets and liabilities (which are not financial assets or liabilities calculated at fair value through results) are added to or deducted from the fair value of the asset or financial liability, as the case may be, on initial recognition.

The transaction costs directly attributable to the acquisition of assets or liabilities are recognised at fair value through results immediately in the consolidated income statement.

vii.1) Financial assets

All purchases and sales of financial assets are recognised at the date of signing the respective sale and purchase agreements, regardless of the date of their financial settlement.

All recognised financial assets are subsequently calculated at amortised cost, or at their fair value, depending on the business model adopted by the Group and the characteristics of their contractual cash flows.

Classification of financial assets:

a) Debt and receivables instruments

Debt instruments of fixed income and receivables that comply with the following conditions are measured subsequently at amortised cost:

- (i) the financial asset is held taking into account a business model whose goal is to keep it to receive their contractual cash flows; and
- (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of capital and interest on the amount of capital in debt.

The effective interest rate method calculates the amortised cost of a financial instrument and allocates the respective interest during the period of its validity.

For financial assets that are not acquired or originated with impairment (i.e., impaired assets on initial recognition), the effective interest rate is the rate that discounts exactly the estimated future cash flows (including fees and commissions paid or received, which are an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life cycle of the instrument in its gross carrying amount on the date of its initial recognition.

The amortised cost of a financial asset is the amount by which it is measured in the initial recognition deducted from capital repayments, plus the accumulated amortisation, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted in any possible impairment losses.

The income associated with interest is recognised in the consolidated income statement under the item 'Financial income and gains', through the effective interest rate method, for financial assets recorded subsequently at amortised cost or fair value through the profit and loss statement. The interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

Debt instruments and receivables that comply with the following conditions are subsequently calculated at fair value through other comprehensive income:

- (i) the financial asset is held taking into account a business model whose objective foresees the receipt of its contractual cash flows and its divestiture; and
- (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of capital and interest on the amount of capital in debt.

(b) Capital instruments designated at fair value through other comprehensive income

On initial recognition, the Group may make an irrevocable choice (financial instrument by financial instrument) to designate certain investments in equity instruments (shares) at fair value through other comprehensive income. The designation at fair value through other comprehensive income is not permitted if the investment is held for trading purposes or if it is the result of recognised contingent consideration in the context of a combination of business activities.

An equity instrument is held for trading, if:

- (i) it is purchased mainly with the purpose of sale in the short term;

- (ii) on initial recognition, it is part of a portfolio of identified financial instruments that Martifer administers together and in which there is evidence of a recent real pattern of obtaining profits in the short term; or
- (iii) if it is a derivative financial instrument (except if it is assigned to a hedging operation).

Investments in equity instruments recognised at fair value through other comprehensive income are measured initially at their fair value plus transaction costs. Subsequently, they are measured at their fair value with gains and losses arising from their variation recognised in other comprehensive income. At the moment of their sale, the accumulated gain or loss generated with these financial instruments is not reclassified for the consolidated income statement but transferred only to the item 'Other reserves and retained earnings'.

Dividends associated with investments in equity instruments recognised at fair value through other comprehensive income are recognised in the consolidated income statement when they are assigned/ determined unless they clearly represent a recovery of part of the investment cost. Dividends are recorded in the consolidated statement of results under the item 'Income and financial gains'.

c) Financial assets at fair value through profit and loss

Financial assets that do not meet the criteria for being calculated at amortised cost or fair value through other comprehensive income are calculated at fair value through results.

Financial assets recorded at fair value through results are calculated at fair value determined at the end of each reporting period, being the respective gains or losses recognised in the consolidated income statement, except if they are part of a hedging relationship.

d) Green certificates

Green Certificates are instruments that approve the production of a given amount of electricity from renewable energy sources.

In Romania, until 2017, green certificates were attributed of two types: green certificates that could be traded until the end date of the Romanian renewable incentive scheme, which is by 2032, and suspended green certificates (which could be traded between 2018 and 2025). Since 2018, only one green certificate for each MW produced has been awarded to Martifer Renewables, and they are traded on the free market.

At the date of publication of the financial statements there is no accounting standard or an interpretation in the International Financial Reporting Standards ('IFRS') which deals specifically with the accounting of emissions or certificates of renewable energy.

When the certificates are received, the company recognises an asset in 'Financial assets at fair value through results' (current or non-current, depending on the period in which they will be sold) and the corresponding 'Deferred Income'. The revenue is recognised in a P&L item when the certificates are sold. After initial recognition, the certificates are valued at the transactionable price available to date. At the end of each period, these are evaluated using the fair value at that date, which corresponds to market rates. The resulting difference is recorded under the same heading, "Deferred income". The value of the reversed certificates for not having been used within the term of validity shall be recorded in 'financial expenses and losses'.

Impairment of financial assets

The Group recognises expected impairment losses for debt instruments measured at amortised cost or at fair value through other comprehensive income, such as accounts receivable from clients, other debtors and assets associated with contracts with clients.

The amount of expected impairment losses for the financial assets mentioned above is updated at every reporting date to reflect changes in credit risk that occurred since the initial recognition of the respective financial assets.

The expected impairment losses for credit granted (receivables from clients and other debtors and assets associated with contracts with clients) are estimated using a matrix of uncollectability based on the credit history of the Group's debtors in the last four years, adjusted by specific factors attributable to debtors, as well as by macroeconomic conditions that are estimated for the future. For this purpose, the balances of clients and other debtors were grouped taking into account the similar credit risk profiles (country, business unit, type of debtor - public or private, etc.) and maturity intervals. (see Note 1.4 xxix.e)

The Group recognises impairment losses expected for credit granted for the entire life cycle of receivables from clients and other debtors, as well as for the assets associated with contracts with clients.

As regards balances receivable from jointly controlled companies and associates, which are not considered part of the financial investment in those companies, the credit impairment is assessed taking into account the following criteria: (i) if the balance receivable is payable on demand; (ii) if the balance receivable is of low risk; (iii) if its term is less than 12 months.

In cases in which the balance receivable is payable on demand and the related party can pay, the probability of default was considered close to 0%; therefore, the impairment was considered equal to zero. In the cases in which the balance receivable is not payable on demand, the credit risk of the related company is assessed, and if it is 'low' or if the term is less than 12 months, Martifer only assesses the probability of occurrence of default for the cash flows that are due in the following 12 months.

For all other situations and types of balances receivable, the Group applies the general approach of the impairment model, assessing on each reporting date if there has been a significant increase in the credit risk since the date of the initial recognition of the asset. If there hasn't been an increase in the credit risk, Martifer calculates an impairment corresponding to the amount equivalent to the expected losses in a period of 12 months. If there has been an increase in the credit risk, the Group calculates an impairment corresponding to the amount equivalent to the expected losses for all contractual cash flows until the asset's maturity. The assessment of the credit risk is carried out according to the criteria disclosed in the credit risk management policies included in Note 1.4 xxix.e.

Write-offs Policy

Martifer shall write-off a financial asset when there is information that demonstrates that the debtor is in the process of liquidation or bankruptcy and when there are no realistic prospects of credit recovery. However, the cancelled financial assets may still be subject to recovery procedures by the Group. Any subsequent recoveries will be recognised in the consolidated income statement.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire or when it transfers the financial asset and substantially all the risks and benefits associated with its ownership to another entity. If the Group does not transfer or substantially retain all the risks and benefits associated with the ownership of a financial asset but continues to control it, the Group recognises its interest in the retained asset and an equivalent liability to the amount that it will have to return. If the Group substantially retains all the risks and benefits associated with the ownership of a transferred financial asset, the Group continues to recognise it and additionally recognises a loan in the amount received in the meantime.

In the derecognition of a financial asset calculated at amortised cost, the difference between its recorded amount and the sum of the consideration received and receivable is recognised in the consolidated income statement.

vii.2) Financial liabilities and equity instruments

Classification as a financial liability or as an equity instrument

Financial liabilities and equity instruments are classified as liabilities or as equity according to the contractual substance of the transaction.

Equity

The Group considers equity instruments to be those in which the contractual support of the transaction shows that a third party holds a residual interest in the set of assets after deducting the liabilities of the Group companies.

Equity instruments issued by the Group are recorded by the amount received, net of the costs directly attributable to their issue.

The repurchase of equity instruments issued by the Group (own shares) is accounted for by its acquisition cost as a deduction from equity. The gains or losses inherent to the alienation of own shares are registered under the item 'Other reserves and retained earnings'.

Financial liabilities

After initial recognition, all financial liabilities are subsequently calculated at amortised cost or fair value through results.

Financial liabilities are recorded at fair value through results when:

- (i) the financial liabilities result from a contingent consideration due to a concentration of business activities;
- (ii) when the liability is not held for trading; or
- (iii) when the liability is designated to be recorded at fair value through profit and loss.

A financial liability is classified as held for trading if:

- (i) it is acquired mainly for the purpose of disposal in the short term; or
- (ii) on initial recognition, if it is part of a portfolio of identified financial instruments that the Group manages together and where there is evidence of a recent real pattern of obtaining profit in the short term; or
- (iii) if it is a derivative financial instrument (except if it is affected to a hedging operation).

The financial liabilities recorded at fair value through results are measured at fair value with the respective gains or losses arising from their variation recognised in the consolidated income statement, except if they are affected to hedging transactions.

Financial liabilities measured subsequently to amortised cost

The financial liabilities that are not designated for registration at fair value through results are measured subsequently at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the respective interest during the period of its validity.

The effective interest rate is the rate that discounts exactly the estimated future cash flows (including fees and commissions paid or received, which form an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life cycle of the financial liability in its carrying amount at the date of its initial recognition.

Types of financial liabilities

Loans in the form of emissions of commercial paper are classified as non-current liabilities when they have a guarantee of placement for a period exceeding one year, and it is the Group's Board of Directors' intention to use this source of funding also for a period exceeding one year.

The other financial liabilities relate, essentially, to factoring and financial leasing operations, which are initially recorded at their fair value. These financial liabilities are, subsequent to their initial recognition, calculated at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the obligations of the Group are settled, have been cancelled or have expired.

The difference between the derecognised carrying amount of the financial liability and the consideration paid or payable is recognised in the consolidated income statement.

When the Group exchanges with a certain creditor a debt instrument for another with substantially different terms, this exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Similarly, the Group accounts for the substantial modifications in terms of an existing liability, or part of it, with a termination of the original financial liability and the recognition of a new financial liability. The terms are assumed to be substantially different if the present value discounted of the cash flows of the renegotiated financial liability, including any fees paid net of any commissions

received, discounted using the original effective interest rate, are at least 10 per cent divergent of the present value of discounted cash flows remnant of the original financial liability.

If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification and (ii) the present value of future cash flows after the modification is recognised in the income statement as a gain or loss of the modification, in financial income/ expenses.

vii.3) Financial derivatives

The Group uses financial derivatives to manage its financial risks solely as a means of hedging these risks, and financial derivatives are not used for the purpose of speculation. The use of financial derivatives has been duly regulated by the Group.

Financial derivatives are initially recognised at their fair value at the date on which they are contracted, being subsequently recalculated at their fair value at each reporting date. The resulting gain or loss is recognised immediately in the income statement unless the financial derivative is designated as a hedging instrument, in which case the recognition in the income statement depends on the nature of the hedging relationship.

As mentioned above, the financial derivatives used by the Group are hedging instruments of interest rate and exchange rate mainly associated with obtained loans. The loan amounts, the interest maturity dates and the repayment plans are generally similar to the conditions set for interest rate and exchange rate hedging instruments, so, normally, hedging is highly effective.

The criteria used by the Group in the initial recognition to classify financial derivatives as cash flow hedging instruments are the following:

- (a) The hedging relationship is composed only of eligible hedging instruments and eligible hedged items;
- (b) At the beginning of the hedging relationship, there is a formal description and documentation regarding the hedging relationship and the risk management goal and strategy of the entity to make the hedging; and
- (c) The hedging relationship satisfies all the following requirements of hedging effectiveness:
 - (i) There is an economic relationship between the hedged item and the hedging instrument;
 - (ii) The credit risk effect does not dominate the changes in value that result from that economic relationship; and
 - (iii) The hedging ratio of the hedging relationship is the same that results from the amount of the hedged item that an entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that amount of the hedged item.

The financial derivatives for interest rate and exchange rate hedging are initially recorded at their fair value. Subsequent changes in the fair value of financial derivatives assigned to cash flow hedges, associated with the actual hedging part, are recognised in the consolidated statement of other comprehensive income under the caption "variation, net of taxes, at fair value of financial derivatives of cash flow hedge" and are transferred to results in the same period in which the instrument object of hedging affects the results.

Any potential hedging inefficiencies are recorded under the items "Income and financial gains" and "Expenses and financial losses" of the consolidated income statement of the period.

The accounting of cash flows hedging should be discontinued if the hedging instrument matures or terminates early, if the hedging ceases to be effective or if it is decided to terminate the designation of the hedging relationship. In these cases, the accumulated gain or loss resulting from the hedging instrument should remain recognised separately in equity, being reflected in results in the same time period of the recognition in results of gains or losses on the hedged item.

A financial derivative with a positive fair value is recognised as a financial asset, whereas a financial derivative with negative fair value is recognised as a financial liability.

Financial derivatives are not compensated in the consolidated financial statements unless the Group has a legal right and the intention to compensate them.

A financial derivative is presented as a non-current asset or non-current liability if its residual maturity term does not exceed 12 months from the report date, and it is not expected that it is materialised or settled within 12 months from the date referred to above. The remaining financial derivatives are presented as current assets or current liabilities.

vii.4) Fair value of financial assets and liabilities

In determining the fair value of a financial asset or liability, if there is an active market, the market price is applied.

This is level 1 of the hierarchy of fair value as defined in IFRS 13 - Fair Value: measurement and disclosure.

In case there isn't an active market, which is the case for certain financial assets and liabilities, assessment techniques that are generally accepted by the market are used based on market assumptions. This is level 2 of the hierarchy of fair value as defined in IFRS 13.

The Group applies evaluation techniques for the unlisted financial instruments, such as derivatives, financial instruments at fair value through results and for financial assets held for sale. The valuation models that are most often used are models of discounted cash flows and option valuation models that incorporate market information such as interest rate curves.

For some types of financial instruments that are more complex, more complex evaluating models are used containing assumptions and data that are not directly observable in the market, for which the entity uses internal estimates and assumptions. This is level 3 of the hierarchy of fair value as defined in IFRS 13.

The assets and liabilities measured at fair value are the following:

- Investment properties (level 3);
- Other Financial Assets/ Green Certificates (level 1).

viii) Cash and cash equivalents

'Cash and cash equivalents' include cash on hand, current and term bank deposits, and other treasury applications (with maturity under three months, readily convertible into a known cash amount and which are not subject to a significant risk of change in value).

ix) Inventories

Goods, raw materials (subsidiary and for consumption) are valued at the lowest of the average acquisition cost, or of the respective market value (estimation of its sale price minus expenses to be incurred with its disposal). The finished and semi-finished products, the sub-products and the products and work in progress are valued at production cost, which is lower than its market value. The production costs include the cost of the incorporated raw material, direct labour and production overheads.

Impairments are recognised whenever it is estimated that the net realisable value is lower than the book value, and the impairments are recognised under the heading 'Other operating expenses' of the P&L Statement (Note 10).

Inventories allocated to a specific project of the 'Metallic Constructions' segment are recorded in "Other current assets – Expenses to be recorded – works in progress" (Note 28) until they are actually consumed in the production process. On 31 December 2020, the value of inventories in this condition amounted to EUR 2,954,067 (EUR 6,008,384 on 31 December 2019).

x) Accruals and deferrals

Revenue and expenses are recorded in the period to which they relate, regardless of their date of payment or receipt. The differences between the amounts received and paid for and the corresponding revenues and expenses are recorded under the caption 'Other current assets', 'Other non-current assets', 'Other current liabilities' and 'Other non-current liabilities'.

xi) Revenue

The Group's main revenue sources can be detailed as follows:

(i) Metallic Constructions – In this area, the Group develops and provides global and innovative engineering solutions, in the metallic structures and aluminium and glass façades segments, with emphasis on the construction of various infrastructures such as airports, ports, stadiums, residential and commercial buildings, among others;

(ii) Shipbuilding – In this area, the Group develops shipbuilding projects;

(iii) Ship repair – In this area, the Group provides repair and vessel conversion services;

(iv) Operation and Maintenance – In this area, the services provided by the Group in operation and/or maintenance of infrastructures, in particular infrastructures for oil & gas, industrial facilities and wind farms and solar parks;

(v) Sale of Energy - This area includes, essentially, the activity of electricity generation and trading.

Nature, performance bonds and moment of recognition of revenue

(i) Metallic Constructions

In these types of revenue, the Group executes agreements with public and private entities to render construction services that include several components/ tasks. Although, in most cases, clients can benefit from the different components/ tasks independently, given that they are negotiated together, the promise of transfer of each one of them is not separately identifiable from the others. Additionally, given that the components/ tasks referred to above are typically highly interrelated and interdependent, the Group believes that they should be treated as a single performance obligation. This way, typically, each construction agreement is treated as being a single performance obligation.

On the other hand, given that the clients have the capacity (control) to guide the use of the asset as it is being built and the capacity to substantially obtain all the economic benefits remaining therefrom, the Group's performance obligation in these cases is met over time, and revenue is recognised in accordance with the percentage of completion using as a method of preparation of performance measurement reports (described below).

Therefore, the Group recognises the results of construction contracts, contract by contract, in accordance with the percentage of completion that results from the method of the performance measurement reports (Output method), which accurately reflects the physical evolution of the work on a given date. The differences obtained between the values resulting from the application of the performance measurement report and the values invoiced until that time are accounted for under the items assets/ liabilities related to contracts with clients. In addition, the Group's Board of Directors believes that the method of the performance measurement reports is the most appropriate method to be applied to measure the level of accomplishment of the performance obligations in metallic constructions contracts.

In order to cover the expenses to be incurred during the warranty period of the construction contracts, the Group recognises a provision to accommodate such legal obligation, which is calculated taking into account the historical production values and expenses incurred with contracts in the warranty period. Since the quality guarantees provided by the Group result solely from a legal obligation (both in their scope and their period of validity), they are not treated as autonomous performance obligations.

In situations in which the Group has the capacity (control) to guide the use of the asset as it is being built and the ability to substantially obtain all the economic benefits remnant of it (in particular in the real estate activity), revenue is recognised when the Group transfers the control of the asset to the client (usually at the time of signature of the sale and purchase deed of the property).

(ii) Shipbuilding

In these types of revenue, the Group executes with public and private entities agreements to render naval construction services that include several components/ tasks. Although, in most cases, clients can benefit from the different components/ tasks independently, given that they are negotiated together, the promise of transfer of each one of them is not separately identifiable from the others. Additionally, given that the components/ tasks referred to above are typically highly interrelated and interdependent, the Group believes that they should be treated as a single performance obligation. This way, generally, each construction contract is treated as being a single performance obligation.

On the other hand, given that the clients have the capacity (control) to guide the use of the asset as it is being built and the capacity to substantially obtain all the economic benefits remaining therefrom, the Group's performance obligation in these cases is satisfied over time, with revenue being recognised in accordance with the percentage of completion based on the total costs incurred vs total estimated costs (described below).

Therefore, the Group recognises the results of shipbuilding contracts, contract by contract, in accordance with the percentage of completion method (inputs method), which is understood as the relation between the costs incurred in each contract up to a certain date and the sum of these expenses with the estimated expenses to complete it. The differences obtained between the amounts resulting from the application of the degree of completion to the estimated total income and the amounts invoiced so far are accounted for under the item 'assets/liabilities associated with contracts with customers'. Additionally, the Group's Board of Directors believes that the percentage of completion method is the most appropriate method to apply to measure the stage of fulfilment of performance obligations in shipbuilding contracts.

For the purposes of applying the percentage of completion method, costs with training, budgeting, travel, etc., are not considered, as they do not reflect the progress and transfer of control to the client.

To cover the costs to be incurred during the warranty period of shipbuilding contracts, and given that the warranty period amounts to one year, this is a component of the contract, with deferred income on work being recorded until its expiry.

(iii) Ship repair

In this type of revenue, as a rule, there is no formal contract between the Group and the client requesting the repair, so there is no sales price or pre-established delivery dates.

Thus, in these services, the way revenue is recognised in this type of contract is always when a certain cost is incurred associated with a project. It is possible to recognise revenue in this same repair for the value of that cost plus the margin that was previously established by the company (cost-plus method).

(iv) Operation & Maintenance

Regarding the provision of infrastructure operation and maintenance services, given that clients receive and simultaneously consume the economic benefits arising from the Group's performance as it develops its activity (maintenance of oil & gas facilities and industrial facilities and operation and maintenance of wind and solar projects), the Group's performance obligation in these cases is satisfied over time, with revenue recognised when the Group is entitled to invoice the services provided.

(v) Sale of Energy

In this business revenue, under the executed agreements, the Group sells, in particular to companies that manage energy networks, the energy that it produces. Thus, each agreement on the sale of energy is regarded as an autonomous performance obligation. On the other hand, given that clients receive and consume at the same time the economic benefits arising from the performance of the Group as it develops its activity (production of energy), the Group's performance obligation in these cases is met over time, and the revenue is recognised at the moment that the Group has the right to invoice it.

Generally, and given the typology of services performed by the Group, the allocation of the price to the different performance obligations is detailed in the agreements executed with the clients.

Significant financing components

Whenever there is a long delay (over 12 months) between the time that an asset or service is made available to the client and the time of its receipt, the Group assesses the existence of a significant financing component in the agreement. If there is one, that component is treated as an autonomous performance obligation, and the respective interest is recognised as revenue over the estimated financing period.

Additionally, the Group also assesses the existence of a significant financing component in the prepayments received from clients. If there is one, that component is treated as an autonomous performance obligation, and the respective interest is recognised as cost over the estimated financing period. In 2019 and 2020, no significant funding component was identified.

Variable revenue components

For the purpose of determining the total price of the agreement, the Group takes into account all of its variable components, in particular, discounts, bonuses, price revisions, penalties, requests for recovery of costs incurred, among others. However, the Group only recognises revenue associated with the variable components when it is highly likely that its reversal will not occur in the future. Thus, as regards the price revisions, given that the calculation formula inherent to its calculation generally comprises some

indices of difficult estimation, the associated revenue is only recognised at the moment in which it can be calculated with reliability. Similarly, given that historically the Group has not been subject to penalties imposed by its clients, they are only recognised when it is highly likely that they will occur. Finally, submission for recovery of costs incurred (which include, among others, claims) is only considered as revenue when it is highly likely that the client accepts such a request and that the respective amount will not be reversed in the future.

Assets associated with agreements with clients

Assets associated with agreements with clients correspond to performance obligations already fulfilled by the Group under the contracts established with clients for which the respective invoicing has not yet been issued (essentially production carried out under metallic constructions contracts recognised by the performance measurement reports method and the shipbuilding ones by the percentage of completion method, using the total costs incurred vs total estimated costs as a basis). When the respective invoice is issued, and the right to its receipt is unconditional, the balance of this item is transferred to the item "Trade receivables and other receivables".

Liabilities related to agreements with clients

The liabilities associated with the agreements with clients correspond to pre-payments received from clients regarding the performance obligations to be executed by the Group in the future or deferred income resulting from the adoption of the method of performance measurement reports, in particular, the metallic constructions and shipbuilding contracts in progress, respectively.

Costs associated with the fulfilment of agreements with clients

The costs associated with the fulfilment of agreements with clients are recognised in the consolidated statement of financial position when:

- (i) they are related to an existing agreement or a specific future agreement;
- (ii) they create resources that will be used to fulfil one or more obligations of future performance;
- (iii) they are expected to be recoverable; and
- (iv) they are not already covered by the scope of another IFRS, as for example, inventories, assets, tangible or intangible assets.

Thus, labour costs, costs of material and other indirect costs or other specific costs with the installation, mobilisation and demobilisation of work sites in construction agreements are recognised under this heading.

The costs associated with the fulfilment of agreements with clients are recognised throughout the duration of the construction agreement in operational costs items.

When it is likely that the total expenditure foreseen in the construction agreement exceeds the income defined therein, the expected loss is recognised immediately in the consolidated P&L Statement as a provision for onerous agreements.

xii) Own work capitalised

The internal expenses (material, labour and general manufacturing overheads) incurred in the production of tangible fixed assets are capitalised only when the following requirements are met:

- the developed assets are identifiable;
- there is a strong likelihood that the assets generate future economic benefits; and
- expenditure is reliably measured.

xiii) Expenditure with the preparation of proposals

Expenses incurred with the preparation of proposals in various tenders are recognised in the P&L Statement for the year in which they are incurred since the outcome of proposals ca not be controlled.

xiv) Balances and transactions expressed in foreign currency

In the preparation of the consolidated financial statements, the assets and liabilities of the financial statements of foreign entities of the Group are converted into Euro using the exchange rates at the date of closure of the financial position statement. The expenditures and revenues, as well as the cash flows are also converted into Euro using the average exchange rate recorded in the year. In addition, some medium- and long-term loans or without defined repayment term, granted to subsidiaries that operate in countries that do not adopt the Euro, were regarded as an integral part of the Group's net investment. Exchange differences arising from these conversions are recorded in the statement of comprehensive income under the heading 'currency translation reserves'. At the time of disposal of such foreign entities, the accumulated foreign exchange translation differences are recorded in the P&L Statement.

Goodwill and adjustments to the fair value of acquired assets and liabilities, resulting from the acquisition of foreign entities, are treated as assets and liabilities in foreign currency and are translated into Euro using the exchange rates at the date of closure of the financial position statement.

The following exchange rates were used in the preparation of the financial statements:

1 € EQUALS:	CLOSING RATE			AVERAGE RATE		
	FY 2020	FY 2019	EVOLUTION IN %	FY 2020	FY 2019	EVOLUTION IN %
Polish zloty	4.560	4.257	7.1%	4.443	4.298	3.4%
Romanian new leu	4.868	4.783	1.8%	4.838	4.745	2.0%
US dollar	1.227	1.123	9.2%	1.142	1.119	2.0%
South african rand	18.022	15.777	14.2%	18.765	16.176	16.0%
Brazilian real	6.374	4.516	41.1%	5.894	4.413	33.6%
Angolan kwanza	828.370	557.106	48.7%	684.027	557.106	22.8%
Moroccan dirham	10.871	10.726	1.4%	10.819	10.759	0.6%
Pound sterling	0.899	0.851	5.7%	0.890	0.878	1.4%
Mozambique metical	90.620	68.550	32.2%	78.888	69.349	13.8%
Saudi riyal	4.588	4.209	9.0%	4.277	4.198	1.9%
Ukrainian hryvna	34.514	26.708	29.2%	30.839	28.898	6.7%
Argentinian peso	103.530	67.226	54.0%	103.530	67.226	54.0%
Swiss franc	1.080	1.085	0.0%	1.071	1.112	0.0%
Colombian Peso	4.169.968	3.682.970	13.2%	4.213.010	3.669.590	14.8%
United arab emirates dirham	4.505	4.125	0.0%	4.193	4.111	0.0%
Peruvian nuevo sol	4.420	3.712	19.1%	3.993	3.732	7.0%

xv) Income Taxes

The Income tax for the period includes current and deferred tax, in accordance with IAS 12. Current tax is calculated on the basis of the respective taxable income, in accordance with the tax rules in force at the place where each Group company has its registered office.

Deferred taxes are calculated on the basis of the balance sheet liability method and refer to temporary differences between the amount of assets and of liabilities for accounting purposes and their respective amounts for tax purposes, as well as to certain tax credits attributed to the Group.

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

Deferred tax assets are only recognised to the extent that there is a reasonable probability that taxable profits will be available against which to offset them. At the date of each financial position statement, deferred tax assets are reviewed and derecognised whenever it is probable that they will no longer have a future use.

Deferred tax liabilities are recognised for all taxable temporary differences, except those related to:

(i) the initial recognition of Goodwill; or (ii) the initial recognition of assets and liabilities, which do not result from a concentration of business activities, and which at the date of the transaction do not affect the accounting or tax result. However, with regards to the

temporary taxable differences associated with investments in associates and jointly controlled companies, these should not be recognised to the extent that: i) the parent company has the ability to control the period of the reversal of the temporary difference; and (ii) it is probable that the temporary difference will not reverse in the near future.

The amount of deferred tax resulting from transactions or events recognised in equity accounts is recorded directly under these same items, not affecting the income statement.

For jurisdictions in which there was no clarification regarding the acceptance as a tax cost of registering asset rights and their subsequent depreciation, of lease liabilities and associated financial expenses, as provided for in IFRS 16, the Board of Directors decided for the sake of prudence to consider that records made in respect of lease contracts previously classified as operating lease are not tax relevant and the amount of rent paid is only accepted as tax cost. Thus, and applying the exemption from the initial recognition of an asset or liability, provided for in paragraph 15 of IAS 12 – Income Tax, the Group has not recorded deferred taxes related to the temporary differences resulting from the application of IFRS 16.

The amount of estimated assets and liabilities recognised in the consolidated financial statements on account of tax processes results from an assessment carried out by the Group with reference to the date of the consolidated statement of financial position, regarding potential differences of interpretation with the Tax Administration, regarding the application of the tax rules and their recent developments.

The Group, with regard to the measurement of uncertain tax positions, takes into account the provisions of IFRIC 23 — Uncertainty over Income Tax Treatments, namely in the measurement of risks and uncertainties in defining the best estimate of the expense required to settle the obligation, by weighing all the possible outcomes controlled by it and their associated probabilities.

xvi) Financial charges on loans

The financial cost of loans obtained directly related to the construction of fixed assets and some inventories (real estate projects) are capitalised as part of the cost of the asset. The capitalisation of these charges starts after the beginning of the preparation of the construction activities or the development of the asset and is stopped after the beginning of use, at the end of production or construction of the asset or when the project in question is suspended.

The remaining financial charges related to obtained loans are recognised as an expense in the period in which they are incurred.

xvii) Provisions

Provisions are recognised when, and only when, the Group has a present obligation (legal or implicit) resulting from a past event and it is probable that for the resolution of this obligation, there will be an outflow of resources and the amount of the obligation can be reasonably estimated. The provisions are reviewed on the date of each financial position statement and are adjusted to reflect the best estimate at that date, taking into consideration all the risks and uncertainties inherent to such estimates. When a provision is determined using future cash flows estimated to settle the existing obligation, its carrying amount is the present value of those cash flows.

The provisions constituted by Martifer Group essentially result from:

a) Construction guarantees

The Group recognises a provision for the estimated costs to be incurred in the future with the construction guarantees provided on metallic structures or on sold solar parks and wind farms. This provision is made on the date of the recognition of revenue, affecting the gain obtained by it. At the end of the warranty period (5 years in average) any remaining value of the provision is reversed by the results of the period.

b) Onerous contracts

The Group recognises a provision for onerous contracts on the date in which the cost incurred is determined to comply with the obligation exceeds the estimated economic benefits. This analysis is carried out on an individual basis.

c) Ongoing legal claims

Provisions for legal claims are recognised when, due to actions filed by third parties Martifer has a present obligation (legal or implicit) resulting from a past event, it is probable that for the resolution of this obligation there will be an outflow of resources and the amount of the obligation can be reasonably estimated.

(d) Associates and joint ventures recorded using the equity method

A provision is recognised whenever the associate has negative equity, and it is considered that the Group took responsibility in addition to its participation in the share capital.

xviii) Subsidies granted by the State

Subsidies attributed to finance training sessions and support on recruitment are recognised as income during the period in which the Group incurs in the respective costs.

Subsidies attributed to finance investments in assets are recorded as deferred income and recognised in the P&L statement, under the heading 'Other operating income', during the period of useful life estimated for the subsidised goods.

xix) Impairment of assets that are not Goodwill

An impairment assessment is made at the date of each financial position statement whenever an event or change in the circumstances is identified that indicates that the amount for which an asset is registered may not be recovered. Whenever the amount for which an asset is recorded is greater than its recoverable amount, an impairment loss is recognised in the P&L statement under the item 'Impairment losses'. The recoverable amount is the highest between the two: net sale price and value in use. The net selling price is the amount that would be obtained with the sale of the asset in a transaction within reach of the parties involved, less expenses directly attributable to the sale. Value in use is the present value of the estimated future cash flows that are 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 it is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recorded in previous years is recognised when the underlying reasons that caused that entry are no longer applicable and, consequently, the asset is no longer impaired. The reversal of impairment losses is recognised in the P&L statement as operating income under the caption 'Impairment losses'. However, the reversal of an impairment loss is only recognised up to the amount that would be recorded (whether using the historical cost or the revalued amount, net of amortisation and depreciation) if the impairment loss had not been recorded in previous years.

xx) Employee benefits

Benefits granted to current and non-current employees

A liability is recognised for the benefits granted to employees related to salaries, holidays and holiday allowances in the period in which the service of the employees is provided, and it is recognised in the amount of expected benefits to be paid.

Liabilities recognised relating to benefits granted to current employees are measured at the undiscounted amount of the benefits expected to be paid for the services provided.

Recognised liabilities relating to benefits granted to non-current employees are measured at the current value of expected future payments for services rendered by employees up to the reporting date.

Variable remuneration

According to the Statutory provisions of some Group companies, the shareholders of these companies approve at a General Meeting or within a Remuneration Committee elected by the shareholders, the fixed and variable remuneration to be distributed to members of governing bodies. Variable remuneration is recorded in the results of the period to which it relates.

xxi) Classification in the financial position statement

Assets to be realised and liabilities to be settled twelve months after the financial reporting date are classified, respectively, as non-current assets and liabilities. Likewise, given their nature, 'Deferred tax' and 'Provisions' are classified as non-current assets and liabilities.

xxii) Contingent assets and liabilities

Contingent liabilities are not recorded in the financial statements. Instead, they are disclosed unless the possibility of an outflow of funds affecting future economic benefits is remote.

Contingent assets are not recorded in the financial statements but are disclosed in the Notes when future economic benefits are probable.

xxiii) Cash Flow Statement

The consolidated cash flow statement is prepared using the direct method, in accordance with IAS 7.

The cash flow statement is classified in operating, investment and financing activities. Operating activities include cash receipts from clients, payments to suppliers, payments to employees and other relating to operating activities. The cash flows included in investing activities include, inter alia, acquisitions and disposals of investments in subsidiaries and receipts and payments arising from the purchase and sale of tangible and intangible assets.

The cash flows covered in the financial activities include, in particular, payments and receipts relating to loans obtained, lease contracts, and payment of dividends.

xxiv) Subsequent events

Events occurring after the date of the financial statements that provide additional information on conditions that existed at the date of the financial statements (adjustable events) are reflected in the consolidated financial statements.

Events after the date of the financial statements that provide information on conditions to occur after the date of the financial statements (non-adjustable events), if material, are disclosed in the notes to the consolidated financial statements.

xxv) Judgements and estimates

In preparing the consolidated financial statements, the Board of Directors used its best knowledge and accumulated experience of past and/or current events in making certain assumptions as to future events.

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

- a) useful lives of tangible assets (see Note 1.4. iv);

The useful life of an asset is the time during which an entity expects that an asset is available for use, and this should be reviewed at least at the end of each financial year.

The determination of the useful lives of the assets, the method of amortisation/ depreciation to be applied and the estimated losses deriving from the replacement of equipment before the end of its useful life due to technological obsolescence is essential to determine the amount of amortisation/ depreciation to be recognised in the consolidated P&L statement of each period.

These three parameters are defined in accordance with the best estimate by the management for the assets and businesses in question, also considering the practices adopted by companies that have the same operating segments as the Group has.

- b) fair value of investment property (see Note 1.4. vi);

The investment properties are measured at their fair value, which is determined based on assessments made by independent specialised entities and in accordance with generally accepted valuation criteria for the real estate market. These ratings are based on observable market data and require judgment by the evaluator as regards to transaction conditions of each property in the market, which may differ from the results calculated in the future.

The information on the most relevant assumptions used in determining the fair value for the main property held by the Group is disclosed in Note 21.

- c) impairment to Goodwill (see Note 1.4. i);

Goodwill is subject to an annual impairment test or whenever there are indications of a possible loss of value. The recoverable value of the units that generate cash flows to which Goodwill is assigned is determined on the basis of the expected cash flows. These calculations require the use of estimates by the Board of Directors regarding the future evolution of the activity and of the considered discount rates.

The information on the most relevant assumptions used in the analysis of impairment, as well as the sensitivity of the results regarding some changes in the assumptions, is disclosed in Note 17.

d) provisions and contingent liabilities (see Note 1.4. xvii and Note 1.4. xxii);

The Group analyses on a regular basis any obligations arising from past events and that should be recognised or disclosed. The subjectivity inherent in determining the probability of the existence of a present liability and the amount of internal resources required to pay the obligations may lead to significant adjustments, either due to changes in the used assumptions or due to the future recognition of provisions previously disclosed as contingent liabilities.

e) impairment of assets that are not Goodwill (See Note 1.4.xix);

The determination of a possible impairment loss can be triggered by the occurrence of various events, many of which are outside the Group's sphere of influence, such as the future availability of financing, the cost of capital or any other changes.

The identification of indicators of impairment, the estimate of future cash flows and the determination of the recoverable amount of assets imply a high degree of judgement by the Board in relation to the identification and evaluation of different indicators of impairment, expected cash flows, applicable discount rates, useful lives and residual values.

The information on the most relevant assumptions used in the analysis of impairment, as well as the sensitivity of the results regarding some changes of assumptions, is disclosed in Note 19.

f) impairment losses of receivables (see Note 1.4.vii.1);

The impairment losses on receivables are calculated as indicated in Note 1.4.vii.1. Thus, the determination of impairment through the individual analysis corresponds to the judgement of the Group on the economic and financial situation of their clients and its estimate of the value assigned to any existing warranties, with the consequent impact on expected future cash flows. On the other hand, expected impairment losses in credit granted are calculated taking into account a set of historical information and assumptions, which may not be representative of the future uncollectability of debtors of the Group.

The information on the most relevant assumptions used in the determination of impairment losses on accounts receivable is disclosed in Note 1.4 xxix.e and in Note 25.

g) recognition of revenue on projects in progress and warranties (see Note 1.4. xi);

The Group recognises the results of construction contracts in accordance with the percentage of completion method, which is obtained through performance measurement reports, which accurately reflect the physical evolution of the project at a given date, or through the costs incurred vs total estimated costs depending on the operating segment to which the construction contract refers. The assessment of the degree of performance of each contract is reviewed periodically, taking into consideration the latest production indicators.

h) recognition of deferred tax assets arising from tax losses (see Note 1.4. xv)

Deferred tax assets are recognised only when there is a reasonable expectation that there will be future taxable profits available for the use of temporary differences or when there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed. The evaluation of deferred tax assets is made by the management at the end of each financial period, taking into account the expected future financial performance (Nota 14).

The above estimates were based on the best information available at the date of the preparation of the consolidated financial statements. However, events may occur in subsequent periods that, not being predictable at the time, were not considered in those estimates. Changes to these estimates that occur after the date of the consolidated financial statements will be adjusted in the income statement prospectively, in accordance with IAS 8.

xxvi) Subsidiaries whose functional currency is the currency of a hyperinflationary economy

As a result of high levels of inflation registered in the last three years, from 2015 to 2017, that reached in cumulative terms 100%, and analysing some qualitative aspects of the Angolan economy (the use of USD as a reference currency), Angola was qualified as a hyperinflationary economy in 2017. This qualification requires that entities that report in the Angolan currency (Kwanza) apply standard IAS 29 — 'Financial Reporting in Hyperinflationary Economies' in the financial statements since the beginning of the reporting period in which the existence of hyperinflation is identified, which in this case means 1 January 2017.

When a country's economy ceases to be classified as hyperinflationary, IAS 29 considers that the amounts reported in the financial statements at the end of the previous reporting period are considered the carrying amounts in the subsequent financial statements, i.e., the updated amounts are the bases of any non-monetary items in subsequent financial statements.

The date considered as the last report for Angola within hyperinflation was on 30 June 2019, and the values of this country are maintained until the restated balance items are exhausted.

In 2018, a similar situation was observed with Argentina, which had inflation levels, in the 3-year-period 2016 to 2018, approaching in cumulative terms 100%, so it was qualified as a hyperinflationary economy in 2018. This qualification requires that entities that report in the Argentinian currency (Argentinian Peso) apply IAS 29 - 'Financial reporting in Hyperinflationary Economies' in the financial statements since the beginning of the reporting period in which the existence of hyperinflation is identified, which in this case means 1 January 2018.

For Argentina in 2020, the IMF considers that it is still hyperinflationary since, in the cumulative period of 3 years ending on 31 December 2020, it still remains in accumulated terms above 100%.

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy, whether they are based on historical costs or current costs, should be expressed in terms of the current measuring unit at the end of the reporting period. The gain or loss on the net monetary position should be included in the profits or losses and disclosed separately.

The restatement of financial statements in accordance with IAS 29 requires the application of certain procedures, such as:

a) Selection of the general price index to be used

All entities that report in the currency of the same economy must use the same index.

For the purposes of determining the abovementioned general price index, the Group used the information disclosed by the Central Bank of the Republic of Argentina on the levels of inflation verified in Argentina in recent years. That index was briefly the following:

PRICE INDEX 2020	
DATE	ARGENTINA
31-12-2016	385.883
31-03-2017	363.534
30-06-2017	345.007
30-09-2017	328.210
31-12-2017	309.212
31-03-2018	289.908
30-06-2018	266.484
30-09-2018	233.531
31-12-2018	209.428
31-03-2019	187.361
30-06-2019	171.095
30-09-2019	152.096
31-12-2019	136.141
31-03-2020	126.291
30-06-2020	119.849
30-09-2020	111.327
31-12-2020	100.000

b) Financial Position Statement

i) Segregation of monetary and non-monetary items:

- monetary items do not have to be restated;
- non-monetary items have to be restated, except those that are measured at net realisable value or fair value, at the reporting date.

(ii) Restatement of non-monetary items: use of the accumulated increase of inflation from the date of the original registration until the report date. When information is not available, an estimate is made based on the exchange rate variations between the reporting currency and the currency of reference.

(iii) Restatement of items of equity: at the beginning of the first period of application of IAS 29, the items of equity, except retained earnings, are restated by applying a general index from the dates on which the components were constituted or emerged. The restated retained earnings are derived from all the other amounts in the restated financial position statement. At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of its constitution, if later.

c) P&L Statement and the Statement of Other Comprehensive Income

(i) Statement of Other Comprehensive Income: restatement of items of other comprehensive income by applying the change in the general price index from the dates on which the items of income and expenses were initially recorded in the financial statements.

(ii) P&L Statement: restatement of items of the results of the period by applying the change in the general price index from the dates on which the items of income and expenses were initially recorded in the financial statements.

(iii) Other items of income or expense, such as interest income and expense of foreign exchange differences related to invested funds or received from loans, are also restated, although partially "offsetting" the inflation effect.

(iv) The determination of the rate of inflation to be applied, taking into account the date of registration of each transaction, may require a very significant level of disaggregation of information, so monthly averages are allowed as an approximation to the inflation rate to be applied to each transaction.

d) Reconciliation of gains/ losses of the restatement due to hyperinflation

In a period of inflation, a company that holds an excess of monetary assets over monetary liabilities (net debtor monetary position) loses purchasing power and consequently generates a loss; on the other hand, a company that holds an excess of monetary liabilities over monetary assets (net creditor monetary position) gains purchasing power and consequently generates a gain, to the extent that assets and liabilities are not indexed to a price level.

The gain or loss in the net monetary position was included in the net result of the financial period.

e) Cash Flow Statement

All items in the cash flow statement are restated by applying a general index from the dates on which the transactions occurred and the end of the reporting period.

f) Reporting to the Group

The financial statements of a subsidiary that reports in the currency of a hyperinflationary economy need to be restated by applying a general price index of the country in whose currency it reports before they are included in the consolidated financial statements. The restated financial statements are translated at closing rates.

In accordance with IAS 21, when the amounts are translated into the currency of a hyperinflationary economy, the comparative amounts should be those that have been presented as amounts of the current year in the relevant financial statements of the previous year.

xxvii) Segment Reporting

An operational segment is a group of assets and operations involved in the supply of products or services that are subject to risks and benefits that are different from other operational segments.

A geographical segment is a group of assets and operations involved in the supply of products or services within a particular economic environment, which is subject to risks and benefits different from those operating in other economic environments.

The Group presents as operating segments business segments, coincided with that in which the Administration conducts business.

xxviii) Earnings per share

The basic result per share is calculated by dividing the result attributable to holders of ordinary shares of Martifer SGPS, S.A., by the weighted average number of ordinary shares in circulation during the period.

The result diluted per share is calculated by dividing the adjusted result attributable to holders of ordinary shares of Martifer SGPS, S.A., by the weighted average number of ordinary shares in circulation during the period, adjusted by the potential dilutive ordinary shares.

The potential dilutive ordinary shares may result from stock options and other financial instruments issued by the Group, convertible into shares of the Company.

xxix) Financial risk management

Uncertainty, a characteristic of the financial markets, has a number of risks to which the activities of Martifer Group are exposed, namely price risk, foreign exchange risk, interest rate risk, liquidity risk and credit risk.

a) Price risk

The volatility of the price of raw materials constitutes a risk for the Group in the Metallic Constructions, Aluminium and Glass and Naval Industry segments.

In recent years, the evolution of steel and aluminium prices has been marked by the trade war between the USA and China, which has led to the implementation of fees on the import of steel and aluminium from third countries. There was a sharp rise in the price of Steel, which reached near historical highs in September 2018. Despite the adjustment to lower levels, at the end of 2018 and during the first half of 2019, the price of Steel continued its upward trajectory, reaching the price of 126 USD per tonne (maximum values of January 2014). However, in the second half of the year, prices began to decline moderately. At the beginning of 2020, it was estimated that they would remain at high levels, relieving as the year progressed.

With the COVID-19 pandemic, there was a strong reduction in steel and aluminium prices as a result of the sharp drop in demand and supply of this commodity as a result of the industry's downtime. However, with the Chinese economic recovery after the Lockdown period, supported by the Chinese government's strong investment in infrastructures to address the negative impact of the pandemic on the country's economy, in the second half of 2020, prices began an upward trend, reaching values very close to the values recorded in 2018.

Similarly, aluminium has recorded price increases since the second half of 2020, after having recorded historical lows in the first quarter of 2020 at the beginning of the pandemic that was accompanied by more severe containment measures.

It should be noted that, so far, the construction sector has not been greatly affected by the effects of the pandemic at a global level, and it is even expected that local governments, namely in the European Union, through the recovery fund and the so-called European "Bazuca", increase infrastructure investment as a way to stimulate post-pandemic economic growth. It is expected that companies in the sector, namely Martifer, will benefit from these investments with expected increases in terms of the order book.

Martifer has sought to mitigate this risk through rigorous planning of raw material purchase, which enabled the achievement of economies of scale in the purchased quantity and consequent price-fixing. On the other hand, it has mitigated this risk through contracts with clients that allow the reflection of price changes of the raw material in the amount paid by the client.

The Group is also subject to the risk associated with the variation in energy sales prices through the renewable energy business area.

In 2020, the complete paralysis of the industry as a result of the lockdown measures imposed in the fight against the pandemic also had a strong impact on the energy sale price, which fell sharply from March 2020 onwards. With the resumption of activity in Europe, prices began to recover, and it is expected that in the second half of 2021, they will already be able to resume the upward curve that they had been on before the shock caused by the health crisis.

It should be noted that the increase in the need for the acquisition of renewable energy by industrial producers and the announcement of various support for the development of the sector, in particular by the European Union, are factors that positively influence the sector and can help mitigate the risk of reducing energy prices as a result of the economic slowdown. As a way to control the energy sale price risk, particularly in projects that do not have a regulated tariff, the Group has as its policy the fixing of

the sale price of energy on at least an annual basis to mitigate the risk of falling energy sales prices in the profitability of renewable source energy production projects in operation owned by the Group.

The Group pays attention to the evolution of the consequences of the pandemic in relation to possible price impacts to adjust its strategy both for the purchase of raw materials according to the expected developments and for sales prices by adjusting them to market value.

b) Foreign exchange risk

Foreign exchange risk has a strong interdependence with the other types of risk, with reference to the risk of countries, through the evolution of economies and their impact on inflation and interest rates and credit risk, due to the possibility of currency fluctuations which may jeopardise future financial flows, originating the possibility of recording losses or gains as a result of changes in exchange rates among different currencies.

Martifer Group is exposed to foreign exchange risk due to its geographical diversification, currently developing its operational activities in subsidiaries that are present in 4 different continents.

Therefore, there is an exposure to the transaction risk associated with operating activities (in which expenses, income, assets and liabilities are indicated in currencies other than the reporting currency) of transactions carried out between these subsidiaries and other Group companies and the existence of transactions carried out by the operating companies in a currency other than the Group's reporting currency.

The exchange rate risk management policy followed by the Group has as its ultimate objective to decrease the maximum sensitivity of its results to exchange rate fluctuations.

In what concerns the operational activity of all subsidiaries, the company strives for transactions to be carried out in their local currency. For the same reason, the loans contracted by foreign subsidiaries are preferably contracted in their local currency, thus allowing the matching of the cash flows locally and the consequent annulment of exchange risk of an economic nature.

In relation to the coverage of exchange rate risk, hedging operations are sporadic because their cost is sometimes considered excessive compared to the level of the risks involved. However, whenever considered appropriate, the Group hires the coverage of exchange rates in order to cover the risk.

In the year 2020, the money market during the first half of the year was strongly marked by the effects of the COVID-19 pandemic, an effect that is expected to continue throughout 2021. The need to inject money into the real economy as an immediate response to the crisis led many Central Banks to choose to devalue the currency of various countries. An example of this is the Pound Sterling.

The increase in unemployment and the levels of uncertainty generated by the crisis led to an increase in demand for safe-haven currencies, namely the Dollar and the Euro, with the levels of demand and consequently the prices of these two currencies under greater or lesser pressure depending on the impacts of the evolution of the pandemic in both regions and the perception of greater or lesser control of the health crisis by economic agents.

Joe Biden's victory in the American elections is predictive of an increase in budget spending and a consequent higher level of indebtedness, resulting in a weakening of the Dollar. The new US President offers even greater security in foreign policy, particularly in what refers to relations with Europe, which should translate into a relief for the Euro that could gain ground as a safe-haven asset.

Thus, the Dollar has been weakening against the Euro since the beginning of the pandemic crisis. Nevertheless, the ECB should seek to control this strengthening of the Euro, namely by the pressure it causes in inflation rates. A declining trend of the Dollar against the Euro is already observed in the first months of 2021.

In England, the Pound, which was undoubtedly the most affected asset by Brexit, has also suffered great pressure from the pandemic and contraction of global economies and the consequent outflow trend of UK capital investors. It started a path of recovery in mid-March, a trend that is expected to continue in the coming months, namely with the expectation of the vaccination of the country's population.

Other European currencies to which the Group is exposed, such as the Polish Zloty or the new Romanian Leu, have been strongly affected by the pandemic, and these currencies are currently at historically low levels.

In developing economies such as Angola and Mozambique, with the increased risk of capital flight to more developed countries that present lower risk and with the pandemic growing in these countries, currencies should continue to be heavily penalised.

In 2021, the effects of the pandemic crisis are expected to continue to be felt in foreign exchange markets. The growing need to increase national budgets to fight the effects of the pandemic and economic recovery should continue to put strong pressure on currency behaviour.

With the expectation of vaccination in Europe, in the United Kingdom and the United States by the end of the summer, it is expected that in the second half of 2021, the recovery of the economy will begin with the consequent positive effects on currency behaviour.

In this context, Martifer Group has mitigated this risk, seeking to make a natural exchange rate coverage through contracts fixing the payment in tradable currency, with lesser volatility and simultaneously used in the payment of raw materials. Currently, the evolution of the various currencies is constantly being monitored in order to assess the feasibility of using coverage instruments in cases that may justify it.

The amounts of materially relevant Group assets and liabilities (in Euro), recorded in a currency other than the Euro, may be summarised as follows:

	ASSETS		LIABILITIES	
	FY 2020	FY 2019	FY 2020	FY 2019
Romanian new leu	97,742,570	100,351,927	55,265,724	57,436,976
Polish zloty	41,402,682	34,311,093	72,970,366	68,574,203
Swiss franc	1,045,568	2,452,289	778,400	2,195,066
Angolan kwanza	13,833,397	21,016,767	15,218,706	32,723,884
Brazilian real	1,522,494	4,864,060	1,692,957	2,276,799
Moroccan dirham	146,729	733,628	1,517,373	1,776,231
Pound sterling	12,463,635	17,891,626	12,080,147	17,258,712
Saudi riyal	4,649,533	8,703,673	2,599,468	6,470,986

An analysis of fluctuations in exchange rates that occurred between 2019 and 2020 was done, and, consequently, potential reductions were projected to occur in 2021. The potential impacts generated in the financial statements of the Group due to translating the financial statements of its subsidiaries that report in a currency other than Euro, considering the average values of the depreciation of the exchange rates referred to above, can be summarised as follows (amounts in Euro):

	LOCAL CURRENCY CHANGE AGAINST EURO	FY 2020		FY 2019	
		IMPACT ON PROFIT	IMPACT ON EQUITY	IMPACT ON PROFIT	IMPACT ON EQUITY
Romanian new leu	2%	(8,270)	(832,879)	20,151	(1,249,950)
Polish zloty	4%	(107,118)	1,214,142	22,404	997,955
Swiss franc	1%	(116)	(2,645)	(1,310)	(2,547)
Pound sterling	3%	20,771	(11,170)	(4,209)	(18,434)
Moroccan dirham	2%	6,723	26,875	25,049	49,648
Angolan kwanza	23%	67,371	259,042	792,736	1,254,334
Brazilian real	34%	1,234	43,252	9,604	(277,207)
Saudi riyal	9%	(660)	(169,271)	(62,429)	(239,216)

c) Interest rate risk

The Interest rate risk reflects the possibility of fluctuations in the amount of future financial fees on loans contracted due to the evolution of the market interest rate level.

The cost of the financial debt contracted by the Group is indexed to short-term reference rates, reviewed on a period of less than one year (especially the Euribor 6m) and added risk premiums in a timely manner. Thus, variations in interest rates can affect the results of the Group.

The Group's exposure to interest rate risk arises from financial liabilities contracted at a variable rate, so changes in the interest rate have a direct impact on the value of the interest, consequently causing cash variations.

During 2020, and as a consequence of the effects of the pandemic crisis, there was great pressure on interest rates in the Euro area, although the policy of controlling interest rate growth adopted in recent years was maintained by the European Central Bank. Thus, and according to projections published in March 2021 in the "ECB staff macroeconomic projections for the Euro area, March 2021", interest rates are expected to remain in negative terrain for the next four years.

Martifer Group's exposure to interest rate risk is currently very limited, not only by the expected maintenance of reference interest rates at very low levels but also as a consequence of the restructuring agreements signed with banks in 2015, which enabled the temporal stability of the spreads at very competitive levels.

A sensitivity analysis on the variation of more or less 0.5 p.p. in the interest rate is presented in Note 32 Loans.

d) Liquidity Risk

Liquidity risk reflects the Group's ability to satisfy its financial responsibilities with the available financial resources.

The main objective of the liquidity risk management policy is to ensure that the Group has at its disposal, at any time, sufficient financial resources to meet its responsibilities and to pursue the strategies outlined, honouring all commitments made with third parties through adequate management of the cost vs maturity of financing.

Currently, the Group maintains the adequacy levels of the debt maturity to the degree of permanence of its long-term assets, allowing the cash surpluses to be sufficient to comply with its responsibilities, as the result of the implementation of the Group's Strategic Plan, which included the signing of the restructuring of the financial debt plan with banks in 2015.

Thus, given the nature of the medium/long-term investments made, the debt service shall accompany the maturity of the associated assets, not jeopardising the commitment deriving from its short-term operational activity in pursuit of the objective of the Group to match the maturity of the inflows of the operational activity and of the investment/divestment to the outflows from the financing activity.

The financial management department monitors the implementation of the risk management policies defined by the Board in order to ensure that economic and financial risks are identified, measured and managed in accordance with such policies.

The COVID-19 pandemic is an enormous risk to corporate liquidity. As a result of the measures to contain the progress of the pandemic, the paralysis of a significant part of the economic activity will have strong consequences in terms of payments and receipts from companies.

European governments have put in place a number of measures to support the liquidity of companies. In Portugal, the simplified Lay-off allowed companies in situations of activity disturbance to receive support for salary payments and a moratorium on credit that allowed the suspension of the payment of capital and interest as direct support to company liquidity.

Martifer adhered to the moratorium regime in the 'metallic constructions' segment, thus allowing it to overcome the possible cash-flow gaps caused by the delays imposed by anti-pandemic measures, namely Lockdowns and limitations on circulation.

It should be noted that, in the 'metallic constructions' segment, given that Martifer's main clients do not operate in the sectors most affected by the crisis, the liquidity risk for the Group was not increased by the effect of the pandemic. In the 'Naval Industry' segment, since the current main client in the construction area is a group that operates in the tourism sector, one of the sectors most affected by the pandemic, the liquidity risk for the Group can increase.

Today, the expectation of the resumption of economic activity as vaccination plans are implemented in the various countries where Martifer has activity, together with a set of liquidity-injection policies that are being implemented in the various countries and combined with the expected support from the European Union Recovery Fund, which will support the economies of member states in the process of economic recovery, can significantly help companies mitigate this risk.

On 31 December 2020, as a result of the measures previously mentioned, the current assets largely surpassed the current liabilities. Thus, the liquidity risk is greatly reduced given Martifer's capacity in the transformation of its current assets in liquidity, which can be shown as follows:

	FY 2020	FY 2019
Current Assets	141,661,743	144,141,923
Current Liabilities	(112,710,755)	(135,956,909)
Estimated operational cash-flows (2021 and 2020)	15,759,593	3,005,087
Estimated Net Interest (2021 and 2020)	(5,648,559)	(6,060,876)
	39,062,022	5,129,225

The table below analyses the financial liabilities of the Group by relevant maturity groups based on the remaining period up until the contractual maturity at the date of the financial reporting. The amounts shown in the table are future cash flows contractualised but not discounted:

FY 2020	UP TO 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Financial institutions loans:			
- Bank loans	2,287,635	20,262,716	96,488,851
- Authorised overdrafts	132,791	-	-
- Interest estimated to maturity, not discounted	3,092,987	10,760,149	5,119,760
Other loans	106,434	616,596	161,320
Trade payables and other payables, non-Group	51,345,919	2,651,527	-
	56,965,766	34,290,987	101,769,931

FY 2019	UP TO 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Financial institutions loans:			
- Bank loans	4,432,820	64,861,241	70,230,455
- Authorised overdrafts	297,070	-	-
- Interest estimated to maturity, not discounted	4,091,029	8,985,890	3,631,551
Other loans	145,568	680,599	161,320
Trade payables and other payables, non-Group	53,572,956	3,545,024	-
	62,539,444	78,072,754	74,023,326

In what concerns payments via confirming, priority is given to labour suppliers, allowing to gain deadlines and, at the same time, providing liquidity to the respective suppliers. The ceiling is managed so as to use 500,000 Euros/month of the confirming line contracted with a ceiling of 3 million Euro, and the amount used on 31 December 2020 amounted to 2,659,523 Euros (2,974,243 Euros on 31 December 2019). Cash flow is only recognised at the time when we pay the amount to the financial entity.

There is also a credit line available in the form of factoring of EUR 423,369, which is not used.

e) Credit Risk

Following the measures imposed by central banks on banking after the 2012 financial crisis, banks are in a much more stable financial position than in the past, and despite being more careful in granting credit, the improvement in the conditions for obtaining credit by companies has been observed since 2019. At the end of March 2020, as part of the economic support package during the period of implementation of COVID-19 pandemic containment measures, the various member states announced measures to support companies that involve the possibility of obtaining state-backed funding and which mitigate the possible credit risk that could arise from this pandemic crisis.

However, and with the progress of the pandemic, it has been found that the plans announced should be reinforced, given the high level of demand for this type of support.

These measures allowed to alleviate the additional risk of access to credit that could be generated by the risk/uncertainty that the current situation could represent in the risk analysis of Banks.

The Group is subject to credit risk in relation to its operational activity, and the exposure mainly stems from clients and other debtors.

Aware of this reality and of the increase in credit risk in the current context of economic contraction, the Group seeks to assess the credit risk of all its clients as a rationale for establishing the credit to be granted; the ultimate objective is to ensure effective collection of credits within the established deadlines in order to minimise the exposure to each of the clients.

With this objective in mind, the Group uses the financial information and credit assessment agencies and performs regular risk analysis and credit control, as well as collection and management of litigation processes. These are essential procedures to manage credit activity and to minimise the occurrence of irrecoverable amounts.

In the 'Naval Industry' segment, the Group's main client operates in the tourism sector, one of the sectors most affected by the pandemic, and its ability to meet the agreed commitments may be affected if the recovery in the tourism sector is slower than expected. The Group maintains regular contact with this client and is following the evolution of the situation in order to minimise credit risk.

The Group operates in several countries, spread over four continents, and in three business segments that include different types of products and services and, therefore, do not have a significant concentration of credit risk. In many of the projects, particularly in the metallic constructions segment, the Group receives prepayments from clients who also allow the mitigation of credit risk. As a general rule, a significant part of the Group's clients does not have an assigned external credit rating.

The Group considers the likelihood of default with the initial recognition of the asset and depending on the occurrence of significant increases in the credit risk continuously in each reporting period. In order to assess whether there was a significant increase in credit risk, the Group compares the default risk occurring by reference to the date of the report with the default risk assessed by reference to the date of initial recognition.

In order to assess whether there was a significant increase in credit risk, the Group takes into account, among others, the following indicators:

- Internal credit risk;
- External credit risk (if available);
- Current or expected adverse changes in the debtor's operating results;
- Meaningful increases in the credit risk of other financial instruments of the debtor;
- Significant changes in the value of collaterals on the responsibilities or the quality of guarantees to third parties;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment conditions to the level of the Group to which the debtor belongs.

Regardless of the above analysis, a significant increase in credit risk is assumed if a debtor is overdue more than 90 days from the contractual date of payment. Default is considered when the debtor does not comply with the contractual payments up to 360 days from the date of expiration of the invoices.

The Group applies the simplified approach to calculate and record the estimated credit losses as required by IFRS 9, which allows the use of impairments for estimated losses for all balances for "Clients" and "Other debtors". In the calculation of estimated credit losses, the balances of "Clients", "Other debtors", and "Assets associated with contracts with clients" are aggregated on the basis of credit risk characteristics and seniority. A risk matrix is applied to the balances in question, calculated as explained in Note 1.4 vii.1, and impairments are calculated for estimated losses. Additionally, impairments recognised under IFRS 9 are also considered specific impairments for higher risk values. This analysis is done individually by each of the Group's companies.

In 2020 and 2019, the risk matrix with estimated average loss rates (excluding companies that calculated immaterial rates) by country was as follows:

FY 2020 - GEOGRAPHY	NOT DUE	PAST DUE			
		UP TO 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Portugal	1.16%	1.71%	7.45%	10.50%	33.27%
Angola	12.69%	14.92%	23.50%	34.42%	77.69%
Saudi Arabia	0.38%	0.41%	1.77%	2.69%	11.02%
Romania	0.76%	0.85%	1.94%	3.14%	5.76%
Estimated average rate of impairment	3.75%	4.47%	8.66%	12.68%	31.93%

FY 2019 - GEOGRAPHY	PAST DUE				
	NOT DUE	UP TO 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Portugal	1.78%	2.62%	11.32%	16.80%	50.38%
Angola	13.83%	16.64%	30.63%	43.86%	71.85%
Saudi Arabia	5.20%	5.65%	14.75%	18.70%	31.49%
Romania	1.97%	2.06%	7.84%	21.56%	30.40%
Estimated average rate of impairment	5.70%	6.74%	16.13%	25.23%	46.03%

The Group's maximum exposure to credit risk is as follows:

	FY 2020	FY 2019
Trade debtors (Note 25)	54,552,240	75,697,013
Other debtors (Note 25)	4,648,804	6,499,120
Other current assets (Note 28)	2,930,056	2,870,038
Cash equivalents (Note 29)	43,750,101	34,931,100
	105,881,201	119,997,271

In addition, there is also another asset that is also exposed to credit risk, registered in 'Contract Assets' (Note 27), whose amount at the end of 2020 amounted to 25,356,596 Euros (in 2019, it was 27,835,936 Euros).

The rating of financial institutions on the Group's cash equivalents is as follows:

MOODY'S RATING	CASH EQUIVALENTS VALUES	
	FY 2020	FY 2019
Not assigned*	8,742,494	6,193,640
A1	439,633	1,404,984
A2	98,928	4,306
A3	534,722	206,370
AA3	403,550	-
B-	-	4,854,362
BA1	2,964,440	292,594
BAA1	44,527	95,621
BAA3	16,921	31,075
BAAA1	3,731,203	1,239,114
BAAA2	-	706,391
BAAA3	6,866,468	5,198,429
CAA1	398,403	341,930
CAA2	19,500,705	-
CAAA2	8,109	14,362,282
	43,750,101	34,931,100

*In 'Not assigned' 5.6 million Euros of Angolan financial institutions are considered in 2020 (1.3 million Euros in 2019). See Note 29.

Of the above-mentioned cash equivalents, 1,357,585 Euros were pledged as collateral.

xxx) Management of operational risks

a) Metallic Constructions

Operating risks in the Metallic Constructions segment are currently grouped into three types of risks - client risk, supplier risk and external or market risk.

Client risk includes problems that can occur at the contracting level, such as differences in interpretation and application of contractual provisions, dislike or dissatisfaction with the service/product and the risk of significant delays or even default in making

agreed payments during projects that may affect Martifer's ability to execute projects within the defined deadlines. With regard to the volatility of demand, it shall be noted that the business area depends, in part, on tenders for public infrastructures (e.g., bridges, airports, stations). In the context of public tenders, although in most situations Martifer is a subcontractor for private entities (which assume the role of contractor for public entities), it is subject to complex regulations specific to each country, namely with regard to the presentation of proposals and the preparation of complete administrative files, respecting the specifications defined by the contracting entity, which may represent additional costs. It should be noted that, despite the dependence on public tenders, Martifer has had the ability to capture business deals from private entities, reducing its exposure to this risk.

In the supplier risk, it should be noted that Martifer, as an expert in engineering projects, subcontracts other companies many times, which in turn may fail in the execution of its contracts and compromise in a domino effect the compliance with the project delivery deadline. The supply chain and logistics are also a risk to which Martifer is exposed. As a result of dependence on suppliers, as mentioned above, there is a risk of possible delays in the completion of projects with possible contractual penalties.

Finally, in the context of external or market risks, and since the metallic constructions area has a strong correlation with the growth of the economy and with the gross fixed capital formation, it is sensitive to the economic situation. In this sense, the COVID-19 pandemic, with all the negative impacts on the world economy that are known, the uncertainty as to the impacts it will still have and for how long, represents a problem for Martifer, even if the measures that many countries are taking to minimise the impact of the crisis are a sign of hope. The weak public and private investment and the significant lack of liquidity in the financial system, which often leads to the fact that, despite the existence of attractive projects, there is no corresponding capital to allow their execution, can also constitute a risk for Martifer. Martifer's attempt to mitigate these external or market risks has been through the dispersion of businesses in different countries, namely by entering markets with higher growth rates in the construction sector and that value quality at the expense of low prices.

b) Naval Industry

The companies in the Naval Industry segment are exposed to:

- risks related to the innovation capacity to meet the needs of the market and new and innovative projects. In this context, the difficulty in capturing highly qualified staff due to foreign competition from Northern European countries must also be pointed out;
- Client risk, especially as regards the proper execution of the projects, contractual compliance, within the deadlines set and causing satisfaction. Based on these issues, there is always the risk of incurring penalties;
- risk in the fluctuation of the price of raw material, particularly in the price of steel, this being one of the main materials in the production of components to be incorporated in the projects to be carried out;
- risk related to the level of competitiveness of ship repair versus national and foreign competition;
- risk in relation with subcontractors and suppliers that may not fulfil their contractual obligations and can jeopardise the implementation and quality of the projects;
- risk in the labour aspect, since at the moment there is a lack of qualified personnel for two major reasons: on the one hand, there is not a sufficient number of employees being trained to cater for the needs of West Sea, even though the company is making an internal effort in this direction; on the other hand, the competitive pressure from Spain, more specifically from Galicia and its shipyards that, given the geographical proximity and offering inflated conditions, are capturing a large number of professionals in the region.

c) Renewables

The indices of productivity linked to the renewable energy business depend not only on operational costs but also on revenues (price and the amount of energy produced by the assets). The equipment used and some exogenous factors, such as the wind, which in turn depend on the location of the wind farms, influence the production of energy and consequently the results. Whenever the wind speed is above or below the limits of the equipment, energy stops being produced. These limits vary from manufacturer to manufacturer and on the type of wind turbine. Additionally, each wind generator has its power curve that determines the power generated at each wind speed.

The availability of the equipment and the power curve of each wind turbine are contractually guaranteed, and indemnities are payable by suppliers if availability is not met or if the power curve is not reached.

This risk is also mitigated through the geographical distribution of the wind turbines in the wind farms, allowing the set-off of wind velocity variations on each farm and ensuring the relative stability of the volume of the total produced energy.

In what concerns solar photovoltaic energy, the exogenous factors are more easily foreseen so that the variation of the revenue ends up being minimised.

LICENSING:

Wind farms and solar parks are subject to strict regulations in terms of development, construction, licensing and operation of power plants. If the relevant authorities in the jurisdictions in which the Group operates cease to continue to support or reduce their support for the development of wind farms and solar parks, such actions may have a significant impact on the activity.

REGULATION:

Electricity generation from renewable sources has been promoted in Europe through mechanisms of Feed-In Tariffs (in Portugal, in Germany, in Denmark and in France, for example) or through Green Certificate schemes (in Italy, in the United Kingdom, in Romania, in Poland, etc.). These mechanisms allowed the remuneration of producers of renewable energy above the prices of the wholesale market but have resulted, in some countries, in a high cost that has led to legislative changes in the incentive systems for renewable energy. In some cases, such as in Romania, these changes have affected not only the new projects but also the projects in operation, significantly affecting their profitability.

The technological evolution in recent years has allowed a significant reduction of the costs of electricity generation from renewable sources, and the majority of the countries implemented an auction system that covers wind and solar energy, such as Poland; thus, ensuring that the price to be paid for the electricity generated by new wind farms and solar parks is aligned with the price of the electricity wholesale market.

xxxi) Management of legal risks

Martifer is subject to national and local laws and regulations relating to the multiple countries and markets where it is present and that seek to ensure, among other things, employee rights, the protection of the environment and spatial planning, sustainability and maintenance of an open and competitive market. Thus, the legislative and regulatory changes that may involve the development conditions of the Group's activities and, consequently, impair or impede the fulfilment of strategic objectives imply the constant adaptation by the companies to the new regulation reality.

Legal risk management is carried out by the Legal department of the Holding and each of the Group's business areas and is monitored within the scope of legal and tax advisory services dedicated to the respective activities, which operate under the dependence of the administration and management, developing their competencies in articulation with the other tax and financial departments, so as to ensure the protection of the interests of the Group and, ultimately, of the stakeholders, in strict compliance with the fulfilment of their legal duties.

Those comprising the abovementioned legal and advisory departments have specialised training and regularly participate in training sessions.

Legal and tax advice is also guaranteed, nationally and internationally, by external professionals selected from reputed firms and according to high standards of competence, ethics and experience.

xxxii) Capital management

The objective of the Group regarding capital management is to maintain an optimal capital structure through the prudent use of debt, seeking thereby to reduce its cost.

Debt contracting is analysed periodically through the weighting of factors such as financing costs and the investment needs of the operational companies of the Group.

On 31 December 2020, the Group's consolidated Equity was positive by 5.8 million Euros, recording a very significant increase compared to 2019 when it was negative by 31.4 million Euros (see Note 31).

Martifer Group's financial autonomy is as follows:

	FY 2020	FY 2019
Equity	5,842,938	(31,398,134)
Assets	269,700,190	287,599,902
Financial autonomy	2.2%	-10.9%

As regards gross debt (bank loans + other loans), it decreased significantly compared to the previous year, with a reduction of EUR 21 million.

On 31 December 2020, gross debt represented 46% of liabilities (44% in 2019).

2. COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

On 31 December 2020 and 2019, the companies included in the consolidation, their methods of consolidation, as well as their head office and proportion of capital held, are as follows:

COMPANIES CONSOLIDATED BY THE FULL CONSOLIDATION METHOD

COMPANY	HEAD OFFICE	COUNTRY	DESIGNATION	SHARE CAPITAL HELD PERCENTAGE BY MARTIFER SGPS			FY 2019
				DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Martifer SGPS, S.A.	Oliveira de Frades	Portugal	Martifer SGPS	Holding			
Martifer Metallic Constructions SGPS, S.A.	Oliveira de Frades		Martifer Metallic Constructions¹⁾	100.00%	-	100.00%	75.00%
Martifer - Construções Metalomecânicas, S.A.	Oliveira de Frades	Portugal	Martifer Construções ¹⁾	-	100.00%	100.00%	75.00%
Martifer Mota-Engil Coffey Construction Joint Venture Limited	Dublin	Ireland	MMECC ¹⁾	-	60.00%	60.00%	45.00%
Martifer Alumínios Angola, S.A.	Luanda	Angola	Martifer Alumínios Angola	-	-	-	59.06%
Martifer Aluminium Limited	Dublin	Ireland	Martifer Aluminium Irlanda ¹⁾	-	100.00%	100.00%	75.00%
Martifer Aluminium UK Limited	London	United Kingdom	Martifer Aluminium Reino Unido ¹⁾	-	100.00%	100.00%	75.00%
Promoquatro – Investimentos Imobiliários, Lda.	Oliveira de Frades	Portugal	Promoquatro	-	-	-	75.00%
Martifer Construções Geneva Branch	Geneva	Switzerland	MTC Sucursal Genebra ¹⁾	-	100.00%	100.00%	75.00%
Martifer Construções Belgium Branch	Saint-Josse-ten-Noode	Belgium	MTC Sucursal Bélgica	-	100.00%	100.00%	-
Martifer – Construcciones Metálicas España, S.A.	Madrid	Spain	Martifer Espanha ¹⁾	-	100.00%	100.00%	75.00%
Martifer – Construções Metálicas Angola, S.A.	Luanda	Angola	Martifer Angola ¹⁾	-	78.75%	78.75%	59.06%
Martifer Construction Limited	Dublin	Ireland	Martifer Irlanda ¹⁾	-	100.00%	100.00%	75.00%
Jubimax Sp. Zo.o.	Gliwice	Poland	Jubimax ¹⁾	-	100.00%	100.00%	75.00%
Martifer Constructions, SAS	Rungis	France	Martifer França ¹⁾	-	100.00%	100.00%	75.00%
Martifer Romania SRL	Bucharest	Romania	Martifer Romania ¹⁾	2.00%	98.00%	100.00%	75.50%
Liszki Green Park, Sp. Zo.o	Gliwice	Poland	Liszki Green Park ¹⁾	-	90.00%	90.00%	67.50%
M City Gliwice Sp. Zo.o	Gliwice	Poland	M City Gliwice ¹⁾	-	100.00%	100.00%	75.00%
Savimex Sp. z o.o.	Gliwice	Poland	Savimex ¹⁾	-	100.00%	100.00%	75.00%
Sociedade de Madeiras do Vouga, S.A.	Albergaria-a-Velha	Portugal	Madeiras do Vouga ¹⁾	-	100.00%	100.00%	75.00%
Martifer Retail & Warehousing Angola, S.A.	Luanda	Angola	Martifer Retail Angola ¹⁾	-	100.00%	100.00%	75.00%
Martifer UK Limited	London	United Kingdom	Martifer UK ¹⁾	-	100.00%	100.00%	75.00%
MT Construction Maroc, S.A.R.L.	Tangier	Morocco	Martifer Marrocos ¹⁾	-	100.00%	100.00%	75.00%
Saudi Martifer Constructions LLC	Riyadh	Saudi Arabia	Martifer Arábia Saudita ¹⁾	-	100.00%	100.00%	75.00%
Martifer Consulting DWC LLC	Dubai	United Arab Emirates	Martifer Consulting ¹⁾	-	100.00%	100.00%	75.00%

COMPANY	HEAD OFFICE	COUNTRY	DESIGNATION	SHARE CAPITAL HELD PERCENTAGE BY MARTIFER SGPS			FY 2019
				DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Martifer Energia S.R.L.	Bucharest	Romania	Martifer Energia Roménia ¹⁾	-	100.00%	100.00%	75.00%
Martifer Energia LLC	Kiev	Ukraine	Martifer Energia Ucrânia	-	-	-	75.00%
Martifer Energy Systems PTY	Cape Town	South Africa	Martifer Energia África do Sul ¹⁾	-	85.00%	85.00%	63.75%
Navalria – Docas, Construções e Reparações Navais, S.A.	Aveiro	Portugal	Navalria ¹⁾	-	100.00%	100.00%	75.00%
West Sea - Estaleiros Navais, Lda.	Oliveira de Frades	Portugal	West Sea ¹⁾	-	100.00%	100.00%	75.00%
Martifer Construcciones Peru, S.A.	Lima	Peru	Martifer Peru ¹⁾	-	100.00%	100.00%	75.00%
Global Holding Limited	Zebbug	Malta	Global Holding Limited ¹⁾	-	100.00%	100.00%	75.00%
Global Engineering & Construction Limited	Zebbug	Malta	Global Engineering ¹⁾	-	100.00%	100.00%	75.00%
Martifer Renewables SGPS, S.A.	Oliveira de Frades	Portugal	Martifer Renewables SGPS	100.00%	-	100.00%	100.00%
Martifer Renewables, S.A.	Oliveira de Frades	Portugal	Martifer Renewables SA	-	100.00%	100.00%	100.00%
Eviva Energy S.R.L.	Bucharest	Romania	Eviva Roménia	-	100.00%	100.00%	100.00%
Eviva Nalbant S.R.L.	Bucharest	Romania	Eviva Nalbant	-	100.00%	100.00%	100.00%
Eviva Agighiol S.R.L.	Bucharest	Romania	Eviva Agighiol	-	100.00%	100.00%	100.00%
Eviva Casimcea S.R.L.	Bucharest	Romania	Eviva Casimcea	-	100.00%	100.00%	100.00%
Martifer Renewables, S.A.	Gliwice	Poland	Eviva Polónia	-	100.00%	100.00%	100.00%
PV Sol 1 Sp. Zo.o	Krakow	Poland	PV Sol 1	-	100.00%	100.00%	100.00%
PV Sol 2 Sp. Z o.o	Krakow	Poland	PV Sol 2	-	100.00%	100.00%	100.00%
PV Sol 3 Sp. Z o.o	Krakow	Poland	PV Sol 3	-	100.00%	100.00%	100.00%
PV Sol 4 Sp. Zo.o	Krakow	Poland	PV Sol 4	-	100.00%	100.00%	100.00%
PV Sol 5 Sp. Z o.o	Krakow	Poland	PV Sol 5	-	100.00%	100.00%	100.00%
PV Sol 6 Sp. Z o.o	Krakow	Poland	PV Sol 6	-	100.00%	100.00%	100.00%
PV Sol 7 Sp. z o.o.	Krakow	Poland	PV Sol 7	-	100.00%	100.00%	-
Wind Farm Piastowo Sp. z o.o.	Krakow	Poland	Wind Farm Piastowo	-	100.00%	100.00%	-
Eviva Beteiligungsverwaltungs GmbH	Vienna	Austria	Eviva GmbH	-	100.00%	100.00%	100.00%
Martifer Deutschland GmbH	Berlin	Germany	Martifer Deutschland	-	100.00%	100.00%	100.00%
Wind Farm Bukowsko Sp. Zo.o	Gliwice	Poland	Wind Farm Bukowsko	-	100.00%	100.00%	100.00%
Wind Farm Markowa Sp. Zo.o	Gliwice	Poland	Wind Farm Markowa	-	100.00%	100.00%	100.00%
Wind Farm Lada Sp. Zo.o	Gliwice	Poland	Wind Farm Lada	-	100.00%	100.00%	100.00%
Wind Farm Jawornik Sp. Zo.o	Gliwice	Poland	Wind Farm Jawornik	-	100.00%	100.00%	100.00%
Wind Farm Piersno Sp. Zo.o	Gliwice	Poland	Wind Farm Piersno	-	100.00%	100.00%	100.00%
Wind Farm Oborniki Sp. Zo.o	Gliwice	Poland	Wind Farm Oborniki	-	100.00%	100.00%	100.00%
FW Warta Sp. Z.o.o	Krakow	Poland	Warta	-	-	-	100.00%
Martifer Renewables Italy BV	Amsterdam	Netherlands	Renewables Italy Holanda	-	100.00%	100.00%	100.00%
Cedilhas ao Vento S.A.	Oliveira de Frades	Portugal	Cedilhas ao Vento	-	100.00%	100.00%	100.00%
Martifer Renewables Brasil LTDA	Fortaleza	Brazil	Martifer Renewables Brasil	-	100.00%	100.00%	100.00%
MSPAR Energia e Participações, SA	Barueri	Brazil	MSPAR	-	100.00%	100.00%	100.00%
Floresta I, Geração de Energia S.A.	Areia Branca	Brazil	Floresta I	-	99.00%	99.00%	99.00%
Floresta II, Geração de Energia S.A.	Areia Branca	Brazil	Floresta II	-	99.00%	99.00%	99.00%
Floresta III, Geração de Energia S.A.	Areia Branca	Brazil	Floresta III	-	99.00%	99.00%	99.00%
Floresta IV, Geração de Energia S.A.	Areia Branca	Brazil	Floresta IV	-	99.00%	99.00%	99.00%
Volume Cintilante Unipessoal, Lda	Oliveira de Frades	Portugal	Volume Cintilante	-	100.00%	100.00%	-
Volumevistososo, Lda	Oliveira de Frades	Portugal	Volumevistososo	-	100.00%	100.00%	-
Martifer Renewables O&M Sp. z o.o.	Gliwice	Poland	Martifer Renewables O&M	-	52.00%	52.00%	52.00%
Eviva Energy AR S.A	Buenos Aires	Argentina	Eviva Energy AR	-	100.00%	100.00%	100.00%
Palermo Generacion de Energia, S.A	Buenos Aires	Argentina	Palermo	-	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	COUNTRY	DESIGNATION	SHARE CAPITAL HELD PERCENTAGE BY MARTIFER SGPS			FY 2019
				DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Recoleta Generación Energía S.A	Buenos Aires	Argentina	Recoleta	-	100.00%	100.00%	100.00%

¹⁾ The change that occurred compared to December 2019 was due to the acquisition of Vetor Diálogo SGPS, S.A. (company liquidated in June), which held 25% of Martifer Metallic Constructions SGPS, S.A. (see Note 31).

COMPANIES CONSOLIDATED BY THE EQUITY METHOD

The companies consolidated by the equity method, their head offices and proportion of held capital, are as follows:

COMPANY	HEAD OFFICE	COUNTRY	DESIGNATION	SHARE CAPITAL HELD PERCENTAGE BY MARTIFER SGPS			FY 2019
				DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Metallic Constructions							
<i>Associates:</i>							
Martifer-Visabeira, S.A.	Nacala	Mozambique	Martifer-Visabeira ¹⁾	-	50.00%	50.00%	37.50%
Martimetal Spa	Algiers	Algeria	Martimetal ¹⁾	-	49.00%	49.00%	36.75%
Naval Industry							
<i>Jointly controlled companies:</i>							
CNA Chantier Naval d'Arzew , SPA	Arzew	Algeria	CNA Chantier Naval d'Arzew ¹⁾	-	49.00%	49.00%	36.75%
Renewables							
<i>Jointly controlled companies:</i>							
Ventinveste, S.A.	Lisbon	Portugal	Ventinveste SA	6.00%	42.50%	48.50%	48.50%
Parque Eólico de Vale Grande. S.A.	Lisbon	Portugal	PE Vale Grande	-	48.50%	48.50%	48.50%
Others							
Duelobrigatório, S.A.	Oliveira de Frades	Portugal	Duelobrigatório ²⁾	-	-	-	55.00%

¹⁾ The change that occurred compared to December 2019 was due to the acquisition of Vetor Diálogo SGPS, S.A. (company liquidated in June), which held 25% of Martifer Metallic Constructions SGPS, S.A. (see Note 31);

²⁾ Duelobrigatório, S.A., was 55% owned by Martifer SGPS, with shared control, which is why it is consolidated using the equity method. In October 2020, a further 25% of this shareholding was purchased by Martifer SGPS, which then began to be consolidated by the full consolidation method. However, this company was liquidated in December 2020; therefore, it is no longer included in the list of companies consolidated using the full consolidation method (Note 13).

During the first half of 2020 and 2019, the changes in the consolidation perimeter were as follows:

CONSTITUTION OF COMPANIES

In 2020:

FY 2020	HEAD OFFICE	COUNTRY
Metallic Constructions		
<i>Subsidiary companies:</i>		
Martifer Construções Belgium Branch	Saint-Josse-ten-Noode	Belgium
Renewables		
<i>Subsidiary companies:</i>		
PV Sol 7 Sp. z o.o.	Krakow	Poland
Wind Farm Piastowo Sp. z o.o.	Krakow	Poland
Volume Cintilante Unipessoal, Lda	Oliveira de Frades	Portugal
Volumevistoso, Lda	Oliveira de Frades	Portugal

In 2019:

There was no incorporation of companies.

ACQUISITION OF COMPANIES

In 2020:

FY 2020	HEAD OFFICE	COUNTRY
Others		
Vetor Diálogo - SGPS, SA	Oliveira de Frades	Portugal

In 2019:

There was no acquisition of companies.

SALE OF COMPANIES

In 2020:

FY 2020	HEAD OFFICE	COUNTRY
Renewables		
<i>Subsidiary companies:</i>		
FW Warta Sp. Z.o.o	Krakow	Poland

In 2019:

FY 2019	HEAD OFFICE	COUNTRY
Renewables		
<i>Subsidiary companies:</i>		
Martifer Renewables ETVE, S.A.U.	Madrid	Spain
Eurocab FV 1 S.L.	Madrid	Spain
Eurocab FV 2 S.L.	Madrid	Spain
Eurocab FV 3 S.L.	Madrid	Spain
Eurocab FV 4 S.L.	Madrid	Spain
Eurocab FV 5 S.L.	Madrid	Spain
Eurocab FV 6 S.L.	Madrid	Spain
Eurocab FV 7 S.L.	Madrid	Spain
Eurocab FV 8 S.L.	Madrid	Spain
Eurocab FV 9 S.L.	Madrid	Spain
Eurocab FV 10 S.L.	Madrid	Spain
Eurocab FV 11 S.L.	Madrid	Spain
Eurocab FV 12 S.L.	Madrid	Spain
Eurocab FV 13 S.L.	Madrid	Spain
Eurocab FV 14 S.L.	Madrid	Spain
Eurocab FV 15 S.L.	Madrid	Spain
Eurocab FV 16 S.L.	Madrid	Spain
Eurocab FV 17 S.L.	Madrid	Spain
Eurocab FV 18 S.L.	Madrid	Spain
Eurocab FV 19 S.L.	Madrid	Spain
Eviva Energy Co S.A.S.	Bogota	Colombia
<i>Joint arrangements:</i>		
SPEE 3 – Parque Eólico do Baião, S.A.	Lisbon	Portugal
SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A.	Oliveira de Frades	Portugal
Martifer MPC Renewable Energies Development S.A.S.	Bogota	Colombia

TERMINATION OF COMPANIES

In 2020:

FY 2020	HEAD OFFICE	COUNTRY
Metallic Constructions		
<i>Subsidiary companies:</i>		
Martifer Energia LLC	Kiev	Ukraine
Promoquatro – Investimentos Imobiliários, Lda.	Oliveira de Frades	Portugal
Others		
Vetor Diálogo - SGPS, SA	Oliveira de Frades	Portugal
Duelobrigatório, S.A.	Oliveira de Frades	Portugal

In 2019:

FY 2019	HEAD OFFICE	COUNTRY
Renewables		
<i>Subsidiary companies:</i>		
Puerto Madero Generación de Energía S.A.	Buenos Aires	Argentina
Others		
Martifer Solar SGPS, S.A.	Oliveira de Frades	Portugal

CHANGE IN THE CONSOLIDATION METHOD

In 2020:

Duelobrigatório, S.A. - from equity to full consolidation. This company started to be consolidated by the full consolidation method because Martifer, SGPS, SA acquired 25% of this stake from Shiningasset, SA. The impact on the net consolidated result was non-existent.

In 2019:

There were no changes in the consolidation method.

OTHER CHANGES IN THE CONSOLIDATION PERIMETER

In 2020:

Vetor Diálogo, SGPS, SA. In 2020, Martifer SGPS, SA acquired the company Vetor Diálogo, SGPS, SA, which owns 25% of Martifer Metallic Constructions SGPS, SA. With this operation, Martifer SGPS, SA now owns 100% of Martifer Metallic Constructions SGPS, SA and its subsidiaries. This was an operation within the control zone, and the only impact was the consideration of a transaction with interests that they do not control (passing from Equity from Non-Controlling Interests to Group Equity). See also Note 31. Also in 2020, the company Vetor Diálogo, SGPS, SA was liquidated. No impact on the Consolidated Income Statement. This entity was acquired for EUR 3,500,000 based on an evaluation carried out by an independent third party on a date prior to the elimination of its financial debt.

Martifer Alumínios Angola, SA during 2020 was merged into Martifer Construções Metálicas Angola, SA. The impact of this operation on the net consolidated result was non-existent.

In 2019:

Martifer Alumínios Angola, SA was totally held by Martifer Construções Metalomecânicas SA, and during 2019 it was sold to Martifer Construções Metálicas Angola, SA. Since the company Martifer Construções Metálicas Angola, SA has Non-Controlling Interests of 21.25%, its subsidiary Martifer Alumínios Angola, SA also holds the same percentage of Non-Controlling Interests. The impact of this operation on the net consolidated result was non-existent.

Park Logistyczny Biskupice - following the corporate restructuring, this company was merged in M City Gliwice Sp. Zo.o.. Without impact on the Consolidated Financial Statements.

ASSETS AND LIABILITIES OF SUBSIDIARIES WITH LOSS/GAIN OF CONTROL

The assets and liabilities of subsidiaries in which occurred loss of control in 2020 are as follows:

€	ASSETS	Tangible Fixed Assets	Intangible Assets	Right of Use Assets	Financial Investments	NC Trade and other debtors	Deferred tax assets	C Trade and other debtors	Cash and Cash equivalents
Martifer Energia LLC	3,060	-	-	-	-	-	-	1,220	1,840
FW Warta Sp. z o.o.	1,537,862	1,135,191	-	-	-	-	-	224,757	175,347
Promoquatro - Investimentos Imobiliários, Lda	1,575,366	-	-	-	-	-	-	1,541,966	33,399
Duelobrigatório, S.A.	1,834,745	-	-	-	-	-	-	1,703,624	131,121

€	LIABILITIES	NC Debt	NC Trade and other creditors	Deferred Tax Liabilities	C Debt	C Trade creditors	C Other creditors	Current tax liabilities	Other current Liabilities
Martifer Energia LLC	2	-	-	-	-	-	2	-	-
FW Warta Sp. z o.o.	1,849,041	-	1,812,090	-	-	10,813	291	252	25,595
Promoquatro - Investimentos Imobiliários, Lda	2,035,909	2,031,140	-	-	-	201	-	-	4,568
Duelobrigatório, S.A.	4,103,174	-	-	-	-	-	4,103,174	-	-

The assets and liabilities of subsidiaries in which a gain of control occurred in 2020 are as follows:

€	ASSETS	Tangible Fixed Assets	Intangible Assets	Right of Use Assets	Financial Investments	NC Trade and other debtors	Deferred tax assets	C Trade and other debtors	Cash and Cash equivalents
Duelobrigatório, S.A.	1,849,672	-	-	-	-	-	-	1,718,540	131,132

€	LIABILITIES	NC Debt	NC Trade and other creditors	Deferred Tax Liabilities	C Debt	C Trade creditors	C Other creditors	Current tax liabilities	Other current Liabilities
Duelobrigatório, S.A.	4,095,815	-	-	-	3,927,553	-	168,263	-	-

3. OPERATING SEGMENTS

For management purposes, the Group uses its internal organisation as a basis for its reporting of information by operating segments.

The Group is organised in three operational segments: 'Metallic Constructions', 'Naval Industry' and 'Renewables', all of which are coordinated and supported by Martifer SGPS.

The operational segment 'Metallic Constructions' includes the activities of metallic constructions, aluminium and glass façades and infrastructures for oil & gas. The 'Naval Industry' includes shipbuilding as well as the rendering of ship repair and ship conversion services. The segment 'Renewables' includes the promotion and development of renewable energy projects, with a special focus on the wind energy sector.

Until 2016, the operational segment 'Metallic Constructions' included the naval industry, but given the characteristics of this industry and the weight that it already assumes in the total activity of the Group, it became an operational segment in 2017 and started being reported from then on as such. Martifer Metallic Constructions, SGPS, SA remains as the subholding aggregating the operational segments 'Metallic Constructions' and 'Naval Industry'.

The values included in the line 'Others' relate to services rendered by the Holding company.

The accounting policies and valuation criteria used in the preparation of the information by segments were the same as those of the attached financial statements (Note 1.4 xxvii).

On 31 December 2020 and 2019, sales and services rendered by operational segments can be analysed as follows:

	SALES TO EXTERNAL CUSTOMERS (NOTE 4)		INTRAGROUP SALES		TOTAL	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Metallic Constructions	101,646,682	129,098,545	42,257,444	24,537,807	143,904,126	153,636,352
Naval Industry	117,899,521	95,222,963	1,166,993	1,991,807	119,066,514	97,214,770
Renewables	6,575,344	11,593,366	212,125	535,372	6,787,469	12,128,738
Others	-	-	1,348,139	990,180	1,348,139	990,180
	226,121,547	235,914,875	44,984,701	28,055,166	271,106,248	263,970,040
Intragroup Sales					(44,744,781)	(28,013,195)
Own work capitalised (Note 5)					(239,921)	(41,972)
					226,121,546	235,914,875

Sales between Group companies indicated above, namely in the 'Metallic Constructions' segment, include intra-segment transactions of around 40.8 million Euros and between segments of around 1.4 million Euros.

Sales and services rendered to external clients, by the geography of origin and by segment present the following breakdown:

	FY 2020	FY 2019
Portugal		
Metallic Constructions	28,983,366	59,270,364
Naval Industry	117,899,521	95,222,963
Renewables	352	-
Rest of Europe		
Metallic Constructions	63,585,558	60,444,788
Renewables	6,574,992	11,557,538
Other markets		
Metallic Constructions	9,077,757	9,383,393
Renewables	-	35,829
	226,121,546	235,914,875

In 2020 the sales and services rendered registered a decrease of approximately 9.8 million Euros, compared to the same period of the previous year. This decrease is mainly due to the deceleration of the activity in some geographies in the 'metallic constructions' segment, especially Portugal, Switzerland, Saudi Arabia, Romania and Spain, despite an increase in activity in France, Angola, Belgium and the United Kingdom. There was also a large growth in the 'Naval Industry' segment, which increased these revenues by about 22.7 million Euros compared to 2019. The negative variation of 5 million Euros in the Renewables segment is essentially due to the fact that in 2019 it still included the contribution of the Eurocab companies (Martifer Renewables ETVE, SAU and its subsidiaries), which were only sold at the end of the second semester of 2019.

In the 'Naval Industry' segment, about 93.3 million Euros of turnover was generated with clients belonging to the same Economic Group, which operates mainly in the tourism sector. At the end of 2020, the outstanding balances with these clients amount to approximately 4 million Euros and the outstanding order book of around 215.5 million Euros.

As regards the sales and services rendered by country of origin, the main contributions are from Portugal with approximately 146.9 million Euros, from France with around 31.5 million Euros and from the United Kingdom with approximately 27.3 million Euros. 'Other Markets' include Angola and Saudi Arabia, with sales and services rendered of 4.7 million Euros and 4.4 million Euros, respectively.

On 31 December 2020 and 2019, operating profit, as well as EBITDA and EBIT and Net Profit for the year, by operating segments, can be analysed as follows:

	OPERATING PROFIT		EBITDA		EBIT		NET PROFIT FOR THE YEAR	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Metallic Constructions	121,255,672	138,148,884	2,164,275	(3,781,240)	(1,136,904)	(6,389,338)	(5,288,940)	(8,842,001)
Naval Industry	118,850,124	97,525,852	13,044,303	8,863,082	12,056,226	7,812,604	8,582,782	5,190,874
Renewables	11,062,091	33,434,749	4,639,108	24,261,839	2,593,644	17,219,054	3,848,571	23,559,898
Others	(1,913,623)	(2,173,858)	(478,115)	(470,288)	(479,041)	(360,854)	(458,229)	1,537,908
	249,254,264	266,935,627	19,369,572	28,873,393	13,033,925	18,281,467	6,684,184	21,446,679

Note: Definition of EBITDA and EBIT according to APM available in the Management Report.

In 2020, consolidated EBITDA recorded a positive value of 19.4 million Euros, with all operating segments having contributed positively to this: the 'Naval Industry' segment with 13.0 million Euros, the 'Renewables' segment with 4.6 million Euros, which includes the gain on the sale of the subsidiary FW Warta Sp. Z.o.o. of approximately 2.4 million Euros (Notes 2 and 5), and the 'Metallic Constructions' segment with 2.2 million Euros. In the 'Metallic Constructions' segment, EBITDA had a positive variation from 5.9 million Euros to 2.2 million Euros, which was essentially due to the recognition of impairments of customers and other debtors in Martifer Angola in 2019, which did not happen in 2020. Overall, EBITDA decreased by 33% compared to 2019, mainly due to the fact that the 'Renewables' segment sold several companies in 2019 with a significant gain (20.0 million Euros) and in 2020, it sold only one with a much lower gain (2.4 million Euros).

The losses and gains in associate companies, the value in the balance sheet of financial assets in associate companies, as well as the constitution and reversal of provisions and impairment losses by operating segments are as follows:

	LOSSES IN ASSOCIATE COMPANIES		GAINS IN ASSOCIATE COMPANIES		CARRYING AMOUNT OF THE FINANCIAL ASSETS RECORDED UNDER EQUITY METHOD		CARRYING AMOUNT OF THE PROVISIONS RECORDED UNDER EQUITY METHOD	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Metallic Constructions	-	474,548	85,112	2,610,303	361,972	303,173	-	-
Naval Industry	-	791,985	-	-	-	-	-	-
Renewables	-	88,171	172,586	6,785,085	3,841,965	3,669,379	-	-
Others	8,798	14,674	-	-	-	-	-	7,932,197
	8,798	1,369,378	257,698	9,395,388	4,203,938	3,972,553	-	7,932,197

	PROVISIONS AND IMPAIRMENT LOSSES RECORDED IN THE YEAR		REVERSALS OF PROVISIONS AND IMPAIRMENT LOSSES RECORDED IN THE YEAR	
	FY 2020	FY 2019	FY 2020	FY 2019
Metallic Constructions	1,385,565	714,900	831,544	1,114,766
Naval Industry	-	29,021	18,071	-
Renewables	71,992	2,742,203	279,066	198,263
Others	-	-	-	110,114
	1,457,557	3,486,124	1,128,681	1,423,143

The investment (acquisition of right of use assets, tangible and intangible fixed assets) and the depreciations/ amortisations of the Group by operational segments until 31 December 2020 and 2019 are as follows:

	CAPITAL EXPENDITURES		AMORTISATION AND DEPRECIATION	
	FY 2020	FY 2019	FY 2020	FY 2019
Metallic Constructions	802,453	1,140,342	2,747,158	3,137,531
Naval Industry	594,636	5,401,697	1,006,148	1,021,457
Renewables	2,216,435	1,143,149	2,252,539	4,369,277
Others	1,507	97,043	926	680
	3,615,031	7,782,231	6,006,771	8,528,944

It should be noted that the values of the 'Investment' column in 2020 include the impact of applying IFRS 16 by registering assets under the right of use. Excluding this impact, the total value of the investment in 2020 amounts to around 3.3 million Euros (1.8 million in 2019).

The Group's assets and liabilities by operating segments on 31 December 2020 and 2019 are as follows:

	ASSETS		LIABILITIES	
	FY 2020	FY 2019	FY 2020	FY 2019
Metallic Constructions	153,894,306	178,433,832	191,429,562	218,713,023
Naval Industry	76,946,913	69,081,290	62,147,325	57,864,484
Renewables	62,361,101	138,124,480	33,425,463	15,309,522
Holding	304,375,276	401,499,523	8,052,432	140,235,356
Intra-group eliminations	(327,877,408)	(499,539,223)	(31,197,533)	(113,124,349)
	269,700,190	287,599,902	263,857,252	318,998,036

The Net Financial Debt of the Metallic Constructions area on 31 December 2020 reached 73 million Euros, approximately 6 million Euros more than on 31 December 2019.

The Renewables area's Net Financial Debt in December 2020 amounted to 11.8 million Euros.

The assets held and the investments made by geography can be analysed as follows:

	ASSETS		CAPITAL EXPENDITURES	
	FY 2020	FY 2019	FY 2020	FY 2019
Portugal	149,354,666	153,865,896	1,302,973	6,274,796
European Union	101,287,675	106,523,229	2,299,756	1,396,892
Other markets	19,057,848	27,210,777	12,303	110,544
	269,700,190	287,599,902	3,615,031	7,782,231

4. SALES AND SERVICES RENDERED

The breakdown of sales and services rendered for the periods ended on 31 December 2020 and 2019 is as follows:

	FY 2020	FY 2019
Revenue from the sale of goods	36,180,176	82,070,569
Services rendered	189,941,370	153,844,306
	226,121,546	235,914,875

In 2020, sales and services rendered decreased 4% compared to 2019 to 226 million Euros. This variation results from the opposite effects of the marked decrease in the 'Metallic Constructions' and 'Renewables' segments and the very significant increase in the 'Naval Industry' segment, as can be seen below.

The breakdown of sales and services rendered by operating segment on 31 December 2020 and 2019 is as follows:

	FY 2020	FY 2019
Metallic Constructions	101,646,682	129,098,545
Naval Industry	117,899,521	95,222,963
Renewables	6,575,344	11,593,366
	226,121,546	235,914,875

The breakdown of sales and services by type of revenue on 31 December 2020 and 2019 is as follows:

	FY 2020	FY 2019
Metallic Constructions - Metallic structures and aluminium building	91,454,443	112,845,636
Metallic Constructions - Operation and maintenance	8,721,055	12,638,216
Metallic Constructions - Others	1,471,184	3,614,693
Metallic Constructions - Total	101,646,682	129,098,545
Naval Industry - Building	99,043,947	78,432,125
Naval Industry - Repair	18,513,927	15,825,726
Naval Industry - Others	341,647	965,113
Naval Industry - Total	117,899,521	95,222,963
Renewables - Sale of energy	2,456,640	5,935,468
Renewables - Sale of Green Certificates	2,949,040	3,407,387
Renewables - Operation and Maintenance	1,149,292	2,178,479
Renewables - Others	20,373	72,031
Renewables - Total	6,575,344	11,593,366
	226,121,546	235,914,875

The future component of revenue allocated to not yet fulfilled or partially fulfilled performance obligations can be analysed as follows:

	FY 2021	FY 2022 AND FOLLOWING	TOTAL
Metallic Construction	121,913,531	139,241,085	261,154,616
Naval Industry	107,769,242	210,225,962	317,995,204
	229,682,773	349,467,047	579,149,820

Of the total 'Naval Industry', approximately 215.5 million Euros are related to customers belonging to the same Economic Group.

5. OTHER OPERATING INCOME

Other operating income of the years ended on 31 December 2020 and 2019 can be analysed as follows:

	FY 2020	FY 2019
Change in production	356,514	(1,209)
Own work capitalised (Note 3)	239,921	41,972
Taxes	10,201	84,878
Supplementary income	879,147	954,650
Gains in inventories	45,167	2
Capital gains on non-financial assets	2,485,263	21,226,742
Operating subsidies (Note 41)	349,580	71,936
Investments subsidies (Note 41)	55,708	97,221
Exchange rate gains	14,919,482	4,148,699
Investment properties rents (Note 21)	537,341	388,027
Other operating income	3,254,396	4,007,834
Total	23,132,718	31,020,752

On 31 December 2019, the 'Capital gains on non-financial assets' result mainly from the sale of the Eurocab companies (Martifer Renewables ETVE, S.A.U. and its subsidiaries) from the 'Renewables' segment (20.0 million Euros), as well as gains from the sale of tangible fixed assets made by Martifer Construções (1.2 million Euros). In 2020, it refers essentially to the sale of FW Warta SP. Z.o.o by Martifer Renewables SGPS, S.A. (2.4 million Euros).

As regards the 'Supplementary Income' of 2020, it essentially includes revenue of the 'Metallic Constructions' area (0.6 million Euros), of which we highlight the contributions of Portugal and France. The 'Supplementary Income' item in 2019 has as its main contribution income in Portugal both in 'Metallic Constructions' and the 'Naval Industry'.

The 'Favourable exchange rate differences' are related to the occurrence of exchange rate variations in credits receivable from customers and accounts payable to suppliers, essentially in the Group's subsidiaries outside the Euro area (Note 1.4 xiv)).

The heading 'Other operating income' in 2020 includes the impacts of contractual penalties received by Eviva Nalbant S.R.L. of the Renewables segment in Romania (1.5 million Euros). In the 'Metallic Constructions' segment, the contributions of Romania (0.8 million Euros) and the recovery of outstanding receivables in Portugal (0.2 million Euros) stand out. In 2019, the value of contractual penalties received by Eviva Nalbant SRL of the Renewables segment in Romania (0.9 million Euros), as well as values related to the development of projects carried out by Martifer Renewables, SA in Poland (0.9 million Euros). In the area of 'Metallic Constructions' and 'Naval Industry', the contributions of Portugal stand out.

It should be noted that from the financial year 2019 on, Martifer Group began to recognise the gains associated with investment property in this item, and until the last reporting period, they were recorded in 'Sales and Services Rendered'. The Group considered that this would be the most appropriate classification for this type of income.

6. COST OF GOODS SOLD

The cost of goods sold and materials consumed for the years ended on 31 December 2020 and 2019 can be analysed as follows:

FY 2020	TOTAL
Opening balance (Note 24)	18,663,861
Purchases	71,172,270
Changes in the consolidation perimeter, currency exchange differences, transfers and others	(2,988,923)
Closing balance (Note 24)	15,882,420
	70,964,787

FY 2019	TOTAL
Opening balance (Note 24)	21,116,099
Purchases	82,811,836
Changes in the consolidation perimeter, currency exchange differences, transfers and others	(614,197)
Impact of Hyperinflationary Economies (Note 1.4)	13,739
Closing balance (Note 24)	18,663,861
	84,663,616

Note: Cost of goods sold and consumed materials = Initial stock + Purchases + Changes in perimeter, exchange rate differences, transfers and others + Impact of hyperinflationary economies - Final stock.

The reduction of this item in the year 2020 is a consequence of the decrease in activity in the 'Metallic Constructions' segment, production and respective sales.

7. SUBCONTRACTS

The value of subcontracts in the years ended on 31 December 2020 and 2019 is as follows:

	FY 2020	FY 2019
Metallic Constructions	24,026,646	33,976,402
Naval Industry	46,347,610	29,454,640
Renewables	391,050	1,074,924
	70,765,306	64,505,967

The subcontracts relate to subcontracts for the works carried out mainly in the 'Naval Industry' and 'Metallic Constructions' segments. The increase verified in 2020 is explained by the increase in activity in the 'Naval Industry' segment, which was greater than the decrease verified in the 'Metallic Constructions' segment in what regards subcontracts.

8. EXTERNAL SERVICES AND SUPPLIES

The breakdown of supplies and external services for the periods ended on 31 December 2020 and 2019 is as follows:

	FY 2020	FY 2019
Specialised works	6,892,492	7,290,114
Leases and rents	6,183,268	5,845,286
Transport of goods	3,864,562	4,207,615
Insurance	2,735,397	2,202,420
Maintenance and repairs	2,573,978	2,253,237
Electricity and Fuel	2,014,538	2,226,601
Service Fees	1,908,444	2,008,650
Travelling expenses	975,313	1,639,960
Cleaning services	791,071	582,374
Security	660,332	619,171
Commissions	391,968	564,179
Communications	259,124	279,996
Legal and notarial fees	183,829	163,701
Advertising	105,141	212,727
Tools and devices	84,152	78,940
Other	731,295	841,069
	30,354,904	31,016,039

Specialised works include expenditure on auditing services, consulting services, information systems, studies and opinions, and it decreased from 2019, especially in the 'Metallic Constructions' segment.

The item 'Service Fees' in 2020 decreased compared to 2019, which is mainly due to a decrease in the fees that must be paid with the sale of green certificates in Romania, in the 'Renewables' segment.

'Transport of Goods' also suffered a decrease compared to 2019, as a result of lower activity in Portugal, in the 'Metallic Constructions' segment.

There was a significant increase in activity in France, the United Kingdom and Belgium (a new market for the Group with the "Gare de Mons" project) in the 'Metallic Constructions' segment compared to 2019, which generated an increase in the items 'Insurance' and 'Leases and Rents'.

On 31 December 2020, due to the application of IFRS 16, 124,002 Euros (488,507 Euros in 2019) were recorded under 'Leases and Rents' relating to rents from low-value lease contracts, as well as 6,059,266 Euros (5,356,779 Euros in 2019) from lease contracts with term of less than 12 months.

The 'Travelling expenses' item had the biggest decrease of all items compared to 2019 as a result of the constraints on the movement of persons arising from the COVID-19 pandemic in 2020.

9. STAFF COSTS

The Staff costs for the periods ended on 31 December 2020 and 2019 can be analysed as follows:

	FY 2020	FY 2019
Salaries	28,288,916	28,640,504
Social contributions and others	8,449,255	8,782,801
	36,738,171	37,423,304

The value of social contributions and others is essentially related to Social Security payments, meal allowances and sickness benefits, with occupational accident insurance and indemnities/compensations related to the termination of employment contracts.

AVERAGE NUMBER OF EMPLOYEES

During 2020 and 2019, the company's average number of employees was as follows:

	FY 2020	FY 2019
Directors	13	12
Other employees	1,420	1,401
	1,433	1,413
Portuguese	1,120	1,116
Portuguese in foreign countries and foreigners	313	297
	1,433	1,413

10. OTHER OPERATING EXPENSES

Other operating expenses for the years ended on 31 December 2020 and 2019 are as follows:

	FY 2020	FY 2019
Taxes	1,212,660	1,629,363
Fair value adjustment of investment properties	1,316,300	-
Inventory impairment losses	138,645	1,813,896
Losses in inventories	4,523	-
Capital losses on non-financial assets	6,545	307,496
Exchange rate losses	19,109,671	5,639,589
Trade debtors write-off	181,773	361,008
Fines and penalties	119,571	253,592
Other operating expenses	2,237,382	1,537,183
Total	24,327,072	11,542,126

The item 'Inventory impairment losses' in 2019 concerns an impairment recorded in Martifer Construções, for a land that was recorded in inventories and was sold in the beginning of 2020.

In 2020, the value of the item 'Fair value adjustment of investment properties' refers to the reduction in fair value, according to valuations made (see Note 21), of investment properties: Martifer Construções Factory (947,000 Euros), Benavente Business Centre (364,000 Euros) and the Warehouse in Albergaria-a-Velha (5,300 Euros).

The item 'Capital losses on non-financial assets' in 2019 essentially respects the loss on the sale of tangible fixed assets in Martifer Construções.

The item 'Exchange rate losses' is related with the occurrence of exchange rate variations in non-financial transactions, mainly in the Group's subsidiaries outside the Euro Area (Note 1.4.xiv). Both in 2019 and in 2020 the countries that contributed the most to the increase in this item were Angola and Saudi Arabia.

In 2019, the 'Trade Debtors write-off' item mainly concerns recognised losses in France in the 'Metallic Constructions' segment.

The item 'Other operating expenses' in 2020 mainly includes expenses associated with the 'Metallic Constructions' segment in Romania, France and Morocco, as well as Romania's contribution in the 'Renewables' segment. In 2019, the amount of other expenses in Romania, Spain and France in the 'Metallic Constructions' segment stands out.

11. PROVISIONS AND IMPAIRMENT LOSSES IN FIXED ASSETS

Provisions and impairment losses for the periods ended on 31 December 2020 and 2019 are as follows:

	FY 2020	FY 2019
Impairment losses		
In tangible fixed assets (Note 19)	(222,415)	2,732,810
	(222,415)	2,732,810
Provisions (Note 35)		
Quality guarantees	73,465	(362,405)
Onerous contracts	(274,078)	(415,007)
Ongoing legal claims	795,360	189,886
Provisions on contractual obligations	(43,456)	(82,302)
	551,291	(669,829)

The impairment in tangible fixed assets recorded in 2019 was in the 'Renewables' segment and refers to the variation in the market value of the wind turbines (Suzlon S88-2.1) registered in Cedilhas ao Vento, and which will be used in part in the Fonte Cova Wind Farm. In 2020, there was a reversal of the impairment in tangible fixed assets in the 'Renewables' segment, which resulted from the fact that the Piastowo project is viable and will enter the next auction in Poland.

The 'Provisions for onerous contracts' item relates to construction contracts in progress where it is estimated that the cost to be incurred to comply with the undertaken obligation exceeds the expected economic benefits. These provisions relate essentially to the 'Metallic Constructions' segment. In 2019 and in 2020 the value of provisions related to onerous contracts has a negative value due to the fact that part of the provisions previously constituted was reversed.

In 2019, there was a record of around 0.3 million Euros in 'Ongoing legal claims' resulting from legal claims in Martifer Construções. In 2020, the reversal of 0.4 million Euros associated with the end of the claims in Poland in the 'Metallic Constructions' segment, as well as the creation of a provision of 1.3 million Euros in Martifer Metallic Constructions SGPS, S.A., to deal with the legal claim in Brazil, which ended in 2021 (see Note 36).

12. FINANCIAL RESULTS

The financial results for the periods ended on 31 December 2020 and 2019 may be analysed as follows:

FINANCIAL INCOME	FY 2020	FY 2019
Loans and accounts receivable (including bank deposits)		
- Interest income	24,184	18,695
Other financial income related to other financial assets		
- Exchange rate gains	2,382,857	935,902
- Other financial income	877	2,799,113
	2,407,918	3,753,711

FINANCIAL EXPENSES	FY 2020	FY 2019
Loans and accounts payable		
- Interest expenses on bank loans	4,210,266	4,658,574
- Interest expenses on leases	896,010	564,447
Other financial income related to other financial liabilities		
- Exchange rate losses	1,434,414	1,253,389
- Other financial expenses	1,261,974	1,224,510
	7,802,665	7,700,919

The items 'Exchange Rate Gains/Losses' are related to the occurrence of exchange rate variations, mainly in the Group's subsidiaries outside the Euro area (Note 1.4.xiv).

In 2019, 'Other financial income' includes, in almost all of the amount, the gain arising from a financial renegotiation agreement (amortisation of the debt with discount) (see Note 32).

The 'Interest expenses on leases' item increased in 2020, mainly due to the interest on leases resulting from the application of IFRS 16.

The 'Interest expenses on bank loans' item showed a decrease compared to the same period of 2019 as a result of the reduction in gross debt.

13. GAINS/(LOSSES) IN ASSOCIATE COMPANIES AND JOINT ARRANGEMENTS

The gains and losses in associate companies and joint arrangements in the years ended on 31 December 2020 and 2019 can be analysed as follows:

	FY 2020	FY 2019
Equity method		
Martifer MPC Renewable Energies Development S.A.S.	-	(88,172)
Ventinveste, S.A.	172,586	37,470
SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A.	-	251,662
SPEE 3 – Parque Eólico do Baião, S.A.	-	194,308
Duelobrigatório	(8,798)	(14,674)
Martifer-Visabeira, S.A.	85,112	598,226
Martimetal	-	(474,548)
CNA Chantier Naval d'Arzew, SPA	-	(1,512)
	248,900	502,761
Others		
Gain of Dividends from Ventinveste due to % above participation	-	15,000
Sale of SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A.	-	4,186,918
Sale of SPEE 3 – Parque Eólico do Baião, S.A.	-	1,919,641
Sale of Martifer MPC Renewable Energies Development S.A.S	-	180,087
Reversal of provision arising from equity method of Martimetal, Spa	-	2,012,076
Participation cancellation in CNA Chantier Naval d'Arzew, Spa	-	(790,473)
	-	7,523,249
	248,900	8,026,010

The negative amount of 248,900 Euros which results from the application of the Equity Method in 2020, the positive value of 257,698 Euros impacts on variations of 'Investments in associate companies and joint arrangements' (Note 22), whereas the negative amount of 8,798 Euros is used in the movements of Provisions resulting from the application of the Equity Method (Note 35).

From the positive amount of 502,761 Euros which results from the application of the Equity Method in 2019, the positive value of 393,757 Euros impacts on the variations of 'Investments in associate companies and joint arrangements' (Note 22), whereas the positive amount of 109,003 Euros is used in the movement of Provisions resulting from the application of the Equity Method (Note 35).

In 2020, Martifer SGPS acquired 25% of the share capital of Duelobrigatório, now holding 80% of the company's share capital and subsequently acquired for a symbolic value (2 Euros) the financial debt of 3,927,553 Euros that it held with the entities I'M SGPS and Mota-Engil SGPS (parties related to Martifer SGPS). At the end of 2020, Duelobrigatório was dissolved and liquidated without assets or liabilities, and this operation generated a consolidated gain of 10.3 million Euros, which resulted from the purchase at a discount of the financial debt from the shareholders I'M SGPS and Mota-Engil SGPS, carried out with the aim of strengthening equity, it was therefore considered a shareholder contribution, and also because at the date of purchase of the previously referred 25%, Duelobrigatório, given the type of acquired entity, was not a business combination under the terms of IFRS 3, it was recorded in equity, including the effect of the cancellation of provisions that had been recorded in previous years.

In 2019, the positions held in the companies Parque Eólico de Vila Franca de Xira, S.A., SPEE 3 – Parque Eólico do Baião, S.A. and Martifer MPC Renewable Energies Development S.A.S.' were sold. In addition, as regards the participation in Martimetal, Spa, the provision arising from the application of the equity method was reversed since there were no additional liabilities other than the investment made and the participation in CNA Chantier Naval d'Arzew, Spa was cancelled since there is no perspective of the recovery of the investment made.

Also in 2019, Martifer Renewables SA received, according to the shareholders' agreement, 26.5% of dividends (0.265 million Euros) from its subsidiary Ventinveste, i.e., 1.5% more than its participation in the share capital, so this difference of 15,000 Euros was not eliminated from the consolidated accounts, having been transferred from the item 'Dividends' to 'Results in associate companies'.

The information on the associate companies and joint arrangements is in Notes 22 and 35.

14. INCOME TAX

The breakdown of assets and liabilities giving rise to deferred tax in the periods ended on 31 December 2020 and 2019 may be analysed as follows:

DEDUCTIBLE TEMPORARY DIFFERENCES	FY 2020		FY 2019	
	BASIS	DEFERRED TAX	BASIS	DEFERRED TAX
With impact in Net Profit				
Provisions not accepted for tax purposes	2,441,956	549,159	6,592,341	1,463,125
Tax losses	24,835,196	5,168,424	24,415,185	5,084,440
Others	1,007,686	195,757	908,828	83,021
	28,284,838	5,913,340	31,916,354	6,630,586
With impact in Equity				
Others	37,986	11,396	14,234	4,270
	37,986	11,396	14,234	4,270
	28,322,824	5,924,735	31,930,588	6,634,856

TAXABLE TEMPORARY DIFFERENCES	FY 2020		FY 2019	
	BASIS	DEFERRED TAX	BASIS	DEFERRED TAX
With impact in Net Profit				
Differences between cost and fair value	9,770,575	2,180,490	10,722,875	2,394,678
Others	30,033	9,010	1,975,477	576,415
	9,800,608	2,189,500	12,698,352	2,971,093
With impact in Equity				
Others	1,699,304	518,141	2,784,248	794,306
	1,699,304	518,141	2,784,248	794,306
	11,499,912	2,707,641	15,482,600	3,765,399

The impacts arising from the application of IAS 29 were recorded under the item 'Others' of deferred tax liabilities with impact on the net result as well as with impact on equity.

The distribution of deferred taxes by country can be presented as follows:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	FY 2020	FY 2019	FY 2020	FY 2019
Portugal	4,893,539	5,547,454	2,180,490	3,031,589
Spain	-	93	-	-
Angola	78,203	-	482,845	717,949
Romania	-	-	22,053	-
United Kingdom	809,386	855,268	-	-
Others	143,607	232,041	22,253	15,861
	5,924,735	6,634,856	2,707,641	3,765,399

The amount of 482,845 Euros for Angola derives from the application of IAS 29, as well as the amount of 22,253 Euros in the item 'Others' refers to the application of IAS 29 in Argentina.

According to the tax returns and estimates of income tax of the companies that record deferred tax assets related to tax losses, on 31 December 2020 and 2019, using for the purpose tax rates at that time, they were reportable as follows:

TIME LIMIT	FY 2020		FY 2019	
	BASIS	DEFERRED TAX	BASIS	DEFERRED TAX
2026	20,138,472	4,229,079	20,138,472	4,229,079
	20,138,472	4,229,079	20,138,472	4,229,079
Without limited time use	4,696,724	939,345	4,276,713	855,361
	24,835,196	5,168,424	24,415,185	5,084,440

On 31 December 2020, the deferred tax assets and liabilities amounted to 5,924,735 Euros and 2,707,641 Euros, respectively (in 2019: 6,634,856 Euros and 3,765,399 Euros, respectively), and the effect on the P&L was negative in 511,442 Euros (in 2019 a negative effect of 275,451 Euros).

On 31 December 2020 and 2019, compared to the tax legislation in force in Portugal, in what concerns the taxation of dividends, temporary differences relating to the share of results of associates and subsidiaries for which deferred tax liabilities were not recorded are not materially relevant to the annexed financial statements.

On 31 December 2020, there were reportable tax losses, calculated in the companies taxed under the Special Regime for Taxation of Corporate Companies (RETGS), of which Martifer SGPS is the dominant company, before and during the application of RETGS, amounting to 83,824,858 Euros (89,286,838 Euros on 31 December 2019), whose potential deferred tax assets amount to 17,603,220 Euros (18,750,236 Euros on 31 December 2019). In a perspective of prudence, deferred tax assets were registered, related with tax losses in Portugal to be used in the future, only in the amount of 4,229,079.00 Euros.

The breakdown of total reportable tax losses and potential tax credits in Portugal can be analysed as follows:

	FY 2020			FY 2019		
	TAX LOSS	TAX CREDIT	TIME LIMIT	TAX LOSS	TAX CREDIT	TIME LIMIT
Generated in 2014	26,068,784	5,474,445	2028	26,068,784	5,474,445	2026
Generated in 2015	5,081,758	1,067,169	2029	5,081,758	1,067,169	2027
Generated in 2016	32,310,271	6,785,157	2030	32,310,271	6,785,157	2028
Generated in 2017	4,504,590	945,964	2024	5,754,682	1,208,483	2022
Generated in 2019	15,859,457	3,330,486	2026	20,071,344	4,214,982	2024
	83,824,858	17,603,220		89,286,838	18,750,236	

In relation to the above tax losses, the following should be said:

- i. Tax losses generated in 2019 decreased, compared to the amount reportable on 31 December 2019, in the amount of 4,211,888 Euros, which refers to the difference between the tax result calculated for the purposes of the 2019 IRC estimate and the effective tax result, determined by the group of companies taxed under the RETGS, in the income tax return Model 22 of IRC;
- ii. Tax losses 2017: Taking into account the estimated tax result in 2020 by the group of companies taxed under RETGS in the amount of EUR 1,785,846, part of the tax losses generated in 2017 (EUR 1,250,092) were used;
- iii. Pursuant to Article no. 11(3) of Law no. 27-A/2020 of 24 July, the counting of the reporting period for tax losses, applicable to tax losses in force on the first day of the 2020 tax period, is suspended during this tax period (2020) and the following (2021), which is why the limit dates for the use of tax losses have changed in relation to the deadlines that were reported on 31 December 2019.

The reconciliation of tax for the period and current tax can be analysed as follows:

	FY 2020	FY 2019
Current tax	900,075	721,422
Deferred tax - generated by temporary differences	(229,747)	(93,814)
Deferred tax - reversal of temporary differences	973,395	41,441
Deferred tax assets - tax losses recognition	(139,311)	419,896
Other	(92,895)	(92,072)
Deferred tax	511,442	275,451
Income tax	1,411,517	996,873

On 31 December 2020 and 2019, the reconciliation between the nominal and effective tax rate is as follows:

	FY 2020	FY 2019
Profit before tax	8,095,701	22,443,553
Income tax rate (nominal rate of 21%)	1,700,097	4,713,146
Non-taxable gains and losses:		
Gains/Losses of financial assets	(2,006,250)	(10,511,200)
Reversions/Amortisations and Provisions not accepted for tax purposes	646,866	(11,038)
Impairment losses	(3,165,538)	1,762,360
Results of associates using the equity method	(52,269)	(105,580)
Tax benefits	(6,247)	(2,086)
Tax losses of the year for which deferred tax assets were not recognised	2,283,300	5,200,570
Use of tax losses generated in previous years for which no deferred tax assets were recognised	(844,920)	(435,815)
Recognition of the effect of hyperinflationary economies (IAS29)	66,294	85,603
Creation/Reversion of deferred tax assets in the year	511,442	275,451
Different tax rates	(2,480)	(37,973)
Municipal surcharge and autonomous taxes	746,924	525,800
Excess/Insufficiency of income tax estimate	(9,944)	(285,164)
Non-deductible net financing expenses	732,314	478,563
Others	811,929	(655,764)
Effective income tax (current + deferred)	1,411,517	996,873
Effective tax rate	17.4%	4.4%

In 2020, Martifer SGPS, SA and its Portuguese subsidiaries were subject to taxation on Corporate Income Tax ("IRC") at the normal rate of 21%, plus a municipal surcharge of up to 1.5% of the taxable profit.

Additionally, in what concerns the taxable profit above 1,500,000.00 Euros, subject and not exempted from IRC, the following local state rates are involved: 3% on the part over 1,500,000 Euros and up to 7,500,000 Euros; 5% on the part over 7,500,000 Euros and up to 35,000,000 Euros; and 9% on the part of the taxable profit that exceeds 35,000,000 Euros.

Pursuant to article no. 88 of the IRC Code, Portuguese companies are additionally subject to autonomous taxation on a set of charges, at the rates provided for in the regime.

In the 2011 tax period, Martifer SGPS, SA chose to apply the Special Regime for the Taxation of Groups of Companies ("RETGS") which include Portuguese companies that directly or indirectly hold at least 75% of their capital and that simultaneously comply with the other conditions defined by that regime.

The remaining companies, which are not included in the special scheme of taxation of Martifer Group, are taxed individually, based on the respective tax base and the applicable tax rates.

The results generated in foreign subsidiaries are taxed at the rates of local income tax, namely the results generated in Angola, in Saudi Arabia, in Brazil, in France, in Poland, in Romania, in Spain, in the United Kingdom and in Argentina are taxed respectively at 30%, 20%, 34%, 28.4%, 19%, 16%, 25%, 19% and 30%.

For the calculation of deferred taxes in Spain, in Angola, in Romania, in the United Kingdom and in Argentina, the rates used were 25%, 30%, 16%, 19% and 30%, respectively.

Under the Portuguese law in force, the tax returns of Portuguese companies are subject to revision and correction by the tax authorities during a period of four years (five years for social security), except when tax losses have occurred, tax benefits have been granted, or inspections, claims or appeals are undergoing, in which cases, depending on the circumstances, the time limits may be extended or suspended. Consequently, the tax declarations for the years 2017 through to 2020 may be subject to review and amendments.

The Group companies covered by this regime calculate and record income tax as if they were taxed individually. The responsibilities that are determined are, however, recorded as due in the dominant position of the tax group – Martifer SGPS – which will be responsible for the global calculation and the reverse charge of the tax.

In the 2018 financial year, tax inspections on the 2014 financial year were completed, which resulted in the additional payment of IRC plus compensatory interest and procedural costs that resulted in a total amount of 282,786.71 Euros. In this respect, the Group's Board of Directors considers that there are arguments to contest such settlement, and therefore Martifer SGPS, as the dominant company of the group of companies taxed within the framework of RETGS in 2019, appealed against such settlement of tax in legal terms, having submitted a guarantee regarding the amount settled by the Tax Authority. Martifer SGPS is awaiting a decision by the Court in this case.

Tax Credit on Investment II (CFEI II)

On 24 July 2020, Law no. 27-A/2020 was published, which (re)introduced the Special Tax Credit on Investment II (CFEI II) into our tax system, aimed at supporting employment, investment and businesses, within the framework of the Economic and Social Stabilisation Programme in force.

CFEI II concerns a tax benefit that can be used by taxable IRC persons mainly engaged in a commercial, industrial or agricultural activity, provided that certain requirements are met.

Specifically, this benefit corresponds to a deduction of 20% of investment expenses on assets related to the exploration (up to a maximum amount of 5.000.000 Euros), made between 1 July 2020 and 30 June 2021, up to a limit of 70% of the collection of IRC recorded in the 2020 and 2021 financial periods. In the case of the groups of companies taxed under RETGS, the deduction is made up to 70% of the collection of IRC from the group and cannot exceed 70% of the collection of IRC established by the company that made the investments.

The importance that is not deducted in the 2020 and 2021 financial periods due to insufficient collection of IRC may be made in the five subsequent tax periods.

At the closing date of the accounts, the Group's companies are in the process of calculating the tax benefit of CFEI II, which derives from the investment made in tangible and intangible fixed assets, in the period from 1 July 2020 to 31 December 2020. For the purpose of estimating tax, no amount was taken into account in this respect.

On 31 December 2020 and 2019, the balance of income tax receivable and payable can be shown as follows:

	FY 2020	FY 2019
Income tax - Assets	547,916	1,005,954
Income Tax - Liabilities	(1,236,422)	(918,643)
Net income tax	(688,506)	87,311

15. DIVIDENDS

In 2020 and 2019, dividends were not distributed.

16. EARNINGS PER SHARE

Martifer SGPS has issued solely ordinary shares, so there are no special dividends or voting rights.

Martifer SGPS, SA's share capital is represented by 100,000,000 ordinary shares, totally subscribed and paid-up, representing a share capital of 50,000,000.00 Euros.

The weighted average number of shares in circulation is reduced in 2,215,910 shares, corresponding to own shares acquired by Martifer SGPS.

As of 31 December 2020 and 2019, there is no difference between the calculation of basic earnings per share and the calculation of diluted earnings per share, which can be demonstrated as follows:

	FY 2020	FY 2019
Profit for the year (I)	6,298,203	23,546,244
Weighted average number of shares outstanding (II)	97,784,090	97,784,090
Basic and diluted earnings per share (I) / (II)	0.0644	0.2408

17. GOODWILL

The changes in 'Goodwill' in the periods ended on 31 December 2020 and 2019 are as follows:

	FY 2020	FY 2019
Gross amount		
Opening balance	14,148,579	14,115,669
Sale of subsidiaries	(3,173,930)	-
Effect of foreign currency exchange differences	-	32,910
Closing balance	10,974,649	14,148,579
Carrying amount at the beginning of the period	14,148,579	14,115,669
Carrying amount at the end of the period	10,974,649	14,148,579

The detail of 'Goodwill' for the years ended on 31 December 2020 and 2019 can be analysed as follows:

	FY 2020	FY 2019
	CARRYING AMOUNT	CARRYING AMOUNT
Metallic Constructions	9,355,974	9,355,974
Naval Industry	1,618,675	1,618,675
Renewables	-	3,173,930
	10,974,649	14,148,579

In 2020 the company FW Warta Sp. Z.o.o. was sold; therefore, Goodwill was derecognised.

The Group adopts the procedure of making annual impairment tests for Goodwill at the end of each period, as defined in Notes 1.4.i and 1.4.xxv.c.

For the purposes of Goodwill impairment analysis, the procedures in 2020 were as follows:

- Naval Industry - the recoverable amount of the cash-generating units of the business segment was estimated based on the value in use, according to the discounted cash flow method, based on the business plans developed by those responsible for the companies and duly approved by the Board of Directors of the Group and using an appropriate discount rate taking into account the risks inherent to the business. On 31 December 2020, the assumptions used to calculate the existence, or not, of Goodwill impairment were as follows:

FY 2020	NAVAL INDUSTRY
Weighted Average Cost of Capital (WACC)	6.37%
CAGR turnover [2020;2025] ⁽³⁾	-3.06%
EBITDA / Turnover average margin [2020;2025]	10.30%

The average growth rate of turnover registered underlined by the following estimates and expectations: (i) in 2021, a reduction compared to 2020, given that this year was the best ever; and in 2021, some constraints are expected due to the COVID-19 pandemic; (ii) from 2022 and up to 2024, turnover in line with 2020 as a result of the end of the constraints caused by COVID-19 and the order book; and (iii) in 2025 a reduction in turnover resulting from the fact that the current portfolio will be completed at that time and the activity depends on the projects to be won in the coming years. Of the current order book, about 68% is concentrated in clients of the same economic group, which may constitute an additional risk to the fulfilment of the estimated business plan.

- Metallic Constructions – the recoverable amount of the cash-generating units related to the operations in Portugal, Angola and Romania was estimated (Note 19), considering that the remaining countries are mainly commercial and with a residual margin since they are dedicated to the assembly and completion of projects, so they generate a marginal valuation;
- Additionally, the recoverability of Goodwill from 'Metallic Constructions' and 'Naval Industry' is also supported with reference to the indirect acquisition of 25% of the capital of Martifer Metallic Constructions, SGPS, S.A. (subholding of the Group that aggregates the companies of the 'Metallic Constructions' and 'Naval industry' segments), through the company vehicle Vetur Diálogo SGPS, and the independent assessment that valued the company at around 55.3 million Euros (after its financial debt was eliminated). It was verified that the difference compared to the net book value of assets, excluding Goodwill, amounts to approximately 87.7 million Euros.

Considering the valuations carried out, the Board of Directors understands that reasonable variations in the main indicators would not imply the impairment of the net assets associated with the cash-generating units to which Goodwill was allocated.

18. INTANGIBLE ASSETS

This item is analysed as follows:

	FY 2020	FY 2019
Gross amount, reduced by impairment losses:		
Software and other rights	15,136,376	15,321,461
	15,136,376	15,321,461
Accumulated depreciation:		
Software and other rights	14,689,316	14,706,139
	14,689,316	14,706,139
Carrying amount	447,059	615,322

The value recorded in 'Software and other rights' relates mainly with computer programmes purchased by Group companies.

The information relating to the gross values of the intangible asset, less impairment losses, for the years ended on 31 December 2020 and 2019, can be analysed as follows:

FY 2020	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Opening balance 1 January 2020	15,321,461	-	15,321,461
Additions	16,830	-	16,830
Effect of foreign currency exchange differences	(210,569)	-	(210,569)
Impact of Hyperinflationary Economies (Note 1.4)	2,497	-	2,497
Changes in the consolidation perimeter	4,386	-	4,386
Transfers and other movements	1,771	-	1,771
Closing balance 31 December 2020	15,136,376	-	15,136,376

FY 2019	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Opening balance 1 January 2019	18,237,690	9,718	18,247,408
Additions	67,191	-	67,191
Sales, disposals and write-offs	(46,327)	-	(46,327)
Effect of foreign currency exchange differences	(318,020)	-	(318,020)
Impact of Hyperinflationary Economies (Note 1.4)	41,039	-	41,039
Changes in the consolidation perimeter	-	(9,718)	(9,718)
Transfers and other movements	(2,660,111)	-	(2,660,111)
Closing balance 31 December 2019	15,321,461	-	15,321,461

The information related to the accumulated amortisation and depreciation values of the intangible asset, with reference to the years ended on 31 December 2020 and 2019, can be analysed as follows:

FY 2020	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Opening balance 1 January 2020	14,706,140	-	14,706,140
Additions	39,000	-	39,000
Effect of foreign currency exchange differences	(63,478)	-	(63,478)
Transfers and other movements	1,771	-	1,771
Impact of Hyperinflationary Economies (Note 1.4)	1,498	-	1,498
Changes in the consolidation perimeter	4,386	-	4,386
Closing balance 31 December 2020	14,689,316	-	14,689,316

FY 2019	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Opening balance 1 January 2019	16,015,887	-	16,015,887
Additions	60,644	-	60,644
Sales, disposals and write-offs	(36,699)	-	(36,699)
Effect of foreign currency exchange differences	(83,587)	-	(83,587)
Transfers and other movements	(1,259,812)	-	(1,259,812)
Impact of Hyperinflationary Economies (Note 1.4)	9,706	-	9,706
Closing balance 31 December 2019	14,706,140	-	14,706,140
Carrying Amount:			
31 December 2019	615,321	-	615,321
31 December 2020	447,060	-	447,060

In 2019, with the sale of the subsidiaries SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A. and SPEE 3 – Parque Eólico do Baião, S.A., the value of the licenses for the exploration of wind farms associated with them was derecognised, which justifies the amounts of around -2.7 million Euros and -1.3 million Euros in the movement 'Transfers and other movements' in the gross amounts and depreciation, respectively.

The net impact of the application of IAS 29 to the Angolan and Argentinian companies in this item is around 0.9 million Euros (Note 43).

19. TANGIBLE FIXED ASSETS

This item is analysed as follows:

	FY 2020	FY 2019
Gross amount, reduced by impairment losses:		
Land and buildings	47,217,412	55,855,530
Equipment	69,881,473	71,867,851
Tangible assets in progress	11,632,696	10,929,705
Other tangible assets	2,433,727	2,343,811
	131,165,308	140,996,897
Accumulated depreciation:		
Land and buildings	18,126,942	20,518,313
Equipment	53,926,878	53,296,801
Other tangible assets	1,918,436	1,834,882
	73,972,256	75,649,996
Carrying amount	57,193,053	65,346,902

The accumulated impairment losses on 31 December 2020 amount to 31.3 million Euros.

The information concerning the gross values of land and buildings, equipment, tangible fixed assets in progress and other tangible fixed assets, net of accumulated impairment losses for the years ended in 2020 and 2019 can be analysed as follows:

FY 2020	LAND AND BUILDINGS	EQUIPMENT	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2020	55,855,529	71,867,850	10,929,703	2,343,810	140,996,897
Additions	78,567	465,087	2,655,503	63,100	3,262,257
Sales, disposals and write-offs	-	(101,495)	-	-	(101,495)
Effect of foreign currency exchange differences	(2,307,923)	(2,560,192)	(276,243)	(49,308)	(5,193,666)
Impairment losses (Note 11)	-	11,136	211,279	-	222,415
Transfers and other movements	(6,408,762)	340,489	(724,643)	-	(6,792,916)
Impact of Hyperinflationary Economies (Note 1.4)	-	1,205	38,756	6,024	45,985
Changes in the consolidation perimeter	-	(142,608)	(1,201,662)	70,101	(1,274,169)
Closing balance 31 December 2020	47,217,411	69,881,472	11,632,693	2,433,727	131,165,308

FY 2019	LAND AND BUILDINGS	EQUIPMENT	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Closing balance 31 December 2018	73,240,845	78,738,139	12,581,629	51,339,475	215,900,088
First adoption of IFRS 16	(11,301,220)	(2,397,586)	-	-	(13,698,806)
Opening balance 1 January 2019	61,939,625	76,340,553	12,581,629	51,339,475	202,201,282
Additions	40,547	593,923	1,046,452	4,066	1,684,988
Sales, disposals and write-offs	(2,565,275)	(1,862,774)	-	(17,084)	(4,445,133)
Effect of foreign currency exchange differences	(3,371,290)	(3,462,790)	(42,935)	(56,110)	(6,933,125)
Impairment losses (Note 11)	-	-	(2,732,811)	-	(2,732,811)
Transfers and other movements	-	-	22,144	-	22,144
Impact of Hyperinflationary Economies (Note 1.4)	362,084	288,282	55,225	15,105	720,696
Changes in the consolidation perimeter	(550,161)	(29,343)	-	(48,941,641)	(49,521,145)
Closing balance 31 December 2019	55,855,529	71,867,850	10,929,703	2,343,810	140,996,897

The investment in tangible fixed assets in 2020 occurred in the 'Metallic Constructions' segment (0.6 million Euros), in the 'Naval Industry' segment (0.6 million Euros) and in the 'Renewables' segment (2.1 million Euros), with the acquisition of equipment and capitalised costs in projects under development.

The information relating to the amounts of the accumulated amortisation and depreciation of land and buildings, equipment, tangible fixed assets in progress and other tangible fixed assets for the years ended in 2020 and 2019 can be analysed as follows:

FY 2020	LAND AND BUILDINGS	EQUIPMENT	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2020	20,518,311	53,296,800	-	1,834,880	75,649,996
Additions	1,722,689	3,016,772	-	46,337	4,785,798
Sales, disposals and write-offs	-	(95,159)	-	-	(95,159)
Effect of foreign currency exchange differences	(1,245,893)	(2,152,384)	-	(38,909)	(3,437,186)
Transfers and other movements	(2,868,167)	(466)	-	-	(2,868,633)
Impact of Hyperinflationary Economies (Note 1.4)	-	952	-	1,506	2,458
Changes in the consolidation perimeter	-	(139,639)	-	74,620	(65,019)
Closing balance 31 December 2020	18,126,940	53,926,876	-	1,918,434	73,972,256

FY 2019	LAND AND BUILDINGS	EQUIPMENT	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Closing balance 31 December 2018	27,136,809	55,953,667	-	25,799,261	108,889,741
First adoption of IFRS 16	(5,689,716)	(1,738,573)	-	-	(7,428,288)
Opening balance 1 January 2019	21,447,093	54,215,094	-	25,799,261	101,461,449
Additions	1,971,885	3,274,940	-	2,054,796	7,301,621
Sales, disposals and write-offs	(1,573,435)	(1,814,834)	-	(17,084)	(3,405,353)
Effect of foreign currency exchange differences	(1,503,207)	(2,657,734)	-	(44,740)	(4,205,676)
Impacto de Economias Hiperinflacionárias (Nota 1.4)	175,975	289,065	-	6,724	471,764
Changes in the consolidation perimeter	(0)	(9,731)	-	(25,964,077)	(25,973,808)
Closing balance 31 December 2019	20,518,311	53,296,800	-	1,834,880	75,649,996
Carrying Amount:					
31 December 2019	35,337,218	18,571,050	10,929,703	508,930	65,346,902
31 December 2020	29,090,471	15,954,596	11,632,693	515,293	57,193,053

The 'perimeter variation' that occurred in 2019 is mainly due to the sale of the Eurocab companies (Martifer Renewables ETVE, S.A.U. and its subsidiaries) in the 'Renewables' segment. In 2020, the 'perimeter variation' is justified mainly due to the sale of FW Warta SP. z.o.o. (1.1 million Euros) in the 'Renewables' segment.

In December 2020, due to a decision of the Board of Directors, the Benavente plant was classified as a 'non-current asset held for sale'. The new classification of this asset, which was under the item 'Land and Buildings', justifies the amounts of around -5.1 million Euros and -2.9 million Euros in the 'Transfers and other movements' movement in gross and amortisation amounts, respectively. Also, in December 2020, Martifer Romania SRL transferred a land located in Aricestii, Romania, from the item 'Land and buildings' to 'Investment Properties', which represents -1.7 million Euros in the gross values of 'Transfers and other movements'; consequently, revaluation was carried out at fair value, which caused an increase in the item "Revaluation reserves" in the amount of 137,830 Euros, deducted from the deferred tax liability in the amount of 22,053 Euros.

The valuation criteria adopted and the depreciation rates used are referred to in Note 1.4.iv 'Main accounting policies, judgements and estimates'.

The net impact of the application of IAS 29 to the Angolan and Argentinian companies in this item is around 6 million Euros (Note 43).

During the year, the Group estimated the recoverable amount of some tangible fixed assets, taking into account internal and external factors that indicated that they could be accounted for in a higher value than their recoverable amount.

The measurement of the existence of impairment for tangible fixed assets of the Group was done based on the business plans of various companies whose assumptions are detailed below.

RENEWABLES

	POLAND	PORTUGAL	ROMANIA
Tangible Fixed Assets ⁽¹⁾	3,648	5,162	23,113
Period	23 years	23 years	15 years
Growth rate (g) ⁽²⁾	n.a.	n.a.	n.a.
Average growth rate of Turnover [2023;2046] , [2023 ; 2046], [2021; 2036] ⁽³⁾	2.50%	6.47%	-1.32%
Weighted Average Cost of Capital (WACC) ⁽⁴⁾	7.05%	6.12%	7.20%

⁽¹⁾ Values in thousands of Euros;

⁽²⁾ Growth rate used to extrapolate cash flows beyond the period considered in the business plan;

⁽³⁾ Estimated average growth rate based on the Company's business plan considering the estimates and assumptions made by the Board of Directors;

⁽⁴⁾ Discount rate applied to projected cash flows.

Cash flow projections were based on historical performance, in the case of Babadag I and II wind farms (Romania), and on expectations of efficiency improvement, for the three projects: Dzwola (Poland), Fonte Cova (Portugal) and Babadag (Romania). Those responsible for this segment believe that a possible change (within a scenario of normality) in the main assumptions used in the calculation of the recoverable value would have the impacts listed below:

POLAND:

A sensitivity analysis was performed with variations of: (i) increase/decrease of WACC by 1.0 p.p.; (ii) positive/negative variation in turnover by 1.0 p.p.; and (iii) increase/decrease in the EBITDA margin/Turnover by 0.5 p.p., for the Dzwola wind farm; the conclusion was that there was no evidence of impairment.

PORTUGAL:

A sensitivity analysis was performed with variations of: (i) increase/decrease in WACC by 1.0 p.p.; (ii) positive/negative variation in turnover by 1.0 p.p.; and (iii) increase/decrease in EBITDA margin/Turnover by 0.5 p.p., for the Fonte Cova wind farm; the conclusion was evidence of impairment in the scenarios with an increase of WACC by 1.0 p.p. or negative variation in turnover by 1.0 p.p. according to the detail below:

	WACC INCREASE IN 1,0 P.P.	VAR. TURNOVER 1,0 P.P. ⁽¹⁾
Weighted Average Cost of Capital (WACC)	7.12%	6.12%
CAGR Turnover [2023;2046] ⁽³⁾	6.47%	5.41%
EBITDA / Turnover average margin [2023;2046]	59.21%	59.21%
Net book value ⁽⁴⁾	5,162	5,162
Total recoverable amount ⁽⁴⁾	4,535	4,185
Impact on recoverable amount ⁽⁴⁾	(627)	(977)
Conclusions of sensitivity analysis	Impairment	Impairment

⁽¹⁾ Annual variation of turnover in 1p.p. (2023 = 100%), keeping the EBITDA/ Turnover margin constant;

⁽²⁾ Variation in the EBITDA/Turnover margin, maintaining a constant turnover;

⁽³⁾ Estimated average growth rate based on the company's 5-year business plan, determined by the Board of Directors' estimates and assumptions;

⁽⁴⁾ Values in thousands of Euros.

ROMANIA:

A sensitivity analysis was performed with variations of: (i) increase/decrease in WACC by 1.0 p.p.; (ii) positive/negative variation in turnover in 1.0 p.p.; and (iii) increase/decrease in EBITDA margin/Turnover in 0.5 p.p, for Babadag I and II wind farms; the conclusion was evidence of impairment in the scenario of an increase in WACC by 1.0 p.p. according to the following details:

WACC INCREASE IN 1,0 P.P.	
Weighted Average Cost of Capital (WACC)	8.20%
CAGR Turnover [2021;2036] (3)	-1.32%
EBITDA / Turnover average margin [2021;2036]	52.39%
Net book value (4)	23,113
Total recoverable amount (4)	21,418
Estimated impact (4)	(1,696)
Conclusions of sensitivity analysis	Impairment

(1) Annual variation of turnover in 1p.p. (2021 = 100%), keeping the EBITDA/ Turnover margin constant;

(2) Variation in the EBITDA/Turnover margin, maintaining a constant turnover;

(3) Estimated average growth rate based on the company's 5-year business plan, determined by the Board of Directors' estimates and assumptions;

(4) Values in thousands of Euros.

In 2019, in Portugal, the registered impairment in tangible fixed assets was related to the variation in the market value of the wind turbines (Suzlon S88-2.1) registered in Cedilhas ao Vento, which will be partially used in the Fonte Cova Wind Farm. In 2020 there was no recognition of impairment.

In the case of Poland and Portugal, the projection starts in 2023, as it is in that year that the works are expected to be completed, and the projects will begin their activity.

The Group believes that the different sensitivity analyses in which the conclusion is 'Impairment' are possible, but unlikely scenarios, so additional impairment was not recorded.

METALLIC CONSTRUCTIONS

	MARTIFER ANGOLA	MARTIFER CONSTRUÇÕES	MARTIFER ROMANIA
Fixed assets (1)	1,912	19,677	5,612
Period	5 years	5 years	6 years
Growth rate (g) (2)	2%	2%	3%
Average growth rate of Turnover for 5 years (3)	21.88%	5.76%	17.95%
Discount rate (4)	13.38%	6.37%	7.45%

(1) Figures in thousands of Euros;

(2) Growth rate used to extrapolate cash flows beyond the business plan period;

(3) Estimated average growth rate based on the company's 5-year business plan (Martifer Angola and Martifer Construções) or for 6 years (Martifer Romania) years based on the Board of Directors' estimates and assumptions made based on its best knowledge at the date of approval of the financial statements;

(4) Discount rate applied to the projected cash flows.

At Martifer Angola, the average growth rate of the calculated turnover is based on a very significant increase in 2021 and 2022 compared to 2020, taking into account some relevant projects in the portfolio and the expectation of success in some proposals presented; and a turnover from 2023 onwards in line with 2022 and an annual activity growth of around 2%.

In Martifer Construções, the calculated average growth rate of the turnover has a strong growth in 2021 compared to 2020 as a result of some ongoing large projects (projects awarded in previous years) such as Gare de Mons, Kinaxixi, the Siemens Plant or the Infinity Tower. For 2022, a reduction in turnover was considered as a result of GDP losses in 2020 in the main countries to which Martifer Construções exports (which led many entities to freeze investments) and a slower recovery of GDP in 2021. For the

following years, a 3% growth was considered to be the average GDP growth of the main countries for which Martifer Construções produces.

In Martifer Romania, taking into account that the strategy for this industrial unit is to complement the industrial unit of Oliveira de Frades, the average growth rate of the calculated turnover has a strong growth in 2021 compared to 2020 as a result of some large ongoing projects (projects awarded in previous years) such as Gare de Mons or the Siemens Plant. For the following years, an annual growth of 5% was considered.

The cash flow projections were based on historical performance and on the expectation of efficiency improvement. Those responsible for this segment believe that a possible change (within a scenario of normality) in the main assumptions used in the calculation of the recoverable value will not originate impairment:

A sensitivity analysis was performed with variations of: (i) increase/decrease of WACC by 1.0 p.p.; (ii) positive/negative variation in turnover by 0.5 p.p.; and (iii) increase/decrease in the EBITDA margin/Turnover by 0.5 p.p.; the conclusion was that there was no evidence of impairment.

20. ASSETS UNDER RIGHT OF USE

Assets under right of use on 31 December 2020 and 2019 are as follows:

	FY 2020	FY 2019
Gross amount, reduced by impairment losses:		
Land and buildings	12,165,480	12,204,071
Equipment	3,494,443	3,170,273
Other right-of-use assets	10,136,365	10,136,365
	25,796,288	25,510,709
Accumulated depreciation:		
Land and buildings	6,450,684	6,061,495
Equipment	2,551,433	2,125,965
Other right-of-use assets	682,930	335,468
	9,685,047	8,522,928
Carrying amount	16,111,241	16,987,781

The 'Other right of use assets' relate to sub-concessions of shipyards and correspond to all land, buildings and associated equipment.

The information related to the gross values of land and buildings, equipment and other right of use assets, less accumulated impairment losses, on 31 December 2020 can be analysed as follows:

FY 2020	LAND AND BUILDINGS	EQUIPMENT	OTHER RIGHT-OF-USE ASSETS	TOTAL
Opening balance 1 January 2020	12,204,071	3,170,272	10,136,365	25,510,708
Additions	-	335,945	-	335,945
Sales, disposals and write-offs	-	(11,775)	-	(11,775)
Transfers and other movements	(38,591)	-	-	(38,591)
Closing balance 31 December 2020	12,165,480	3,494,442	10,136,365	25,796,288

FY 2019	LAND AND BUILDINGS	EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2019	-	-	-	-
First adoption of IFRS 16	13,174,169	2,911,491	4,813,099	20,898,759
Additions	448,005	258,781	5,323,266	6,030,052
Changes in the consolidation perimeter	(1,418,103)	-	-	(1,418,103)
Closing balance 31 December 2019	12,204,071	3,170,272	10,136,365	25,510,709

The perimeter variation that occurred in 2019 is due to the sale of the Eurocab companies (Martifer Renewables ETVE, S.A.U. and its subsidiaries) in the 'Renewables' segment.

The increase verified in 2019 in the item 'Other right of use assets' was due to the extension until 2056 of the sub-concession contract for the Viana do Castelo Shipyard granted to West Sea. In 2020, increases in 'Equipment' were mainly due to forklifts acquired by Martifer Construções.

The information relating to the amounts of the accumulated amortisation and depreciation of land and buildings, equipment and other right of use assets on 31 December 2020 and in 2019 can be analysed as follows:

FY 2020	LAND AND BUILDINGS	EQUIPMENT	OTHER RIGHT-OF-USE ASSETS	TOTAL
Opening balance 1 January 2020	6,061,495	2,125,966	335,468	8,522,929
Additions	409,062	425,468	347,462	1,181,992
Transfers and other movements	(19,872)	-	-	(19,872)
Closing balance 31 December 2020	6,450,685	2,551,434	682,930	9,685,047
FY 2019	LAND AND BUILDINGS	EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2019	-	-	-	-
First adoption of IFRS 16	5,689,716	1,738,573	-	7,428,289
Additions	443,488	387,393	335,468	1,166,349
Changes in the consolidation perimeter	(71,709)	-	-	(71,709)
Closing balance 31 December 2019	6,061,495	2,125,966	335,468	8,522,929
Carrying Amount:				
31 December 2019	6,142,576	1,044,306	9,800,897	16,987,781
31 December 2020	5,714,795	943,008	9,453,435	16,111,241

21. INVESTMENT PROPERTIES

The item 'Investment Properties' includes the following properties held by Martifer Group: Benavente Business Centre, warehouses in Albergaria-a-Velha and the "Martifer Construções OF1 building", all intended to be leased or valued in the long-term. In December 2020, the company Martifer Romania SRL transferred a land located in Aricestii, Romania, from the item 'Tangible fixed assets' to 'Investment Properties', thus holding four assets classified as 'Investment Properties'.

These assets are recorded at market value according to independent assessment, taking as a basis the normal use of each property, carried out by specialised entities, in accordance with international standards of the 'RICS Valuation Standards' (RICS Red Book). Group Martifer performs regular evaluations of these properties, and any variations in fair value are recorded in the results.

The assessment reports carried out by an independent entity were done in accordance with Law no. 16/2015 of 24 February and Law no. 153/2015 of 14 September, and with the CMVM Regulation no. 2/2015 of 17 July.

The methods for calculating the value of property were the following:

- Market comparative method, income method and replacement costs method;
- Market comparative method and the discounted cash flow method.

The value assigned to each of the properties resulted from the arithmetic average of the methods used in the assessment.

The assessments were made based on the information provided by the Group, visits to sites, geographical location and market research. In all the assessments, the assumption that it is possible to transact the property was made, as well as that it is free from any encumbrances, charges or liabilities.

The movement that occurred in the years 2020 and 2019 under the item 'Investment Properties' was as follows:

	FY 2020	FY 2019
Opening balance	20,826,300	20,826,300
Changes in fair value	(1,178,470)	-
Transfers and Others	1,679,436	-
Closing balance	21,327,267	20,826,300

The amount of around 1.7 million Euros in 'Transfers and others' concerns a land located in Aricestii, Romania, which was transferred by Martifer Romania SRL, from the item 'Tangible fixed assets' to 'Investment Properties' (Note 19).

The table below presents the assessment method, yield and total value of the independent assessments performed during the year, as well as the amount by which the assets are recorded in the Group accounts:

FY 2020	APPRAISAL METHOD	YIELD	FAIR VALUE LEVEL	FAIR VALUE	INDEPENDENT APPRAISAL
Warehouse in Albergaria-a-Velha	Comparison, Revenue and Cost of Replacement	7.00	3	1,410,000	1,410,000
Benavente Business Centre	Comparison, Revenue and Cost of Replacement	7.00	3	9,000,000	9,000,000
Martifer Construções OF1 Building	Comparison, Revenue and Cost of Replacement	7.50	3	9,100,000	9,100,000
Aricestii land 'Martifer Romania'	Comparison, Revenue and Cost of Replacement	4.88	3	1,817,267	1,817,267
				21,327,267	21,327,267

As determined by accounting policies (Note 1.4.vi), the fair value recorded is exactly the same as the independent assessment, and for this, the Group had to record losses of the fair value of around 1.2 million Euros.

The income obtained from investment properties in 2020 was 537,341 Euros (in 2019, it was 388,027 Euros) and is recorded in 'Other operating income' (Note 5).

The expenses associated with these investment properties in 2020 amounted to 130.561 Euros and are reflected in different items of the consolidated income statement.

22. INVESTMENTS IN ASSOCIATE COMPANIES AND JOINT ARRANGEMENTS

On 31 December 2020 and 2019, the information relating associate companies and joint arrangements, as well as the value of the shares is as follows:

	% CAPITAL HELD	TOTAL EQUITY WITHOUT SUPPLEMENTARY CAPITAL	FINANCIAL PARTICIPATION BY EQUITY METHOD	SUPPLEMENTARY CAPITAL	SUPPLEMENTARY CAPITAL IMPAIRMENTS	NET INCOME	31 DECEMBER 2020
31 DECEMBER 2020							
Martifer-Visabeira, S.A.	50.00%	(1,189,888)	-	956,917	(594,944)	170,224	361,973
Ventinveste, S.A	48.50%	7,921,578	3,841,965	-	-	355,848	3,841,965
CNA Chantier Naval d'Arzew, SPA ¹⁾	49.00%	-	-	-	-	-	-
							4,203,938

Note: The information presented corresponds to the values of the financial statements of the companies

	% CAPITAL HELD	TOTAL EQUITY WITHOUT SUPPLEMENTARY CAPITAL	FINANCIAL PARTICIPATION BY EQUITY METHOD	SUPPLEMENT ARY CAPITAL	SUPPLEMENTA RY CAPITAL IMPAIRMENTS	NET INCOME	31 st DECEMBER 2019
31 st DECEMBER 2019							
Martifer-Visabeira, S.A.	50.00%	(1,768,874)	-	1,187,610	(884,437)	1,196,453	303,173
Ventinveste, S.A	48.50%	7,565,731	3,669,379	-	-	77,257	3,669,379
CNA Chantier Naval d'Arzew, SPA ¹⁾	49.00%	1,613,210	-	-	-	(3,085)	-
Duelobrigatório, S.A. ²⁾	55.00%	(14,422,176)	-	4,950,000	(4,950,000)	(26,680)	-
							3,972,553

- 1) In 2019, the participation in CNA Chantier Naval d'Arzew, SPA was annulled since there is no perspective of the recoverability of the investment made;
- 2) At the end of 2016, the participation that the Group held in Duelobrigatório, S.A. was considered totally impaired by prudence since no return was expected because of the uncertainty about the recovery of the investment in the Fund in the USA. In 2017, the sale of the Fund in question occurred, so the impairment regarding the Financial Investment described above was reversed, and the outcome of this subsidiary was assumed in the proportion of the Equity Method. In relation to the impairment of ancillary benefits of this subsidiary, it remained the same on 31 December 2019 since there was no prospect of being received. In October 2020, another 25% of this share was acquired by Martifer SGPS, which then started being consolidated by the Full consolidation method. In December, this company was dissolved and liquidated.

Provisions were constituted for the remaining financial holdings due to having negative equity, and they are disclosed in Note 35.

In 2019, the shareholdings in SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A., SPEE 3 – Parque Eólico do Baião, S.A. and Martifer MPC Renewable Energies Development S.A.S. were sold.

The movement that occurred in this item, in the periods ended on 31 December 2020 and 2019, is as follows:

	FY 2020	FY 2019
Opening balance	3,972,553	8,570,878
Sale of SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A.	-	(2,704,650)
Sale of SPEE 3 – Parque Eólico do Baião, S.A.	-	(1,268,491)
Sale of Martifer MPC Renewable Energies Development S.A.S.	-	(76,556)
Annulment of the shareholding in CNA Chantier Naval d'Arzew, Spa 1)	-	(790,473)
Application of the equity method		
- From performance in results ²⁾	257,698	393,757
- Other equity changes	204,381	(414,700)
Supplementary Capital Payments / Receipts	(5,180,694)	24,367
Effect of foreign currency exchange differences	-	(40,385)
Impairments movements	4,950,000	278,806
Closing balance	4,203,938	3,972,553

- 1) In 2019, the participation in CNA Chantier Naval d'Arzew, SPA was annulled since there is no perspective of the recoverability of the investment made;
- 2) The impact in the result of the application of the Equity Method is different from what is recognised in Note 13 due to the fact that part of the result was affected to the constitution/ reversal of provisions (Note 35).

The value of 'Movements of impairments' and the equal value of the 'Movement of Supplementary Payments' refers to Duelobrigatório, S.A. following the acquisition of 25% of its share capital, a change in the consolidation method and subsequent liquidation (Note 2).

On 31 December 2020 and 2019, the summarised information on the main financial investments in associate companies and joint arrangements with positive equity, extracted from their individual financial statements, is as follows:

FY 2020	Martifer-Visabeira, S.A.	Ventinveste, S.A.
% Capital Held	50.0%	48.5%
Non-current Assets	6,164,199	10,761,532
Cash and Cash equivalents	1,242,182	1,907,891
Other current assets	1,595,049	672,785
Non-current Liabilities	1,354,287	3,650,128
Current Liabilities	6,203,176	1,770,503
Equity	1,443,967	7,921,578
Total supplementary capital	2,633,855	-
Equity without supplementary capital	(1,189,888)	7,921,578
Supplementary capital from Group	956,917	-
Supplementary capital from Group Impairments	(594,944)	-
Sales and Services Rendered	7,031,559	2,349,756
Amortisations and Depreciations	365,318	1,001,501
Income Tax	(143,927)	86,662
Net Profit for the year	170,224	355,848

FY 2019	Martifer-Visabeira, S.A.	Ventinveste, S.A.
% Capital Held	50.0%	48.5%
Non-current Assets	8,288,092	11,802,511
Cash and Cash equivalents	885,694	1,862,088
Other current assets	1,674,000	467,618
Non-current Liabilities	3,064,059	5,024,955
Current Liabilities	6,070,763	1,541,532
Equity	1,712,964	7,565,731
Total supplementary capital	3,481,837	-
Equity without supplementary capital	(1,768,874)	7,565,731
Supplementary capital from Group	1,187,610	-
Supplementary capital from Group Impairments	(884,437)	-
Sales and Services Rendered	6,655,511	2,497,775
Amortisations and Depreciations	407,187	1,002,400
Income Tax	5,487	13,893
Net Profit for the year	1,196,453	77,257

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

NON-CURRENT

On 31 December 2020 and 2019, the detail of the non-current 'Financial assets at fair value through profit or loss' is as follows:

	FY 2020	FY 2019
Green Certificates	2,955,211	3,687,398
Others	216,178	152,881
	3,171,389	3,840,279

The movement occurred in the 2020 and 2019 periods under the item non-current 'Financial assets recorded at fair value through profit or loss' was as follows:

	FY 2020	FY 2019
Opening balance	3,840,278	4,585,742
Additions	63,405	72,055
Reductions	(739,016)	(787,248)
Transfers	-	742,661
Other	6,721	(772,931)
Closing balance	3,171,389	3,840,278

The increase in this item in 2020 essentially results from the award of medium/long-term green certificates to Eviva Nalbant, SRL, and the unit price considered in 2020 was RON 139.5, which was the minimum value defined by law for this year.

On 31 December 2020 and 2019, the detail of the medium/long-term Green Certificates held by the Group is as follows:

	FY 2020	FY 2019
Number of green certificates held	103,125	128,912
Unit Price (RON)	139.509	136.813
Total Amount (RON)	14,386,855	17,636,825
Total Amount (EUR)	2,955,211	3,687,398

On 31 December 2020, there is an amount of deferred income in the amount of 2,955,211 Euros, relating to these certificates in accordance with the accounting policy referred to in Note 1.4.vii (3,687,398 Euros on 31 December 2019).

CURRENT

On 31 December 2020 and 2019, the detail of current 'Financial assets at fair value through profit or loss' is as follows:

	FY 2020	FY 2019
Green Certificates	1,288,802	1,130,687
Others	11,596	234,096
	1,300,398	1,364,783

The movement occurred in the 2020 and 2019 period under the item current 'Financial assets recorded at fair value through profit or loss' was as follows:

	FY 2020	FY 2019
Opening balance	1,364,783	1,664,470
Additions	3,041,888	3,097,224
Reductions	(3,108,353)	(3,385,563)
Transfers	2,079	(742,661)
Other	-	731,313
Closing balance	1,300,398	1,364,783

The movements of this item essentially refer to the purchase and sale of short-term green certificates by Eviva Nalbant, SRL, and the unit price considered in 2020 was 139.5 RON, which was the minimum value defined by law for this year.

On 31 December 2020 and 2019, the detail of the medium/long-term Green Certificates held by the Group is as follows:

	FY 2020	FY 2019
Number of green certificates held	44,974	39,529
Unit Price (RON)	139,509	136,813
Total Amount (RON)	6,274,273	5,408,077
Total Amount (EUR)	1,288,802	1,130,687

On 31 December 2020, there is an amount of deferred income in the amount of 1,288,802 Euros, relating to these certificates in accordance with the accounting policy referred to in Note 1.4.vii (1,130,687 Euros on 31 December 2019).

24. INVENTORIES

The information on inventories for the periods ended on 31 December 2020 and 2019 can be analysed as follows:

	FY 2020	FY 2019
Gross Value:		
Raw-materials, subsidiaries and other consumables (Note 6)	3,563,410	2,752,356
Merchandise (Note 6)	12,319,010	15,911,505
Finished goods	192,902	205,008
	16,075,322	18,868,869
Accumulated impairment losses:		
Raw-materials, subsidiaries and other consumables	263,964	264,032
Merchandise	6,672,770	8,512,049
Finished goods	165,501	165,501
	7,102,234	8,941,582
Net value - Inventories	8,973,088	9,927,287

The item Merchandise concerns primarily plots of land located in Taveiro and in Poland (Liszki Green Park). Regarding the land located in Amarante, an impairment of around 1.8 million Euros was recorded in Martifer Construções in 2019. In 2020, the land in Amarante was sold, and the associated amounts were derecognised both in gross value and in accumulated impairment, with zero impact on the income statement.

The item 'Advances on purchases' mainly concerns purchases made by West Sea for incorporation in the construction of vessels, with a balance of 10,168,655 Euros in 2020 (in 2019 the amount was 7,801,573 Euros).

25. TRADE RECEIVABLES AND OTHER RECEIVABLES

The information relating to 'Trade Receivables and Other Receivables' for the periods ended on 31 December 2020 and 2019 can be analysed as follows:

	NON-CURRENT		CURRENT	
	FY 2020	FY 2019	FY 2020	FY 2019
Gross Value:				
Trade receivables:				
Trade receivables	8,182,912	10,580,272	27,091,927	54,870,972
Notes receivables	-	-	436,390	-
Doubtful trade receivables	-	-	18,841,011	10,245,769
	8,182,912	10,580,272	46,369,328	65,116,741
Other receivables:				
Related companies	500,362	500,538	-	91,914
Advances to suppliers	-	-	214,017	146,548
Others	959,478	1,319,279	2,974,947	4,440,841
	1,459,840	1,819,817	3,188,964	4,679,303
Total Gross Value	9,642,752	12,400,089	49,558,292	69,796,044

In 2020, the trend towards a reduction in the value of customers that had already been seen in previous years was maintained, with a reduction of 28% in the total value of customers. This reduction results from greater efficiency in the collection processes combined with the effort of optimising payment conditions in the contracting phase.

On 31 December 2020, the current and non-current balances with 'associate companies, subsidiaries and other shareholders' are mainly concerned with the loans granted due to joint ventures and to associate companies, which bear interest at Euribor 3 months plus a spread of 3.5%.

The item 'Others' in 'Other debtors' relates mainly to the countries Portugal, Angola, Romania and Brazil, and refers to operations that are not associated with the main activity of the companies, for example the sale of financial holdings or fixed assets.

The item 'Customers, current account' includes amounts related to retentions in construction contracts. In 2020 and 2019, the vast majority of these retentions are found in the "Non-current" column. The total retention recorded on 31 December 2020 amounts to 8,180,034 euros, of which 6,047,354 Euros refers to works in progress (Note 27). In 2019, there was a total of 16,769,252 Euros of retentions, of which 12,670,249 Euros refers to works in progress (Note 27).

The accumulated impairment losses on Clients and Other Debtors are as follows:

	NON-CURRENT		CURRENT	
	FY 2020	FY 2019	FY 2020	FY 2019
Accumulated impairment losses:				
Trade receivables	-	-	22,308,552	29,696,615
Other receivables	957,638	1,314,681	167,972	266,423
	957,638	1,314,681	22,476,524	29,963,038
Carrying amount – trade receivables	8,182,912	10,580,272	24,060,776	35,420,126
Carrying amount – other receivables	502,203	505,136	3,020,992	4,412,880
Total	8,685,115	11,085,408	27,081,768	39,833,006

The movement of accumulated impairment losses on receivables is as follows:

	TRADE RECEIVABLES		OTHER RECEIVABLES	
	FY 2020	FY 2019	FY 2020	FY 2019
Opening balance	29,696,615	22,257,816	1,581,104	3,062,435
Additions	5,965,010	9,736,174	9,675	-
Reductions	(9,240,233)	(824,992)	-	-
Applications	(1,545,554)	-	(106,739)	-
Changes of consolidation perimeter, foreign currency exchange rate difference and transfers	(2,567,288)	(1,396,170)	(358,429)	(1,481,331)
Closing balance	22,308,552	29,696,615	1,125,610	1,581,104

The increase in impairment losses for 'Customers' in 2019 mainly refers to recognising customer impairments under IFRS 9. In 2020, there was an increase in impairments for balances receivable from certain customers, considering that, given the available information, there is a high probability of these not being recoverable and a significant reversal of impairments resulting from the application of IFRS 9 as a result of the impairments above that reduced the net balance of accounts receivable, or an improvement in terms of receipts in 2020.

The net value between increases and reversals of impairments in 2020 is positive by 3,265,548 Euros. This can be observed in the Consolidated Profit and Loss Statement under the item 'Impairment losses of financial assets'.

On 31 December 2020 and 2019, the ageing of the balances of accounts receivable, before accumulated impairment losses, can be detailed as follows:

FY 2020	TOTAL	NOT DUE	PAST DUE			
			UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	35,274,839	21,903,009	6,317,001	1,723,276	1,004,278	4,327,275
Notes receivables	436,390	436,390	-	-	-	-
Doubtful trade receivables	18,841,011	-	-	-	-	18,841,012
Other receivables	4,648,804	2,527,997	35,232	997,449	542	1,087,585
Total	59,201,044	24,867,396	6,352,232	2,720,725	1,004,820	24,255,872

FY 2019	TOTAL	NOT DUE	PAST DUE			
			UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	65,451,244	27,754,275	8,588,326	4,281,676	1,741,354	23,085,612
Doubtful trade receivables	10,245,769	-	-	14,914	168,036	10,062,820
Other receivables	6,499,120	3,088,088	627,831	-	-	2,783,202
Total	82,196,133	30,842,363	9,216,157	4,296,590	1,909,390	35,931,634

The impairments recorded are mostly balances overdue for more than 360 days.

The average collection period of accounts receivable of the Group was 95 days in 2020, having decreased compared to the previous year (98 days in 2019). This positive evolution, which has been registered in recent years, stems from a great improvement in non-Group customers, with a reduction in the total balance of customers and other debtors by 28%, with the most relevant decrease in current account customers, around 30 million Euros.

The Board of Directors of the Group believes that the amounts of 'Trade and Other receivables' recorded in the balance sheet are very close to their fair value, and in particular in what regards debt overdue for more than 180 days, no significant losses are expected in addition to the recorded impairment losses. Some of the higher balances that have been overdue the longest relate to clients that, given the current economic situation, are going through temporary liquidity difficulties, particularly in Angola, where a significant part of the credits is concentrated. However, the Group has taken many steps and established agreements to define payment plans and obtain guarantees regarding the receipt.

In 2020, in addition to strengthening the incorporation of the advance payment component in contracts, the Group was not using other collection mechanisms such as factoring or acceptance of confirming regarding customers.

26. CURRENT TAX/ INCOME TAX - ASSETS

On 31 December 2020 and 2019, the balance of the item 'Current Tax/ Income Tax' is as follows:

	FY 2020	FY 2019
Income tax (Note 14)	547,916	1,005,954
Value added tax	3,721,998	3,244,469
VAT requested refunds	5,425,653	4,217,411
Other taxes	40,028	127,994
Current tax assets	9,187,679	7,589,873

The value of the VAT items corresponds essentially to the tax to be recovered in Portugal. It is a consequence of the fact that the activity in the 'Naval Industry' and in the 'Metallic Constructions' segments is mainly for export.

27. CONTRACT ASSETS

The information concerning contract assets by business segment, net of advances, on 31 December 2020 and 2019 can be analysed as follows:

	FY 2020	FY 2019
Accrued income net of advances from customers:		
Metallic Construction	7,720,734	10,124,166
Naval Industry	17,635,862	17,711,771
	25,356,596	27,835,936

The movement occurred in the financial years 2020 and 2019 in assets and liabilities related to contract assets, excluding the component of advance payments, can be analysed as follows:

	FY 2020
Balances on 1 January 2020	(5,621,859)
- Contract Assets	27,835,936
- Contract Liabilities (Note 38)	(33,457,795)
Increases resulting from accomplishing new performance obligations not yet invoiced	23,473,140
Performance bonds from 2019 invoiced in 2020	(25,823,431)
Advanced invoicing in 2019 for performance bonds of 2020	16,446,055
Invoicing in 2020 without corresponding performance obligation	(12,018,547)
Exchange differences, changes in perimeter and other	(1,109,590)
Balances on 31 December 2020	(4,654,233)
Balances on 31 December 2020	
- Contract Assets	25,356,596
- Contract Liabilities (Note 38)	(30,010,828)
	(4,654,233)

	FY 2019
Balances on 1 January 2019	(20,182,924)
- Contract Assets	10,158,269
- Contract Liabilities (Note 38)	(30,341,193)
Increases resulting from accomplishing new performance obligations not yet invoiced	28,753,843
Performance bonds from 2018 invoiced in 2019	(9,595,730)
Advanced invoicing in 2018 for performance bonds from 2019	11,127,852
Invoicing in 2019 without corresponding performance obligation	(16,385,512)
Exchange differences, changes in perimeter and other	660,613
Balances on 31 December 2019	(5,621,858)
Balances on 31 December 2019	
- Contract Assets	27,835,936
- Contract Liabilities (Note 38)	(33,457,795)
	(5,621,858)

The value of income accruals net of advance payments in 2020 mainly regards the 'Naval Industry' in Portugal.

On 31 December 2020 and 2019, the information on ongoing construction contracts is as follows:

	FY 2020	FY 2019
Total costs incurred with construction contracts in progress:	455,215,062	434,862,628
Costs incurred with construction contracts in progress in the year:	160,627,699	159,579,272
Total revenue incurred with construction contracts in progress	554,448,646	498,169,458
Revenue incurred with construction contracts in progress in the year:	198,547,897	192,801,141
Advance payments received from customers of construction contracts in progress (Note 38)	9,547,811	17,363,112
Retentions performed by customers in construction contracts in progress (Note 25)	6,047,354	12,670,249
Guarantees provided to customers in relation to construction contracts in progress (Note 40)	18,997,803	25,209,233
Accrued income net of advance payments from customers related with construction contracts in progress (Note 27)	25,356,596	27,835,936
Deferred income and accounts payable related with construction contracts in progress (Note 38)	30,010,828	33,457,795
Deferred Cost related with construction contracts in progress (Note 28)	9,018,204	9,709,752
Accrued Cost related with construction contracts in progress (Note 39)	6,892,711	13,546,197
Provision to Onerous Contracts related with construction contracts in progress (Note 35)	510,917	788,002

In the 'Metallic Constructions' segment, the guarantees granted to project owners, as referred to in Note 40 relate to projects in progress and to completed projects within the warranty period, for which the average period is five years.

Also, the retentions made by clients in construction contracts in the 'Metallic Constructions' segment, referred to in Note 25, concerns work in progress and completed works in the warranty period.

As far as shipbuilding is concerned, the value associated with the guarantee remains recognised in deferred income until the end of the project and, on 31 December 2020, it amounts to 16,970,217 Euros (17,612,292 Euros on 31 December 2019).

On 31 December 2020 and 2019, the Group's main projects in progress that justify the balance of 'Contract Assets' are as follows:

	FY 2020	FY 2019
World Traveller (West Sea)	11,084,927	-
Gare de Mons (Martifer Construções)	2,974,949	-
World Seeker (West Sea)	3,004,442	-
World Navigator (West Sea)	1,585,055	9,659,463
West End Gate (Martifer Construções and Martifer UK)	1,081,665	1,004,857
Le Havre Project (Martifer Construções)	842,063	-
Meenbog Ireland (Martifer Construções)	380,794	-
Martin I Soler (West Sea)	622,050	-
Kensington Row Phase II - Block E,H (Martifer Construções and Martifer UK)	427,328	-
Open Sky Buchelay (Martifer Construções and Martifer France)	213,502	1,172,500
World Voyager (West Sea)	-	7,678,224
Metz Stadium (Martifer Construções)	-	1,383,215
STORIES (Martifer Construções and Martifer France)	-	1,066,278
Royal Wharf - Phase 2B (Martifer UK)	-	1,048,827
Future Beer Factory (Martifer Angola)	-	726,767
London Dock - Building C1 (Martifer Construções and Martifer UK)	-	354,533
Others	3,139,821	3,741,273
	25,356,596	27,835,936

28. OTHER CURRENT ASSETS

On 31 December 2020 and 2019, the item 'Other current assets' can be analysed as follows:

	FY 2020	FY 2019
Accrued income:		
Interest to be received	5,019	-
Other accrued income	2,925,037	2,870,038
	2,930,056	2,870,039
Prepayments:		
Insurances	221,956	407,045
Financial expenses	34,319	18,508
Rents	122,991	104,979
Other prepayments	677,825	668,749
Deferred Cost - Work in Progress	9,018,204	9,709,752
	10,075,294	10,909,033
	13,005,350	13,779,072

The item 'Other accrued income' is strongly related to the invoicing to be issued by the Metallic Constructions segment in Portugal, both in 2020 and 2019. In Portugal, this effect is due, in particular, to the invoicing to companies that consolidate by the equity method (approximately 2.7 million Euros to Martifer-Visabeira S.A., Mozambique).

On 31 December 2020, the item 'Other multiannual expenses paid in advance' essentially includes the Group's disbursements associated with specialized services, which will be rendered/used in 2021.

Inventories allocated to a specific project of the 'Metallic constructions' segment are recorded in "Other current assets – expenses to be recognised – works in progress" until they are effectively consumed in the production process. On 31 December 2020, the value of inventories in this condition amounted to EUR 2,954,067 (EUR 6,008,384 on 31 December 2019).

Thus, on 31 December 2020 and 2019, the main ongoing projects of the Group that justify the balance of 'Expenses to be recorded - ongoing projects' is as follows:

	FY 2020	FY 2019
Gare de Mons (Martifer Construções)	2,066,577	-
Meenbog Ireland (Martifer Construções)	1,357,079	-
STORIES (Martifer Construções France)	1,228,867	2,725,587
Le Havre Project (Martifer Construções)	1,000,471	-
London Dock - Building C1 (Martifer UK and Martifer Construções)	921,974	1,443,625
Cabinda General Hospital (Martifer UK)	282,922	829,444
West End Gate (Martifer UK and Martifer Construções)	533,015	1,026,638
Senvion - Soliedra (Martifer Construções)	-	1,297,301
Siège Vinci - Bat A (Martifer Construções)	-	716,588
Effect of the restatement of the hyperinflationary economy in Angola (IAS 29)	970	1,442
Others	1,626,329	1,669,127
	9,018,204	9,709,752

29. Cash and cash equivalents

The item 'Cash and cash equivalents' may be analysed as follows:

	FY 2020	FY 2019
Cash and cash equivalents:		
Bank deposits	43,750,101	34,931,100
Cash	47,479	73,340
	43,797,581	35,004,440

On 31 December 2020 and 2019, there were no restrictions as to the use of the balances recorded in the item 'Cash and cash equivalents'.

On 31 December 2020, the 'Bank deposits' line includes 492,100 Euros related to fixed-term deposits.

On 31 December 2020, in the item 'Bank deposits', about 6.7 million Euros were included for companies based in Angola, which due to the specificity of this country, they are subject to restrictions regarding transfers out of Angola; however, there are no restrictions on their use.

The above amounts are broken down by country as follows:

	FY 2020	FY 2019
Portugal	29,244,330	20,288,482
Angola	6,679,865	6,224,229
Romania	2,758,526	1,662,194
France	2,688,152	1,606,808
Poland	643,742	1,288,532
Spain	536,404	200,422
United Kingdom	439,633	1,404,984
Belgium	403,550	-
Ireland	191,761	197,389
Saudi Arabia	136,840	1,328,646
Switzerland	34,540	706,391
Malta	13,983	25,146
Argentina	13,221	15,145
Netherlands	7,489	14,953
Austria	3,421	3,985
United Arab Emirates	1,998	10,725
Brazil	124	174
Morocco	-	15,253
Peru	-	8,555
Ukraine	-	2,032
South Africa	-	394
	43,797,581	35,004,440

30. NON-CURRENT ASSETS HELD FOR SALE

In December 2020, by decision of the Board of Directors, an action plan was initiated to sell the land and the industrial building of Martifer Construções located in Benavente, in the 'Metallic Constructions' segment, since there are already potential buyers and this sale is highly probable. This way, the conditions foreseen by IFRS 5 for classifying this asset as a Non-current Asset held for sale are met.

Before its transfer to this item, this asset was assessed, and it was verified that its fair value was higher than its net book value.

The detail of non-current assets held for sale on 31 December 2020 is:

	FY 2020
Gross amount, reduced by impairment losses:	
Land and buildings	5,110,879
	5,110,879
Accumulated depreciation:	
Land and buildings	2,868,167
	2,868,167
Carrying amount	2,242,712

31. EQUITY

Share capital

Martifer SGPS's share capital, fully subscribed and paid up on 31 December 2020 and 2019, amounted to 50,000,000 Euros and is represented by 100,000,000 nominative shares with a face value of 0.50 Euros each. All shares hold the same rights, namely one share, one vote. During the 2020 and 2019 economic periods, there were no changes in the number of shares representing the Group's share capital.

During the 2020 period, Martifer SGPS didn't acquire own shares through the stock exchange. Martifer holds 2,215,910 own shares, corresponding to 2.22% of its share capital, the cost of which was 2,868,519 Euros (equal to the amount on 31 December 2019).

On 31 December 2020, the share capital of the Company was 38% held by I'M SGPS, S.A. (held by Carlos Manuel Marques Martins and by Jorge Alberto Marques Martins), 5.09% held by two Board Members related to I'M SGPS, SA (Carlos Manuel Marques Martins and Jorge Alberto Marques Martins), 37.5% by Mota-Engil SGPS, SA (a company listed on the stock exchange), 2.22% in own shares, and the remaining 17.19% dispersed in the Stock Exchange.

Own shares

The Group holds 2,215,910 own shares, corresponding to 2.22% of its share capital. By law, it is required to maintain an unavailable reserve on the amount of the acquisition of own shares, included in 'Other reserves and retained earnings'.

Reserves

Legal reserves

The Portuguese commercial legislation establishes that at least 5% of the annual net income must be used to increase the 'legal reserve' until the latter represents at least 20% of the share capital. This reserve is non-distributable, except in the event of liquidation, but may be used to offset losses after all the other reserves have been used up and/ or incorporated in the share capital.

This amount is included in the item 'Other Reserves and Retained Earnings' and amounts to 8,575,019 Euros (7,766,907 Euros on 31 December 2019).

Foreign currency translation reserves

The foreign currency translation reserves reflect the foreign exchange fluctuations that occurred: (i) in translating the financial statements of subsidiaries in a currency other than the Euro; (ii) in the update of the net investment in subsidiaries; and (iii) in updating the Goodwill, which is not likely to be distributed or used to absorb losses, being transferred to results when the subsidiaries are sold or terminated.

Other reserves and retained earnings

In addition to the legal reserve in the amount of 8,575,019 Euros (7,766,907 Euros on 31 December 2019), this item includes the results of previous years and an unavailable reserve in the amount of 2,868,519 Euros relating to the value of the own shares (2,868,519 Euros on 31 December 2019).

In accordance with the Portuguese legislation, the amount of reserves considered distributable is determined based on the Entity's individual financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS).

On 31 December 2020, Martifer SGPS, S.A. had no available distributable reserves.

Capital management policy (See Note 1.4.xxxii)

Capital management is made to ensure the continuity and development of operational activities, and focus is given to the management of the financial debt and to liquidity risk.

Non-controlling interests

The detail of the main non-controlling interests can be analysed as follows:

	FY 2020	FY 2019
Opening balance	(38,953,345)	(35,857,959)
Loss coverage	1,114,572	-
Profit for the year	385,981	(2,099,565)
Other changes in equity of subsidiaries	322,845	(680,038)
Application of the Equity Method	-	11,300
Changes in the consolidation perimeter	1,281	-
Transactions with non-controlling interests	35,742,134	(163,840)
Others	(157,757)	(163,241)
	(1,544,289)	(38,953,345)

Movements with non-controlling interests in 2020 essentially reflect the transaction with non-controlling interests that occurred due to the acquisition of Vetor Diálogo, SGPS, S.A. (it held 25% of Martifer Metallic Constructions SGPS) by Martifer, SGPS, S.A., which now holds 100% of it, as well as a loss coverage which occurred in Martifer Angola, carried out exclusively by Martifer Metallic Constructions.

In 2019, the main impacts that justify the decrease in non-controlling interests were the negative net result of the period, as well as the 'Other variations in equity', which also have a negative impact essentially resulting from the exchange rate devaluation in some countries.

The detail of the main non-controlling interests can be analysed as follows:

	% NON-CONTROLLING INTERESTS		FY 2020	TRANSFERS ⁽¹⁾	FY 2019
	FY 2020	FY 2019			
Metallic Constructions					
Martifer – Construções Metálicas Angola, S.A.	21.25%	40.94%	(745,291)	(2,221,661)	(4,386,600)
Martifer Alumínios Angola, S.A. (2)	-	40.94%	-	(255,433)	(531,139)
Martifer Constructions, SAS	-	25.00%	-	(1,239,967)	(1,239,967)
Martifer UK Limited	-	25.00%	-	(1,579,610)	(1,579,610)
Jubimax Sp. Zo.o.	-	25.00%	-	(2,371,374)	(2,371,374)
Savimex Sp. z o.o.	-	25.00%	-	(2,137,109)	(2,137,109)
Liszki Green Park Sp. z o.o.	10.00%	32.50%	(908,600)	(1,936,982)	(2,794,787)
M City Gliwice Sp. z o.o.	-	25.00%	-	(1,652,683)	(1,652,683)
Martifer - Construções Metalomecânicas, S.A.	-	25.00%	-	(19,718,382)	(19,718,382)
Martifer Metallic Constructions SGPS, S.A.	-	25.00%	-	3,849,507	3,849,507
Martifer Romania S.R.L.	-	24.50%	-	(5,569,512)	(5,569,512)
Martifer Energia S.R.L.	-	25.00%	-	(788,486)	(788,486)
Saudi Martifer Constructions LLC	-	25.00%	-	544,540	544,540
Other non-controlling interests			(32,942)	(1,041,817)	(1,083,404)
Naval Industry					
Navalria – Docas, Construções e Reparações Navais, S.A.	-	25.00%	-	(1,996,724)	(1,996,724)
West Sea-Estaleiros Navais,Lda	-	25.00%	-	2,373,559	2,373,559
Renewables					
Martifer Renewables O&M Sp. z o.o.	48.00%	48.00%	142,543	-	128,826
			(1,544,289)	(35,742,134)	(38,953,345)

1) In June 2020, Martifer SGPS, S.A. acquired the company Vetor Diálogo, SGPS, SA, which holds 25% of the company Martifer Metallic Constructions SGPS, SA, and with this operation, Martifer SGPS now holds 100% of Martifer Metallic Constructions SGPS, S.A. and its subsidiaries. As a result of this transaction, the amount of Non-Controlling Interests on 31 December 2019 that was transferred to the Group is as shown above.

On 31 December 2020, the summarised financial information on the main subsidiaries controlled by the Group with non-controlling interests was the following:

FY 2020	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	NET PROFIT FOR THE YEAR
Martifer - Construções Metálicas Angola, S.A.	4,236,072	9,412,687	801,830	13,423,612	18,633
Liszki Green Park Sp. z o.o.	78	4,774,528	12,874,813	985,789	(61,193)
Martifer Renewables O&M Sp. z o.o.	57,764	546,182	32,354	274,627	55,943

Equity attributable to equity holders of the parent company

The value of 'Changes in the consolidation perimeter' for the item 'Other reserves and retained earnings', which appears in the Consolidated Statement of Changes in Equity, arises essentially from the transaction relating the acquisition of 25% of Duelobrigatório SA and the subsequent liquidation of that company (5.4 million Euros) as well as the sale of FW Warta Sp.Z.o.o (0.8 million Euros).

32. LOANS

The loans obtained, with reference to the periods ended on 31 December 2020 and 2019 are as follows:

FY 2020	UNTIL 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Loans from Financial institutions:					
Bank loans	2,287,635	4,796,855	15,465,861	96,488,851	119,039,202
Authorised overdrafts	132,791	-	-	-	132,791
Other loans:					
Other loans	106,434	467,727	148,869	161,320	884,350
	2,526,860	5,264,582	15,614,730	96,650,171	120,056,342

FY 2019	UNTIL 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Loans from Financial institutions:					
Bank loans	4,432,820	51,764,695	13,096,546	70,230,455	139,524,516
Authorised overdrafts	297,070	-	-	-	297,070
Other loans:					
Other loans	145,568	492,802	187,797	161,320	987,487
	4,875,458	52,257,497	13,284,343	70,391,775	140,809,073

In 2020, the value of the Group's loans consolidated its downward trajectory, registering a reduction of about 15% compared to the previous year in all of the Group's financing, which amounted to 120,056,342 Euros on 31 December 2020.

On 31 December 2020, the short-term debt was 2,526,860 Euros with a weight of 2% on all of the Group's loans.

In June 2020, due to the current uncertainty caused by the COVID-19 pandemic, the Group accepted the moratorium regime in accordance with Decree-Law no. 10-J/2020 of 26 March, with the amendments introduced by Decree-Law no. 26-J/2020 of 16 June and by Decree-Law no. 78-A/2020 of 29 September 2020, with the consequent application of the suspension of the payment of the capital of loans contracted by the companies of the 'Metallic Constructions' segment with the banks in Portugal.

The period of suspension of payment of capital and interest began on 30 June 2020 and ended on 31 March 2021 for interest instalments and was extended until 30 September 2021 for capital instalments. This measure had an impact of 4.2 million Euros in the financial year 2020 on the Group's cash flows.

The amount registered in the item 'Other loans' corresponds essentially to a development support operation obtained by the Portuguese Agency for Foreign Trade and Investment (AICEP) and the Institute for Support to Small and Medium-sized Companies and to Investment (IAPMEI).

Between 2019 and 2020, there were variations in loans that did not affect cash flows, namely the operation to cover Martifer's losses, which had in its genesis the use of the Holding's bank debt that had been acquired by the reference shareholders (I'M SGPS and Mota-Engil, SGPS), of around 21.9 million Euros. Additionally, there were 2.2 million Euros that did not affect cash flows due to: the capitalisation of interest as a result of adherence to the moratorium regime described above (1.9 million Euros); interest associated with contracts in which capitalisation is planned (0.6 million Euros); and exchange rate updates (-0.3 million Euros).

The variation of loans between 2019 and 2020 is as follows:

	FY 2019	CASH-FLOWS	LOSS COVERAGE	TRANSACTIONS WITH NO EFFECT IN CASH-FLOWS	FY 2020
Bank loans	140,809,073	(1,144,290)	(21,850,061)	2,241,619	120,056,342
Total	140,809,073	(1,144,290)	(21,850,061)	2,241,619	120,056,342

Between 2018 and 2019, there were variations in loans that did not affect cash flows, namely the perimeter variation resulting from the sale of Eurocab (Martifer Renewables ETVE, S.A.U. and its subsidiaries) of the 'Renewables' segment that had around 20.5 million Euros at that date, whose ownership was transferred to the new owner. In addition, it was observed that there were 2.9 million Euros that did not affect cash flows due to a financial renegotiation agreement (amortisation of discounted debt). The variation of loans between 2018 and 2019 is as follows:

	FY 2018	CASH-FLOWS	CHANGES OF CONSOLIDATION PERIMETER	TRANSACTIONS WITH NO EFFECT IN CASH-FLOWS	FY 2019
Bank loans	206,166,507	(42,007,766)	(20,454,308)	(2,895,361)	140,809,073
Total	206,166,507	(42,007,766)	(20,454,308)	(2,895,361)	140,809,073

On 31 December 2020 and 2019, the amounts relating to loans are indicated in the following currencies:

FY 2020	FINANCIAL INSTITUTIONS	OTHER LOANS	TOTAL
Euro	114,282,834	884,350	115,167,183
New Leu	4,756,368	-	4,756,368
Kwanza	132,791	-	132,791
	119,171,992	884,350	120,056,342

FY 2019	FINANCIAL INSTITUTIONS	OTHER LOANS	TOTAL
Euro	132,866,929	987,487	133,854,416
New Leu	6,657,587	-	6,657,587
Kuanza	297,070	-	297,070
	139,821,587	987,487	140,809,073

The average interest rates supported on loans are the following:

FY 2020	AVERAGE RATES	RANGE OF INTEREST RATES (%)
Loans from Financial institutions:		
Bank loans	2.48%	[1.53% a 5.9%]
Authorised overdrafts ¹⁾	17.66%	[17.66%]
Other loans:		
Other loans	0.62%	[0.00% a 5.30%]

FY 2019	AVERAGE RATES	RANGE OF INTEREST RATES (%)
Loans from Financial institutions:		
Bank loans	2.35%	[1.12% a 6.74%]
Authorised overdrafts	21.05%	[21.05%]
Other loans:		
Other loans	0.88%	[0.00% a 5.30%]

¹⁾ Refers to Angola (and in local currency – AKZ)

The interest rates supported on bank loans, by country, are the following:

COUNTRY	INDEX	SPREAD
Angola	Luibor	[4.00]
Portugal	Euribor	[2.00 a 3.00]
Romania	Robor	[3.75]

Martifer's debt is fully subject to variable interest rates. In 2020, interest rates in the Euro area remained negative, and according to the information recently disclosed by the European Central Bank, this will continue until 2023 ("March 2021 ECB staff projections). In what concerns the financing margin applied by financial institutions (spread), this remained at low levels in accordance with the debt restructuring agreements in force that reached the sixth year of implementation.

On 31 December 2020, the main bank loans obtained by the Group are as follows:

COMPANY	CONTRACT CURRENCY	VALUE (EUROS)	DUE DATE	GRACE PERIOD OF CAPITAL	INSTALMENT PAYMENTS	FIRST INSTALMENT AMOUNT	LAST INSTALMENT AMOUNT
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	2,150,000	31-12-2027	4 months + 4 Years + 1 Quarter + 12 months	Quarterly	32,673	956,803
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	1,500,000	31-12-2027	4 months + 4 Years + 1 Quarter + 12 months	Quarterly	22,795	667,513
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	6,500,000	31-12-2027	2 Years + 4 Years + 1 Quarter + 12 months	Quarterly	325,000	1,577,905
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	20,000,000	31-12-2027	1 Years + 4 Years + 1 Quarter + 12 months	Quarterly	1,250,000	12,343,765
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	5,250,000	31-12-2027	1,5 Years + 4 Years + 1 Quarter + 12 months	Quarterly	76,924	1,654,077
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	5,000,000	31-12-2027	1 Quarter + 6 Years + 1 Quarter + 12 months	Quarterly	12,522	3,790,789
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	2,500,000	31-12-2027	2 Years + 5 Years + 1 Quarter + 12 months	Quarterly	64,103	1,720,165
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	851,052	31-12-2027	5 Years + 1 Quarter + 12 months	Quarterly	2,128	644,077
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	14,000,000	31-12-2027	5 Years + 1 Quarter + 12 months	Quarterly	33,852	10,247,788
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	2,500,000	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	6,277	1,900,031
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	2,600,000	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	6,504	1,968,837
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	29,347,440	31-12-2027	1 Quarter + 12 months	Quarterly	1,100,529	9,598,447
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	59,922	31-12-2027	3 Years + 1 Quarter + 12 months	Quarterly	150	45,349
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	113,172	31-12-2027	3 Years + 1 Quarter + 12 months	Quarterly	283	85,649
Navalria – Docas, Construções e Reparações Navais, S.A. [PT]	EUR	513,233	31-12-2027	3 Years + 1 Quarter + 12 months	Quarterly	1,283	388,415
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	2,035,204	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	5,088	1,540,244
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	3,048,379	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	7,621	2,307,015
Navalria – Docas, Construções e Reparações Navais, S.A. [PT]	EUR	254,032	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	635	192,251
Navalria – Docas, Construções e Reparações Navais, S.A. [PT]	EUR	1,624,246	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	4,061	1,229,230
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	310,155	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	775	234,726
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	1,016,422	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	2,541	769,228
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	1,016,126	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	2,540	769,005

COMPANY	CONTRACT CURRENCY	VALUE (EUROS)	DUE DATE	GRACE PERIOD OF CAPITAL	INSTALMENT PAYMENTS	FIRST INSTALMENT AMOUNT	LAST INSTALMENT AMOUNT
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	3,299,532	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	8,249	2,497,008
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	4,318,537	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	10,796	3,268,272
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	3,299,468	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	8,249	2,497,040
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	3,048,645	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	7,622	2,307,216
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	351,719	31-12-2027	4 Years + 1 Quarter + 12 months	Quarterly	879	266,181
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	1,631,965	31-12-2027	12 months	Quarterly	14,280	1,244,405
Martifer Renewables SGPS SA [PT]	EUR	10,000,000	31-12-2028	3,5 Years	Half-yearly	-	10,000,000
Martifer Renewables SGPS SA [PT]	EUR	9,488,214	20-05-2030	10 Years	Half-yearly	-	9,611,799
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	4,500,000	31-12-2027	7,5 Years	Quarterly	-	4,578,446
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	1,527,689	31-12-2031	6,5 Years	Quarterly	76,385	76,384
WestSea, Lda [PT]	EUR	188,000	31-07-2022	-	Monthly	4,830	5,635

On 31 December 2020, the main Project Finance obtained by the Group is as follows:

COMPANY	CONTRACT CURRENCY	VALUE	CONTRACT DATE	GRACE PERIOD OF CAPITAL	INSTALMENT PAYMENTS	FIRST INSTALMENT AMOUNT	LAST INSTALMENT AMOUNT
Eviva Nalbant, Srl [RO]	RON	16,650,114	27/12/2023	2 Years + 1 Half	Half-yearly	1,486,750	817,578

This value is presented under the item 'Bank Loans'.

On 31 December 2020, the Group's sensitivity to changes in indexed interest rates can be analysed as follows:

	ESTIMATED IMPACT 2020
Change in financial results due to a 0.5 p.p. alteration of the interest rate applied to the entire debt	600,282
Fixed-rate hedging	4,422
Sensitivity of the financial results due to interest rate changes	595,860

For this financing, the guarantees identified in Note 40 were provided.

33. LEASE LIABILITIES

On 31 December 2020 and 2019, the value of leases and the current value of leases associated with lease liabilities is as follows:

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	FY 2020	FY 2019	FY 2020	FY 2019
No later than 1 year	1,488,646	1,941,490	624,513	1,012,372
Later than 1 year and not later than 5 years	5,883,530	7,260,720	2,664,091	3,783,285
Later than 5 years	29,461,564	30,378,880	17,800,383	19,077,910
	36,833,740	39,581,090	21,088,987	23,873,567
Future finance charges	(15,744,753)	(15,707,524)	-	-
Present value of minimum lease payments	21,088,987	23,873,566	21,088,987	23,873,567
Included in the financial statements as:				
Current lease payments	1,488,646	1,941,490	624,513	1,012,372
Non-current lease payments	19,600,341	21,932,077	20,464,474	22,861,195
	21,088,987	23,873,567	21,088,987	23,873,567

On 31 December 2020, lease liabilities refer essentially to:

- sub-concessions of the shipyards of Viana do Castelo and Aveiro, with the current value of rents from lease liabilities in the amount of 9,892,718 Euros (of which 169,878 Euros are recorded as current and 9,722,840 Euros as non-current);
- previous commitments with finance leases, with the current value of the leases from lease liabilities in the amount of 10,110,107 Euros (of which 88,463 Euros recorded as current and 10,021,643 Euros as non-current).

34. TRADE PAYABLES AND OTHER PAYABLES

Information relating to trade payables and other payables, with reference to the periods ended on 31 December 2020 and 2019, may be analysed as follows:

	NON-CURRENT		CURRENT	
	FY 2020	FY 2019	FY 2020	FY 2019
Trade payables	2,651,527	3,545,024	47,904,634	48,483,804
Other payables:				
Fixed assets suppliers	-	-	208,686	114,613
Related companies and other shareholders	-	-	835,365	825,999
Other payables	25,000	414,578	2,397,234	4,148,540
Other payables	25,000	414,578	3,441,285	5,089,152
Total	2,676,527	3,959,602	51,345,919	53,572,956

In 2020, and despite the high volume of works in progress, there was a reduction in the value of current and non-current trade payables, with a reduction of 32% in the value of debts to non-current trade payables and other payables and of 4% of current trade payables and other payables.

On 31 December 2020 and 2019, the ageing of the balances in the items 'Trade payables' and 'Other trade payables' is as follows:

FY 2020	TOTAL	NOT DUE	PAST DUE			
			UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	50,556,161	32,052,026	14,483,172	439,961	1,193,832	2,387,171
Other payables	3,466,285	3,096,236	33,561	115,628	43,033	177,827
Total	54,022,446	35,148,262	14,516,733	555,589	1,236,865	2,564,997

FY 2019	TOTAL	NOT DUE	PAST DUE			
			UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	52,028,828	33,538,314	10,528,096	1,857,930	1,280,373	4,824,116
Other payables	5,503,730	377,820	116,017	2,380	1,848,624	3,158,889
Total	57,532,558	33,916,133	10,644,113	1,860,310	3,128,997	7,983,005

The average term of payment of purchases and services obtained by the Group is around 160 days reflecting a great improvement compared to the previous year, in which the average term of payment was around 177 days.

Similar to what happens with customers (Note 25), the retentions made to 'Trade payables' (2,332,693 Euros in 2020 and 3,246,638 Euros in 2019) are included in the item 'Trade payables', except those in which the bank guarantee is issued by the supplier and not by Martifer, these being considered as 'not overdue'.

The Group uses confirming lines with some suppliers for payment management. Cash flow is only recognised at the time when we pay the amount to the financial entity. On 31 December 2020, the value of the debt assigned in confirming amounted to 2,659,523 Euros (2,974,243 Euros on 31 December 2019), which is guaranteed by Martifer SGPS, S.A. There were unused confirming *plafonds* in the amount of 25,758 Euros (340,477 Euros on 31 December 2019).

35. PROVISIONS

The information regarding provisions for the periods ended on 31 December 2020 and 2019 may be detailed as follows:

	FY 2020	FY 2019
Quality guarantees	1,417,477	1,378,966
Ongoing legal claims	1,453,103	1,211,066
Onerous Contracts	510,917	788,002
Provisions on contractual obligations	1,414,158	1,475,970
Provisions arising from the use of the equity method	-	7,932,197
	4,795,655	12,786,201

The movement that occurred in the item 'Provisions' in the periods ended on 31 December 2020 is as follows:

	OPENING BALANCE	ADDITIONS (Note 11)	DEDUCTIONS (Note 11)	APPLICATIONS	CHANGE OF CONSOLIDATION PERIMETER, EXCHANGE RATE DIFFERENCES, TRANSFERS	CLOSING BALANCE
Quality guarantees	1,378,966	73,465	-	-	(34,954)	1,417,477
Ongoing legal claims	1,211,066	1,250,000	(454,640)	(238,000)	(315,323)	1,453,103
Onerous contracts (Note 11)	788,002	36,776	(310,854)	-	(3,007)	510,917
Provisions on contractual obligations (Note 11)	1,475,970	93,441	(136,897)	(35,401)	17,045	1,414,158
Provisions arising from the use of the equity method	12,786,201	-	-	-	(7,932,197)	-
	12,786,201	1,453,682	(902,391)	(273,401)	(8,268,436)	4,795,655

The financial investments which are registered by the Equity Method and for which provisions were constituted on 31 December 2020 and 2019 are as follows:

	% CAPITAL HELD FY 2020	EQUITY FY 2020	NET PROFIT FY 2020	FY 2020
Martimetal, SPA ¹⁾	49.00%	-	-	-
				-

	% CAPITAL HELD FY 2019	EQUITY FY 2019	NET PROFIT FY 2019	FY 2019
Martimetal, SPA ¹⁾	49.00%	(4,160,644)	(968,465)	-
Duelobrigatório, S.A.	55.00%	(14,422,176)	(26,680)	(7,932,197)
				(7,932,197)

¹⁾ In what concerns the participation in Martimetal, Spa, the provision arising from the application of the equity method was reversed since there were no additional liabilities beyond the investment made. There was no change in this situation during the financial year 2020.

The movement that occurred in these provisions, in the periods ended on 31 December 2020 and 2019, is as follows:

	FY 2020	FY 2019
Opening balance	(7,932,197)	(9,767,594)
Reversal of provision arising from the equity method of Martimetal, Spa	-	2,038,716
Change in consolidation method of Duelobrigatório, S.A. e posterior liquidation (Note 13)	7,940,995	-
Application of the equity method		
- From performance in results ¹⁾	(8,798)	109,003
- Other equity changes	-	(33,517)
Other changes	-	(278,806)
Closing balance	-	(7,932,197)

The impact in the result of the application of the Equity Method is different from what is recorded in Note 13, due to the fact that part of the result has been affected to the increase/ decrease in financial investments (Note 22).

On 31 December 2020, there is no associated and jointly-controlled company with negative equity, which justifies the inexistence of provisions resulting from the 'Application of equity equivalence'.

On 31 December 2019, the summarised information on the major financial investments in associate companies and jointly controlled companies with negative equity, extracted from their individual financial statements, is as follows:

FY 2019	Duelobrigatório, S.A.
% Capital Held	55.0%
Non-current Assets	6,159,186
Cash and Cash equivalents	125,033
Other current assets	(4,447,823)
Non-current Liabilities	3,892,261
Current Liabilities	3,373,444
Equity	(5,429,308)
Total supplementary capital	9,000,000
Equity without supplementary capital	(14,429,308)
Supplementary capital from Group	4,950,000
Supplementary capital from Group Impairments	(4,950,000)
Net Profit for the year	(33,812)

The provision relating to Duelobrigatório, SA was cancelled this year by equity following the acquisition made, coverage of accumulated losses by the remaining shareholders and subsequent liquidation of the entity after the acquisition by the shareholders of Martifer SGPS (I'M SGPS and Mota-Engil SGPS) and sale for a symbolic value to Martifer SGPS of that entity's financial liabilities.

The provisions for quality guarantees are intended to deal with any quality problems in the projects carried out by the Group, which have, on average, a warranty period of 5 years. The provisions are constituted by a percentage of approximately 0.13% of the construction value, which corresponds to the incurred historical costs.

In 2019, there was a record of around 0.3 million Euros in 'Ongoing legal claims' resulting from Martifer Construções's cases. In 2020, we highlight the reversal of 0.4 million Euros associated with the end of processes in Poland in the 'Metallic Constructions' segment, as well as the constitution of a provision of 1.3 million Euros by Martifer Metallic Constructions SGPS, SA, for the legal proceeding in Brazil (see Note 36).

In 2020 and 2019, provisions for onerous contracts relate exclusively to the projects of the 'Metallic Constructions' segment, and the main contribution is from Portugal and Romania. The detail for each project can be seen below:

	FY 2020	FY 2019
Services F.C.P. (Martifer Construções)	166,122	-
Pod peste raul Dombovia (Martifer Romania)	124,570	108,136
Luz Stadium Maintenance 2013-2020 (Martifer Construções)	114,300	-
KAFD Parcel 5.03 (Martifer Construções)	-	147,699
KAFD Parcel 4.02 (Martifer Construções)	-	146,728
Others	105,925	385,439
	510,917	788,002

As referred to in Note 1.3.b, a provision for investments in associate companies whose equity is negative (based on the percentage of equity held) is constituted against Gains/ Losses in associate companies and joint ventures (Note 22).

Given the unpredictability of the moment of reversal of provisions and given the nature for which they are intended, the Group did not financially update them.

36. CONTINGENT ASSETS AND LIABILITIES

On 31 December 2020, there were the following contingent liabilities:

- i) A lawsuit in an arbitration court brought against the subsidiary Martifer Construções Metalomecânicas, S.A. (MTC) and a third party, by the client Andrade Gutierrez Engenharia SA (AG) within the scope of the implementation of the Particular Contract for the Supply and Assembly of Metallic Structures and PTFE Membranes of the Arena of Amazonia stadium, totalling 4.3 million Euros for return and 2.4 million BRL for additional costs, ongoing at CCBC - Chamber of Commerce Brazil Canada, in articulated phase. The Board of Directors of the Company, supported by the legal opinions of its lawyers, considers that, as a result of the proceedings, it is not possible to determine which responsibilities may arise for the subsidiary MTC, although it considers that the possibilities of a conviction are reduced because it has already reallocated 12.7 million BRL as additional costs and additional work. In 2020 this process had no evolution;
- ii) A lawsuit brought against the subsidiary Martifer Metallic Constructions SGPS, SA (MMC) and others, by Armando Leite Mendes Abreu (plaintiff), within the scope of the execution of an alleged corporate guarantee, issued to a former subsidiary in Brazil at a time prior to the sale of this subsidiary by MMC, with a request totalling 21.7 million BRL as alleged joint and several liabilities, ongoing in the court of law of Viseu, Portugal. The Board of Directors of the Company, supported by the legal opinions of its lawyers, considers that, as a result of the proceedings, it is not possible to determine which responsibilities may arise for the MMC subsidiary, although it considers that the joint liability invoked has no cause, with very limited possibilities of conviction. In February 2021, by ratification in the sentence, MMC compromised in the process, granting the payment of 8 million BRL, and as a result the Plaintiff withdrew all requests made in this proceeding against MMC. In 2020, a provision of around 1.3 million Euros was made for this purpose.

37. CURRENT TAX/ INCOME TAX - LIABILITIES

On 31 December 2020 and 2019, the balance of the item 'Current Tax' is as follows:

	FY 2020	FY 2019
Income Tax (Note 14)	1,236,422	918,643
Value added tax	2,042,062	2,082,377
Social security contributions	839,870	1,323,481
Withholding tax	454,275	332,839
Other taxes	107,006	52,504
Current tax liabilities	3,443,213	3,791,201

38. CONTRACT LIABILITIES

The information on contract liabilities by business segment with reference to 31 December 2020 and 2019 can be analysed as follows:

	FY 2020			FY 2019		
	ADVANCES FROM CUSTOMERS	DEFERRED INCOME	TOTAL	ADVANCES FROM CUSTOMERS	DEFERRED INCOME	TOTAL
Metallic Constructions	9,547,811	11,002,374	20,550,185	17,363,112	10,433,959	27,797,071
Naval Industry	-	19,008,454	19,008,454	-	23,023,836	23,023,836
Total of Contract Liabilities	9,547,811	30,010,828	39,558,639	17,363,112	33,457,795	50,820,907

The movement that occurred in the 2020 financial year on advance payments received from clients can be analysed as follows:

	FY 2020
Balance on 1 January 2020	17,363,112
Revenue recognised in the year associated with liabilities recorded in previous years	(12,881,694)
Advances received in the year	5,066,393
Balance on 31 December 2020	9,547,811

On 31 December 2020 and 2019, the Group's major projects in progress that justify the balance of deferred income in the item 'Contract Liabilities' are as follows:

	FY 2020	FY 2019
Ocean Patrol Vessels (West Sea)	9,630,983	14,017,370
World Voyager (West Sea)	4,657,401	-
Integrated communication project (Martifer Angola)	3,167,866	5,575,486
Bouaké Stadium (Martifer Construções)	2,555,604	1,538,614
Le Havre Project (Martifer France and Martifer Romania)	2,485,424	-
Arosa (West Sea)	1,442,272	1,443,244
London Dock - Building C1 (Martifer UK and Martifer Construções)	1,003,097	-
Amadouro (West Sea)	914,939	1,607,566
Sicilia (West Sea)	601,294	-
Cabinda General Hospital (Martifer UK)	154,705	141,611
SS Douro (West Sea)	324,623	3,622,423
Polar Express (West Sea)	219,011	483,686
Siège Vinci - Bat A (Martifer França)	-	728,111
Kafd Parcel (Martifer Construções)	-	668,297
Viking Helgrim (West Sea)	-	544,112
Others	2,853,609	3,087,274
	30,010,828	33,457,795

39. OTHER NON-CURRENT/CURRENT LIABILITIES

NON-CURRENT

The information regarding other non-current liabilities for the periods ended on 31 December 2020 and 2019 is as follows:

	FY 2020	FY 2019
Deferred income		
Subsidies / Government grants	17,507	47,715
Other deferred income	2,955,211	3,687,398
	2,972,718	3,735,113

The item 'Other deferred income' in 2020, as well as in 2019, results exclusively from the recognition of the deferred income with the attribution of green certificates in Eviva Nalbant S.R.L, whose sale will only occur in more than 365 days.

CURRENT

The information regarding other current liabilities for the periods ended on 31 December 2020 and 2019 is as follows:

	FY 2020	FY 2019
Accrued expenses		
Accrued Expenses - Work in progress	6,892,711	13,546,197
Holiday pay and bonuses	3,586,997	3,228,286
Interest borne but not yet overdue	496,838	806,400
Insurance to be paid	122,757	-
Production performed by third parties not yet invoiced	28,376	43,603
Other accrued expenses	1,434,475	2,130,466
	12,562,155	19,754,952
Deferred income		
Subsidies/ Government grants	54,232	79,733
Other deferred income	1,358,802	1,130,687
	1,413,034	1,210,420
	13,975,189	20,965,372

The 'Other accrued expenses' on 31 December 2020 correspond to supplies and external services rendered in 2020 and not yet invoiced.

The item 'Other deferred income' in 2020, as in 2019, results primarily from the recognition of deferred income with the allocation of the green certificates in Eviva Nalbant S.R.L.

The heading 'Accrued expenses - Work in Progress' includes work executed and material supplied and incorporated in the manufacturing process but not yet invoiced by suppliers.

Thus, on 31 December 2020 and 2019, the major work in progress of the Group that justifies the balance of 'Accrued expenses - Work in Progress' is as follows:

	FY 2020	FY 2019
Bouaké Stadium (Martifer Construções)	1,936,226	905,139
East Wing of Geneva Airport (Martifer Construções - Geneva)	920,847	2,797,888
Le Havre Project (Martifer France)	961,386	-
Gare de Mons (Martifer Construções - Belgium)	837,530	-
Cabinda's General Hospital (Martifer Angola)	525,523	-
Metz Stadium (Martifer France)	218,306	1,940,325
STORIES (Martifer France)	170,984	922,445
Sodiba Factory (Martifer Construções)	-	1,405,170
Al Faisaliah Redevelopment Project - Early Works Façade Package	-	1,106,144
Open Sky Buchelay (Martifer France)	-	641,462
Viaduc HACHEF_ Morocco (Martifer Construções)	-	614,963
Future Beer Factory (Martifer Angola)	-	341,722
Others	1,321,909	2,870,938
	6,892,711	13,546,197

40. COMMITMENTS

Financial guarantees

On 31 December 2020 and 2019, the guarantees provided by the Group to third parties, relating to bank guarantees and guarantee insurance, provided to project owners for which various Group companies are responsible, indicated by currency are as follows:

	FY 2020	FY 2019
Euro	31,148,458	30,448,780
Zloty	363,489	790,613
New Leu	141,746	-
US Dollar (*)	3,392,738	5,979,778
Moroccan Dirham	82,325	83,842
Pound Sterling	7,382,542	7,532,218
	42,511,299	44,835,231

(*) Bank guarantees for proper execution which were issued in Angola and in Portugal, mainly to guarantee works in Saudi Arabia.

The detail per Group company is as follows:

	FY 2020	FY 2019
Martifer Construções Metalomecânicas S.A.	13,768,204	15,865,348
Martifer Metallic Constructions SGPS, S.A.	16,663,519	17,824,747
Navalria S.A.	120,000	120,000
West Sea Lda	8,909,542	3,702,826
Martifer Romania SRL	181,442	242,579
Martifer Renewables SGPS	-	1,228,912
Martifer Construções SAS	-	50,000
Martifer Construções Metálicas Angola S.A.	2,505,103	5,010,206
Wind Farm Lada Sp. Zoo	318,549	318,549
FW Warta Sp.z o.o.	-	414,114
PV Sol 1 Sp. z o.o	-	13,010
PV Sol 2 Sp. z o.o	13,320	13,320
PV Sol 3 Sp. z o.o	14,067	14,067
PV Sol 4 Sp. z o.o.	17,553	17,553
	42,511,299	44,835,231

In relation to the bank guarantees issued to clients, there are guarantees of three distinct natures - advance payment, proper execution and tender:

- The advance payment guarantee aims to guarantee the value given by the Client at the beginning of the project for the purchase of material. The advance amount is defined in the contract and will be settled by invoices, and the client cancels the guarantee once the entire advance payment is deducted;
- The proper execution guarantees aim to ensure the fulfilment of the contract (execution deadlines, quality, etc.). The validity of this kind of guarantee is defined contractually and are cancelled when the definitive reception of the project is carried out;
- The tender guarantees are issued as a guarantee that the company that presents itself for the tender will be able of executing the work in the future and of giving the guarantee of proper execution that is necessary in case the tender is awarded.

The amount of active bank guarantees on 31 December 2020 is 42.5 million Euros, having decreased 5% compared to the year 2019. The decrease in guarantees in the 'Metallic Constructions' and the 'Renewables' segments contributed to this decrease to a great extent, as well as an increase in guarantees in the 'Naval Industry' segment due to its activity increase.

On 31 December 2020 and 2019, there are no commitments with documentary credits on import.

On 31 December 2020 and 2019, there aren't any active credit insurances.

Disbursements related to the commitments mentioned above are not expected.

Real Guarantees

On 31 December 2020, the real guarantees given by the Company may be summarised as follows:

COMPANY	GUARANTEE	ASSET VALUE	DEBT AMOUNT
Martifer Metallic Constructions SGPS	Share pledge of Martifer Construções SA 20% (number of shares 1,500,000)	5,841,586	16,387,341
Martifer Construções SA	5M€ Generic Mortgage of building Vale Tripeiro, lot 10 - I/J/K/L/M/N/O (Benavente)	2,242,712	5,032,578
Martifer Construções SA			3,315,021
Martifer Construções SA	1st degree mortgage of the administrative building,	5,000,539	3,315,085
Navalria SA	2nd degree mortgage of the industrial building Tower plant (article 1914)		1,631,902
Martifer Construções SA	Mortgage of industrial building Martifer Construções (article 2079)	636,726	3,138,722
Martifer Construções SA			3,063,015
Martifer Construções SA	1st degree share pledge of 25% of Martifer Renewables SGPS (no. of shares 25,000,000)	7,198,274	1,020,916
Martifer Construções SA			2,044,798
Martifer Metallic Constructions SGPS			3,062,748
Martifer Construções SA			5,136,234
Martifer Metallic Constructions SGPS	Mortgage of Land and Warehouse in Albergaria	1,410,000	13,604,763
			1,527,689
	Generic Mortgage Land at Oliveira de Frades (article P-2003) Factory OIF MTC	522,043	
	Generic Mortgage (7.5M€) of the industrial building Tower plant (article 1914).	6,606,755	
	1st degree share pledge of Martifer Renewables SGPS 65% (no. shares 65,000,000)	18,715,511	
	Pledge of 8 Wind Turbines Suzlon S88 - 2,1 MW Hub height 79m	6,187,191	
		-	24,190,245
Martifer Metallic Constructions SGPS	Multipark Paços de Ferreira	361,646	
Martifer Renewables SGPS	Other Lands MGI	83,761	
	1st degree share (10%) pledge of Martifer Renewables SGPS (no. shares 10,000,000)	2,879,309	
	Various Mercantil equipment pledge	124,489	515,652
	Equipment Mercantil pledge	-	113,706
	Mortgage of farm land and all equipment/ construction included in the project/farm	23,151,774	
Eviva Nalbant S.r.l.	Share pledge of 100% of Eviva Nalbant shares	(8,011,995)	4,756,368
	Pledge over all movable assets (insurance, bank accounts, accounts receivable, intellectual property, etc.)	3,320,453	
		76,270,774	91,856,783

¹⁾ This company had negative Equity attributable to the Group on 31 December 2020

During the financial year 2020, only a new additional real guarantee was made, with a clear reduction in both the outstanding value and the value of the underlying asset.

41. SUBSIDIES

The detail of the investment subsidies allocated to the Group with impact in the year ended on 31 December 2020 is as follows:

	INVESTMENT AMOUNT	SUBSIDIES GRANTED	DEFERRED INCOME (NOTE 39)	AMOUNT RECORDED IN INCOME STATEMENT (NOTE 5)
Buildings and other constructions	5,797,465	4,203,885	14,797	2,959
Basic equipment	7,832,920	2,373,768	56,943	52,749
Tools and utensils	61,233	53,023	-	-
Closing balance on 31 December 2020	13,691,618	6,630,676	71,739	55,708

The detail of operating subsidies registered in the P&L Statement for the year ended on 31 December 2020, under the item other operating income/(expenses) is as follows:

COMPANY	DESIGNATION	AMOUNT RECORDED IN THE INCOME STATEMENT (NOTE 5)
Martifer Construções	IEFP	117,758
Navalria	IEFP	2,746
West Sea	IEFP	129,201
Martifer Romania	Employee stoppage allowance	99,875
		349,580

42. RELATED PARTIES

a) Balances and transactions

The Group's subsidiaries have relations between them that qualify as transactions with related parties. All of these transactions are carried out at market prices.

In the consolidation procedures, these transactions with Group companies are eliminated, since the consolidated financial statements present information from the holding and its subsidiaries as if it were a single company.

The balances and transactions with associate companies and joint ventures, as well as with other shareholders and companies related with them, amounted to the following amounts:

	COSTS		REVENUES		ACCOUNTS RECEIVABLE (NOTE 25)		ACCOUNTS PAYABLE (NOTE 34)	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Associate companies ¹⁾	-	-	-	(1,802,432)	10,441	6,034,235	-	17,641
Joint Ventures	-	-	379,936	45	5,906,330	91,914	18,360	1,717,884
Other related parties	479,791	507,334	9,732,641	18,857,674	5,037,559	13,502,886	558,133	4,167,094
	479,791	507,334	10,112,576	17,055,287	10,954,330	19,629,035	576,493	5,902,619

¹⁾ In 2019, the value of the income is negative and derives from credits issued to an associate company.

In addition to the mentioned values in the tables presented above and below, there are no other transactions or balances held with related parties of the Group.

Accounts receivable and payable to related companies will be settled in cash and are not covered by guarantees. During the years ended on 31 December 2020 and 2019, no impairment losses were recognised on accounts receivable from related parties.

The line 'Other Entities' is essentially related to companies belonging to I'M SGPS, S.A. Group and Mota-Engil SGPS, S.A. Group, reference shareholders of Martifer Group, and the vast majority of the balances and transactions originate from contracts in the 'Metallic Constructions' segment.

The main companies included in the referred to item 'Other Entities' (companies with balances and/or transactions in amounts over 10,000 Euros) are the following:

Other Related Parties
MRP - Promoção Imobiliária, Lda
Mota Engil Angola, S.A.
Mota-Engil, Engenharia e Construção África - Suc. Costa Marfim
Mota-Engil, Engenharia e Construção
Mota-Engil SGPS, S.A.
I'M SGPS, S.A.
Braseme
Black and Blue Investimentos, S.A.
Tavira Gran Plaza, S.A.
Mota-Engil, Engenharia e Construção África

In 2020, Martifer, SGPS, S.A. acquired, from the shareholders I'M, SGPS, S.A. and Mota-Engil, SGPS, S.A., the vehicle company Vetor Diálogo, SGPS, S.A. (the company held 25% of the share capital of Martifer Metallic Constructions, SGPS, S.A.) for the price of 3.5 million Euros. This operation, being with related parties, was subject to the regime of article no. 397 of the Commercial Companies Code by the Board of Directors; it obtained a favourable opinion from the Supervisory Board and the Risk Committee, and the price was defined based on an assessment made by an independent entity. After this operation, Martifer, SGPS, SA became the owner of 100% of the share capital of Martifer Metallic Constructions, SGPS, S.A. and consequently controls all of the the segments: 'Metallic Constructions' and the 'Naval Industry'.

Also, in 2020, Martifer SGPS, SA, after having acquired 25% more of the share capital of Duelobrigatório, S.A. (it became holder of 80% of the company's share capital), it acquired for a symbolic value (2 Euros) the financial debt of 3,927,553 Euros which it had with the entities I'M, SGPS, S.A. and Mota-Engil, SGPS, S.A.. At the end of 2020, Duelobrigatório was dissolved and liquidated without assets or liabilities. This operation generated a gain that resulted in part of the referred credit and it was recorded in equity as it is equivalent to a shareholder contribution.

b) Remuneration of the Board of Directors and other key personnel

The remuneration granted to members of the Board of Directors and other key personnel of the Group during the years ended on 31 December 2020 and 2019 amounted to 1,295,128 Euros and 968,813 Euros, respectively.

These remunerations are determined by the Remuneration Committee, taking into account the individual performance and the evolution of this type of job market.

The remuneration attributed to key management personnel, by remuneration category, can be summarised as follows (values in Euro):

	FY 2020	FY 2019
Fixed remuneration	1,295,128	968,813
	1,295,128	968,813

The remuneration policy of the members of the management and supervisory bodies of Martifer SGPS, approved under the terms of Law no. 28/2009, as well as the annual amount of remuneration earned by the members of these bodies, in an aggregate and individual manner, is presented in the Corporate Governance Report.

In addition, the Board Members of Martifer SGPS are:

- i. Carlos Manuel Marques Martins
- ii. Arnaldo José Nunes da Costa Figueiredo
- iii. Jorge Alberto Marques Martins
- iv. Pedro Miguel Rodrigues Duarte
- v. Pedro Nuno Cardoso Abreu Moreira
- vi. Maria Sílvia da Fonseca Vasconcelos da Mota
- vii. Mariana França Gouveia

43. EFFECTS OF THE RESTATEMENT OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES WHOSE FUNCTIONAL CURRENCY IS THE CURRENCY OF A HYPERINFLATIONARY ECONOMY

In 2017, Angola was considered a hyperinflationary economy so the financial statements of subsidiaries of the Group that exercise activity in this country and whose functional currency is the Kwanza had to be restated in terms of the measuring unit current at the end of the reporting period by applying a general price index.

In 2019, according to IMF information, Angola stopped being a hyperinflationary economy, and from this point on it is considered that the figures reported in the financial statements at the end of the previous reporting period are considered the carrying amounts of the subsequent financial statements. The date considered as the last report for Angola within hyperinflation was on 30 June 2019, and the values of this country are maintained until the restated balance items are used up.

In 2018 it was Argentina's time to be considered a hyperinflationary economy, which resulted in the fact that companies that report in Argentine pesos had to be adjusted to those effects, a situation which is maintained in 2020.

The general price indices were calculated based on information on inflation provided by the Central Bank of the Argentine Republic.

The effect of the restatement in the consolidated statement of results for the financial year 2020 can be summarised as follows:

FY 2020	ANGOLA	ARGENTINA	TOTAL
Restatement of expenses and income	(220,980)	(49,658)	(270,638)
Monetary result	-	207,623	207,623
Impact on net income for the year	(220,980)	157,965	(63,015)

The effect of the restatement in the consolidated statement of financial position on 31 December 2020 can be summarised as follows:

FY 2020	ANGOLA	ARGENTINA	TOTAL
Intangible assets	861,030	3,459	864,489
Tangible fixed assets	5,811,705	159,888	5,971,593
Inventory	145,930	-	145,930
Deferrals	3,403	16,499	19,902
Impact on Assets	6,822,069	179,846	7,001,915
Reserves	4,860,487	(8,367)	4,852,120
Net Income for the year	(220,980)	157,965	(63,015)
Impact on Equity	4,639,508	149,598	4,789,106
Deferred tax liabilities	1,988,360	28,613	2,016,973
Deferrals	194,202	1,634	195,836
Impact on Liabilities	2,182,562	30,247	2,212,809

On the other hand, the effects of the restatement in the consolidated statement of financial position on 31 December 2019 can be summarised as follows:

FY 2019	ANGOLA	ARGENTINA	TOTAL
Intangible assets	866,142	3,779	869,921
Tangible fixed assets	6,061,609	118,547	6,180,156
Inventory	151,511	-	151,511
Deferrals	3,485	4,845	8,330
Impact on Assets	7,082,747	127,171	7,209,918
Reserves	5,128,347	75,788	5,204,135
Net Income for the year	(306,366)	34,652	(271,714)
Impact on Equity	4,821,981	110,440	4,932,423
Deferred tax liabilities	2,066,563	16,660	2,083,223
Deferrals	194,202	70	194,272
Impact on Liabilities	2,260,766	16,730	2,277,495

44. ANNEXE TO THE CONSOLIDATED CASH FLOW STATEMENT

The receipt and payments of financial assets that occurred in the periods ended on 31 December 2020 and 2019 may be analysed as follows:

	FY 2020	FY 2019
Cash Receivables:		
Sale of Eurocab (Martifer Renewables ETVE, S.A.U. and its subsidiaries)	-	23,500,000
Sale of SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A.	-	8,167,490
Sale of SPEE 3 – Parque Eólico do Baião, S.A.	-	3,160,010
Sale of Martifer MPC Renewable Energies Development S.A.S.	-	250,117
Sale of Eviva Energy Co S.A.S.	-	7,215
Sale of FW Warta Sp. z o.o.	7,714,162	-
Total Receivables	7,714,162	35,084,832
Cash and cash equivalents derecognised with loss of control	(341,707)	(1,065,562)
Total Net Receivables	7,372,455	34,019,270
Cash Payments:		
Total Payments	-	-
Cash and cash equivalents derecognised with gain of control	(131,132)	-
Total Net Payments	(131,132)	-

Regarding the sale of FW Warta, in December 2020, the amount to be received was 4,547,567 Polish Zlotys. This value will be received when the wind farm enters into operation, and an additional amount may be received if the entity is successful in tax proceedings concerning the recovery of value-added tax. It is the Board of Directors' understanding that the estimated value of the sale price is adequate taking into account the contractual conditions and the existent information at the time.

Both in 2020 and in 2019, the 'Other receipts/payments of operational activities' item is mostly justified either by the receipts of VAT refunds or by payments to Social Security (both the employer's part and the employee's part). In 2019, there was also the receipt of dividends from Ventinveste, amounting to 0.5 million Euros, which is allocated to operational cash flows.

45. SUBSEQUENT EVENTS

The year 2021 continues to be marked by COVID-19, with vaccination and the number of infections evolving differently in the various countries of the world and, consequently, with countries adopting more or less restrictive pandemic containment measures. In Portugal and in Europe, the measures have been very restrictive, with several countries imposing mandatory lockdowns. The world economy is in a phase of recovery at a slower pace than the one desirable, and uncertainties about the future remain many.

Martifer Group continues to permanently monitor the information disclosed and carefully comply with all the recommendations of the national and international authorities, namely the Portuguese Directorate-General for Health (DGS) and the World Health Organization (WHO), and to maintain a set of measures implemented to safeguard the health and well-being of its employees and to minimise the economic and financial impacts on the Group to guarantee its future sustainability.

The Group's activity is being conditioned by the current situation, and given the uncertainties about the future, it is not possible to quantify the magnitude of the impacts.

Since the reference date of the accounts, and with the exception of the aforementioned, there have been no other events that affect the disclosed financial information.

46. FINANCIAL INSTRUMENTS

The financial instruments, in accordance with the accounting policies described in Note 1.4 (vii), were classified as follows: On 31 December 2020 and 2019, the financial instruments are as follows:

€	FY 2020	FY 2019
FINANCIAL ASSETS		
Financial assets at amortised cost		
Cash and cash equivalents	43,797,581	35,004,440
Non-current trade debtors and other debtors	8,685,115	11,085,408
Current trade debtors and other debtors	27,081,768	39,833,006
Prepayments	10,168,655	7,801,573
State and other public entities (without income tax)	9,187,679	7,589,873
	98,920,798	101,314,300
Financial assets at fair value through profit or loss		
Green Certificates non-current	2,955,211	3,687,398
Others non-current	216,178	152,881
Green Certificates current	1,288,802	1,130,687
Others current	11,596	234,096
	4,471,787	5,205,062
Carrying amount of Financial Assets	103,392,585	106,519,362
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Non-Current Loans	117,529,482	135,933,615
Non-current Lease liabilities	20,464,474	22,861,195
Non-current trade creditors and other creditors	2,676,527	3,959,602
Current Loans	2,526,860	4,875,458
Current Lease liabilities	624,513	1,012,372
Current trade creditors and other creditors	51,345,919	53,572,956
State and other public entities (without income tax)	3,443,213	3,791,201
	198,610,988	226,006,399
Carrying amount of financial liabilities	198,610,988	226,006,399

47. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 26 April 2021. In addition, the accompanying financial statements on 31 December 2020 are pending approval by the General Shareholders Meeting.

Oliveira de Frades, 26 April 2021

The Certified Accountant

Marlene Henriques Pereira

The Board of Directors

Carlos Manuel Marques Martins
(President)

Arnaldo José Nunes da Costa Figueiredo
(Vice President)

Jorge Alberto Marques Martins (Vice President)

Pedro Miguel Rodrigues Duarte
(Member of the Board of Directors)

Pedro Nuno Cardoso Abreu Moreira
(Member of the Board of Directors)

Maria Sílvia da Fonseca Vasconcelos da Mota
(Member of the Board of Directors)

Mariana França Gouveia
(Member of the Board of Directors)

A black and white photograph of an industrial facility, likely a refinery or chemical plant. The scene is dominated by a tall, slender chimney with alternating dark and light horizontal bands. To its right, there are several large, cylindrical storage tanks or distillation columns, some with ladders and walkways. The foreground is filled with a complex network of pipes, valves, and smaller tanks. The sky is overcast with scattered clouds. A large, solid red triangle is positioned on the right side of the image, pointing towards the center. The text 'SEPARATE FINANCIAL INFORMATION' is overlaid in white, bold, sans-serif font on the left side of the image.

**SEPARATE
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**SEPARATE
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SEPARATE FINANCIAL STATEMENTS AND OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2020 AND 2019

	NOTES	FY 2020	FY 2019
Sales and services rendered	2	1,348,139	990,180
External services and supplies	3	(602,542)	(766,898)
Staff costs	4	(1,026,849)	(691,363)
Other income	6	91,788	55,438
Other expenses	6	(274,301)	(56,617)
Profit before depreciation, provisions, impairments, financial expenses and tax		(463,765)	(469,261)
Amortisation and depreciation costs	7 e 8	(926)	(680)
Provisions and impairment losses	5	31,721,446	(9,656,848)
Operating income (before financial expenses and tax)		31,256,755	(10,126,788)
Interest and similar revenue	9	239,078	3,204,240
Interest and similar expenses	9	(2,813,151)	(2,916,014)
Gains/losses recognised on subsidiary, associate and joint ventures	9	(19,446)	(9,670)
Earnings before taxes		28,663,236	(9,848,231)
Income tax	10	2,607,616	1,693,852
Net profit for the year		31,270,853	(8,154,379)
Other comprehensive income		-	-
Total comprehensive income for the period		31,270,853	(8,154,379)
Earnings per share / Total comprehensive per share			
Basic	11	0,3198	(0,0834)
Diluted	11	0,3198	(0,0834)

The accompanying notes are part of these financial statements.

SEPARATE STATEMENTS OF THE FINANCIAL POSITION ON 31 DECEMBER 2020 AND 2019

	NOTES	FY 2020	FY 2019
ASSETS			
Non-current assets			
Intangible assets	7	-	-
Tangible fixed assets	8	2,194	1,613
Investments in subsidiaries and associate companies	12	82,835,753	145,630,964
Group companies	13	3,797,289	-
Financial assets at fair value through profit or loss		3,445	2,839
Deferred tax assets	10	4,229,079	4,229,079
		90,867,761	149,864,495
Current assets			
Trade receivables	14	929,742	701,678
Advances to trade creditors		-	48,059
Group companies	13	3,803,238	13,539,057
Other receivables	14	30,449	1,571,746
Deferred expenses	16	1,449	1,390
Cash and cash equivalents	17	492,840	231,531
		5,257,719	16,093,461
TOTAL ASSETS		96,125,479	165,957,956
EQUITY			
Shared capital	18	50,000,000	50,000,000
Own shares	18	(2,868,519)	(2,868,519)
Legal reserves	18	8,575,019	8,575,019
Other reserves	18	2,868,519	2,868,519
Retained earnings	18	(1,573,491)	(19,196,723)
Profit for the year	18	31,270,853	(8,154,379)
TOTAL EQUITY		88,272,381	31,223,917
LIABILITIES			
Non-current liabilities			
Provisions	19	-	2,982,197
Loans	20	-	47,010,628
		-	49,992,825
Current liabilities			
Trade payables	21	466,616	576,135
State and other public entities	15	145,037	80,129
Income tax	10	1,010,785	74,255
Group companies	13	5,994,380	83,952,396
Other payables	21	236,281	58,300
		7,853,098	84,741,214
TOTAL LIABILITIES		7,853,098	134,734,039
TOTAL EQUITY AND LIABILITIES		96,125,479	165,957,956

The accompanying notes are part of these financial statements.

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED ON 31 DECEMBER 2020 AND 2019

DESCRIPTION	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	OTHER RESERVES	RETAINED EARNINGS	PROFIT FOR THE YEAR	TOTAL EQUITY
BALANCE AT THE BEGINNING OF 2019	50,000,000	(2,868,519)	8,575,019	2,868,519	(13,245,226)	(5,951,497)	39,378,296
Appropriation of the profit of 2018	-	-	-	-	5,951,497	(5,951,497)	-
Net profit for the year	-	-	-	-	-	(8,154,379)	(8,154,379)
BALANCE AT THE END OF 2019	50,000,000	(2,868,519)	8,575,019	2,868,519	(19,196,723)	(8,154,379)	31,223,917
BALANCE AT THE BEGINNING OF 2020	50,000,000	(2,868,519)	8,575,019	2,868,519	(19,196,723)	(8,154,379)	31,223,917
Appropriation of the profit of 2019	-	-	-	-	(8,154,379)	(8,154,379)	-
Losses Coverage (Note 20)	-	-	-	-	21,850,061	-	21,850,061
Other changes in equity (Note 19)	-	-	-	-	3,927,551	-	3,927,551
Integral result	-	-	-	-	-	31,270,853	31,270,853
BALANCE AT THE END OF 2020	50,000,000	(2,868,519)	8,575,019	2,868,519	(1,573,491)	31,270,853	88,272,381

To be read as the accompanying notes to the financial statements.

SEPARATE STATEMENTS OF THE CASH FLOWS FOR THE PERIODS ENDED ON 31
 DECEMBER 2020 AND 2019

	NOTES	FY 2020	FY 2019
OPERATING ACTIVITIES			
Receipts from customers		1,421,606	812,316
Payments to suppliers		(646,874)	(742,267)
Payments to employees		(848,106)	(559,216)
Cash generated from operations		(73,374)	(489,167)
Income tax paid/received		2,143,185	1,554,676
Other receipts/payments relating to operating activities		(2,829,533)	(510,620)
Net cash generated by operating activities (1)		(759,722)	554,889
INVESTING ACTIVITIES			
Payments arising from:			
Tangible fixed assets		(1,339)	(1,615)
Financial assets	25	(430,000)	(14,069,251)
		(431,339)	(14,070,866)
Receipts arising from:			
Tangible fixed assets		-	100
Financial assets	25	27,029,134	15,012,399
Interest and similar income		386,509	391,562
Dividends		-	60,000
		27,415,643	15,464,061
Net cash generated by investing activities (2)		26,984,303	1,393,195
FINANCING ACTIVITIES			
Receipts arising from:			
Loans	25	8,922,000	69,593,148
		8,922,000	69,593,148
Payments arising from:			
Loans	25	(34,737,334)	(71,349,010)
Interest and similar costs		(147,937)	(17,463)
		(34,885,272)	(71,366,473)
Net cash generated by financing activities (3)		(25,963,272)	(1,773,324)
Net increase in cash and cash equivalents (1 + 2 + 3)		261,309	174,760
Effect of foreign exchange currencies		-	-
Cash and cash equivalents at the beginning of the year	17	231,531	56,771
Cash and cash equivalents at the end of the year	17	492,840	231,531

The accompanying notes are part of these financial statements.

SEPARATE FINANCIAL INFORMATION

**NOTES TO
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14 | NOTES TO THE SEPARATE FINANCIAL STATEMENTS

INTRODUCTORY NOTE

Martifer, SGPS, S.A. ("Company") is a publicly-traded company, with its registered office at Zona Industrial, Apartado 17, Oliveira de Frades - Portugal, incorporated on 29 October 2004 and has as its main activity the management of held shareholdings and the rendering of support services to Group companies. It is the holding company of Martifer Group ("Group") and has as reference shareholders I'M, SGPS, S.A. (38%) and Mota-Engil, SGPS, S.A. (37.5%).

From June 2007 onwards, and following the successful Initial Public Offer (IPO), Martifer, SGPS, S.A. started trading on the Portuguese Stock Exchange, Euronext Lisbon.

The Company is obliged, in terms of Article no. 4 of Regulation no. 1606/2002, of the European Parliament and Council, of 19 July, to prepare its consolidated financial statements in conformity with the International Financial Reporting Standards (IFRS) as adopted by the European Union in terms of Article no. 3 of the mentioned regulation.

As allowed by Decree-Law no. 158/2009 of 13 July, the separate financial statements were prepared according to the International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

All the amounts presented in these notes are expressed in Euro unless otherwise indicated.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

1.1 BASIS OF PRESENTATION

These accompanying financial statements relate to the separate financial statements of Martifer, SGPS, S.A. and were prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union, in force at the beginning of the economic period started on 1 January 2020. These correspond to the International Financial Reporting Standards, issued by the International Accounting Standards Board ("IASB"), and to the interpretations issued by the IFRS Interpretations Committee or by the previous Standing Interpretations Committee ("SIC") that have been endorsed by the European Union.

The attached financial statements were prepared from the accounting records of the Company, under the assumption of continuity of operations and taking as a basis the historical cost.

The Board of Directors assessed the capacity of the Company to continue to operate, based on all relevant information, facts and circumstances of a financial, commercial or other nature, including events that occurred after the reference date of the financial statements, available in the future. Consideration was also given to the fact that the current liabilities exceed the current assets, which is mostly the result of balances with Group companies. As a result of the assessment, the Board of Directors concluded that the Company has the adequate resources to maintain the activities, having no intention of terminating them in the short term; therefore, it considered appropriate to use the assumption of continuity of operations in the preparation of the financial statements.

The accounting policies and calculation criteria adopted by the Company in the 2020 financial period are consistent with those applied in the financial statements of the previous financial period, presented for comparative purposes, except regarding the standards and interpretations entering into force on or after 1 January 2020, the adoption of which has not had a significant impact on the Company's comprehensive income or financial position.

Changes to effective standards on 1 January 2020 and 1 June 2020:

	EFFECTIVE DATE
Amendments to references to the Framework in IFRS Standards	01-01-2020
Amendment to IAS 1 and IAS 8 - Definition of Material	01-01-2020
Amendment to IFRS 3 - Definition of Business	01-01-2020
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform (IBOR Reform)	01-01-2020
Amendment to IFRS 16 - Leases - "COVID-19 Related Rent Concessions"	01-06-2020

They correspond to amendments to several standards (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 and SIC 32) regarding references to the revised conceptual framework in March 2018. The revised conceptual framework includes revised definitions of an asset and a liability and new guidelines on calculation, derecognition, presentation and disclosure. The adoption of these amendments did not cause significant changes in the presented separate financial statements.

Amendment to IAS 1 and IAS 8 – Definition of material. It corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. Information is material if by its omission, distortion or concealment it is reasonably expected to influence the decisions of the primary users of the financial statements on the basis of the financial statements. The adoption of this amendment did not cause significant changes in the presented separate financial statements.

Amendment to IFRS 3 - Definition of business. It corresponds to amendments to the definition of business, seeking to clarify the identification of the acquisition of a business or the acquisition of a group of assets. The revised definition also clarifies the definition of *output* of a business as the supply of goods or services to customers. The changes include examples for identifying a business acquisition. The adoption of this amendment did not cause significant changes in the presented separate financial statements.

Amendment to standards IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (IBOR Reform). It corresponds to amendments to Standards IFRS 9, IAS 39 and IFRS 7 related to the project of reform of the benchmark interest rates (known as the "IBOR reform"), in order to reduce the potential impact of the change in reference interest rates on financial reporting, in particular in hedge accounting. The adoption of this amendment did not cause any change in the presented separate financial statements.

Change to IFRS 16 – Leases – "COVID-19 Related Rent Concessions". This amendment introduces an optional practical expedient by which tenants are exempted from analysing whether rent concessions, typically suspensions or reductions related to the "COVID-19" pandemic, correspond to contractual modifications. The adoption of this amendment did not cause significant changes in the presented separate financial statements.

(New) standards (and amendments) which become effective on or after 1 January 2021, already endorsed by the EU:

	EFFECTIVE DATE
Amendments to IFRS 9, IAS 39 and IFRS 7 - Phase 2 - interest rates reform of benchmark (IBOR Reform)	01-01-2021
Amendment to IFRS 4 Insurance Contracts - Deferral of IFRS 9	01-01-2021

Amendment to Standards IFRS 9, IAS 39 and IFRS 7 - Phase 2 - Interest Rate Benchmark Reform (IBOR Reform) (effective for financial periods beginning on or after 1 January 2021). It corresponds to additional amendments to Standards IFRS 9, IAS 39 and IFRS 7, issued on 27 August 2020, related to the second phase of the Interest Rate Benchmark Reform project (known as "IBOR Reform"), relating to changes in reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosure.

Amendment to IFRS 4 Insurance Contracts – Deferral of IFRS 9 (effective for annual periods beginning on or after 1 January 2021). This corresponds to the amendment to standard IFRS 4 that extends the deferral of the application of IFRS 9 for financial periods beginning on or after 1 January 2023.

To this date, no significant impacts are expected resulting from the adoption of the standards and amendments referred to above.

(New) standards (and amendments) that become effective on or after 1 January 2021, not yet endorsed by the EU

	EFFECTIVE DATE
IFRS 17 - Insurance contracts	01/01/2023
Amendment to IAS 1 Presentation of Financial Statements - Classification of liabilities as current and non-current	01/01/2023
Amendments to IFRS 3, IAS 16, IAS 37	01/01/2022
Annual improvements 2018-2020	01/01/2022
IAS 1 Presentation of Financial Statements and IFRS 2 Practice Statement: Disclosure of accounting policies	01/01/2023
Amendment to IAS 8 Accounting Policies, Changes in Estimates and Accounting Errors: definition of Estimates	01/01/2023
Proposed amendments for leases IFRS 16: Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	01/04/2021

IFRS 17 (new), 'Insurance Contracts' (effective for financial periods beginning on or after 1 January 2023). This standard is still subject to endorsement by the European Union. This standard lays down, for insurance contracts within its scope, the principles for their recognition, calculation, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts. This standard does not apply to Martifer Group.

Amendment to IAS 1 Presentation of financial statements – Classification of liabilities as current and non-current (to be applied in financial periods beginning on or after 1 January 2023). This amendment is still subject to the process of endorsement by the European Union. This amendment published by IASB clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date.

Amendments to Standards IFRS 3, IAS 16, IAS 37 (effective for annual periods beginning on or after 1 January 2022). These amendments are still subject to approval by the European Union. These amendments correspond to a set of updates to the various mentioned standards, namely: - IFRS 3 - updating the reference to the conceptual framework of 2018; additional requirements for analysing obligations under Standard IAS 37 or IFRIC 21 at the date of acquisition; and explicit clarification that contingent assets are not recognised in a business combination; - IAS 16 - prohibition of deducting the cost of a tangible asset from revenue related to the sale of products before the asset is available for use; - IAS 37 - clarification that costs of performance of a contract correspond to costs directly related to the contract.

Annual improvements 2018-2020 (effective for annual periods starting on or after 1 January 2022). These improvements are still subject to approval by the European Union. They essentially correspond to amendments in 4 standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41.

Amendments to Standard IAS 1 Presentation of Financial Statements and IFRS 2 Practice Statement: Disclosure of accounting policies (effective for annual periods beginning on or after 1 January 2023). These amendments are still subject to approval by the European Union. These amendments establish criteria for the identification and disclosure of material accounting policies.

Amendment to IAS 8 Accounting policies, Changes in Estimates and accounting errors: definition of Estimates (effective for annual periods beginning on or after 1 January 2023). These amendments are still subject to approval by the European Union. This amendment changes the definition of accounting estimates and clarifies that changes in estimates as a result of new information do not correspond to errors.

Proposed amendments to IFRS 16 - Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021). These amendments are still subject to approval by the European Union. These changes provide exemptions applicable in reports on the modification evaluation of lease contracts as a result of COVID-19.

The Management is analysing the impact, if any, on the separate financial statements.

In the preparation of the financial statements, in accordance with IFRS, the Company's Board of Directors adopted certain assumptions and estimates that can affect the reported assets and liabilities, as well as the profits and losses incurred related to the reported periods. All of the Board of Directors' estimates and assumptions were made taking into consideration the best knowledge available at the financial statements' approval date based on the information available at that time.

1.2 COMPARABILITY OF INFORMATION

The Company's financial statements on 31 December 2020 were prepared in accordance with the accounting policies and calculation methods similar to those presented in the financial statements on 31 December 2019.

1.3 MAIN ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

The main accounting policies, judgements and estimates used in the preparation of the Company's financial statements for the years presented, are as follows:

i) Financial investments in subsidiaries and associates

The equity holdings in subsidiaries and associates are recorded at acquisition cost less accumulated impairment losses. An assessment of investments in subsidiaries and associates is carried out when there are indications that the asset may be impaired. In that case, any impairment loss that is shown to exist is recorded as a cost in the income statement. In situations where the losses of the participated companies exceed the value of the investment, and the Company has made a commitment to cover the losses of the subsidiaries, the additional losses of subsidiaries and associates determine the recognition of a provision.

Subsidiaries are all entities (including special purpose entities) that the Company controls, by being exposed to or being the holder of rights regarding the variable results generated by the entity through its relationship with this one, and have the ability to allocate these results through the power it has over the entity.

Associates are entities on which the Company has a significant influence in the definition of the financial and operational policies.

ii) Tangible fixed assets

Tangible assets are recorded at their acquisition cost, net of depreciation and accumulated impairment losses.

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

Office equipment	3 to 5 years
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Maintenance and repair costs that neither increase the useful life nor create significant improvements in tangible fixed assets are recognised as costs in the year in which they are incurred.

iii) Financial assets and liabilities

Financial assets and liabilities are recognised in the Company's statement of financial position when they become part of the instrument's contractual provisions.

The financial assets and liabilities are initially measured at their fair value. The transaction costs directly attributable to the acquisition or the issue of financial assets and liabilities (which are not financial assets or liabilities calculated at fair value through results) are added to or deducted from the fair value of the asset or financial liability, as the case may be, on initial recognition.

The transaction costs directly attributable to the acquisition of financial assets or liabilities recorded at fair value under results are recorded immediately in the income statement.

iii.a) Financial assets

All purchases and sales of financial assets are recognised at the date of signing the respective sale and purchase agreements, regardless of the date of their financial settlement.

All of the recognised financial assets are subsequently measured at amortised cost or at their fair value, depending on the business model adopted by the Company and the characteristics of their contractual cash flows.

Classification of financial assets:

a) Debt instruments and receivables

Debt instruments of fixed income and receivables that comply with the following conditions are measured subsequently at amortised cost:

- (i) the financial asset is held taking into account a business model whose goal is to keep it in order to receive its contractual cash flows; and
- (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of capital and interest on the amount of capital in debt.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and allocating the respective interest during the period of its validity.

For financial assets that are not acquired or originated with impairment (i.e., impaired assets on initial recognition), the effective interest rate is the rate that discounts exactly the estimated future cash flows (including fees and commissions paid or received, which are an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life cycle of the instrument in its gross carrying amount on the date of its initial recognition.

The amortised cost of a financial asset is the amount by which it is measured in the initial recognition deducted from capital repayments, plus the accumulated amortisation, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted in any possible impairment losses.

The income associated with interest is recorded in the income statement in the heading 'Interest and similar earnings', through the method of effective interest rate, for financial assets recorded subsequently at amortised cost or fair value through the income statement. The interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

The debt instruments and receivables that comply with the following conditions are subsequently measured at fair value through other comprehensive income:

- (i) the financial asset is held taking into account a business model whose objective foresees the receipt of its contractual cash flows and its divestiture; and
- (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of capital and interest on the amount of capital in debt.

(b) Capital instruments designated at fair value through other comprehensive income

On initial recognition, the Company may make an irrevocable choice (financial instrument by financial instrument) to designate certain investments in equity instruments (shares) at fair value through other comprehensive income.

The designation at fair value through other comprehensive income is not permitted if the investment is held for trading purposes or if it is the result of a contingent consideration recognised in the context of a concentration of business activities.

An equity instrument is held for trading, if:

- i) it is purchased mainly with the purpose of sale in the short term;
- (ii) on initial recognition, it is part of a portfolio of identified financial instruments that the Company administers in conjunction and in which there is evidence of a recent real pattern of obtaining profits in the short term; or
- (iii) if it is a derivative financial instrument (except if it is allocated to a hedging operation).

Investments in equity instruments recognised at fair value through other comprehensive income are measured initially at their fair value plus transaction costs. Subsequently, they are measured at their fair value with gains and losses arising from their variation

recognised in other comprehensive income. At the moment of their sale, the accumulated gain or loss generated with these financial instruments is not reclassified for the income statement but transferred only to the item 'Reserves and retained earnings'.

The dividends associated with investments in equity instruments recorded at fair value through other comprehensive income are recorded in the income statement at the moment they are assigned/determined unless they clearly represent a recovery of part of the investment cost. Dividends are recorded in the income statement in the item 'Interest and similar earnings'.

c) Financial assets at fair value through results

Financial assets that do not meet the criteria for being calculated at amortised cost or fair value through other comprehensive income are calculated at fair value through results.

Financial assets recorded at fair value through results are calculated at fair value determined at the end of each reporting period, being the respective gains or losses recorded in the income statement, except if they are part of a hedging relationship.

Impairment of financial assets

The Company recognises expected impairment losses for debt instruments measured at amortised cost, as well as accounts receivable from clients and other debtors.

The amount of expected impairment losses for the financial assets mentioned above is updated at every reporting date to reflect changes in credit risk that occurred since the initial recognition of the respective financial assets.

With regard to balances receivable from associated companies, which are not considered part of the financial investment in these companies, credit impairment is assessed taking into account the following criteria: (i) if the amount receivable is payable on demand; (ii) if the amount receivable is low risk; (iii) if it has a term of less than 12 months.

In cases in which the balance receivable is payable on demand and the related party has the ability to pay, the probability of default was considered close to 0%; therefore, the impairment is considered equal to zero. In cases in which the balance receivable is not payable on demand, the credit risk of the related Company is assessed, and if it is 'low' or if the term is less than 12 months, then the Company only assesses the probability of occurrence of a default for the cash flows that are due in the following 12 months.

For all other situations and natures of balances receivable, the Company applies the general impairment approach, assessing on each reporting date if there has been a significant increase in the credit risk since the date of the initial recognition of the asset. If there has not been an increase in the credit risk, the Company calculates an impairment corresponding to the amount equivalent to the expected losses in a period of 12 months. If there has been an increase in the credit risk, the Company calculates an impairment corresponding to the amount equivalent to the expected losses for all contractual cash flows until the maturity of the asset. The credit risk assessment is made according to the criteria published in the credit risk management policies contained in the Management Report.

Write-offs Policy

The Company shall write-off a financial asset when there is information that demonstrates that the debtor is in the process of liquidation or bankruptcy and when there are no realistic prospects of credit recovery. However, the written-off financial assets may still be subject to recovery procedures by the Company.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire or when it transfers the financial asset and substantially all the risks and benefits associated with its ownership to another entity. If it does not transfer or retain substantially all the risks and benefits associated with the ownership of a financial asset but continues to control it, the Company recognises its interest in the retained asset and an equivalent liability to the amount that will have to return. If the Company retains substantially all the risks and benefits associated with the ownership of a transferred financial asset, then it continues to recognise it and additionally recognises a loan in the amount received in the meantime.

In the derecognition of a financial asset calculated at amortised cost, the difference between its carrying amount and the sum of the consideration received and receivable is recognised in the income statement.

iii.b) Financial liabilities and equity instruments

Classification as a financial liability or as an equity instrument

Financial liabilities and equity instruments are classified as liabilities or as equity according to the contractual substance of the transaction.

Equity

The Company classifies as equity instruments those whose contracts evidence a residual interest of a third party in a set of assets after deducting the liabilities of the Company.

Equity instruments issued by the Company are recognised by the amount received, net of the costs directly attributable to their issue.

The repurchase of equity instruments issued by the Company (own shares) is accounted by its acquisition cost as a deduction from equity. The gains or losses inherent to the alienation of own shares are registered under the item "Reserves and retained earnings".

Financial liabilities

After initial recognition, all financial liabilities are subsequently calculated at amortised cost or fair value through results.

The financial liabilities recorded at fair value through results are calculated at their fair value with the respective gains or losses arising from their variation recorded in the income statement, except if they are affected to hedging transactions.

Financial liabilities subsequently recorded at amortised cost

The financial liabilities that are not designated for registration at fair value through results are measured subsequently at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the respective interest during the period of its validity.

The effective interest rate is the rate that discounts exactly the estimated future cash flows (including fees and commissions paid or received, which form an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life cycle of the financial liability in its carrying amount at the date of its initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the obligations of the Company are settled, cancelled or expired.

The difference between the derecognised carrying amount of the financial liabilities and the consideration paid or payable is recognised in the income statement.

When the Company changes with a certain creditor a debt instrument for another with substantially different terms, this change is accounted for as a cancellation of the original financial liability and the recognition of a new financial liability.

Similarly, the Company accounts for the substantial modifications in terms of an existing liability, or part of it, as a cancellation of the original financial liability and the recognition of a new financial liability. The terms are assumed to be substantially different if the present value discounted of the cash flows of the renegotiated financial liability, including any fees paid net of any commissions received, discounted using the original effective interest rate, is at least 10% divergent from the present value of discounted cash flows remnant of the original financial liability.

If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of future cash flows after the modification is recognised in the income statement as a gain or loss of the modification.

iv) Cash and cash equivalents

'Cash and cash equivalents' include cash on hand, current account and term bank deposits, and other treasury applications (with maturity under three months, readily convertible into a known cash amount and which are not subject to a significant risk of change in value.

v) Accrual based accounting

Revenue and expenses are recorded in the period to which they relate, regardless of their date of payment or receipt. The differences between the amounts received and paid and the corresponding income and expenses are recorded under the items 'Other debtors', 'Deferrals' and 'Other accounts payable'.

vi) Revenue

Nature, performance bonds and moment of recognition of revenue

The main source of revenue of the Company is the support and management services rendered to its subsidiaries.

Revenue is calculated according to the consideration specified in the contracts or agreements executed with clients and excludes any amount received on behalf of third parties. Thus, the Company records revenue when it transfers control over a particular good or service to the customer. The revenue is recorded net of any assigned taxes, trade discounts and financial discounts.

In determining the value of the revenue, the Company evaluates for each transaction the performance obligations that it assumes before clients, the transaction price to assign to each performance obligation identified in the transaction and the existence of variable price conditions that can lead to future adjustments to the registered revenue amount, and for which the Company performs its best estimate.

vii) Balances and transactions expressed in foreign currency

All the assets and liabilities expressed in foreign currencies are translated to the functional currency, using the official exchange rates at the reporting date. The exchange differences, favourable or unfavourable, originating from the differences between the exchange rates at the transaction dates and those used at the collection, payment or at the balance sheet date, are recognised at their gross amount as gains and losses in the income statement.

viii) Income Taxes

The Income Tax for the period includes current and deferred tax, in accordance with IAS 12. Current tax is calculated based on the taxable profit, in accordance with the local tax laws applicable to the location where the Company has its registered office.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of taxable profit as well as in respect of some tax credits attributed to the Company, and it is accounted for using the balance sheet liability method.

Deferred tax assets and liabilities are calculated and annually evaluated using the tax rates in force or announced to be in force at the date of reversal of the temporary differences.

Deferred tax assets are only recognised to the extent that there is a reasonable probability that taxable profits will be available against which to offset them. At the date of each financial position statement, deferred tax assets are reviewed and derecognised whenever it is probable that they will no longer have a future use.

Deferred tax liabilities are recognised for all temporary taxable differences, except those related to:

(i) the initial recognition of Goodwill; or (ii) the initial recognition of assets and liabilities, which do not result from a concentration of business activities, and which at the date of the transaction do not affect the accounting or tax result. However, with regards to the temporary taxable differences associated with investments in subsidiaries and associates, these should not be recorded to the

extent that: i) the parent company has the ability to control the period of the reversal of the temporary difference; and (ii) it is likely that the temporary difference does not reverse in the near future.

The amount of deferred tax resulting from transactions or events recognised in equity items is recorded directly under these same items, not affecting the income statement.

Compensation between deferred tax assets and liabilities is only mandatory when: (i) the Company has a legal right to compensate such assets and liabilities for termination purposes; (ii) such assets and liabilities relate to income taxes levied by the same tax authority; and (iii) the Company intends to compensate for termination purposes.

ix) Financial costs on loans

Financial costs related to obtained loans are recognised as an expense for the year in accordance with the accruals basis.

x) Provisions

Provisions are recorded when, and only when, the Company has an existing obligation (legal or implicit) as a result of a past event; it is probable that for the resolution of that obligation, an outflow of resources will occur, and the amount of the obligation can be reasonably estimated. The provisions are reviewed on the date of each financial position statement and are adjusted to reflect the best estimate at that date, taking into consideration all the risks and uncertainties inherent to such estimates. When a provision is determined, taking into account the future cash flows necessary to settle such obligation, it is recorded at their current value.

xi) Impairment of assets

An impairment assessment is carried out at the date of each statement of financial position, and whenever an event or change in circumstances is identified that indicates that the amount for which an asset is registered may not be recovered. Whenever the amount for which an asset is recorded is greater than its recoverable amount, an impairment loss is recorded, registered in the income statement under the item 'Provisions and impairment losses'. The recoverable amount is the highest of the net selling price (fair value minus costs to sell) and the value in use. The net selling price is the amount that would be obtained with the sale of the asset in a transaction between two independent parties, minus expenses directly attributable to the sale. Value in use is the present value of the estimated future cash flows that are 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 it is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recorded in previous years is recognised when the underlying reasons that caused that entry are no longer applicable and, consequently, the asset is no longer impaired. The reversal of impairment losses is recorded in the income statement in the item 'Provisions and impairment losses'. However, the reversal of an impairment loss is only recorded up to the amount that would be recorded (whether using the historical cost or the revalued amount, net of amortisation and depreciation) if the impairment loss had not been recorded in previous periods.

xii) Employee benefits

Variable remuneration

According to the Articles of Association of the Company, the shareholders approve at a General Meeting or at a Remuneration Committee elected by the shareholders, when elected, the fixed and variable remuneration to be distributed to members of governing bodies. Variable remuneration is recorded in the results of the period to which it relates.

xiii) Classification in the statement of financial position

Assets to be realised and liabilities to be settled twelve months after the financial reporting date are classified, respectively, as non-current assets and liabilities. Likewise, given their nature, 'Deferred tax' and 'Provisions' are classified as non-current assets and liabilities.

xiv) Contingent assets and liabilities

Contingent liabilities are not recorded in the financial statements. Instead, they are disclosed in the notes to the financial statements unless the possibility of an outflow of funds affecting future economic benefits is remote.

Contingent assets are not recorded in the financial statements but are disclosed when future economic benefits are probable.

xv) Cash Flow Statement

The cash flow statement is prepared using the direct method, in accordance with IAS 7.

The cash flow statement is classified by operating, investment and financing activities. Operating activities include cash receipts from clients, payments to suppliers, payments to employees and others relating to operating activities. The cash flows included in investing activities include, inter alia, acquisitions and disposals of investments in subsidiaries and receipts and payments arising from the purchase and sale of tangible and intangible assets.

The cash flows covered in financing activities include, in particular, payments and receipts relating to loans obtained and payment of dividends.

xvi) Subsequent events

Events occurring after the balance sheet date that provide additional information about conditions existing at the balance sheet date (adjusting events) are reflected in the financial statements. Events occurring after the balance sheet date that provide information on conditions occurring after the balance sheet date (non-adjusting events), if material, are disclosed in the notes to the financial statements.

xvii) Judgements and estimates

In preparing the financial statements, the Board of Directors used its best knowledge and accumulated experience of past and current events in making certain assumptions as to future events.

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

- Impairment tests made to investments in subsidiaries and associates (Note 12). Investments in subsidiaries and associates are subject to an impairment test whenever there is evidence of a possible loss of value. The recoverable value of the units that generate cash flows to which the investment is assigned is determined on the basis of the expected cash flows. These calculations require the use of estimates by the Board of Directors regarding the future evolution of the activity and of the considered discount rates. The Board of Directors believes that the methodology described above leads to reliable results on the existence of possible impairment of investments in subsidiaries and associates since they consider the best information available at the time of preparation of the financial statements.
- Register of provisions (Note 19). The Group analyses on a regular basis any obligations arising from past events and that should be recognised or disclosed. The subjectivity inherent in determining the probability of the existence of a present liability and the number of internal resources required to pay the obligations may lead to significant adjustments, either due to variations in the used assumptions or due to the future recognition of provisions previously disclosed as contingent liabilities.
- The recoverability of deferred tax assets arising from reportable tax losses generated by companies included in the tax perimeter of the Special Taxation Regime for Groups of Companies (“RETGS”) (Note 10). Deferred tax assets are recorded only when there are reasonable expectations that there will be future taxable profits available for the use of reportable tax losses within the reporting periods defined by the tax legislation in Portugal. The evaluation of deferred tax assets is made by the management at the end of each financial year, taking into account the expectation of future tax performance.

Estimates used are based on the best information available during the preparation of the financial statements. However, events may occur in subsequent periods that, not being predictable at the time, were not considered in these estimates. Changes to these estimates that occur after the date of the financial statements will be adjusted in the income statement prospectively, in accordance with IAS 8.

xviii) Management of Financial Risks

Uncertainty, which is a dominant feature of the markets, involves in itself a variety of risks to which the Company's activities are exposed, namely exchange rate risk, liquidity risk and credit risk.

a) Exchange rate risk

Exchange rate risk has a strong interdependence with the other types of risk, with reference to the risk of countries, through the evolution of economies and their impact on inflation and interest rates and credit risk, due to the possibility of currency fluctuations which may jeopardise future financial flows, originating the possibility of recording losses or gains as a result of changes in exchange rates among different currencies.

In the operations with participated companies, the Company carries out transactions in Euro, not being subject to a significant exchange rate risk.

b) Liquidity Risk

Liquidity risk reflects the Company's ability to satisfy its financial responsibilities with the available financial resources.

The main objective of the liquidity risk management policy is to ensure that the Company has at its disposal, at any time, sufficient financial resources to meet its responsibilities and to pursue the strategies outlined, honouring all commitments made with third parties.

The financial management department monitors the implementation of the risk management policies defined by the Board in order to ensure that economic and financial risks are identified, measured and managed in accordance with such policies.

c) Credit Risk

Following the measures imposed by central banks on banking after the 2012 financial crisis, banks are in a much more stable financial position than in the past, and despite being more careful in granting credit, the improvement in the conditions for obtaining credit by companies has been observed since 2019. At the end of March 2020, as part of the economic support package during the period of implementation of COVID-19 pandemic containment measures, the various member states announced measures to support companies that involve the possibility of obtaining state-backed funding and which mitigate the possible credit risk that could arise from this pandemic crisis.

However, and with the progress of the pandemic, it has been found that the plans announced should be reinforced, given the high level of demand for this type of support.

These measures allowed to alleviate the additional risk of access to credit that could be generated by the risk/uncertainty that the current situation could represent in the risk analysis of Banks.

The Company is subject to credit risk related to the operational activity - Clients and Other Debtors. To the extent that the majority of their transactions are with subsidiaries, credit risk arises indirectly from the credit risk of those companies.

Aware of this reality and of the increase in credit risk in the current context of economic contraction, the Company and the Group seek to assess the credit risk of all its customers as a rationale for establishing the credit to be granted; the ultimate objective is to ensure effective collection of credits within the established deadlines in order to minimise the exposure to each of the customers.

With this objective in mind, the Group uses financial information and credit assessment agencies and performs regular risk analysis and credit control, as well as collection and management of litigation processes. These are essential procedures to manage the credit activity and to minimise the occurrence of irrecoverable amounts.

The Company considers the likelihood of default with the initial recognition of the asset and, depending on the occurrence of significant increases in the credit risk, continuously in each reporting period. In order to assess whether there was a significant increase in credit risk, the Company compares the default risk occurring by reference to the date of report, with the default risk assessed by reference to the date of initial recognition.

The main value to be received is from Martifer Metallic Constructions, a subsidiary company, and the risk of uncollectability is scarce.

xiv) Capital management

Capital management is made to ensure the continuity and development of operational activities, and focus is given to liquidity management.

The objective of the Company, in relation to capital management, is to maintain an optimal capital structure.

On 31 December 2020, the Company's Equity was positive at approximately 88.3 million Euros (31.2 million Euros on 31 December 2019). The Company has no financial debt.

2. SALES AND SERVICES RENDERED

The sales and services rendered for the periods ended on 31 December 2020 and 2019 refer, essentially, to management fees charged to Group companies:

	FY 2020	FY 2019
Services rendered - Note 24	1,348,139	990,180
	1,348,139	990,180

3. EXTERNAL SERVICES AND SUPPLIES

The breakdown of external services and supplies for the periods ended on 31 December 2020 and 2019 is as follows:

	FY 2020	FY 2019
Specialised works	456,835	654,811
Advertising and publicity	523	12,869
Service Fees	70,083	94
Maintenance and repairs	12	-
Books and technical documentation	-	417
Office material	253	110
Offers	622	-
Fuel	480	15
Travel and accommodation	29,498	26,289
Communications	808	583
Insurance	35,508	33,133
Legal and notarial fees	5,497	34,786
Representation expenses	2,164	3,781
Cleaning, health and safety	260	10
	602,542	766,898

The increase in "Service Fees" in 2020 is due to expenditure on lawyers in the context of restructuring the Company and the Group's bank financing.

4. STAFF COSTS

Staff costs for the periods ended on 31 December 2020 and 2019 can be analysed as follows:

	FY 2020	FY 2019
Salaries	925,389	596,276
Social charges		
Social contributions and others	95,093	83,507
Others	6,367	11,581
	1,026,849	691,363

During the financial periods 2020 and 2019, the Company's average staff number was as follows:

	FY 2020	FY 2019
Functional division		
Directors	4	3
Other employees	1	1
	5	4

5. PROVISIONS AND IMPAIRMENT LOSSES

Provisions and impairment losses for the periods ended on 31 December 2020 and 2019 are as follows:

	FY 2020	FY 2019
Impairment losses net of reversals in financial assets - Note 12	31,275,666	(9,752,185)
Provisions for financial investments – Note 19	445,781	(14,777)
Provisions for legal claims – Note 19	-	110,114
	31,721,446	(9,656,848)

In 2020, reversals of impairment in financial investments were recorded, totalling EUR 31,275,666 (EUR 28,862,251 relating the participation in Martifer Metallic Constructions and EUR 2,413,415 relating the participation in Martifer Renewables SGPS). The use of impairments and provisions in the total amount of EUR 3,178,038 related to the participation in the Company Duelobrigatório, which was terminated at the end of the year, was also recorded.

31 DECEMBER 2020	OPENING BALANCE	INCREASES	REVERSIONS	UTILISATION	CLOSING BALANCE
Impairment losses in financial assets - Note 12	239,967,750	-	31,275,666	641,421	208,050,464
Provisions	2,982,198	-	445,781	2,536,416	-
	242,949,948	-	31,721,446	3,178,038	208,050,464

31 DECEMBER 2019	OPENING BALANCE	INCREASES	REVERSIONS	UTILISATION	CLOSING BALANCE
Impairment losses in financial assets - Note 12	255,647,991	33,194,001	23,441,816	25,432,426	239,967,750
Provisions	3,342,421	14,777	110,114	264,886	2,982,198
	258,990,412	33,208,778	23,551,930	25,697,311	242,949,948

6. OTHER INCOME AND EXPENSES

These items can be analysed as follows:

	FY 2020	FY 2019
Social services	609	1,073
Exchange rate gains	29,355	4,074
Other income and gains	60,985	50,291
Tax restitution	839	-
	91,788	55,438

	FY 2020	FY 2019
Legal expenses	1,377	19,027
Taxes	6,375	14,598
Corrections for previous periods	251,131	-
Contributions	12,590	12,680
Others non-specified	352	270
Exchange rate losses	2,476	10,042
	274,301	56,617

7. INTANGIBLE ASSETS

The information on the gross values of intangible assets, with reference to the years ended on 31 December 2020 and 2019, can be analysed as follows:

	OPENING BALANCE	INCREASES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2020					
Software and other rights	1,349	-	-	-	1,349
Other intangible assets	42,265	-	-	-	42,265
	43,614	-	-	-	43,614
31 DECEMBER 2019					
Software and other rights	1,349	-	-	-	1,349
Other intangible assets	42,265	-	-	-	42,265
	43,614	-	-	-	43,614

The information regarding the amounts of amortisation and accumulated impairment losses of intangible assets, with reference to the years ended on 31 December 2020 and 2019 can be analysed as follows:

	OPENING BALANCE	INCREASES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2020					
Software and other rights	1,349	-	-	-	1,349
Other intangible assets	42,265	-	-	-	42,265
	43,614	-	-	-	43,614
31 DECEMBER 2019					
Software and other rights	1,349	-	-	-	1,349
Other intangible assets	42,265	-	-	-	42,265
	43,614	-	-	-	43,614

The net value of intangible assets, with reference to the years ended on 31 December 2020 and 2019, is 0 Euro.

8. TANGIBLE FIXED ASSETS

Information related to the gross values of tangible fixed assets for the periods ended on 31 December 2020 and 2019 can be analysed as follows:

	OPENING BALANCE	INCREASES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2020					
Office equipment	31,328	1,507	-	-	32,835
	31,328	1,507	-	-	32,835
31 DECEMBER 2019					
Office equipment	30,239	1,089	-	-	31,328
	30,239	1,089	-	-	31,328

The information on depreciation amounts and accumulated impairment losses of transportation and office equipment for the years ended in 2020 and 2019 can be analysed as follows:

	OPENING BALANCE	INCREASES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2020					
Office equipment	29,715	926	-	-	30,641
	29,715	926	-	-	30,641
31 DECEMBER 2019					
Office equipment	29,035	680	-	-	29,715
	29,035	680	-	-	29,715

The net amount of tangible fixed assets on 31 December 2020 and 2019 is 2,194 Euros and 1,613 Euros, respectively.

9. FINANCIAL RESULTS

The financial results for the periods ended on 31 December 2020 and 2019 may be analysed as follows:

	FY 2020	FY 2019
Interest and similar revenue		
Loans and accounts receivable (including bank deposits)		
Interest income	239,078	386,509
Other financial income	-	45
Dividends obtained from other financial assets	-	60,000
Other income	-	2,757,687
	239,078	3,204,240

	FY 2020	FY 2019
Interest and similar expenses		
Loans and accounts payable		
Interest expenses on bank loans	2,668,332	2,818,120
Other financial expenses	144,819	97,894
	2,813,151	2,916,014

The amount of other expenses and financial losses results, essentially, from the fees incurred in current accounts.

	FY 2020	FY 2019
Gains/losses in subsidiaries, associate companies and joint arrangements		
Liquidation of Martifer Solar, SGPS, S.A.	-	(9,670)
Liquidation of Vetor Diálogo, SGPS, S.A.	(19,446)	-
	(19,446)	(9,670)

10. INCOME TAX

The breakdown of assets giving rise to deferred tax in the periods ended on 31 December 2020 and 2019 may be analysed as follows:

	FY 2020	FY 2019
Tax losses carried forward	4,229,079	4,229,079
Deferred tax assets	4,229,079	4,229,079

According to tax returns and estimates of corporate income tax, deferred tax assets related to tax losses in December 2020 and 2019, using for that purpose the tax rates at that date, were reported as follows:

	TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSET	TIME LIMIT
31 DECEMBER 2020			
Generated in 2014	20,138,472	4,229,079	2026
	20,138,472	4,229,079	
31 DECEMBER 2019			
Generated in 2014	20,138,472	4,229,079	2026
	20,138,472	4,229,079	

On 31 December 2020, tax losses were reported, calculated in the companies taxed under the Special Regime for Taxation of Corporate Companies (RETGS), of which Martifer SGPS is the dominant Company, before and during the application of RETGS, amounting to 83,824,858 Euros (89,286,838 Euros on 31 December 2019), whose potential deferred tax assets amount to 17,603,220 Euros (18,750,236 Euros on 31 December 2019). In a perspective of prudence, deferred tax assets were registered, related with tax losses in Portugal to be used in the future, only in the amount of 4,229,079.00 Euros.

The breakdown of total reportable tax losses and potential tax credits in Portugal can be analysed as follows:

	FY 2020			FY 2019		
	TAX LOSSES CARRIED FORWARD	TAX CREDIT	TIME LIMIT	TAX LOSSES CARRIED FORWARD	TAX CREDIT	TIME LIMIT
Generated in 2014	26,068,784	5,474,445	2028	26,068,784	5,474,445	2026
Generated in 2015	5,081,758	1,067,169	2029	5,081,758	1,067,169	2027
Generated in 2016	32,310,271	6,785,157	2030	32,310,271	6,785,157	2028
Generated in 2017	4,504,590	945,964	2024	5,754,682	1,208,483	2022
Generated in 2019	15,859,457	3,330,486	2026	20,071,344	4,214,982	2024
	83,824,858	17,603,220		89,286,838	18,750,236	

In relation to the above tax losses, the following should be noted:

- i. Tax losses 2019: A reduction of EUR 4,211,888, compared with the reported amount on 31 December 2019, which is the difference between the tax result calculated for the purposes of the 2019 Corporate Income Tax estimate and the actual tax result, determined by the group of companies taxed under RETGS, in the income Corporate Income Tax statement Model 22;

- ii. Tax losses 2017: Taking into account the estimated tax result in 2020 by the group of companies taxed under RETGS in the amount of EUR 1,785,846, part of the tax losses generated in 2017 (EUR 1,250,092) were used;
- iii. Pursuant to Article no. 11(3) of Law no. 27-A/2020 of 24 July, the counting of the reporting period for tax losses, applicable to tax losses in force on the first day of the 2020 tax period, is suspended during this tax period (2020) and the following (2021), which is why the limit dates for the use of tax losses have changed in relation to the deadlines that were reported on 31 December 2019.

The reconciliation of tax for the period and current tax can be analysed as follows:

	FY 2020	FY 2019
Current tax	(2,678,992)	(1,789,875)
Excess/Insufficiency of income tax estimate	71,376	96,023
Tax charge for the period	71,376	96,023
Income tax	2,607,616	1,693,852

On 31 December 2020 and 2019, the reconciliation between the normal and effective rate is as follows:

	FY 2020	FY 2019
Earnings before taxes	28,663,236	(9,848,231)
Income tax rate (nominal rate of 21%)	6,019,279	(2,068,129)
Non-deductible expenses for tax purposes:		
Elimination of economics double taxation of profits and distributed reserves	-	(12,600)
Impairment losses	(7,194,151)	2,051,062
Restitution of not deductible taxes and over taxation estimates	-	(14,492)
Capital gains and losses on disposal of financial investments	4,084	-
Accounting capital losses	(1,372,456)	(5,246,263)
Restriction on deductibility of net financing expenses	329,799	-
Others	60,708	(38,011)
Accounting capital gains	(292,138)	-
Tax benefits	(1,322)	(1,322)
Tax losses of the year for which deferred tax assets were not recognised	2,446,197	5,299,853
Excess/ Insufficiency of income tax estimate	71,376	96,023
Autonomous taxation	3,799	1,096
Consolidated tax net effect	(2,682,791)	(1,761,069)
Effective income tax	(2,607,616)	(1,693,852)

In the 2020 tax period, Martifer SGPS, S.A. is subject to corporate income tax (IRC) at the normal rate of 21%, increased by the municipal surcharge of up to 1.5% on the taxable profit.

Additionally, on the portion of taxable profit exceeding 1,500,000 Euros, subject to and not exempt from corporate income tax, the following rates of state surcharge apply: 3% on the part over 1,500,000 Euros and up to 7,500,000 Euros; 5% on the part over 7,500,000 Euros and up to 35,000,000 Euros; and 7% on the part of the taxable profit that exceeds 35,000,000 Euros.

In terms of article no. 88 of the Corporate Tax Code (IRC), Martifer SGPS, S.A. is additionally subject to autonomous tax over a number of expenses, at the rates laid down in the said Code.

In the 2011 tax period, Martifer SGPS, SA chose to apply the Special Regime for the Taxation of Groups of Companies ("RETGS"), which includes Portuguese companies that directly or indirectly hold at least 75% of its capital and that simultaneously comply with the other conditions defined by that regime.

The companies that belong to the Special Regime of Taxation of Groups of Companies ("RETGS") are the following:

COMPANIES BELONGING TO RETGS

Cedilhas ao Vento S.A.
Martifer - Construções Metalomecânicas S.A.
Martifer Metallic Constructions SGPS S.A.
Martifer Renewables S.A.
Martifer Renewables SGPS S.A.
Martifer SGPS S.A.
Navalria - Docas Construções e Reparações Navais S.A.
Sociedade de Madeiras do Vouga S.A.
West Sea - Estaleiros Navais, Lda.

Under Portuguese law, Martifer SGPS, SA's tax returns as well as those of the companies included in the RETGS are subject to review and correction by the tax authorities for a period of four years (five years for social security), except when tax losses have occurred, tax benefits have been granted, or inspections, complaints or appeals are ongoing, in which case, depending on the circumstances, the time limits may be extended or suspended. Thus, tax returns for the years 2017 to 2020 (2016 to 2020 for social security) may still be subject to review and amendments.

The Board of Directors believes that any adjustments resulting from reviews/inspections by the tax authorities will have no significant impact on the financial statements on 31 December 2020.

On 31 December 2020 and 2019, the detail of the Tax on the income of legal persons was the one indicated below:

	FY 2020	FY 2019
Income tax		
Special on account payment	33,155	33,155
Payments on account	165,757	517,275
Group income tax estimate (RETGS)	(885,168)	(523,371)
Tax payable	(324,530)	(101,313)
	(1,010,785)	(74,255)

The amount of 324,530 Euros in the item 'tax payable' relates to the year 2013 and is the result of corrections made by the Tax Authority, which were claimed by the Company. From those corrections, whose effect is reflected in the reduction of reportable tax losses and in the value of autonomous taxation, resulted in the repayment of the referred to amount. Since there is still no final decision on the case and if the Company is recognised as valid in all of the claimed amounts, there will be an increase in the value of the reportable tax losses, and the amount previously reimbursed will have to be returned.

11. EARNINGS PER SHARE

Martifer SGPS has issued solely ordinary shares, so there are no special dividend or voting rights.

Martifer SGPS, SA's share capital is represented by 100,000,000 ordinary shares, totally subscribed and paid-up, representing a share capital of 50,000,000.00 Euros.

The weighted average number of shares in circulation is reduced in 2,215,910 shares, corresponding to own shares acquired by Martifer SGPS.

As of 31 December 2020 and 2019, there is no difference between the calculation of basic earnings per share and the calculation of diluted earnings per share, which can be demonstrated as follows:

	FY 2020	FY 2019
Net profit for the year (I)	31,270,853	(8,154,379)
Weighted average number of shares outstanding (II)	97,784,090	97,784,090
Basic and diluted earnings per share (I) / (II)	0,3198	(0,0834)

12. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE COMPANIES

On 31 December 2020 and 2019, the breakdown of financial investments in subsidiaries and associate companies was as follows:

	% HELD	ACQUISITION VALUE	SUPPLEMENTARY CAPITAL	IMPAIRMENT LOSSES	TOTAL
31 DECEMBER 2020					
Martifer Metallic Constructions SGPS *	100%	15,773,756	127,425,777	87,921,713	55,277,820
Martifer Renewables SGPS *	100%	143,925,126	3,732,292	120,128,750	27,528,668
Martifer Romania SRL	2%	1,265	-	-	1,265
Patris Investimentos SGPS	0,12%	25,000	-	-	25,000
Ventinveste	6%	3,000	-	-	3,000
		159,728,147	131,158,069	208,050,464	82,835,753
31 DECEMBER 2019					
Duelobrigatório	55%	27,500	4,950,000	4,977,500	-
Martifer Metallic Constructions SGPS *	75%	12,273,756	123,089,899	112,448,086	22,915,569
Martifer Renewables SGPS *	100%	99,765,968	145,462,327	122,542,165	122,686,130
Martifer Romania SRL	2%	1,265	-	-	1,265
Patris Investimentos SGPS	0,12%	25,000	-	-	25,000
Ventinveste	6%	3,000	-	-	3,000
		112,096,489	273,502,226	239,967,751	145,630,964

* Consolidated financial statements prepared in accordance with IFRS.

Note: The value of the participation in the Company Patris Investimentos, SGPS, S.A. was included in this item because it is immaterial; therefore, it does not justify disclosure under an autonomous heading.

The direct and indirect participation in Ventinveste (via Martifer Renewables, SGPS) is 48.5%, and in Martifer Romania (via Martifer Metallic Constructions, SGPS) is 100%.

The movement that occurred in this item, in the periods ended on 31 December 2020 and 2019, is as follows:

	FY 2020	FY 2019
Opening balance	145,630,964	156,231,486
Dissolution and liquidation - Martifer Solar, SGPS	-	(848,337)
Acquisition - Vetor Diálogo SGPS (Company which owns 25% da Martifer Metallic Constructions)	3,500,000	-
Reimbursement of supplementary capital - Martifer Renewables SGPS	(97,570,877)	-
Impairment losses on supplementary capital	31,275,666	(9,752,185)
	82,835,753	145,630,964

In June 2020, Martifer SGPS acquired the Company Vetor Diálogo, SGPS, S.A., which had as its sole relevant asset a 25% participation of the share capital of Martifer Metallic Constructions, SGPS, S.A. (MMC), with the objective of controlling the entire capital of MMC (subholding of the Group that aggregates the holdings in the business segments 'Metallic Constructions' and 'Naval Industry'). The transaction was made with related parties (I'M SGPS, S.A. and Mota-Engil, SGPS, S.A.) for the price of EUR 3.5 million (a value supported in an evaluation carried out by an independent third party on a date prior to the elimination of its financial debt). Also, in June, Vetor Diálogo was terminated and liquidated and its assets and liabilities were transferred to Martifer SGPS,

which thus directly detains the entire share capital of Martifer Metallic Constructions. The payment was made by offsetting accounts with credits that Martifer SGPS held on companies of the I'M and Mota-Engil Groups, therefore having no impact on cash flows.

In December 2020, at two General Meetings of Martifer Renewables, SGPS, SA, it was decided to reduce the Company's share capital from 100 million Euros to 20 million Euros, covering negative retained earnings in the amount of 80 million Euros and the coverage of negative retained earnings in the amount of 44,159,158 Euros, through the use of supplementary payments.

Of the reimbursement of supplementary payments by Martifer Renewables SGPS, 19,488,214 Euros had an impact on cash flows and the rest was made by offsetting accounts with credits that Martifer Renewables held on Martifer SGPS.

The equity and the net result of subsidiaries and associate companies is the following:

	EQUITY	NET PROFIT FOR THE YEAR
Martifer Renewables SGPS *	28,793,094	3,821,718
Martifer Metallic Constructions SGPS *	(30,758,303)	3,288,727
Ventinveste	9,311,809	149,383
Martifer Romania SRL	(3,950,124)	(879,454)
	3,396,475	6,380,374

* Consolidated financial statements prepared in accordance with IFRS.

Financial investments are calculated as to their recoverable value whenever there is evidence of impairment, and evidence is considered whenever the Equity of the participated companies (considering the consolidated Equity when applicable) is lower than their acquisition value. Based on this principle, signs of impairment were identified in the shareholdings held in Martifer Metallic Constructions, SGPS, S.A., and in Martifer Renewables, SGPS, S.A. The impairment tests carried out consider the following assumptions:

- For the participation in Martifer Metallic Constructions, SGPS, S.A. (MMC), the valuation supported in the transaction of Vetor Diálogo, SGPS, S.A. was considered appropriate (a vehicle company that held 25% of MMC) and in the independent valuation that supported this operation, which valued MMC at 55.3 million Euros. The comparison of this valuation with the net value of the investment resulted in a reversal of the impairment of EUR 28,862,251.
- For Martifer Renewables, SGPS, SA, the value of the consolidated Equity that served as the basis for the valuation of the participation in 2019 plus the gain obtained in 2020 with the sale of the subsidiary FW Warta was considered as a valid indicator; consequently, an impairment reversal of 2,413,415 Euros was recorded.

Supplementary payment does not bear interest or repayment term.

13. GROUP COMPANIES

On 31 December 2020 and 2019, the open positions related to supply contracts and other active financial operations are as follows:

	31 DECEMBER 2020			31 DECEMBER 2019		
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Duelobrigatório	-	-	-	-	91,914	91,914
Martifer Construções	-	127,300	127,300	-	171,036	171,036
Martifer Metallic Constructions SGPS	3,797,289	239,078	4,036,367	-	11,163,798	11,163,798
Martifer Renewables	-	15,419	15,419	-	14,791	14,791
Martifer Renewables SGPS	-	318,354	318,354	-	80,551	80,551
Navalria	-	10,680	10,680	-	23,413	23,413
West Sea - Estaleiros Navais	-	3,092,408	3,092,408	-	1,993,553	1,993,553
	3,797,289	3,803,238	7,600,527	-	13,539,057	13,539,057

These loans bear interest at the 3-month Euribor rate +3.50%.

Of the amount referred to under “Other financial operations”, 3,564,160 Euros relate to the tax estimated by the controlled companies that form part of the RETGS tax group (Martifer Construções: 127,300 Euros, Martifer Renewables S.A.: 15,419 Euros, Martifer Renewables SGPS: 318.354 Euros, Navalria: 10,680 Euros and West Sea - Estaleiros Navais: 3,092,408 Euros). The remaining value, 239,078 Euros, refers to interest on supplies.

The balances presented in liabilities by the Company, with Group companies, on 31 December 2020 and 2019, are as follows:

	FY 2020	FY 2019
Martifer Construções	4,152,540	4,495,123
Martifer Metallic Constructions SGPS	8,326	8,326
Martifer Renewables	888	888
Martifer Renewables SGPS	63,519	76,189,228
Navalria	32,827	44,550
Sociedade de Madeiras do Vouga	4,081	4,081
West Sea - Estaleiros Navais	1,731,543	1,491,660
Cedilhas ao Vento	656	656
Duelobrigatório	-	1,717,884
	5,994,380	83,952,396

On 31 December 2020, the value presented in Group companies (liabilities) refers to the responsibilities that the Company has with subsidiaries arising from the RETGS.

On 31 December 2019, the amount presented in Group companies (liabilities) refers to the responsibilities that the Company has with the subsidiaries arising from the RETGS (6,045,330 Euros), a balance of 1,717,884 Euros with Duelobrigatório arising from a receipt on account and treasury operations granted by Martifer Renewables SGPS, S.A. in the amount of 76,189,228 Euros. These treasury operations bear interest at Euribor 3 months +3.50%.

The variation between 2019 and 2020 in the balance with Martifer Renewables SGPS results from the reimbursement of amounts that in 2019 were included in treasury operations.

14. TRADE RECEIVABLES AND OTHER RECEIVABLES

On 31 December 2020 and 2019, these items are broken down as follows:

	FY 2020	FY 2019
Trade receivables		
Trade receivables	929,742	701,678
	929,742	701,678
Other receivables		
Other receivables	30,449	1,571,746
	30,449	1,571,746
	960,191	2,273,424

On 31 December 2020 and 2019, the ageing of balances in these items was as follows:

31 DECEMBER 2020	TOTAL	NOT DUE	DUE			
			UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	929,742	892,690	-	-	-	37,052
Other receivables	30,449	-	-	-	-	30,449
	960,191	892,690	-	-	-	67,501

31 DECEMBER 2019	TOTAL	NOT DUE	DUE			
			UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	701,678	658,523	-	-	-	43,155
Other receivables	1,571,747	435	609,750	-	-	961,562
	2,273,424	658,957	609,750	-	-	1,004,717

The balances over 360 days are of little significance, and the Company considers that there has been no deterioration in the credit quality of the counterparty so that the balances are not at risk of uncollectibility.

15. STATE AND OTHER PUBLIC ENTITIES

On 31 December 2020 and 2019, the balance of the item 'State and other public entities' is as follows:

	FY 2020	FY 2019
Liabilities		
Withholding taxes	41,698	23,967
Value-added taxes	94,008	48,851
Social Security contributions	9,330	7,311
	145,037	80,129

16. ACCRUALS AND DEFERRALS

The caption 'Accruals and Deferrals' may be analysed as follows:

	FY 2020	FY 2019
Insurance	1,449	1,390
	1,449	1,390

17. CASH AND CASH EQUIVALENTS

The item 'Cash and cash equivalents' may be analysed as follows:

	FY 2020	FY 2019
Cash	800	800
Bank deposits	492,040	230,731
	492,840	231,531

On 31 December 2020 and 2019, no restrictions existed as to the use of the balances recorded in the item 'Cash and cash equivalents'.

18. EQUITY

Share capital

Martifer SGPS's share capital, fully subscribed and paid-up on 31 December 2020 and 2019, amounted to 50,000,000 Euros and is represented by 100,000,000 bearer shares with a par value of 0.50 Euros each. All shares hold the same rights, namely one share, one vote. During the 2020 and 2019 economic periods, there were no changes in the number of shares representing the Company's share capital.

Own shares

During the 2020 economic period, Martifer SGPS didn't acquire own shares. Martifer holds 2,215,910 own shares, corresponding to 2.22% of its share capital. In accordance with Portuguese commercial legislation in force, the Company is required to keep unavailable a reserve corresponding to the amount of the own shares. This is included in the caption 'Other reserves'.

On 31 December 2020, 38% of the Company's share capital was held by I'M SGPS, SA, 37.50% by Mota-Engil SGPS, SA, 2.22% in own shares and 4.89% by board members, with the remaining 17.39% dispersed on the stock exchange.

Reserves

Legal reserves

The Portuguese commercial legislation establishes that at least 5% of the positive annual net income must be used to increase the 'legal reserve' until the latter represents at least 20% of the share capital. This reserve is non-distributable, except in the event of liquidation, but may be used to offset losses after all the other reserves have been used up and/ or be incorporated in share capital.

Other reserves

On 31 December 2020, this item included an unavailable reserve in the amount of 2,868,519 Euros (2019: 2,868,519 Euros), related to the amount of the own shares.

Under the Portuguese legislation, the amount of reserves considered distributable is determined based on the Company's individual financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union. On 31 December 2020, Martifer SGPS, S.A. has no available distributable reserves.

19. PROVISIONS

On 31 December 2020 and 2019, they are as follows:

	FY 2020	FY 2019
Duelobrigatório	-	2,982,197
Total provisions to financial investments	-	2,982,197
	-	2,982,197

In 2020, Martifer SGPS acquired 25% of the share capital of Duelobrigatório, now holding 80% of the Company's share capital and subsequently acquired for a symbolic value (2 Euros) the financial debt of 3,927,553 Euros that it held with the entities I'M SGPS and Mota-Engil SGPS (parties related to Martifer SGPS). At the end of 2020, Duelobrigatório was dissolved and liquidated without assets or liabilities, with this operation it generated a gain of 4,373,331 Euros, which was recorded in results (445,781 Euros) and equity (3,927,551 Euros, due to the purchase of the financial debt to the shareholders I'M SGPS and Mota-Engil SGPS with the aim of strengthening equity and therefore being equated to a shareholder contribution).

20. LOANS

The obtained loans, with reference to the periods ended on 31 December 2020 and 2019 are as follows:

31 DECEMBER 2020	TOTAL	DUE			
		UNTIL 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Loans from financial institutions					
Bank loans	-	-	-	-	-
	-	-	-	-	-

31 DECEMBER 2019	TOTAL	DUE			
		UNTIL 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Loans from financial institutions					
Bank loans	47,010,628	-	47,010,628	-	-
	47,010,628	-	47,010,628	-	-

The average interest rate on the financing of Martifer SGPS in December 2019 was 2.68%.

The variation of loans between 2019 and 2020 is the following:

	FY 2019	CASH FLOWS	TRANSACTIONS NOT AFFECTING CASH	FY 2020
Bank loans	47,010,628	(25,674,716)	(21,335,912)	-
Total	47,010,628	(25,674,716)	(21,335,912)	-

In 2020, the reference shareholders (I'M SGPS and Mota-Engil, SGPS) acquired part of the bank debt of Martifer SGPS, in the amount of 21,850,061 Euros and used this credit to cover Martifer's losses. This value is reflected in the "transactions that do not affect Cash" column. This column also includes the amount of 514,149 Euros relating to interest that was capitalised.

21. TRADE PAYABLES AND OTHER PAYABLES

The information relating to 'Trade Payables and Other Payables' for the years ended on 31 December 2020 and 2019 can be analysed as follows:

	FY 2020	FY 2019
Trade payables	466,616	576,135
	466,616	576,135
Other payables		
Cost accruals	71,068	56,960
Other payables	165,213	1,339
	236,281	58,300
	702,896	634,434

On 31 December 2020 and 2019, this item includes amounts due to suppliers and other creditors arising from the Company's operational activity.

The Board of Directors believes that the fair value of these balances does not differ significantly from their book value and the impact of updating these amounts is not material.

On 31 December 2020 and 2019, the ageing of balances recorded in items 'Trade Payables' and 'Other payables' is as follows:

31 DECEMBER 2020	TOTAL	NOT DUE	DUE			
			UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	466,616	130,588	37,545	1,854	-	296,630
Other payables	165,213	124,229	-	40,984	-	-
	631,829	254,816	37,545	42,838	-	296,630

31 DECEMBER 2019	TOTAL	NOT DUE	DUE			
			UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	576,135	152,198	49,835	5,769	1,441	366,891
Other payables	1,339	1,339	-	-	-	-
	577,474	153,538	49,835	5,769	1,441	366,891

The accounts payable due for more than 180 days refers to amounts to be paid to suppliers with which the Company maintains regular commercial relations.

22. COMMITMENTS

Real Guarantees

As of 31 December 2020, the real guarantees provided by the Company (guarantees given on behalf of financing to subsidiaries) are as follows:

COMPANY	GUARANTEE	ASSET VALUE	DEBT AMOUNT
Martifer Metallic Constructions Martifer Renewables SGPS	1st degree share pledge of Martifer Renewables SGPS 75% (no. of shares 75.000.000)	21,594,821	24,190,245
Martifer Metallic Constructions Martifer Construções	1st degree share pledge of Martifer Renewables SGPS 25% (no. of shares 25.000.000)	7,198,274	9,191,477
		28,793,094	33,381,722

As of 31 December 2019, the real guarantees provided by the Company are as follows:

COMPANY	GUARANTEE	ASSET VALUE	DEBT AMOUNT
Martifer SGPS	Generic Mortgage (7.5M€) of industrial building Towers' plant (article 1914)	6,843,704	
Martifer SGPS	1st degree share pledge of Martifer Renewables SGPS 65% (no. of shares 65.000.000)	80,584,485	
Martifer SGPS	Pledge of 8 Wind Turbines Suzlon S88 - 2,1 MW Hub height 79m	7,477,191	
	Martifer OF warehouse	10,593	47,010,628
	Multipark Paços de Ferreira	361,646	
	Other Lands MGI	81,924	
Martifer SGPS	1st degree share (10%) pledge of Martifer Renewables SGPS (no. of shares 10.000.000)	12,397,613	
	Various Mercantil equipment pledge	144,716	509,384
	Equipment Mercantil pledge	17,708	112,323
		107,919,580	47,632,335

In 2020, as a result of a financial restructuring of the Group's bank financing, Martifer SGPS's debt was transferred to the sub-holdings Martifer Metallic Constructions SGPS and Martifer Renewables SGPS.

23. REMUNERATION PAID TO MANAGEMENT, THE SUPERVISORY BOARD AND THE CERTIFIED PUBLIC ACCOUNTANT

Remuneration attributed to the key management personnel, by remuneration category, can be summarised as follows:

	FY 2020	FY 2019
Fixed remuneration	850,318	512,800
	850,318	512,800

The remuneration attributed to the Supervisory Board in 2020 amounted to 14,400 Euros (2019: 14,400 Euros), and the remuneration paid to the Certified Public Accountant amounted to 45,400 Euros (2019: 48,200 Euros).

The remuneration policy of the members of the management and supervisory bodies of Martifer SGPS, approved under the terms of Law no. 28/2009, as well as the annual amount of remuneration earned by the members of these bodies, in an aggregate and individual manner, is presented in the Corporate Governance Report.

24. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In addition to the balances identified in the notes above, the balances and transactions with related parties are as follows:

	COSTS		REVENUES		ACCOUNTS RECEIVABLE		ACCOUNTS PAYABLE	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Shareholders	405,333	374,500	-	-	-	1,203,000	172,596	131,610
Group and associate companies	2,177,139	1,121,906	1,587,217	1,376,689	136,090,580	285,423,580	416,528	78,224,479
	2,582,472	1,496,406	1,587,217	1,376,689	136,090,580	286,626,580	589,124	78,356,089

The balances under the item "Parent Company" are held by the shareholder I'M, SGPS and by the shareholder Mota-Engil, SGPS. Accounts receivable include supplementary payment amounts registered in financial investments (see Note 12).

In 2020, Martifer SGPS acquired from the shareholders I'M SGPS and Mota-Engil SGPS, the company vehicle Vetor Diálogo, SGPS, SA. (the Company held 25% of the share capital of Martifer Metallic Constructions, SGPS, S.A.) for the price of 3.5 million Euros. This operation, being with related parties, was subject to the regime of article no. 397 of the Commercial Companies Code by the Board of Directors; it obtained a favourable opinion from the Supervisory Board and the Risk Committee, and the price was defined based on an assessment carried out by an independent entity. After this operation, Martifer SGPS now owns 100% of the share capital of Martifer Metallic Constructions and consequently controls all of the segments: 'Metallic Constructions' and 'Naval Industry'.

Also, in 2020, Martifer SGPS, after having acquired 25% more of the share capital of Duelobrigatório, S.A. (holding 80% of the Company's share capital), acquired for a symbolic value (EUR 2) the financial debt of EUR 3,927,553 which it had with I'M SGPS and Mota-Engil SGPS. At the end of 2020, Duelobrigatório was dissolved and liquidated without assets or liabilities. This operation generated a gain that resulted in part of the referred credit, and it was recorded in equity as it is equivalent to a shareholder contribution.

Also, in 2020, the shareholders I'M SGPS and Mota-Engil SGPS acquired part of the financing from Martifer SGPS from the banks, in the amount of approximately 21.9 million Euros, and used this credit to cover the Company's negative retained earnings.

25. ANNEXE TO THE SEPARATE STATEMENT OF CASH FLOWS

The receipt and payment of financial investments occurred in the periods ended on 31 December 2020 and 2019 may be analysed as follows:

	FY 2020	FY 2019
Cash Receivables:		
Reimbursement of loans and treasury operations by group companies (Note 12)	7,540,920	14,069,251
Reimbursement of supplementary capital by group companies (Note 12)	19,488,214	-
Total of Receivables	27,029,134	14,069,251
Cash Payments:		
Treasury operations with group companies	430,000	15,012,399
Total of Payments	430,000	15,012,399

The change in financial investments – procurement and treasury operations with Group companies between 2019 and 2020 is as follows:

	FY 2019	CASHFLOWS (RECEIPTS)	CASH FLOWS (PAYMENTS)	TRANSACTIONS NOT AFFECTING CASH	FY 2020
Treasury operations with group companies - Note 13	11,255,712	7,540,920	(430,000)	108,425	4,036,367
Total	11,255,712	7,540,920	(430,000)	108,425	4,036,367

Receivables and payments related to loans for the periods ended on 31 December 2020 and 2019 may be analysed as follows:

	FY 2020	FY 2019
Cash Receivables:		
Treasury operations with group companies	8,922,000	69,593,148
Total of Receivables	8,922,000	69,593,148
Cash Payments:		
Treasury operations with group companies	9,062,618	34,857,824
Bank loans	25,674,716	36,491,186
Total of Payments	34,737,334	71,349,010

The variation of loans between 2019 and 2020 is the following:

	FY 2019	CASHFLOWS (RECEIPTS)	CASH FLOWS (PAYMENTS)	TRANSACTIONS NOT AFFECTING CASH	FY 2020
Treasury operations with group companies - Note 13	76,189,228	8,922,000	(9,062,618)	(76,048,610)	-
Bank loans – Nota 20	47,010,628	-	(25,674,716)	(21,335,912)	-
Total	123,199,856	8,922,000	(34,737,334)	(97,384,522)	-

The values in the column 'transactions that do not affect cash' derive from the compensation of the reimbursement of supplementary payments by Martifer Renewables SGPS with the return of loans for treasury operations by Martifer SGPS (Notes 12 and 13) and the transactions referred to in Note 20.

26. SUBSEQUENT EVENTS

The year 2021 continues to be marked by COVID-19, with vaccination and the number of infections evolving differently in the various countries of the world and, consequently, with countries adopting more or less restrictive pandemic containment measures. In Portugal and Europe, the measures have been very restrictive, with several countries imposing mandatory lockdowns. The world economy is in a phase of recovery at a slower pace than the one desirable, and uncertainties about the future remain many.

The Company and Martifer Group continue to permanently monitor the information disclosed and carefully comply with all the recommendations of the national and international authorities, namely the Portuguese Directorate-General for Health (DGS) and the World Health Organization (WHO), and to maintain a set of measures implemented to safeguard the health and well-being of its employees and to minimise the economic and financial impacts on the Group to guarantee its future sustainability.

The Group's activity is being conditioned by the current situation, and given the uncertainties about the future, it is not possible to quantify the magnitude of the impacts.

Since the reference date of the accounts, and with the exception of the aforementioned, there have been no other events that affect the financial information disclosed.

27. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 26 April 2021. Additionally, the attached financial statements reported on 31 December 2020 are pending approval by the Board of the General Meeting.

EXPLANATION ADDED FOR THE TRANSLATION OF THE FINANCIAL STATEMENTS

These financial statements are a translation of the individual financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union.

Oliveira de Frades, 26 April 2021

The Certified Accountant

Marlene Henriques Pereira

The Board of Directors

Carlos Manuel Marques Martins
(President)

Arnaldo José Nunes da Costa Figueiredo
(Vice President)

Jorge Alberto Marques Martins
(Vice President)

Pedro Miguel Rodrigues Duarte
(Member of the Board of Directors)

Pedro Nuno Cardoso Abreu Moreira
(Member of the Board of Directors)

Maria Sílvia da Fonseca Vasconcelos da Mota
(Member of the Board of Directors)

Mariana França Gouveia
(Member of the Board of Directors)

An aerial, black and white photograph of a large stadium under construction. The stadium's seating bowl is visible, with a complex, lattice-like metal roof structure being installed. The surrounding area includes a residential neighborhood with houses and trees. A large, solid red triangle is positioned on the right side of the image, partially overlapping the stadium's edge.

CORPORATE GOVERNANCE REPORT

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- C. Internal Organisation
- D. Remuneration
- E. Related Party Transactions

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ANNEXES

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- Annexe II – Positions held and duties carried out by the members of the Board of Directors
- Annexe III – Statement on the remuneration policy for 2020
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- Annexe V – Statement referred to in subparagraph (c) of paragraph 1 of article no. 245 of the Securities Code
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Note: For all intents and purposes, the Portuguese version shall prevail.

CORPORATE GOVERNANCE REPORT
PART I

**INFORMATION ON
SHAREHOLDER
STRUCTURE,
ORGANISATION AND
CORPORATE
GOVERNANCE**

PART I

Information on shareholder structure, organisation and corporate governance

A. SHAREHOLDER STRUCTURE

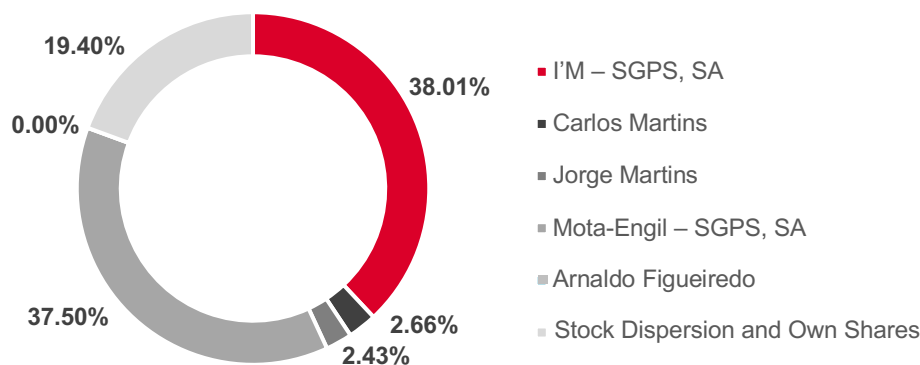
I. CAPITAL STRUCTURE

1. Capital Structure

The share capital of Martifer SGPS, S.A., a publicly-traded company (henceforth also referred to as 'Company' or Martifer'), amounts to € 50,000,000.00 (fifty million Euros), is fully subscribed and paid up and is represented by 100,000,000 (one hundred million) nominative, scriptural shares, with a par value of € 0.50 (fifty Euro cents) each.

All the shares are ordinary; no different categories of shares exist, nor rights and duties beyond those foreseen in law or in the Company's Articles of Association.

All the shares issued by Martifer have been admitted to trading on the Euronext Lisbon regulated market, corresponding to ISIN Code PTMFR0AM0003, trading under the Mnemo Code MAR.



The itemised information on the distribution of share capital by the reference shareholders is present in Section 7, Part I of the Corporate Governance Report.

2. Restrictions on the transfer and ownership of shares

Currently, there are no restrictions on the free transfer of the Company's shares, nor are there shareholders holding special rights. Consequently, all shares admitted to trading on the stock exchange are freely transmissible in accordance with the normal applicable regulations.

3. Own shares

During 2020, no transactions involving own shares occurred. Consequently, on 31 December 2020, the Company held, as it did in 2019, own shares totalling 2,215,910, representative of 2.22% of its share capital. These shares correspond to 2.22% of the voting rights of the Company.

4. Impact of changes in shareholder control over the Company on important agreements

Martifer neither celebrated nor is it part of any important agreement that comes into effect, is amended or terminates in the event of a change in shareholder control over the Company due to a takeover bid.

Similarly, the Company has not adopted, via the approval of any statutory provisions or other measures adopted by the Company, rules or regulations designed to prevent the success of takeover bids.

Likewise, there are no statutory provisions limiting the number of votes that can be held or exercised by a single shareholder, individually or in agreement with other shareholders.

5. Countermeasures in the event of changes in shareholder control

During the 2020 financial period, no countermeasures were adopted in the event of changes in shareholder control.

6. Shareholder Agreements that the Company is aware of

The only Shareholders Agreement known by the Company was executed on 28 May 2007 between I'M SGPS, S.A. (ex- MTO - SGPS, S.A.) and the Mota-Engil, SGPS, S.A., and was altered by the amendments executed on 22 December 2009 and 17 April 2012.

The shares subject to the Shareholders Agreement, on 31 December 2020, are directly held by the referred shareholders in the following amounts:

SHAREHOLDERS	No. of Shares	Percentage	Voting rights ¹
Mota-Engil, SGPS, S.A.	37,500,000	37.50%	38.35%
I'M SGPS, S.A.	38,005,689	38.01%	38.87%
Total	75,505,689	75.51%	77.20%

¹ % of voting rights = No. of Shares Held / (No. of Total Shares - Own Shares)

The referred Shareholders Agreement regulates a few aspects of the Company's corporate life, namely:

1. Attribution of voting rights – The shareholders agree to exercise at the Company's General Meeting, in a concerted way, their voting rights regarding the matters for which the law demands the deliberation by the Shareholders to be made by a qualified majority.

2. Various provisions – At the request of any of them, the shareholders oblige themselves to deliberate changes in the Company's Articles of Association, whenever they are needed to ensure, as broadly as allowed by law, the good execution of the provisions in the Shareholders Agreement;

The shareholders commit, during the validity of the Shareholders Agreement, not to celebrate with other Company shareholders any Shareholders Agreement; and

The Shareholders Agreement does not foresee any restrictions regarding the transfer of shares.

3. Validity – The Shareholders Agreement will last for an undetermined period, but any of the shareholders can freely terminate it with a minimum 30-day notice prior to the date when the termination should take effect.

II. SHAREHOLDINGS AND BONDS HELD

7. Qualifying Holdings

On 31 December 2020, the main shareholders who are holders of qualifying holdings continued to be the companies I'M SGPS, S.A. and Mota-Engil SGPS, S.A..

The Board Members of the Company, Carlos Manuel Marques Martins and Jorge Alberto Marques Martins, are the main shareholders of the company I'M SGPS, S.A., holding shares representing 48% and 50% of its share capital, respectively.

Mota-Engil SGPS, S.A.'s voting rights are held pursuant to Article 20 of the Securities Code (Código de Valores Mobiliários - "CVM") by the company Mota-Engil, SGPS, S.A..

On 31 December 2020, 82.42% of the voting rights of the Company were imputed to both of these shareholders under the Shareholders' Agreement in force on that date.

The shareholder Carlos Manuel Marques Martins holds voting rights relating to 2,200,000 directly held shares and 459,613 indirectly held shares, due to the household of this Member of the Board of Directors of the Company, through the company Black and Blue Investimentos, S.A., of which he is a shareholder.

The shareholder Jorge Alberto Marques Martins has voting rights for 2.430.260 indirectly held shares by virtue of the direct ownership of his spouse, Elisabete Maria de Almeida Jesus Farreca.

The 3,000 shares of the shareholder and Board Member Arnaldo José Nunes da Costa Figueiredo are directly held.

On 31 December 2020, based on the information made available to the Company, the following entities were holders of qualifying holdings, calculated in accordance with no. 1 of Article 20 of the Securities Code, in the share capital of the Company:

SHAREHOLDERS	No. SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS ¹
I'M – SGPS, SA	38,005,689	38.01%	38.87%
Carlos Manuel Marques Martins*			
Directly	2,200,000	2.20%	2.25%
Through Black and Blue Investimentos, S.A.	459,613	0.46%	0.47%
<i>Total attributable</i>	2,659,613	2.66%	2.72%
Jorge Alberto Marques Martins*			
Directly	–	–	–
Through Elisabete Maria de Almeida Jesus Farreca	2,430,260	2.43%	2.49%
<i>Total attributable</i>	2,430,260	2.43%	2.48%
Total Imputable to I'M – SGPS, S.A	43,095,562	43.09%	44.07%
Mota-Engil – SGPS, S.A.	37,500,000	37.50%	38.35%
Arnaldo José Nunes da Costa Figueiredo **	3,000	0.00%	0.00%
Total Imputable to Mota-Engil, SGPS, S.A.	37,503,000	37.50%	38.35%

¹ % of voting rights = No. of Shares Held / (No. of Total Shares - Own Shares)

* Member of a corporate body of I'M SGPS, S.A.; ** Member of a corporate body of Mota-Engil SGPS, S.A.

8. Number of shares and bonds held by members of the management and supervisory

boards (In accordance with the dispositions of no. 5 of Article 447 of the Portuguese Commercial Companies Code – “CCC”) ¹

NAME OF THE MEMBER OF THE CORPORATE BODY	CORPORATE BODY	SHARES HELD ON 31.12.2020
Carlos Manuel Marques Martins*	Board of Directors	2,659,613
Jorge Alberto Marques Martins**	Board of Directors	2,430,260
Arnaldo Nunes da Costa Figueiredo	Board of Directors	3,000
Pedro Miguel Rodrigues Duarte	Board of Directors	–
Pedro Nuno Cardoso Abreu Moreira	Board of Directors	–
Maria Sílvia da Fonseca Vasconcelos da Mota	Board of Directors	–
Vítor Manuel Álvares Escária***	Board of Directors	–
Mariana França Gouveia	Board of Directors	–
Paulo Sérgio Jesus das Neves	Supervisory Board	–
Américo Agostinho Martins Pereira	Supervisory Board	–
Mária Maria Machado Lapa de Barros Peixoto	Supervisory Board	–
António Baia Engana	Supervisory Board	–

* The 2,659,613 shares held by the shareholder Carlos Manuel Marques Martins are indirectly held, under the household of this Member of the Board of Directors of the Company, through the company Black and Blue Investimentos, S.A., of which that Board Member is a shareholder.

** The 2,430,260 shares held by the shareholder Jorge Martins are indirectly held by virtue of the marriage with Elisabete Maria de Almeida Jesus Farreca.

*** Resigned from the position in writing on 28 July 2020.

Note: There are no obligations held by members of management and supervisory bodies.

9. Special Powers of the Board of Directors, namely in what concerns the operations of capital increase

The Board of Directors will set the terms and conditions of each capital increase, as well as the form and date of the subscription and execution, as set forth by Article 4, paragraph 8 of the Articles of Association, as amended by the resolution approved on the General Meeting held on 25 May 2007. The Board of Directors will set the terms and conditions of each capital increase, as well as the form and date/period of the subscription and realisation, as set forth by Article no. 4, paragraph no. 8 of the Company Articles of Association, as approved at the General Meeting held on 25 May 2007. Up to this date, there has not been any capital increase in the Company under this attribution of the Board of Directors.

10. Significant Business Relationships between the Holders of Qualifying Holdings and the Company

In carrying out its business and regardless of its relevance, Martifer celebrates business deals and carries out normal market operations for similar operations with several entities, including holders of qualified holdings in Martifer's capital and related companies. Therefore, with reference to the financial year 2020, the following operation should be noted between Martifer Group companies and entities holding qualifying holdings in the Company's share capital:

Martifer Group acquired from I'M – SGPS, S.A. and Mota-Engil SGPS, S.A., under purchase and sale agreements, all shares representing the share capital of Vetur Diálogo, S.A. for the total amount of €3.5 million.

¹ It includes the actions of the members of Martifer's administrative or supervisory body, as well as, if applicable, (i) of the legally unseparated spouse, whatever the matrimonial property regime; (ii) of the children under 18; (iii) of the persons who hold the shares, having been acquired on behalf of the member of the administrative or supervisory body or of the persons referred to in (i) and (ii); and (iv) those belonging to the company of which the member of the administrative or supervisory body and the persons referred to in (i) and (ii) are members of unlimited responsibility, exercise management or administrative or supervisory positions or possess, solely or together with the persons referred to in (i) to (iii), at least half of the share capital or the votes corresponding to this one.

The Board of Directors is bound to submit to the Supervisory Board any transactions with related parties, and transactions considered significant² are subject to the prior opinion of the Supervisory Board.

B. CORPORATE BODIES AND COMMITTEES

In this Part B., the information referred to in Article 447 of the Commercial Companies Code, in Article 26 of the Securities Code with the wording of Law no. 50/2020 of 25 July (Remuneration Policy), in subparagraph (r), paragraph 1 of Article 245-A of the Securities Code (diversity in the administrative and supervisory bodies) and in article no. 5 of Law no. 62/2017 of 1 August (balanced representation of women and men in the administrative and supervisory bodies) is also included.

Martifer is the holding company of a Group with headquarters in Portugal, internationally present through subsidiaries, affiliated companies and joint ventures. The vast project portfolio that it continuously develops responds to various markets and clients.

Responding to the challenges arising in this framework, Martifer Group's corporate governance advocates a policy of diversity in the composition of its social bodies, in particular the Board of Directors and the Supervisory Board, to:

- Promote diversity in the composition of the respective body;
- Enhance the performance of each member and as a whole, of each body;
- Encourage comprehensive, balanced and innovative analyses; and, consequently, allow the decision-making and control processes reasoned and agile;
- Contribute to the increase of innovation and renewal of the Company for its sustainable development and creation of value for shareholders and other stakeholders in the long term.

Thus, Martifer recognises the need to constantly promote diversity in its bodies and other managers, in particular in the Board of Directors and the Supervisory Board, in particular on the following aspects:

- Appropriate academic qualifications and relevant professional experience for the exercise of a specific corporate position and that, in the respective corporate body, there are the necessary skills for the proper performance of the functions of that body;
- Inclusion of members of different ages, combining the knowledge and experience of senior members with the innovation and creativity of young members, to allow the respective body to have an innovative vision of the business and prudent risk management;
- Promotion of gender diversity and, consequently, an appropriate balance of sensibilities and style of decision-making within the respective body.

In what concerns the Board of Directors and the Supervisory Board, whose composition was changed at the General Meeting on 18 May 2018, the policy is evidenced as indicated in item no. 19 (Board of Directors) and item no. 33 (Supervisory Board) of this report. In particular, it should be noted that, in both cases, the Board of Directors comprises 28.57% of people of the under-represented sex, and the Supervisory Board integrates 33.3% in the same way.

² The concept of materiality used was defined ad hoc by the Board of Directors, since it is not defined in the regulation of the Supervisory Board in force. It is intended that a specific Regulation for this purpose be approved in 2021, which will allow the regulation of the concept in the future.

The analysis of diversity in Martifer's corporate bodies transmits the existence of a reasonable level of diversity. Verify the following table:

DIVERSITY FACTOR	PARAMETER	%
AGE	<45	41.67%
	45-60	41.67%
	>60	16,67%
SEX	Female	25.00%
	Male	75.00%
EDUCATION	Engineering	33.33%
	Economy/Finance/Management	25.00%
	Law	25.00%
	Other	16.67%

* Considering the effective members of the General Meeting, the Supervisory Board and the Board of Directors and the resignation of the Member of the Board of Directors, Vítor Manuel Alvares Escária, in writing on 28 July 2020.

It highlights the formulation of a criterion of suitability of competences, translated into the relevance of financial and technical matters (engineering), due to the eminently industrial nature of the Company and the current relevance of the financial matters.

I. GENERAL MEETING

a) Composition of the Presiding Board of the General Meeting

11. Identification and position of the members of the presiding Board of the General Meeting and respective term of office

The Board of the Shareholders General Meeting comprises a chairman, a vice-chairman and a secretary; and, the present holders of these positions were elected at the 18 May 2018 Shareholders General Meeting for a three-year term of office, ending on 31 December 2020.

The members of the Board of the Shareholders General Meeting are:

		FIRST NOMINATION	END OF CURRENT TERM OF OFFICE
PRESIDENT	José Joaquim Neiva Nunes de Oliveira	2015	2020
VICE PRESIDENT	Luís Leitão Marques Vale Lima	2015	2020
SECRETARY	Luís Neiva de Oliveira Nunes de Oliveira	2015	2020

b) Exercise the right to vote

12. Restrictions on the right to vote

The Company's Articles of Association do not establish any percentage or maximum limit regarding the right to vote by any shareholder. The Company has not issued preference shares without voting rights.

Therefore, the General Meeting includes shareholders who hold Company shares, **each share carrying one vote**.³

Shareholders can participate provided they hold shares at least five days prior to the date set for the General Meeting, and provided these shares are registered in their name in securities' accounts.

Up to three days prior to the date set for the General Meeting, a certificate issued by the relevant entity shall be presented to the Company as proof of share ownership. In the event of suspension of the General Meeting, the Company does not require the blockage of the shares for the full suspension period until the session is resumed; instead, compliance with the ordinary notice period for the first meeting suffices.

Shareholders may be represented at the Shareholders General Meetings by way of a written proxy mandate addressed to the Chairman of the Board of the General Meeting. The aforementioned mandate may also be sent by electronic email (presidentedamesaag@martifer.com) in accordance with the respective General Meeting notice of meeting instructions.

Shareholders may also exercise their vote by correspondence on all matters subject to approval at the General Meeting.

The proposals to be submitted for approval at the General Meeting, as well as the other information necessary for the preparation and participation at said meetings (including, amongst others, the template to exercise the vote by correspondence), are made available to the shareholders up to twenty-one days prior to the date of the General Meeting, at the Company's registered office and in the Company's website. Such documentation can be found on the company's website on the Internet at <http://www.martifer.pt/>. In addition to the Company's website, such documentation is made available to shareholders, for consultation, at the company's registered office during business hours, as well as in CMVM's Information Disclosure System (www.cmvm.pt), on the date of disclosure of the notice of meeting. Also, in the same Company e-mail address, the minutes of the meetings of the General Assemblies are also made available within five days after their occurrence.

Under the recent changes introduced by Law no. 50/2020 of 25 August, which entered into force on the day following its publication, i.e. 26 August 2020, the Company will adapt its internal mechanisms, in order to comply with the strengthening of transparency duties, which will allow the convening of the General Meeting and the associated information to be disclosed under the terms of the Shareholder Rights Directive II (hereafter only "SRD II"), to each shareholder.

Martifer has been ensuring and implementing measures to promote and encourage the participation of shareholders in general meetings:

- Voting by correspondence;
- Access to proxy forms and voting ballots on its website;
- Disclosing on the website, in Portuguese and in English, the notice of meeting for the General Meeting, the possible ways to exercise the vote and the procedures to adopt to vote by correspondence or by proxy;
- Disclosing on the website, in Portuguese and in English, the preparatory information regarding the various items on the Agenda;
- Creating an electronic mail address exclusively dedicated to the General Meeting, which is disclosed in the notice of meeting, to facilitate the clarification of any queries;

13. Maximum percentage of voting rights that may be exercised by a sole shareholder or by shareholders that are in any relationship as set out in no. 1 of Article 20 of CVM

There is no restriction on the number of votes that can be held or exercised by a sole shareholder or group of shareholders.

14. Shareholders' resolutions that, imposed by the Articles of Association, can only be made with a qualified majority, besides the legally foreseen

³ See Article 16(1) of the Articles of Association.

Article no. 18 of the Company's Articles of Association establishes both for a first or a second notice of meeting, the rule of a simple majority of the votes issued to pass resolutions unless otherwise foreseen in the CCC or in the Articles of Association.

The only exception to this rule relates to the provision in the Company's Articles of Association that sets a qualified majority of two-thirds of the votes counted for the passing of resolutions relating the dismissal without fair grounds of directors.

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Corporate Governance Model

The Company adopts the Latin monist government model, commonly known as the "*latin strengthened*", which advocates the separation between the administration and supervisory bodies (dual), being its Corporate Governance structure formed by the Board of Directors, a Supervisory Body and by a Statutory Auditor. All the bodies are elected at the Shareholders General Meeting.

For the term of office corresponding to the triennium 2018-2020, the Board of Directors delegated the governing the day-to-day affairs of the Company to an Executive Committee, under the terms and within the limits defined in Item no. 21.1 below.

The adoption of this model allows the existence of a supervisory body with strengthened powers of effective supervision, composed entirely by members subject to a regime of incompatibilities and independence requirements.

With the exception of the Statutory Auditor, that was elected for a biennium (2020-2021), the members who integrate the corporate bodies, the Board of the General Meeting and the Remuneration Committee were elected for three years (2018-2020). The Remuneration Committee, elected at a General Meeting, is responsible for setting the remuneration of the members of the Company's corporate bodies as well as for defining the general guidelines to be observed in setting the amounts.

16. Rules of the Articles of Association on the procedural and material requirements governing the appointment and replacement of members of the Board of Directors

The Board of Directors shall be appointed or replaced in accordance with the provisions of the Commercial Companies Code (CCC) and the Articles of Association.

Pursuant to the provisions of paragraph 1(d) of Article 289 of the CCC, the proposals for the election of directors (and other corporate bodies) indicated the professional qualifications and professional activities carried out, in the last five years, of the persons whose election was proposed by the shareholders of the Company. These elements provided sufficient grounds for the adequacy of the profile, knowledge and curriculum, to the position to be occupied by the candidates.

The members of the Board of Directors are proposed and elected every three years by the Shareholders at a General Meeting or co-opted by the Board of Directors, subject to ratification at the General Meeting; their re-election is allowed once or more than once. The proposals for the election of members of the corporate bodies include the professional qualifications and professional activities of the persons whose election is proposed by the shareholders of the Company. In accordance with the Articles of Association, a member of the management board may be appointed by a minimum number of

director is absent for more than five meetings, consecutive or not.

Since the choice and appointment of the members of the corporate bodies are an exclusive competence of the General Meeting and, therefore, of the shareholders, the Company cannot draw up and impose models or policies of diversity as mentioned in paragraph 1(r) of Article 245-A of the Securities Code.

Nevertheless, shareholders have been applying diversity criteria that seek to combine the individual attributes of each member, such as independence, integrity, experience and competence, with the specificities of the Company, namely its governance model, its size, its shareholder structure and business model.

Furthermore, in compliance with the Resolution of the Council of Ministers no. 11-A/2015, the Company has committed itself to meet the diversity targets in the

Shareholders, holding at least 10% of the share capital, who voted against the passed proposal to elect the directors.

According to Article 9 of the Articles of Association, the Board of Directors appoints the President and two Vice Presidents from amongst its members and, to the extent it considers it pertinent and appropriate, it constitutes an Executive Committee or delegates powers to executive directors.

The substitution of directors is made, according to the Articles of Association, as set forth in Article 393 of the CCC. In accordance with the Company's Articles of Association, for the purposes of substituting directors under no. 1 of the said Article of the CCC, absence is qualified as permanent when, without justification accepted by the management body, a

composition of its corporate bodies and has female representation in its corporate bodies. So, not only are the profiles of the candidates considered but also diversity requirements. It should be noted that the current term of office 2018-2020 was immediately in line with the proportion of persons of each sex assigned to the administrative and supervisory body.

In September 2020, the Company published its Gender Equality Plan, which can be found on the Company's website at the following link <https://www.martifer.pt/en/investors/corporate-governance/plan-for-gender-equality>, where the objectives to be pursued by the Company in this context are defined and the concrete measures to be implemented to achieve these objectives.

17. Composition of the Board of Directors

In accordance with the Company's Articles of Association, Martifer's Board of Directors includes a minimum of 5 (five) and a maximum of 9 (nine) members elected at a General Meeting.

The term of office of the members appointed to the Board of Directors is 3 (three) calendar years, and there are no restrictions regarding their re-election. The members of the Board of Directors are considered inducted as soon as they are elected, and they remain in office until they are replaced by newly elected directors if it is required by the Articles of Association.

On 31 December 2020, the Board of Directors had 7 (seven) members⁴, elected at the Company's General Meeting for a three calendar year term of office, ending on 31 December 2020.

On 31 December 2020, the composition of the Board of Directors for the 2018-2020 term of office was as follows:

NAME OF THE BOARD MEMBER*	FIRST NOMINATION	END OF CURRENT TERM OF OFFICE
Carlos Manuel Marques Martins (President)	2004	2020
Jorge Alberto Marques Martins (Vice President)	2004	2020
Arnaldo José Nunes da Costa Figueiredo (Vice President)	2010	2020
Pedro Nuno Cardoso Abreu Moreira	2015	2020
Pedro Miguel Rodrigues Duarte	2018	2020
Maria Sílvia da Fonseca Vasconcelos da Mota	2018	2020
Mariana França Gouveia	2018	2020

* Vítor Manuel Alvares Escária resigned from the position in writing on 28 July 2020.

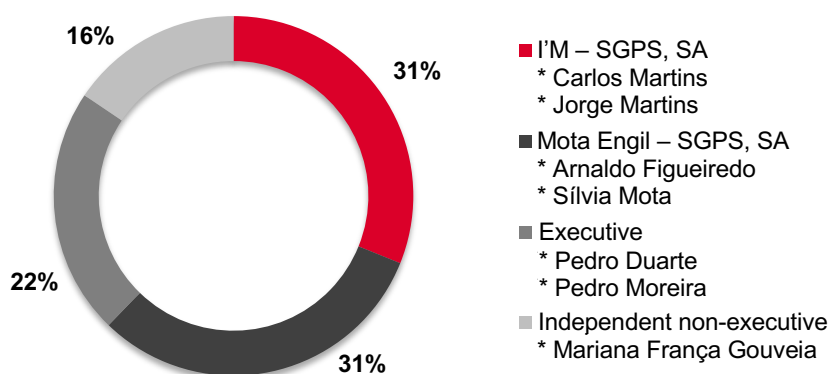
⁴ Considering the resignation of Vítor Manuel Álvares Escária in writing on 28 July 2020.

18. Distinction between executive and non-executive members

NAME OF THE BOARD MEMBER	(Executive / Non-executive)	INDEPENDENT or NON-INDEPENDENT
Carlos Manuel Marques Martins (President)	Non-executive	Non-independent
Jorge Alberto Marques Martins (Vice President)	Non-executive	Non-independent
Arnaldo José Nunes da Costa Figueiredo (Vice President)	Non-executive	Non-independent
Pedro Miguel Rodrigues Duarte	Executive	-
Pedro Nuno Cardoso Abreu Moreira	Executive	-
Maria Sílvia da Fonseca Vasconcelos da Mota	Non-executive	Non-independent
Vítor Manuel Álvares Escária *	Non-executive	Independent
Mariana Machado França Gouveia Sande Nogueira	Non-executive	Independent

* resigned from the position in writing on 28 July 2020.

On 31 December 2020, of the 7 (seven) board members of the Board of Directors, 5 (five) are non-executive directors, whose duties are to monitor and assess the management of the Company by the executive directors. And 1 (one) of these 5 (five) non-executive directors is an independent director.



The relationship established between non-executive board members and the reference shareholders allows the definition of a pattern of adequacy of the number of elements of the Board of Directors with designated non-executive functions. This parity allows us to infer the adequacy of the number of members of the Board of Directors.

Given the size of the Company and its shareholder structure, the number of independent board members is considered appropriate considering the initial appointments, taking into account its shareholder structure and the reduced *free float*. To verify the independence of the members of the Board of Directors, the criteria used is that foreseen in Article 414, no. 5 of the CCC, as well as that established in 18.1 of Annexe 1 of Regulation no. 4/2103 of CMVM and in Recommendation III.4 of the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG - Instituto Português de Corporate Governance) (2018), as revised in 2020.

19. Professional qualifications of the members of the Board of Directors

The experience and knowledge of the members of the Board of Directors are detailed in their curricula, presented in the document attached to this report as Annexe I; these attest, in a rigorous and specific manner, their ability to carry out the duties attributed to them.

Taking into account its shareholder structure, the Company considers that the choice and election of the members of the corporate bodies are firstly up to the shareholders, who draw up lists of persons to be appointed, on the basis of individual attributes (such as

professional qualifications, knowledge, availability, integrity and professional experience); and, on the other hand, diversity requirements (with particular attention to gender diversity), as an essential vector for professional development, efficiency and competitiveness, required by members of corporate bodies.

20. Meaningful family, professional or business relationships of members of the Board of Directors with shareholders that are assigned qualifying holdings

The President of the Board of Directors, Carlos Manuel Marques Martins and the Vice President, Jorge Alberto Marques Martins, both hold shares and voting rights in one of the reference shareholders, I'M - SGPS, SA. The abovementioned Board Members are brothers.

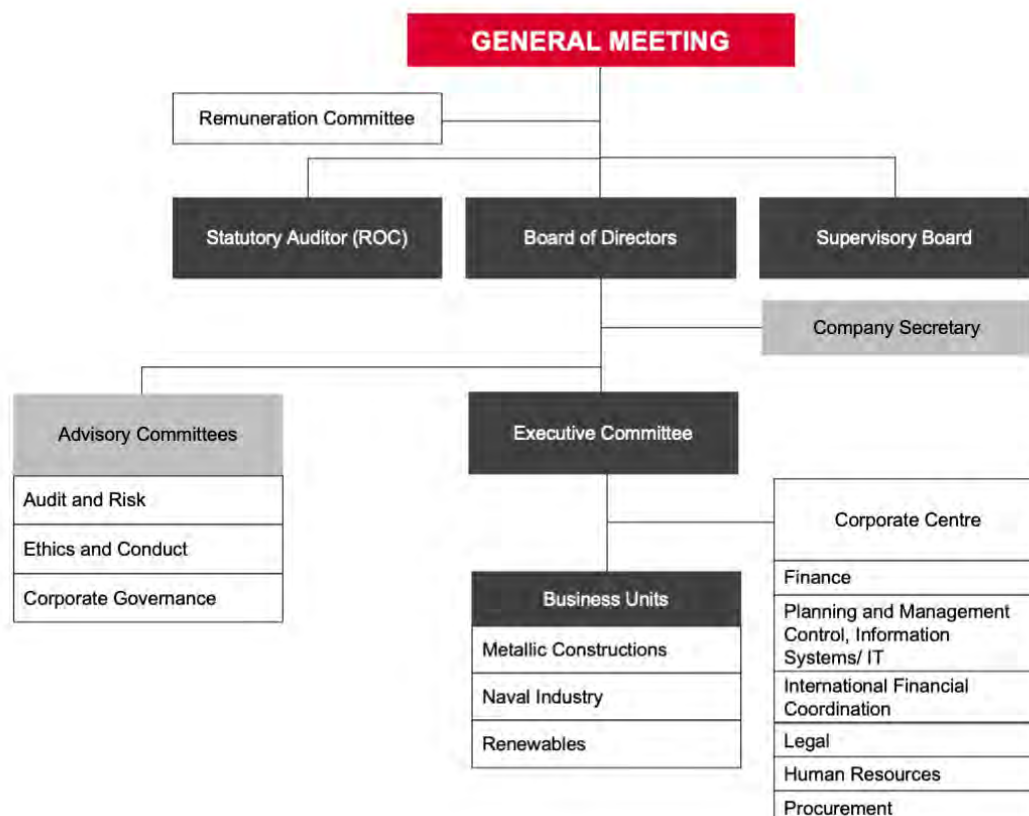
The Vice President of the Board of Directors, Arnaldo José Nunes da Costa Figueiredo, exercises management positions in Mota-Engil Group companies; and Mota-Engil SGPS, S.A., Martifer's other reference shareholder, is the holding company of the aforementioned Group.

The Member of the Board of Directors Maria Sílvia da Fonseca Vasconcelos da Mota is a shareholder with a qualified holding of Mota-Engil SGPS, S.A., and is a Board Member in companies of the Mota-Engil Group.

The remaining Board Members have no kinship between them.

21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate bodies, committees and/or departments of the Company, including information on delegating powers, particularly in what regards the delegation of the Company's daily management

21.1 ORGANISATIONAL CHART



21.2 DIVISION AND DELEGATION OF POWER

Management Bodies

On 31 December 2020, the Company presented a Board of Directors with 7 (seven) members⁵: 1 (one) president, 2 (two) vice presidents and 4 (four) board members. On the same date, 2 (two) of its members were executive directors and formed an Executive Committee, and the other 5 (five) were non-executive members.

In accordance with the Articles of Association and under Article 407, paragraph 3 of the CCC, daily management powers were delegated to an Executive Committee, positions now held by Pedro Miguel Rodrigues Duarte (President) and by Pedro Nuno Cardoso Abreu Moreira. The referred executive directors are responsible for the implementation of the strategic decisions made by the Board of Directors, as well as the day-to-day management of the holding company, while holding company, all in the context of the powers that were delegated.

The duties delegated to the Executive Committee include the guidance for the performance of the various business areas, as well as the running of the corporate services, the supervision of all the business areas, the promotion of synergies between these, the deployment of the necessary resources, the management of human and financial resources, the definition of the strategies for each business area and the supervision of the attainment of the objectives of each business area, establishing policies transversal to the Company as a whole. It is also the Executive Committee's duty to exercise the powers that, at any given moment, have been delegated to it by resolution of the Board of Directors, except over matters for which the delegation of powers is forbidden by law or by the Articles of Association.

In accordance with the decision of the Board of Directors dated 24 May 2018, all the necessary or convenient powers for the achievement of the corporate object and for the exercise of the activity of the Company were delegated, of which the following are highlighted:

- Approval of operations, and possible issue of binding instructions to the Boards of Directors of subsidiaries, to be carried out by the business units of Martifer Group;
- Issuance of any proposals to submit to the Board of Directors in relation to matters of exclusive competence;
- Approval of transversal policies and rules, instructions or orientations such as procedural manuals, regulations and service orders;
- Participation in Joint-Ventures and in Economic Interest European Groups and, additionally, the execution of consortium and associative partnership agreements, except when they have as their objective the participation in projects involving a turnover of more than one hundred million Euros;
- Appointment of representatives at the General Meetings
- of the Company's subsidiaries and determination of the voting intentions at the referred General Meetings;
- Representation of the Company in court and outside it, actively or passively, including the submission, opposition and appeal regarding any legal or arbitration proceedings, including also the confession, withdrawal or transaction of any lawsuits and the acceptance of arbitration commitments, with the exception of processes relating Clients;
- The hiring of employees, defining remuneration levels, categories and conditions and other benefits or complements, in full compliance with the general remuneration policies;
- Exercising disciplinary powers and applying sanctions;
- Appointment of proxies to carry out specific acts or categories of acts, defining the extent of the respective proxies.

The regular meetings of the Executive Committee shall be held monthly and shall be scheduled at the beginning of each calendar year. The president of the Executive Committee sends the meeting agendas to the President of the Board of Directors, with the required prior notice, and the minutes of the respective meetings. The executive members provide the non-executive board members, as well as the other members of the corporate bodies, all the necessary clarifications for them to exercise their powers, either by their own initiative or at their request.

Except for the matters that cannot be delegated by law pursuant to Article 407, no. 4 and no. 8 of the CCC, and naturally reserving for itself the discussion and approval of the strategic plan of the Company and the Group and the approval of the annual budget, the

⁵ Considering the resignation of Vítor Manuel Álvares Escária in writing on 28 July 2020.

Board of Directors has expressly stated that certain matters are excluded from the powers delegated to Executive Directors, namely:

- I. Approval of the activity plans and budgets for Martifer Group companies;
- II. Investment or commitment to invest in new business areas;
- III. Investments and divestments unforeseen in the annual budgets of Martifer Group companies, when the amounts involved are equal to or above five million Euros
- IV. Constitution of any covenants or encumbrances on Martifer Group's companies' shares;
- V. The participation in Joint-Ventures and in Economic Interest European Groups and, additionally, the celebration of consortium and associative partnership agreements, the incorporation or participation in any other forms of temporary or permanent associations of companies and/or private or public entities, if they intend to participate in projects involving turnover of more than one hundred million Euros;
- VI. Appointment of proxies, for individual or legal persons, to hold corporate positions in other companies;
- VII. The constitution of the Executive Committee and the Strategic Coordination Council, and the definition of the matters to be delegated to them;
- VIII. Subscription, acquisition or disposal of shareholdings in any company;
- IX. Acquisition and disposal of own shares according to and within the limits of the resolution made at the Company's General Meeting.

The delegation of powers will cease with the passing of a resolution by the Board of Directors or, automatically, with the end of the term of office of the Board of Directors that delegated the aforementioned powers. The president of the Board of Directors has the powers conferred by law and by the Articles of Association.

On 31 December 2020, Pedro Miguel Rodrigues Duarte, as President of the Executive Committee, was considered the Chief Executive Officer (CEO) of the Company and Pedro Nuno Cardoso Abreu Moreira, as the person responsible for the Company's financial areas, was considered the Chief Financial Officer (CFO).

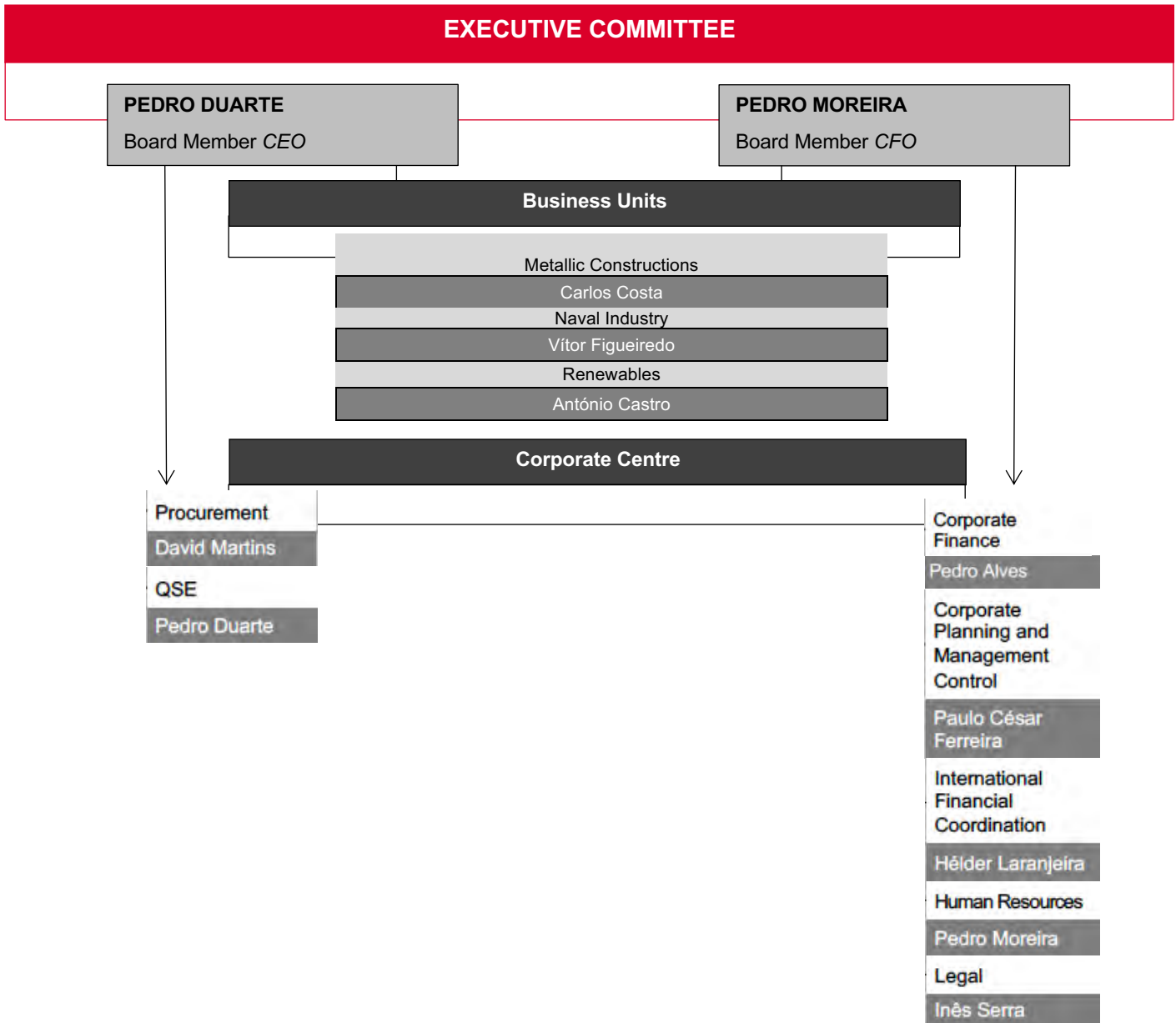
Pursuant to Article no. 407, paragraph no. 1 of the Portuguese Commercial Companies Code, the Board of Directors also attributed to Board Member Pedro Nuno Cardoso Abreu Moreira the special position of being the Company Representative with the Market and with CMVM.

The executive directors accompanied the activity developed by the Company, ensuring the effective supervision, monitoring and assessment of the activity, in particular through regular meetings of the Board of Directors, without prejudice to the access to any information or documentation that may be requested at any time.

The Board of Directors holds meetings at least 4 (four) times per year, or whenever it is convened by its President or by 2 (two) of its members.

Allocation of positions in the Board of Directors

To optimise management efficiency, the members of the Executive Board shared among themselves during the financial year 2020 the responsibility for direct follow-up of specific areas of the Company's activities, according to the following chart:



Supervisory Bodies

The supervision of the Company is exercised by a Supervisory Board and by a Statutory Auditor, that shall carry out the duties resulting from the applicable law and Articles of Association. It is the responsibility of the General Assembly to elect the Supervisory Board, as well as to appoint, on a proposal from the Supervisory Board, the Statutory Auditor or the Statutory Auditor Company.

The Company's Supervisory Board has 4 (four) members, 1 (one) president, 2 (two) effective members and 1 (one) alternate.

Committees

REMUNERATION COMMITTEE

According to the Articles of Association, the Remuneration Committee, elected by the shareholders gathered at the General Assembly, shall define the remuneration policy of the members of corporate bodies, setting the applicable remuneration, taking into account the positions held, the verified performance and the economic situation of Company, meeting whenever necessary. Minutes are drawn up of all held meetings.

STRATEGIC COORDINATION BOARD

The Strategic Coordination Board is an advisory body, resulting from the appointment by the Board of Directors of the Company, having the duty to decide, without binding nature, on the matters set out in the framework of its regulation and others that are mandated by the Board of Directors for its analysis and potential issuance of opinions and recommendations.

The Strategic Coordination Board includes 5 (five) board members of the Company, appointed by Martifer's Board of Directors, among them, compulsorily, the CEO and the CFO and by (i) a manager of the metallic constructions business area; (ii) a manager of the renewable energy business area; and (iii) a manager of the naval industry business area.

The Strategic Coordination Board is responsible for monitoring and, on its own initiative, issuing recommendations to the Board of Directors on matters of the Company and of the economic group, which include: the annual budget execution; the implementation of the strategic plan; the general remuneration policy and the strategy for each geographical area, resulting in a continuous and permanent assessment by the non-executive board members

The Strategic Coordination Board meets on a monthly basis and, in addition, whenever convened by its President or at the request of any two of its members.

The Board of Directors and the Members of the Strategic Coordination Board may indicate to the President of the Strategic Coordination Board any matters that they deem to be reflected by the Strategic Coordination Board. Given that this is a strictly strategic and non-binding committee, no minutes are drawn up.

b) Functioning

22. Availability and place where rules and regulations on the functioning of the Board of Directors may be viewed

The Board of Directors' Organisational and Functional Regulation in force can be found on Martifer's website at – www.martifer.pt (Tab: Investors, Section: Corporate Governance, Articles of Association).

23. Number of meetings held and the attendance of each member of the Board of Directors

The Board of Directors meets ordinarily once per quarter and, as defined in the Articles of Association and in the respective Regulation, whenever the President or 2 (two) of its members call a meeting; resolutions may be approved with the presence or representation of the majority of its Members, in accordance with the provisions of paragraph no. 1 of article no. 10 of the Articles of Association and paragraph no. 1 of article no. 5 of the Regulation of the Board of Directors.

Following the abovementioned, any 2 (two) board members without delegated powers may convene meetings to exercise their powers of supervision, monitoring and assessment of the activity of the members to whom the Board of Directors attributes delegated powers.

To that end, and in order to safeguard an independent and informed execution of the competencies of the non-executive board members referred to in the previous paragraph, the following mechanisms and procedures were instituted by the Board of Directors and included in Internal Regulations:

- the obligation to give the Board Members all the information considered necessary or convenient and that is requested by them to the Company or to any of the Board Members with delegated powers;
- the response to requests of Board Members with no delegated powers shall be made in an appropriate and timely manner;
- the possibility of any non-executive Board Member taking part in the Executive Committee meetings so that the non-executive Board Members can exercise the powers attributed to them; and
- the specialised committees with monitoring, supervisory and appraisal competencies over the activities of the Board Members with delegated powers shall be presided and mostly including Board Members with no delegated powers.

During the 2020 financial year, no constraints were detected regarding the management and operations of the Company; therefore, it can be considered that the mechanism that assures the coordination of the work of the non-executive board members is safeguarded.

In 2020, the Board of Directors met 17 (seventeen) times. The minutes were written up and signed by the Directors and the Company Secretary and recorded in the respective minute book, with copies also being sent to the Chairman of the Supervisory Board.

During the year 2020, 12 (twelve) Executive Committee meetings were held, and the Board Members' attendance at each of those meetings was:

NAME OF THE BOARD MEMBER	Board of Directors ATTENDANCE	Executive Committee ATTENDANCE
Carlos Manuel Marques Martins (President of the BD)	100%	-
Jorge Alberto Marques Martins (Vice President)	100%	-
Arnaldo José Nunes da Costa Figueiredo (Vice President)	100%	-
Pedro Miguel Rodrigues Duarte	100%	100%
Pedro Nuno Cardoso Abreu Moreira	100%	100%
Maria Sílvia da Fonseca Vasconcelos da Mota	100%	-
Vítor Manuel Álvares Escária *	100%	-
Mariana França Gouveia	100%	-

* resigned from the position in writing on 28 July 2020. He participated in 11 (eleven) meetings of the Board of Directors.

Note: Whenever the Board Member was not present at a meeting in person or online, he/she was represented by another Board Member at the meeting, as mandate letter respectively issued to that effect.

24. Competent Corporate Bodies to appraise the performance of the executive board members

The Company's Corporate Governance Committee includes non-executive Members of the Company's Board of Directors and is presided by an independent director that meets all the independence and compatibility requirements foreseen in Item 18.1 of Annexe I of Regulation no. 4/2013 of CMVM and of Recommendation III.4 of the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG) (2018). This Committee has, amongst others, the power to appraise the performance of the executive board members and the overall performance of the Board of Directors, as well as that of the various existent committees.

The Company's Remuneration Committee also undertakes, within its scope of powers, the appraisal of the performance of the members of the Board of Directors, endeavouring towards a convergence of the interests of the Board Members, of the remaining corporate bodies and managers with the interests of the Company, promoting a long-term perspective.

As mentioned below (see item no. 27), the above committees are not composed only of board members.

In addition, the Board of Directors included on 31 December 2020 5 (five) non-executive members in order to ensure effective monitoring and appraisal capacity of the activity carried out by the 2 (two) executive board members. At a Board Meeting (composed of non-executive and executive board members), during the annual discussion of the Martifer Group's strategic plan and of the different business areas, the inherent self-assessment is promoted, that of the executive board members (which make up the

Executive Committee) and the existing internal committees, taking into account not only qualitative aspects compared to approved plans and budgets, but also the main ongoing projects. The year's assessment is then complemented when the Management Report and the annual accounts are approved, both the individual and the consolidated ones.

By law, the General Meeting makes an annual general assessment of the board of directors (and the supervisory body) of the Company.

25. Predefined criteria for assessing the performance of the executive board members

The performance of the Board Members is appraised based on the principles listed in the Remuneration Policy Statement. The remuneration policy and the remuneration of the Company's Corporate Bodies are reviewed annually and submitted for approval at the Company's Annual Shareholders General Meeting.

The remuneration policy is oriented by principles and criteria based on the duties carried out, the degree of complexity and the responsibility undertaken, the alignment of the interests of the management board members with the interests of the Company, the performance assessment, the economic situation of the Company and the general market conditions for equivalent situations, as set out in Item no. 70 below.

In addition, within the scope of the Corporate Governance Committee and in compliance with Recommendation V.1.1 of the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG) (2018), this body annually analyses the performance of the Company's Executive Board considering:

- a set of economic and financial performance indicators (KPI's);
- the deviations in relation to the established budgets;
- the level of compliance with the strategic and operational objectives agreed on by the Board of Directors for the year; and
- the impact of the evolution of the external environment of the Group, in particular the economic and financial situation nationally and internationally, as well as the general condition of supply and demand in their markets.

26. The availability of each member of the Board of Directors and details of the positions held by each of them in other companies, within and outside the Group, and other relevant activities undertaken by members of those bodies throughout the financial year

The indication and description of the positions held and duties carried out by the members of the Board of Directors are better described in the document attached to the present report as Annexe II.

The Company considers that all the members of the Board of Directors have shown total availability to perform the duties inherent to the bodies for which they were elected by the shareholders. On the one hand, being considered the Board Members' availability to participate in the meetings of the bodies they are a part of (Board of Directors, Risk Committee, Ethics and Conduct Committee and Corporate Governance Committee) and on the other hand, the total availability to perform the tasks attributed to them by the Board of Directors, regarding both their areas of work and the management responsibilities in given business areas.

c) Committees within the Board of Directors or Supervisory Board and Board Delegates

27. Details of the Committees created within the Board of Directors and where the Regulations on the functioning thereof are available

With the aim of adopting the best corporate governance practices, the Board of Directors appointed 3 (three) specialised committees to boost its operational effectiveness (according to 21.1 above).

The Corporate Governance Committee, the Ethics and Conduct Committee and the Risk Committee have their own Regulations that lay down the rules relating to their composition, functioning and powers, which can be consulted in the Company's website at <http://www.martifer.pt/> (Tab: Investors, Section: Corporate Governance / Articles of Association and Regulations).

28. Details on the Executive Committee's Members

The Board Members appointed by the Company's Board of Directors to be part of the Executive Committee are:

NAME OF THE DIRECTOR	POSITION
Pedro Miguel Rodrigues Duarte	President (CEO)
Pedro Nuno Cardoso Abreu Moreira	Board Member (CFO)

The powers delegated by the Board of Directors to the Executive Committee are set down in Item 21.2 above.

The Executive Committee's Regulation can be consulted on the Company's website at <http://www.martifer.pt/> (Tab: Investors, Section: Corporate Governance/ Articles of Association and Regulations).

29. Description of the powers of each of the Committees established and a summary of the activities undertaken in the exercise thereof

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee shall be composed, in accordance with its Regulation, of 2 (two) to 6 (six) members who are members of the Supervisory and/or the Board of Directors but who are not carrying out executive duties; and one of its members may also be a Company employee or of its subsidiaries, who is not part of the Corporate Bodies. At present, the Corporate Governance Committee has the following composition:

PRESIDENT	Mariana França Gouveia (independent and non-executive Board Member)
MEMBERS	Arnaldo Figueiredo (non-executive Board Member) Inês Filipa Serra (Corporate Legal Director and Company Secretary)

The Corporate Governance Committee is competent to issue suggestions to improve Martifer Group's governance model with the objective of promoting compliance with strict ethical and deontological principles and observing practices that ensure compliance with corporate governance standards and best practices established and that sustain a diligent, effective and balanced management and that promote ethical and responsible conduct, from the perspective of the interests of the shareholders and other stakeholders.

In addition to the informal meetings and the presence of its members in workgroups, the Corporate Governance Committee did not formally meet in 2020 since there were no facts that occurred that called for the issuance of recommendations. The Corporate Governance Committee has its own Regulation that establishes the rules regarding its composition, functioning and powers, which can be consulted on the Company's website at <http://www.martifer.pt/> (Tab: Investors, Section: Corporate Governance/ Articles of Association and Regulations).

The Corporate Governance Committee has as its main responsibilities and powers:

- to evaluate and to develop the Corporate Governance model;
- to reflect on the governance system adopted and verify its effectiveness;
- to advise and to propose to the Company's relevant corporate bodies measures aimed at improving Corporate Governance;

- to undertake performance appraisals of the executive directors and of the Board of Directors as a whole, as well as of other Committees.

ETHICS AND CONDUCT COMMITTEE

The Ethics and Conduct Committee has 3 (three) to 7 (seven) members, appointed by the Board of Directors, which appoints a President. Presently, the Ethics and Conduct Committee has the following composition:

PRESIDENT	Mariana França Gouveia (independent and non-executive Board Member)
MEMBERS	Vítor Escária (independent and non-executive Board Member)* Inês Filipa Serra (Corporate Legal Director and Company Secretary)

* resigned from the position in writing on 28 July 2020.

The Ethics and Conduct Committee has its own Regulation that establishes the rules regarding its composition, functioning and powers related to the elaboration, implementation, follow-up and control of ethics and conduct norms in Martifer Group. The Ethics and Conduct Committee's Regulation can be consulted on the Company's website at <http://www.martifer.pt/> (Tab: Investors, Section: Corporate Governance/ Articles of Association and Regulations).

The Ethics and Conduct Committee is also responsible for constituting and assuring compliance with the irregularities disclosure policy regarding irregularities occurring in Martifer Group, under which employees can communicate, in an adequate, immediate and confidential (if requested) manner whilst safeguarding their professional integrity, information relating to the report of irregularities occurred within Martifer Group, establishing and making available the most adequate and effective communication channels for this purpose.

The Ethics and Conduct Committee coordinates its activity with the company's Supervisory Board, given the specific powers of that body, namely those laid down in the CCC.

The Committee meets periodically or whenever it is called by its President, by notice of meeting sent by the President to its members with a minimum notice period of seven business days, which will also indicate the respective agenda. The Ethics and Conduct Committee writes up minutes of all its meetings.

In addition to the informal meetings and the presence of its members in workgroups, the Conduct and Ethics Committee did not formally meet in 2020 since there were no facts that occurred in the Company that fulfilled the presuppositions of its attributions, namely, with regard to the issuing of recommendations.

RISK COMMITTEE

The Risk Committee has 3 (three) to 6 (six) members that integrate the Board of Directors and/or the Supervisory Board, but the majority of the members do not hold executive positions. The President of the Company's Board of Directors may not integrate the Risk Committee, but he/she may participate in the meetings without the right to vote. The Risk Committee has the following composition:

PRESIDENT	Vítor Escária (independent and non-executive Board Member)*
VICE PRESIDENT	Jorge Martins (non-executive Board Member)
MEMBER	Paulo César Ferreira (Corporate Management Planning and Control Director)

* resigned from the position in writing on 28 July 2020.

The Risk Committee has its own Regulation that establishes the rules regarding its composition, functioning and powers related to the elaboration, implementation and follow-up of a risk management system transversal to Martifer Group. The Risk Committee's

Regulation can be consulted on the Company's website at <http://www.martifer.pt/> (Tab: Investors, Section: Corporate Governance/ Articles of Association and Regulations).

The mission of the Risk Committee is to propose and monitor the implementation of Martifer Group's Risk Management Policy, which aims to establish a strategy for the prevention and management of risk transversal to Martifer Group so as to reduce the exposure to risk and safeguard the Groups' worth and the creation of value for its stakeholders.

The main responsibilities attributed to the Risk Committee are:

- to issue recommendations or opinions as to (a) the definition of a risk policy for Martifer Group; (b) the content, format and methodologies to be considered in investment analysis reports, be they organic or of company acquisitions; and (c) the creation of risk identification, monitoring, control and management systems of a (i) legal and contractual, (ii) financial, (iii) technical and operational, (iv) commercial, (v) environmental, (vi) and political nature and (vii) of any other nature, that the Risk Committee considers relevant;
- to ensure compliance with the guiding principles of Martifer Group's Risk Policy, assisting the Board of Directors with the setting of strategic objectives of the Company in matters of risk assumption;
- to prepare opinions on financing and investment operations that require the prior opinion of the Risk Committee;
- to submit to the Board of Directors proposals, suggestions of methodologies to identify and cover risks that are appropriate and that should be adopted by Martifer Group as measures aimed at improving the risk management model in force and to facilitate the pursuit of higher corporate objectives;
- to inform the Board of Directors of any situations or occurrences of which it is aware and that, in its opinion, are non-compliant with the standards and practices of risk identification, monitoring and control;
- to monitor and analyse the reflections and guidance produced on risk management by national and international institutions so as to take advantage of these to improve Martifer Group's Risk Management model.

In addition to the informal meetings and the presence of its members in workgroups, the Risk Committee did not formally meet in 2020 since there were no facts that occurred in the company that fulfilled the presuppositions of its attributions, namely, with regard to the issuing of recommendations.

III. SUPERVISION

a) Composition

30. Details of the Supervisory Board

Martifer Group's supervisory model is based on a Supervisory Board and a Statutory Auditor (Certified Public Accountant). The functional separation between the Supervisory Board and the Statutory Auditor basically follows a division of the functions: the political supervision is exercised by the Supervisory Board, whereas the review and certification of the financial statements rest with the Statutory Auditor.

In addition to the competences conferred on it by law, which involve due monitoring, appraisal and opinion on the strategy defined by the Board of Directors and monitoring the effectiveness of the risk management system, the Supervisory Board has as its duties:

- a) To examine, whenever it considers convenient and at least once a month, the Company's bookkeeping;
- b) To monitor the Company's activity and compliance with the applicable laws, the Articles of Association and the applicable regulations;
- c) To represent itself at the Board Meetings whenever it considers such presence convenient;
- d) To request the call of the General Meeting whenever it considers such call convenient;
- e) To examine situations periodically presented by the Board of Directors during its term of office;
- f) To issue opinions on the budget, the balance sheet, inventory and the annual accounts;

g) To draw to the attention of the Board of Directors any matter which must be considered and issue an opinion on any matter submitted to it by that Body.

These competences are translated as having:

- To monitor the process of preparing and disclosing financial information;
- To monitor the effectiveness of internal control, internal audit and risk management systems;
- To regularly assess external audit;
- To approve the risk management activity plans and follow-up on their implementation;
- To approve internal and external audit activity programmes;
- To monitor the statutory audit;
- To assess and monitor the independence of the Statutory Auditor, in particular when it provides additional services to the Company;
- To issue a prior opinion on significantly relevant business deals between the Company and its shareholders holding qualified holdings – or entities with them having any of the relationships provided for in paragraph 1 of Article no. 20 of the Portuguese Securities Code.

For the full performance of its functions, the Supervisory Board requests and analyses all the management information it deems necessary, as well as unrestricted access to the documentation produced by the Company's auditors; it may request any information it deems necessary, and it is the first recipient of the final reports elaborated by the external auditors.

31. Composition of the Supervisory Board with details on the minimum and maximum number of members, duration of the term of office, number of effective members, date of first appointment and date of the end of the term of office for each member

The Supervisory Board of the Company consists of 3 (three) effective members and 1 (one) alternate member, elected at the General Meeting of 18 May 2018, for the three-year period 2018-2020, re-electable under the legal terms, what the Company believes to be appropriate to its governance structure in relation to the composition of the other Corporate Bodies.

The members of the Supervisory Board may only be elected, as a general rule, by the General Meeting, and in case there is an opening in the Supervisory Board, this opening shall be occupied by the alternate member. If there is another vacancy to be occupied, it may only be occupied by means of an election of a new member at the General Assembly.

The members appointed for the current term of office are:

MEMBER	FIRST NOMINATION	END OF CURRENT TERM OF OFFICE
Paulo Sérgio Jesus das Neves (President)	2015	2020
Américo Agostinho Martins Pereira (Effective)	2015	2020
Mária Maria Machado Lapa de Barros Peixoto (Effective)	2018	2020
António Baia Engana (Alternate)	2015	2020

32. Details of the members of the Supervisory Board

Currently, Martifer Group's Supervisory Board has the following composition:

PRESIDENT	Paulo Sérgio Jesus das Neves
MEMBERS	Américo Agostinho Martins Pereira Mária Maria Machado Lapa de Barros Peixoto
ALTERNATE	António Baia Engana

33. Professional qualifications of each one of the members of the Supervisory Board and other relevant curricular elements

The experience and knowledge of the Members of the Supervisory Board, currently in office, are better described in their curricula presented in the document attached to this report and Annexe I and indicate in a rigorous and specific manner their ability to carry out the duties attributed to them.

The Supervisory Board of the Company is formed by an independent majority of members, among which the President, and they are subject to legal and regulatory requirements regarding incompatibilities, independence and expertise in force, in particular those stated in Article 414-A of the CCC, as well as the criterion of independence contained in paragraph 5 of Article 414 of the CCC.

The elements that compose the Supervisory Board of the Company comply with the rules of incompatibility and independence identified above, being that on 31 December 2020 its members were not holders of Martifer shares, in accordance with Article 447 of the CCC.

b) Functioning

34. Where the regulation can be consulted

The competences of the Supervisory Board are indicated in the Regulation that can be consulted on the Company's website at <http://www.martifer.pt/> (Tab: Investor, Section Corporate Governance, Articles of Association and Regulations).

35. Number of meetings held and the attendance report of each member of the Supervisory Board

The Supervisory Board meets at least once every quarter, whenever its President decides or whenever any of the members request him/her to schedule a meeting. The President is responsible for calling and running the meetings. Resolutions are passed when the majority of the members in office are present and by a majority of the votes expressed. In 2020, the Supervisory Board met 13 (thirteen) times, and the minutes were drawn up of every meeting.

The attendance of each member of the Supervisory Board to the abovementioned meetings was as follows:

	ATTENDANCE
Paulo Sérgio Jesus das Neves	100%
Américo Agostinho Martins Pereira	100%
Mária Maria Machado Lapa de Barros Peixoto	100%

36. The availability of each member of the Supervisory Board, indicating the positions held simultaneously in other companies, in and outside the Group, and other relevant activities undertaken

All the members of the Supervisory Board demonstrated throughout the 2020 financial year, full availability to exercise the functions attributed to them, having regularly attended the meetings called as well as being present whenever such presence was considered convenient. The President is adequately supported by the remaining members of the Supervisory Board.

In so far as the activities of the members of the Supervisory Board are concerned, all the members of the Supervisory Board are certified public accountants and carry out their activity in different entities, as described in the curricula presented in the annexe of this report, endowing this board with operational knowledge on the Company's business areas. Within the scope of the most relevant activities of the members of the Supervisory Board, we refer to the information indicated in Item no. 33.

c) Powers and duties

37. Description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services to be rendered by the external auditor

The External Auditor of the Company is Deloitte & Associados, SROC, SA ("Deloitte") since the financial year 2020 and is therefore in its first term of office (2020-2021). Considering the applicable legal and regulatory framework, the election of the external auditor took place following a process of selecting a new Statutory Auditor. The Supervisory Board was responsible for this, and the process was carried out fairly; thus, continuing in full compliance with the legislation and recommendations in force.

No services have been contracted which are not statutory audit and external audit by Martifer Group companies to the External Auditor and other entities belonging to the same network in 2020; however, there is the provision of tax advisory services in Austria provided by the local firm belonging to the same network as the External Auditor and contracted on a date prior to the appointment of the External Auditor. Such provision of services does not assume relevant values and is permitted for public interest entities in that country in accordance with European legislation and adaptations made in that country, and this does not jeopardise the independence of the External Auditor, as is understood by the Supervisory Board.

Additionally, any new service to be rendered by Deloitte and its companies (national or international) to Martifer Group is subject to the prior approval of both the management of Martifer, by the Supervisory Board and the Deloitte Partner responsible for the Deloitte work at Martifer Group, within the scope of its quality control system.

Martifer's Supervisory Board, within the scope of its supervisory duties to the Company's activity, has analytical and appraisal responsibilities over the most significant aspects of the relationship with the External Auditor, namely in the aspects relating to the independence of the External Auditor's work, pursuant to paragraph 11 of article no. 77 of the Articles of Association of the Portuguese Chartered Accountants Association, approved by Law no. 140/2015 of 7 September. During 2020, the Company's Supervisory Board appraised the activity carried out by the External Auditor, having concluded that it was conducted in a manner consistent with applicable regulations and norms and that it had acted with technical rigour, transparency and civility.

Additionally, the Supervisory Board reflects, whenever necessary or adequate according to the developments at the Company or the market configuration in general, on the adequacy of the External Auditor in what concerns the performance of the duties attributed to it.

38. Other duties of the supervisory body

In addition to the duties described in the previous item, the Supervisory Board has the powers set forth by law and in the Articles of Association. Amongst others, those relating to the monitoring of the Company's operations, the compliance with the applicable legislation, the Articles of Association and regulations, as well as to issue opinions on the budget, the balance sheet, inventories and the annual financial statements.

Following the operation of the Company, the supervisory body promotes the participation of its members in the meetings of the Board of Directors, as well as with the Chartered Accountant.

Hence, in exercising its powers and carrying out its duties, the Supervisory Board proposes to the General Meeting Board:

- To nominate the Company's effective and alternate Statutory Auditors;
- To monitor the Statutory Auditors' independence, namely in respect of the rendering of additional services and the scope of these, and in respect of the statutory audit of the Company's financial statements;
- To examine, whenever it considers convenient and with regularity, the Company's bookkeeping;
- To monitor the Company's activity and compliance with the applicable laws, the Articles of Association and the regulations;
- To represent itself at the Board Meetings whenever it considers such presence convenient;
- To request the call of the Shareholders' General Meeting whenever it considers such call convenient;
- To examine situations presented by the Board of Directors, periodically, during its term of office;
- To issue opinions on the budget, the balance sheet, inventories and the annual accounts.

The Supervisory Board is also responsible for representing the Company vis-à-vis the External Auditor, and for:

- proposing the supplier of these services and the respective remuneration;
- ensuring that conditions adequate for the rendering of these services are made available at the Company;
- annually appraising the services rendered as well as for acting as the Company's interlocutor, receiving simultaneously with the Board of Directors, the respective reports; and
- proposing the destitution of the External Auditor with just cause.

Finally, Martifer's Supervisory Board is responsible for supervising and appraising the effectiveness of the risk management system and monitoring of the activity of internal audit, including the functioning of the internal control and risk management systems, both the object of regular monitoring and appraisal by the Supervisory Board within the scope of its functional and legal powers, as can be inferred from the minutes of the meetings and the annual of report and appraisal issued by the Supervisory Board.

IV. STATUTORY AUDITOR

39. Details of the statutory auditor and the partner that represents it

The effective and alternate Certified Public Accountants were elected for the biennium 2020-2021 at the 24 June 2020 General Meeting; those appointed were:

EFFECTIVE	DELOITTE & Associados, SROC S.A., as the statutory auditor
ALTERNATE	João Carlos Henriques Gomes Ferreira (Certified Public Accountant)

The Statutory Auditor may only be elected at a General Assembly, for terms of 2 (two) years, according to legal terms. If a vacancy occurs in this body, it shall be filled by the alternate member, and if the latter does not remain in that function, it can only be filled through the election of a new member at a Shareholders General Meeting.

The Certified Public Accountant may be represented by Nuno Miguel dos Santos Figueiredo (a Certified Public Accountant) or António Manuel Martins Amaral (a Certified Public Accountant), and it is true that, in 2020, the representative of the Company's Official Certified Public Accountant was Nuno Miguel dos Santos Figueiredo.

40. Indication of the number of years that the statutory auditor consecutively carries out duties in the Company and/or Group

As better described in the previous item, the current Statutory Auditor, Deloitte & Associados, SROC, SA, was elected at the General Meeting on 24 June 2020, carrying out its duties since then.

41. Description of other services that the statutory auditor provides to the company

The Statutory Auditor also provides the Company with External Audit services, as described in the following items.

V. EXTERNAL AUDITOR

42. Identification of the external auditor appointed in accordance with Article no. 8 and of the partner that represents the external auditor in carrying out these duties, and the respective registration number at CMVM

The External Auditor is the company Deloitte & Associados, SROC, SA (hereinafter in short only "Deloitte"), currently registered under no. 20161389 in CMVM (the Portuguese Securities Market Commission). Deloitte is represented by Nuno Miguel dos Santos Figueiredo (a Certified Public Accountant).

43. Indication of the number of years that the external auditor and respective partner that represents it have consecutively carried out duties at the Company and/or Group

Under the terms best described in the preceding item, the External Auditor Deloitte & Associados, SROC, SA has been in office with Martifer since 2020, as well as the Certified Public Accountant partner representing it in the performance of these duties, Nuno Miguel dos Santos Figueiredo.

44. Rotation policy and schedule of the external auditor and the respective partner that represents the auditor in carrying out such duties

The Supervisory Board carries out an annual assessment on the External Auditor's work, ensuring compliance with the provisions of article no. 54 of the Articles of Association of the Portuguese Chartered Accountants Association, approved by Law no. 140/2015 of 7 September regarding the rotation of the partner responsible for the execution of the work. And the Supervisory Board is also competent to propose their dismissal to the General Meeting on fair grounds, as well as to propose the respective remuneration.

In this context, the Supervisory Board is responsible for the regular monitoring of the activity carried out by the external auditor, in particular through the analysis of its regular reports and the monitoring of the execution of the audit and review work; it also evaluates any recommendations for changes in procedures recommended by the external auditor.

The Supervisory Board also has the competence to monitor the independence of the external auditor and to previously approve the hiring of services other than the audit services to the external auditor or any entity which is related to it or integrates the same network.

45. Body responsible for appraising the external auditor and periodicity of the appraisal

The Supervisory Board, in the conduct of its functions, carries out an annual appraisal of the External Auditor's independence.

Additionally, the Supervisory Board reflects on the adequacy of the External Auditor vis-à-vis the conduct of its duties, throughout each financial period and whenever necessary or adequate according to the developments in the activity of the Company or to the general market configuration.

46. Services, other than auditing, carried out by the External Auditor for the Company and/or companies in a control relationship and indication of the internal procedures for approving the contracting of such services and indication of the reasons for contracting such services

In addition to auditing services for the Company and/or companies of the Group, tax advisory and accounting services were rendered for foreign companies.

The approval and contracting of the services rendered by the External Auditor, other than the auditing services, were based on the procedures described in Item 37; the contracting of such services occurred due to the lack of internal resources (of the Company).

Additionally, any new service to be rendered by Deloitte and its companies (national or international) to Martifer Group is subject to the prior approval of both Martifer's Board of Directors and the Supervisory Board, as well as of the partner responsible for Deloitte's work at Martifer Group, within the scope of its quality control system.

47. Annual remuneration paid by the Company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and description of the services in question

During the 2020 financial period, the annual remuneration paid to the auditors and other private or corporate bodies belonging to the same network, by the Company and/or legal entities in a control or group relationship, amounted to 205,631 Euros (including expenses and remuneration paid by foreign subsidiaries). The breakdown of this remuneration is as follows (note that until 2019, the Statutory Auditor was PricewaterhouseCoopers & Associados, SROC, Lda.):

OTHER	2020	%	2019	%	2018	%
Legal account audit and audit services	149,653	90.90%	128,105	97.08%	173,019	87.72%
Other reliability assurance services	0	0.00%	2,000	1.52%	2,100	1.06%
Tax advisory services abroad	14,978	9.10%	0	0.00%	6,968	3.53%
Other services other than statutory audit	0	0.00%	1,842	1.40%	15,163	7.69%
Total	164,631	100.00%	131,947	100.00%	197,250	100.00%

MT SGPS	2020	%	2019	%	2018	%
Legal account audit and audit services	41,000	100.00%	78,200	99.49%	48,200	100.00%
Other reliability assurance services	0	0.00%	0	0.00%	0	0.00%
Tax consultancy services	0	0.00%	0	0.00%	0	0.00%
Other services other than statutory audit	0	0.00%	404	0.51%	0	0.00%
Total	41,000	100.00%	78,604	100.00%	48,200	100.00%
TOTAL GLOBAL	205,631		210,551		245,450	

** Including individual and consolidated financial statements

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to the amendment of the Company's Articles of Association (Article 245-A, no. 1, h)

Martifer's Articles of Association do not provide for special rules applicable to the amendment of the Articles of Association, thus applying the rules set out in the CCC. Thus:

- Constitutive Quorum, the provisions of paragraph 2 of article no. 383 of the CCC shall apply. In order for the General Meeting to be able to decide on first call on the amendment of the Company's agreement, shareholders must be present or must be represented by shareholders who hold at least one-third of the share capital;
- Deliberative quorum, the rule of paragraph 3 of article no. 386 of the CCC due to paragraph 1 of article no. 18 of the Articles of Association, namely the corporate resolutions to be taken at the General Meeting, regarding proposals for amendments to the Articles of Association, shall be taken either on the first call or on the second call by two-thirds of the votes cast.

II. COMMUNICATION OF IRREGULARITIES

49. Means and policy for reporting irregularities in the Company

The irregularities reporting policy indicates as the responsible entity for receiving and managing complaints or reporting irregularities the Ethics and Conduct Committee, without prejudice to the powers of the Supervisory Board in this matter.

Additionally to the Supervisory Board, the Ethics and Conduct Committee pursues, applies and handles procedures on complaints about internal irregularities, giving appropriate internal treatment to the complaints and the reporting of irregularities, ensuring a speedy resolution of the reported facts.

Thus, Martifer Group aims to ensure the existence of conditions that allow any employee to freely communicate his/her concerns in these areas to the Ethics and Conduct Committee and to facilitate early detection of irregular situations that, if true, can cause damage to Martifer Group, as well as to its stakeholders.

The Code of Ethics and Conduct defines Martifer Group's principles and values, namely respect for the law, integrity and corporate social responsibility and a set of standards of conduct such as non-discrimination and equal opportunities, loyalty in negotiations with suppliers, the prevention of conflicts of interest, among others.

With regard to conflicts of interest, the Ethics and Conduct Committee takes into account the guidelines set out in the approved corruption prevention plans, namely by the Corruption Prevention Council of the Court of Auditors (<http://www.cpc.tcontas.pt/>). The policy reflected in the Ethics and Conduct Code of the Company determines the immediate communication of the existence of a conflict and the stop of any act or decision-making in relation to the manifested conflict. Under this Code, all employees who have knowledge or suspicion based on situations that do not comply with the provisions of the Company's Ethics and Conduct Code should report such situations to the immediate superior and, if in doubt as to the existence of a conflict of interest, they should consult the Ethics Committee.

The participation, communication or report of irregularities that occurred within Martifer Group is received directly in an email account, only accessed by the President of the Ethics and Conduct Committee. The anonymity and confidentiality of the reports are guaranteed whenever requested in the communication or the complaint. This channel was considered the most appropriate and independent to receive the complaints without prejudice to them being sent by post.

Communications of irregularities addressed directly to the Supervisory Board and all others that fall within the exclusive competence of the Supervisory Board are also be immediately communicated by its President to the President of the Ethics and Conduct Committee.

The communication of irregularities shall be made in writing (by email or letter) to at least one of the following addresses:

- comissaoeticaeconduta@martifer.com
- Ethics and Conduct Committee of Martifer Group - Zona Industrial, Apartado 17, 3684-001 Oliveira de Frades

No irregularities were reported to Martifer Group's Ethics and Conduct Committee in 2020.

The Company's policy for communicating and reporting irregularities - the Ethics and Conduct Code - can be found on the Company's website at <http://www.martifer.pt/> (Tab: Investors, section Corporate Governance / Ethics and Conduct), as well as on the Company's intranet.

Martifer's irregularity reporting policy covers the entire perimeter of Martifer Group.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. Persons, bodies or committees responsible for internal audit and/or implementation of internal control systems

Board of Directors

The risk policy is defined by the Board of Directors based on risk analysis and measurement, and the Board also coordinates and develops risk management processes in order to ensure integrated risk management in accordance with the strategy and objectives of Martifer Group. Therefore, the Board of Directors is the body responsible for ensuring the effectiveness of the Company's internal control, risk management and internal audit systems, fostering a culture of control throughout the organisation, based on an internal control system that aims to ensure efficient and sustainable business and operations management, the protection of resources and assets, and compliance with applicable policies, plans, procedures and regulations, as well as:

- Monitoring and continuous improvement processes based on the assessment and mitigation of critical risks, provided by Internal Audit and the Risk Committee, together with the corporate and business areas;
- Internal information and communication mechanisms that enable follow-up, monitoring and improving the performance of the entire organisation, also ensured by the Internal Contractual Management and Compliance Committee;
- Processes for identifying and responding to risks to pursue the strategic objectives of the Company defined by this body.

Risk Committee

Martifer Group's Risk Committee, which is a Specialised Committee at the service of the Board of Directors, is responsible for compliance with the guiding principles of Martifer Group's Risk Policy, assisting the Board of Directors in setting the Company's strategic objectives in matters concerning risk-taking, also issuing recommendations or opinions, among others, on the definition of a Risk Policy for Martifer Group and the creation of identification, monitoring, control and risk management systems of (i) a legal and contractual nature, (ii) a financial nature, (iii) a technical-operational nature, (iv) a commercial nature, (v) an environmental nature, (vi) a political nature and (vii) of any other nature.

The composition, functioning, duties and powers of the Risk Committee are described in Item no. 29 above and can be found in the Risk Committee Regulation, which can be found on the Company's website at <http://www.martifer.pt/> (Tab: Investor, Section: Corporate Governance/ Articles of Association Regulations).

Supervisory Board

The evaluation of internal control and of the risk management system is subject to regular analysis and discussion by Martifer's Supervisory Board within its scope of legal competences.

External Audit

Among its functions, it assesses the reliability and integrity risks of the accounting and financial information, reporting them to the Supervisory Board.

Internal Audit Department

In its organisational structure, Martifer has an Internal Audit Department whose activities include evaluating the effectiveness and efficiency of the internal control system and the business processes of the entire Group in an independent and systematic manner, verifying whether Martifer Group's assets are properly registered and adequately protected against possible risks and losses, examining and assessing the rigour, quality and application of operational, accounting and financial controls, promoting a cost-effective control and proposing necessary measures to address any deficiencies in the internal control system.

During the year 2020, since some employees left the Group, the Internal Audit Department's activity was very reduced. However, the Company is actively endeavouring to ensure that the Internal Audit Department can be provided with the necessary human resources in the short term to carry out the functions assigned to it as part of the Company's organisational structure.

Planning and Management Control Department and Consolidation and Reporting Department

The Company also has a Planning and Management Control Department, which produces, monitors and analyses management information supported by the company's IT systems, raising questions on each business area.

The consolidated financial statements are prepared by Martifer Group's Consolidation and Reporting Department, which ensures consistency in the application of the adopted accounting policies.

It should be noted that the reliability and integrity risks of the accounting and financial information are also evaluated and reported by the Statutory Auditors and by the External Auditor.

The existence of a Code of Ethics and Conduct and a system of communication of irregularities allow the improvement of Martifer Group's control culture

Contractual Analysis and Compliance Committee

Martifer Group's Contractual Analysis and Compliance Committee, which is a specialised committee within the Internal Audit, has as main attributions the rigorous assessment of the risks of each operation, prior to the signing of contracts, based on the evaluation of a risk matrix and the consequent timely and prior negotiation of these contracts with clients, as well as the monitoring of the intra-group contracting inherent to it, in an integrated and transversal manner in the Group, through strict articulation with the corporate back-office structures.

Under the motto "*to optimise performance, we have to understand how to improve risk management*" the composition of this internal committee is as follows: (i) one representative of the Executive Committee; (ii) management by two people: the legal director and the planning and management control director, (iii) members: commercial director; international finance director; domestic (of Portugal) finance director; tax; project manager.

51. Explanation, by the inclusion of an organisational chart, of hierarchical and/or functional dependency relationships with other bodies or committees of the Company

In what regards the relations of hierarchical and/or functional dependency between the bodies and the departments responsible for the implementation and monitoring of the internal control systems and better described in the previous paragraph:

- The Risk Committee is a committee formed by the Board of Directors, formed mainly by non-executive members of the Board of Directors and/or the Supervisory Board, and presided by an independent member;
- The Supervisory Board is elected at the General Meeting of the Company and is an independent body;
- The External Auditor, proposed by the Supervisory Board, is elected at the Company's General Meeting, and the results of its activity are appraised by the Supervisory Board;
- The Internal Audit Department reports functionally to the independent non-executive Member of the Board of Directors⁶;
- The Planning and Management Control Department and the Consolidation and Reporting Department report to the Company's Board of Directors.
- The Contractual Management and Compliance Committee is an internal committee formed mostly by the Group's corporate directors, and presided by an executive board member, who reports directly to the Executive Committee.

52. Existence of other functional areas with risk control responsibilities

We understand that this item is already explained in detail in the previous one, so we refer to the answer given in the previous item.

53. Identification and description of the main types of risks (financial, operational and legal) to which the Company is exposed in the exercise of its activity

Risk management at Martifer Group is based on the permanent identification and analysis of the exposure to different types of risks inherent to its activities (metallic constructions, naval industry and renewables) in the various countries where it operates, and that are transversal to the whole Company - financial risks, currency exchange risks, interest rate risk, liquidity risks, credit risks, operational risks and legal risks, among others - and in the adoption of strategies to maximise profitability.

In a separate chapter of the Annual Management Report, which is part of this report, the main risks to which Martifer Group is exposed in its business are described in detail (Chapter 8 of the Annual Management Report).

54. Description of the process of identification, appraisal, monitoring, control and risk management

Risk management systems

Risk Management is one of the components of Martifer Group's culture, being present in all management processes and representing a responsibility of all managers and employees at different levels of the organisation.

The risk policy is defined by the Board of Directors based on risk analysis and measurement; the Board also coordinates and develops risk management processes to ensure integrated risk management in line with the Group's strategy and objectives, an ongoing process of risk assessment, part of the normal decision-making process and management processes.

In parallel, Martifer continues to implement internal control and risk management procedures aligned with international standards with the objective of strengthening integrated risk management, establishing a strategy for risk prevention and management across the Group to reduce the exposure to risk and safeguard the value of Martifer Group. In sum, the procedure is characterised by the

⁶ Where applicable, formal documentation of this report is elaborated; in 2020 there was no such need.

identification of risks in each business area and in the contracting with clients, accompanied in parallel by the formalisation of a risk assessment, management, prevention and mitigation process to be carried out by the Board of Directors of the Company, supported by the Risk Committee and other elements of the internal committees and the Internal and External Audits.

Risk management comprises the processes of identifying current and potential risks, analysing their possible impact on the strategic objectives of the organisation and predicting the likelihood of their occurrence to determine the best way to manage the exposure to these risks.

All these risks are appropriately identified, assessed and monitored, and the different structures within the Company manage and/or mitigate them.

Risk management in the Martifer group begins with the identification, measurement, and analysis of the different risks to which they are exposed, with particular attention to operational and market risks, the probability of occurrence of the various factors that determine them and their potential impact on the business of the company or activity in question.

Without prejudice to the definition of the risk strategy by Martifer's Board of Directors, the managers responsible for operational activities are also responsible for the implementation of risk control mechanisms, which are subject to the scrutiny of the competent Financial, Tax and Legal departments.

Risk identification is a responsibility that is transversal to the different levels of the organisation. Templates have been created to identify and categorise the main risks of each Business Area, as well as of new risks that arise as the activities are developed, including:

- (i) economic and business risks,
- (ii) financial risks, and
- (iii) legal risks.

The Company's Risk Committee is also responsible for assessing and issuing opinions, which are submitted to the Board of Directors, among others, about new investments by Martifer Group above a certain amount and about new geographies of the Group.

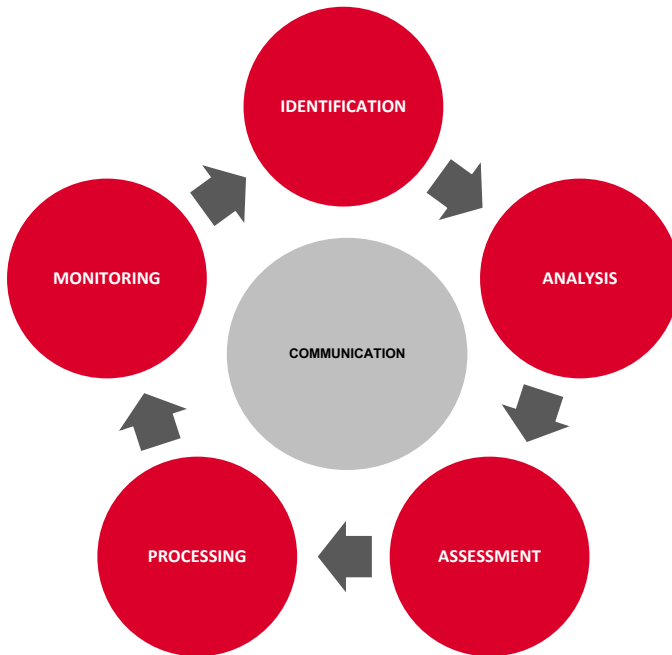
The effectiveness of these mechanisms is periodically assessed by the holding company through the Internal Audit department, in compliance with a financial auditing plan and with IT, process and compliance systems with the approved procedures. This audit plan is prepared and carried out annually, based on a prior assessment of business risks, and the mechanisms and assessments of the internal audit department are monitored and supervised by the Company's Supervisory Board within the scope of its functional competences.

The Planning and Management Control Department also promotes and supports the integration of risk management in the process of planning and management control of the companies.

The role of the Risk Management and Compliance Committee is to promote the prior and rigorous contractual assessment of commercial, financial, tax and legal risks, based on the assessment of a risk matrix submitted to the Executive Committee.

It is the Holding's objective to obtain an integrated view of the risks which the Group faces in each of its different activities or business areas and ensure the consistency of the resultant risk profile with the Group's overall strategy and, in particular, what it believes to be an acceptable risk level, given its capital structure.

In this sense, the operations of greater relevance and impact in Martifer Group, as well as those more of a financial nature, are directly assessed and validated by the Financial, Tax and Legal Departments at the holding company, following the risk policies and strategies set by the board of directors and based on a risk matrix implemented for that purpose.



Martifer Group's risk management is based on a cross-sectional process consistent with the particularities of the various business areas, structured around five main stages (identification, analysis, assessment, processing and monitoring), always contextualised in the circumstances in which they are part of one of the Company's activities and always supported by communication between all the bodies, committees and departments with cross-sectional risk management responsibility at the different levels of the organisation,

	IDENTIFICATION
	ANALYSIS
BUSINESS	ASSESSMENT →
AREAS	COMMUNICATION
	PROCESSING
	MONITORING

The tasks of preparing and approving the Company's Strategic Plan by the Board of Directors motivate the overall annual review of the Risk Management System, taking into account the need to assess the various risk indicators, which motivates the implementation of updates and improvements integrated in the system itself.

55. Core details on the internal control and risk management systems implemented in the Company regarding the procedure for reporting financial information (Article no. 245-A, no. 1, m)

Concerning the release of financial information, Martifer Group promotes strict cooperation amongst all the bodies, the departments and remaining participants in the process so that the financial information is prepared in accordance with the legal requirements in force, complying with the best practices concerning transparency, relevance and reliability; it is subject to an effective verification, both an internal analysis and an analysis by the supervisory bodies and the External Auditor; it is approved by the responsible corporate body, and its disclosure complies with all the legal requirements and recommendations, namely those of CMVM.

In the financial information disclosure process, we highlight:

- The use of accounting policies that are explained in the Notes to the Financial Statements;
- The financial information is analysed by the persons responsible for the management of the respective business areas, seeking to exercise permanent monitoring and the respective budgetary control;
- The accounting records and the preparation of the financial statements are prepared by the Financial, Accounting and Corporate Planning and Management Control Departments, which guarantee the control over the recording of the transactions of the business processes and over the balances of the asset, liability and equity accounts;
- The consolidated financial statements are prepared periodically, on a half-yearly basis, by the Consolidation and Reporting Department and validated by the Planning and Management Control Department;
- The Management Report is prepared by the competent internal departments, with the contribution and additional review of the various business and support areas. The Statutory Auditor also reviews the content of this report and its conformity with the supporting financial information;

- The Group's financial statements are prepared under the supervision of the Group's executive directors. The documents comprising the annual report are sent for the review and approval of the Board of Directors. Subsequent to their approval, the documents are sent to the External Auditor, who issues the Legal Certification of the Accounts and the External Audit Report;
- The Statutory Auditor carries out an annual audit in accordance with the International Standards on Auditing (ISA) and other technical and ethical guidelines and standards of the Portuguese Chartered Accountants Association.

The tasks carried out during 2020 by the Supervisory Board within this scope were above all directed at supervising the adequacy of the process of preparing and disclosing financial information and ensuring that internal and external audits were able to develop their activity independently and objectively.

In turn, to issue the Legal Certification of the Accounts Certificate and the Audit Report, the Statutory Auditor assessed the internal control mechanisms of the main business processes of the Group companies with effects on financial reporting.

IV. INVESTOR SUPPORT

56. Department responsible for investor relations, composition, functions, information made available and contact details

Martifer Group has always privileged a permanent contact with the capital market, seeking to guarantee permanent access to information about the Group in a continued and consistent manner, be it through the disclosure of periodic financial information or through contacts with institutional investors, namely by participating in roadshows and conferences, or through permanent contact with financial analysts.

Shareholders and investors can obtain all the relevant information on the Group at Martifer's website <http://www.martifer.pt/>, in particular on the INVESTORS page, where information of a corporate and financial nature can be found. Shareholders and investors may also make use of the Investor Relations Office, which permanently ensures contact with the market, ensuring a regular flow of relevant information between the company, investors, shareholders, analysts and the general public.

The Investor Relations and Communication Direction seeks to assure the disclosure of information on Martifer Group in a continued, timely and balanced manner to the market, investors, analysts and journalists.

The main functions of the Investor Relations Office are, amongst others:

- Assuring, vis-à-vis the authorities and the market, compliance with the legal and regulatory reporting obligations applicable to Martifer SGPS, SA. The disclosure of information falling within the scope of "disclosure of privileged information", the announcement of quarterly and annual information on the activities and results of the Group and the preparation of the annual and half-yearly financial statements are to be highlighted;
- Satisfy investor (institutional and private), financial analyst and other agents' requests for information;
- Support and advise Martifer's Executive Committee in aspects related to the Company's public status, an example being the monitoring of the evolution of Martifer's share price, in its multiple aspects, supporting the Executive Committee in the direct contacts it holds with (national and foreign) financial analysts and institutional investors, in conferences, meetings and roadshows. At an organic level, the Investor Relations Office reports directly to the Executive Committee of the Board of Directors of Martifer SGPS.
- Information made available by the Investor Relations Office:
 - Investor Kit
 - General Information
 - Main Indicators
 - Corporate Governance
 - Corporate Bodies
 - Articles of Association and Regulations

- Ethics and Conduct
- General Meetings
- Agenda
- Publications
- Financial Information
- Presentations
- Notices

The Investor Relations Office may be contacted at:

Martifer SGPS
Apartado 17
3684-001 Oliveira de Frades, Portugal
Telephone: +351 232 767 700
Fax: +351 232 767 750
Email: investor.relations@martifer.pt

57. Investor Relations Officer

In relation to the Securities Code, the Investor Relations Officer is currently Pedro Nuno Cardoso Abreu Moreira, whose contact information is:

Pedro Nuno Cardoso Abreu Moreira
Martifer SGPS
Apartado 17
3684-001 Oliveira de Frades, Portugal
Telephone: +351 232 767 700
Fax: +351 232 767 750
Email: investor.relations@martifer.pt

58. Data on the extent and deadline for replying to information requests received throughout the year or pending from preceding years

- The number of requests for information to the Investor Relations Office was similar to that of previous years. Information requests were mostly made by institutional investors, but some information requests were also made by small investors, journalists and financial institutions.
- The registered requests for information were sent by e-mail or were made by telephone. In most cases, when the information was public, the answer was given immediately.
- The Investor Relations Office aims to minimise the request-response time, and when an immediate response is not possible, it shall not exceed 24 hours, except for exceptional circumstances.

V. WEBSITE

59. Address(es)

Martifer Group has the website <http://www.martifer.pt/> which has a wide range of information on the Group.

60. Place where information is available on the company, the public company status, the registered office and other elements referred to in article no. 171 of the Commercial Companies Code

Information can be consulted at the following electronic address <https://www.martifer.pt/pt/politica-privacidade> in section: "Terms of Use".

61. Place where the Articles of Association and regulations on the functioning of the boards and/or committees are available

Information can be consulted at the following electronic address: <https://www.martifer.pt/pt/investors/corporate-governance/estatutos>.

62. Place where information is available on the members of the corporate bodies, on the Investor Relations Officer, on the Investor Relations Office or comparable structure, respective functions and contact details

Information can be consulted at the following electronic addresses <https://www.martifer.pt/pt/investors/corporate-governance/orgaos-sociais> and <https://www.martifer.pt/pt/investors/gabinete-investidores>.

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar of company events that is published at the beginning of every six months, including, inter alia, General Meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements

Information can be consulted at the following electronic address: <https://www.martifer.pt/pt/investors/kit-investidor>.

64. Place where the notice convening the General Meeting and all the preparatory and subsequent information related thereto is disclosed

Information can be consulted at the following electronic address: <https://www.martifer.pt/pt/investors/corporate-governance/assembleias-gerais>.

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available

Information can be consulted at the following electronic address: <https://www.martifer.pt/pt/investors/corporate-governance/assembleias-gerais>.

D. REMUNERATION

I. Power to establish

66. Details of the powers for establishing the remuneration of corporate bodies, members of the executive committee and directors of the company

The remuneration policy and the remuneration of the Company's Corporate Bodies are established by a Remuneration Committee, elected at the Shareholders General Meeting. This policy, despite having until now been annually reviewed and submitted for approval at the Company's Annual General Meeting where at least one representative of the Remuneration Committee is present, from 2021 onwards, it will comply with the provisions of article no. 26-C of the Securities Code with the wording given to it by Law no. 50/2020 of 25 August.

The Remuneration Committee's activity is dedicated to the preparation of master guidelines and the determination of the remuneration policy of the Company's corporate bodies, to monitor the execution of that policy and to guarantee the alignment of the actions of those bodies with the interests of the Company.

The Remuneration Committee has as its main powers to:

- Define the remuneration policy of the Corporate Bodies of the Company, particularly of the executive members of the Board of Directors, fixing the criteria to determine the variable component of the remuneration;
- Determine the various components of the fixed and variable remuneration, possible benefits and complements, as well as the annual remuneration payable to the members of Martifer's Corporate Bodies;
- Monitor the performance of the executive members of the Board of Directors for the purposes of determining the variable remuneration;
- Monitor the performance of the non-executive members of the Board of Directors;
- Submit to the Annual General Meeting an informative presentation on the Company's remuneration policy in a consultative nature.

The Remuneration Committee sporadically requests, if necessary, specialised information and data of a technical nature, amongst others, relating the structure of the Company, the results of the Group and members and activities of the corporate bodies to Martifer's internal departments (namely the Human Resources Department, the Planning and Management Control Department and the Legal Department). The information requested and received by the Remuneration Committee is aimed at the compilation of a set of information and technical data that allows the definition and implementation of the Group's remuneration policy. The requested information is provided free of charge. Although it can decide to hire natural or legal persons for the performance of its duties, this was not necessary in the financial year 2020.

The External Auditor is also obliged to verify the application of the described policies and the remuneration systems of the corporate bodies, having to report any potential non-conformity detected in the Supervisory Board.

II. Remuneration Committee

67. Composition of the remuneration committee, including details on natural or legal persons recruited to provide such services and a statement on the independence of each member and advisors

The composition of the Remuneration Committee elected at a General Meeting for a three-year term of office (2018-2020) is as follows:

PRESIDENT	António Manuel Queirós Vasconcelos da Mota
MEMBERS	Maria Manuela Queirós Vasconcelos Mota dos Santos Júlia Maria Rodrigues de Matos Nogueirinha

The members of the Remuneration Committee are independent of the management body, considering the explanation contained in the paragraph that follows.

In the 2020 financial period, António Manuel Queirós Vasconcelos da Mota (President and non-executive Board Member of the Board of Directors of Mota-Engil, SGPS, S.A.), Maria Manuela Queirós Vasconcelos Mota Neves da Costa (non-executive member of the Board of Directors of Mota-Engil, SGPS, S.A.) and Júlia Maria Rodrigues de Matos Nogueirinha (member of a corporate body of a commercial company whose share capital is held directly and/or indirectly by two non-executive board members of the Company, namely Carlos Manuel Marques Martins and Jorge Alberto Marques Martins) are members of the Remuneration Committee and were elected for these positions by the General Meeting, under the joint proposal of the two shareholders I'M SGPS, SA and Mota-Engil, SGPS, SA. However, the Company believes that the independence of the Remuneration Committee is safeguarded by the professional training and experience of these members in particular and by the fact that they are independent in relation to the executive members of the Company's management body.

No persons were hired to integrate the Remuneration Committee.

Although no external consultancy service was hired because the Remuneration Committee did not consider it necessary in the year 2020, whenever such need arises, the Remuneration Committee will take into account, namely the respective curriculum and portfolio of clients, so that the chosen consultant offers guarantees of independence and a conflict check is carried out to confirm that such entity is not currently providing any other services to the company itself or to others that are in a controlling or group relationship with it, without the express authorisation of the Committee.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee

The Company considers that all the persons comprising this Remuneration Committee are totally competent to carry out their duties with excellence, due to their professional training and based on previously held positions.

Maria Manuela Queirós Vasconcelos Mota dos Santos was President of the Human Resources Development Committee at Mota-Engil Group.

The experience and knowledge of the members of the Remuneration Committee are better described in their curricula presented in the document attached to this report and attest their ability to carry out the duties attributed to them.

III. Remuneration structure

69. Description of the remuneration policy of the Board of Directors and Supervisory Board as set out in Article no. 2 of Law no. 28/2009 of 19 June⁷

The remuneration of the members of the Board of Directors and of the Supervisory Board of the Company is determined by the Remuneration Committee, according to the Articles of Association, which submits an annual document to be appraised at the General Meeting containing the general guidelines to be followed in establishing the specific amounts to attribute to the members of the various Corporate Bodies, for the benefit of transparency and legitimacy of the remuneration policy. This was the case until 2020, and this Committee's activity is expected to be adapted to the recent legislative changes in the new Articles 26-A to 26-F and 245-C of the Securities Code under Law no. 50/2020 of 25 of August.

Even so, at the Company's General Meeting held on 24 June 2020, the remuneration policy of the management and supervisory bodies prepared by the Remuneration Committee (prepared in compliance with the provisions of article no. 2 of the Law no. 28/2009 of 19 June, in the meantime revoked) was analysed and submitted for approval; it is available on the Company's website at <http://www.martifer.pt/> (Tab: Investors, Section: Corporate Governance/ General Meetings).

In general terms, the referred remuneration policy of the management and supervisory bodies seeks to closely follow the applicable provisions of the CCC and the Securities Code and the applicable recommendations of the Corporate Governance Code, and the approval at the General Meeting is reflected in the submitted statement referred to in the following item.

In defining the remuneration policy for the year 2020, the legal provisions foreseen in (i) the CCC, namely in its Article no. 399; (ii) Law no. 28/2009 of 19 June; (iii) the Corporate Governance Code, and (iv) the special regime set out in the Company's Articles of Association were considered.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the Board of Directors with the Company's long-term interests and how it is based on performance assessment and how it discourages excessive risk-taking

Martifer Group's remuneration policy aims to promote the convergence of the board members' interests, those of the other corporate bodies and of the managers with the Company's interests, namely those regarding the creation of value for the shareholder and real growth for the Company, privileging a long-term perspective.

Hence, the Committee structured the components of the remuneration of the Management bodies so as to reward their performance in achieving high and, simultaneously, sustained growth; however, discouraging excessive risk-taking. Additional determining factors include the Company's economic situation and general market conditions practised for equivalent positions.

The remuneration of the executive members of the Board of Directors shall comprise a fixed and, when so deliberated by the Remuneration Committee, a variable component, with the latter variable part of the remuneration not exceeding 5% (five per cent) of the results for the period, as set out in law and in paragraph 3 of article no. 20 of the Articles of Association.

The informative principles observed by the Committee in establishing the remuneration are:

- a) The DUTIES CARRIED OUT, degree of complexity inherent to the duties and responsibilities attributed, time spent and the added value to the Company of the work produced. Other duties carried out in Group companies are also relevant in virtue of the increased responsibilities and because they constitute additional sources of income.

⁷ Law no. 50/2020 of 25 August transposed into the national legal order EU Directive no. 2017/828, on the rights of shareholders of listed companies with regard to their long-term involvement. As a result, Law no. 28/2009 of 19 June was revoked and rules were introduced in the Securities Code relating to (i) the approval of the remuneration policy of members of the management and supervisory bodies of issuers of shares admitted to trading on a regulated market and to (ii) the remuneration report.

- b) The ALIGNMENT OF THE INTERESTS OF THE MEMBERS OF THE MANAGEMENT BODY WITH THOSE OF THE COMPANY, performance assessment of the members of the management body and of the creation of value for the shareholders.
- c) The present and future ECONOMIC SITUATION OF THE COMPANY, privileging the interests of the Company in a long-term perspective and the achievement of real growth for the Company and the creation of value for its shareholders, based on criteria defining the economic situation of the Company, those of financial nature amongst others.
- d) GENERAL MARKET CONDITIONS FOR EQUIVALENT SITUATIONS, considering that the remuneration shall be aligned with market practices, allowing it to serve as a means to achieve high individual and collective performance, assuring the interests of the member but essentially those of the Company and of the shareholders.

The general guidelines governing the remuneration policy followed by the Remuneration Committee during the 2020 financial period were those contained in the Remuneration Policy Statement, which was subject to resolution at the Company's General Meeting on 24 June 2020, and can be consulted in Annexe III of this report.

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component

As described in more detail in the preceding item, the remuneration of the executive members of the Board of Directors shall comprise a fixed and, when attributed, a variable component.

The fixed component of the remuneration of the members of the Board of Directors with executive functions, as well as of the non-independent non-executive Members (when attributed), shall consist of a monthly amount payable fourteen times a year; and the variable part cannot exceed five per cent of the results for the financial period, as set out in law and in paragraph 3 of article no. 20 of the Articles of Association.

In setting all remuneration, namely including the distribution of the total amount of the variable remuneration amongst the members of the Board of Directors, the general principles indicated above shall be observed: duties carried out, alignment with the interests of the Company privileging the long-term, the situation of the Company and market criteria.

The process of attributing variable remuneration to the executive members of the Board of Directors shall follow the criteria indicated by the Remuneration Committee, namely their position in the hierarchy, the performance assessment carried out, the Company's actual growth. In determining those criteria, they seek to enhance the convergence of the interests of the management bodies with those of the Company, favouring the long-term perspective, which is considered in the Management's performance criteria.). Thus, it will be considered decisive for the assessment and measurement of the variable remuneration:

- the contribution of the Executive Directors for the obtained results;
- the profitability of the businesses from the shareholder perspective;
- the evolution of the share price quotation;
- the extent to which the projects integrated and measured by the Balanced Scorecard of the Group are executed.

During 2020, no contracts were executed with the Company or with third parties to mitigate the risk inherent to the variable remuneration established by the Company for the members of the management board.

72. The deferred payment of the remuneration's variable component, specifying the relevant deferral period

During the 2020 financial year, no variable remuneration was attributed to Martifer Group's Board Members; consequently, the issue of deferral of this remuneration component did not arise. On the other hand, the Remuneration Policy of the management and supervisory bodies, drawn up by the Remuneration Committee and approved at the General Meeting on 24 June 2020, does not foresee the deferral of variable remuneration when attributed.

Therefore, during the relevant financial year, the Company's directors did not receive variable remuneration, and, consequently, the deferred payment of this remuneration component did not occur.

73. The criteria on which the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on possible share contracts, including hedging or risk transfer contracts, the corresponding limit and the relation to the total annual remuneration value

Martifer's existing Remuneration Plan on Stock Options was constituted and attributed in the 2008 corporate period, foreseeing the deferral of the exercising of the options for a period of 4 years; consequently, the exercising of the options related thereto expired during the 2013 corporate period.

Regarding Martifer's 2008 Stock Option Plan, none of the directors exercised their option right during the period of deferral of its exercise.

During the course of the 2020 corporate year, the Company neither implemented nor attributed stocks and/or a stock options plan and, consequently, no variable remuneration was allocated as shares to the directors and no criteria were established for the maintenance of those shares by the executive directors.

74. The criteria where the allocation of variable remuneration on options is based on and details of the deferral period and the exercise price

As better described in the preceding item, and given that during the 2020 financial year the Company did not implement nor attribute a share allocation plan and/or a stock option plan, the Company considers this Item as not applicable.

75. The key factors and grounds for an annual bonus scheme and additional non-financial benefits

The Company has neither implemented an annual bonus scheme nor additional non-financial benefits.

76. Key characteristics of the supplementary pensions or early retirement schemes for directors and date when the said schemes were approved at the General Meeting, on an individual basis

The Company does not have supplementary pensions or early retirement schemes for the members of the management and supervisory bodies and for other managers, as defined in no. 3 of Article 248-B of the Securities Code.

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the Company's Board of Directors

DIRECTOR	EXECUTIVE DIRECTOR	FIXED REMUNERATION	VARIABLE REMUNERATION	STOCK OPTIONS	ATTENDANCE FEES	TOTAL (€)
Carlos Manuel Marques Martins (President)	No	160,596	-	-	-	160,596
Jorge Alberto Marques Martins (Vice President)	No	134,266	-	-	-	134,266
Arnaldo Nunes da Costa Figueiredo (Vice President)	No	-	-	-	-	-
Pedro Miguel Rodrigues Duarte	Yes	252,000	-	-	-	252,000
Pedro Nuno Cardoso Abreu Moreira	Yes	234,999	-	-	-	234,999
Maria Sílvia da Fonseca Vasconcelos da Mota	No	-	-	-	20,000	20,000
Vítor Manuel Álvares Escária	No	-	-	-	15,000	15,000
Mariana França Gouveia	No	-	-	-	20,000	20,000

Note: value in Euros.

78. Amounts of any kind paid by other companies in a control or group relationship or which are subject to a common domain

During 2020, there were no members of the Board of Directors who received remuneration from companies in a controlling or group relationship or subject to common control with the Company.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for the said bonuses and/or profit sharing being awarded

During the 2020 financial period, no remuneration was paid in the form of profit sharing and/or bonus payments.

80. Compensation paid or owed to former executive directors concerning contract termination during the financial year

During 2020, no compensation was paid to any former executive board member regarding contract termination, nor is it owed.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the Company's Supervisory Board for the purposes of Law no. 28/2009 of 19 June

PAULO SÉRGIO JESUS DAS NEVES	4,800
AMÉRICO AGOSTINHO MARTINS PEREIRA	4,800
MÁRIA MARIA MACHADO LAPA DE BARROS PEIXOTO	4,800
ANTÓNIO BAIA ENGANA	-
TOTAL	14,400

Note: value in Euros.

82. Details of the remuneration in the year in question to the President of the Board of the General Meeting

José Joaquim Neiva Nunes de Oliveira	1,200
Luís Leitão Marques Vale Lima	-
Luís Neiva de Oliveira Nunes de Oliveira	400
TOTAL	1,600

Note: value in Euros.

V. Agreements with remuneration implications

83. Envisaged contractual restraints for compensation payable for the unfair dismissal of directors and relevance thereof to the remunerations' variable component

The Company has not established nor agreed to any contractual limitation relating to any compensation possibly due to a Company Board Member in the event of dismissal without just cause other than that provided by law. The Company shall make use of the legal instruments available by law adequate to this situation, particularly if there is an inadequate performance of a Board Member. On the other hand, there is no legal instrument executed with Board Members that commits the Company, in the cases referred to in Recommendation V.3.6 of the Corporate Governance Code of the Portuguese Institute for Corporate Governance (2018) as revised in 2020, to the payment of any indemnity or compensation beyond what is legally required.

84. Reference to the existence and description, with detail of the sums involved, of agreements between the Company and members of the Board of Directors and managers, pursuant to Article no. 248-B/3 of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid (Article no. 245-A/1/I)

The Company is not part of any agreement with the members of the management body or other managers as defined in no. 3 of Article no. 248-B of the Securities Code that foresees compensation in the event of resignation, unfair dismissal or employment termination following a takeover bid.

VI. Share allocation and/or Stock Option Plans ("stock options")

85. Details of the plan and the number of persons included therein.

At the moment, Martifer Group does not have any active share allocation or stock option plan.

86. Characteristics of the plan (allocation conditions, clauses on the non-transfer of shares, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, characteristics of the shares or options to be allocated, the existence of incentives to purchase and/or exercise options)

The Company does not have any active Stock Attribution Plan or Stock Option Plan.

87. Option rights granted for the acquisition of stocks of which the employees and collaborators of the company are beneficiaries

The Company does not have any active Stock Attribution Plan or Stock Option Plan.

88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by the said employees (Article no. 245-A/1/e)

The Company does not have any active share allocation or stock option plan; consequently, the information in this item is not applicable.

E. RELATED PARTY TRANSACTIONS

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties (for this purpose, reference is made to the concept resulting from IAS 24)

Transactions with Martifer Group Board Members or with companies that are in a group or domain relationship with the one in which the intervener is a board member, and transactions with related parties, regardless of the amount, are subject to the prior approval of the Board of Directors, preceded by a favourable opinion of the Supervisory Board, under the terms of number 2 of article no. 397 of the CCC.

In the event of a conflict of interest between a board member, himself/herself or in representation and the Company, the provisions of Article no. 6(4) of the Regulation on the Functioning of the Board of Directors and the Ethics and Conduct Code referred to in item 49 shall apply, without prejudice to the below. A board member who has an interest in the execution of a contract, transaction or agreement with the Company shall declare the nature of such interest to the Board of Directors.

In such cases, the provisions of paragraph 6 of Article no. 410 of the CCC also apply, and that board member may not vote in the resolutions that the Board of Directors of the Company will adopt on any matter regarding a direct or indirect interest of the board member and the interest of the Company, and such board member shall inform the president of the Board of Directors of such a conflict situation.

90. Details of transactions that were subject to control in the referred year

In 2020, an operation subject to the regime of article no. 397 of the Commercial Companies Code was concluded by the Company's Board of Directors, resulting from authorisation given in 2019, and a favourable opinion of the Supervisory Board and a favourable

opinion of the Company's Risk Committee for its formalisation; it consisted in the acquisition of the entire share capital of the commercial company Vetor Diálogo, SGPS, SA by Martifer SGPS, SA.

The company Vetor Diálogo SGPS, S.A. owned 25% of the share capital of Martifer Metallic Constructions SGPS, S.A.; and Martifer SGPS, S.A. owned the remaining 75%.

The share capital of the commercial company Vetor Diálogo, SGPS, S.A. was held by the reference shareholding companies I'M SGPS, SA and Mota-Engil, SGPS, SA, in 53.05% and 46.95% respectively. Therefore, indirectly held by the Board Members of Martifer SGPS, SA Carlos Manuel Marques Martins, Jorge Alberto Marques Martins and Maria Sílvia da Fonseca Vasconcelos da Mota.

91. Description of the procedures and criteria for the intervention of the supervisory body for the purposes of prior assessment of the business to take place between the Company and holders of qualified holdings or entities with which they are in any relationship, in accordance with Article no. 20 of the Securities Code

The Supervisory Board follows the legally defined procedures or criteria necessary to characterise the relevant level of significance of business between the Company and the holders of qualifying holdings, or entities with which they are in any domain or group relationship, or transactions with parties from which the intervention of the supervisory body is required, which were adopted by the Board of Directors.

II. Elements relating to business

92. Indication of where the accounting documents are, which information is available on business with related parties, in accordance with IAS 24, or, alternatively, reproduction of this information

The business with related parties is described in Note 42 to the consolidated financial statements, part of the 2020 Annual Consolidated Accounts, available on the company website at <http://www.martifer.pt/> (Tab: Investors, Section: Investor Kit).

CORPORATE GOVERNANCE REPORT
PART II

**CORPORATE
GOVERNANCE
ASSESSMENT**

PART II

CORPORATE GOVERNANCE ASSESSMENT

1. Details on the implemented Corporate Governance Code

Martifer, as an issuer of shares admitted to trading in the regulated market, is subject to the provisions of the Securities Code and the Regulation of the Portuguese Securities Market Commission (hereinafter "CMVM") no. 4/2013 of 18 July 2013 and is governed by the recommendations in the Corporate Governance Code of the Portuguese Institute of Corporate Governance (2018), available on the website www.cgov.pt.

Martifer has not voluntarily adhered to any other Corporate Governance code.

This report was prepared and complies, in accordance with paragraph 2 of article no. 4 of the CMVM Regulation no. 4/2013, with the model contained in the annexe to the said Regulation, with reference to the Corporate Governance Code of the Portuguese Institute of Corporate Governance IPCG (2018), currently in force.

2. Analysis of compliance with the Corporate Governance Code implemented

In what concerns corporate governance and whilst a publicly-traded company, Martifer has sought to promote the implementation and to adopt the best corporate governance practices, including those in the Corporate Governance Code of the Portuguese Institute of Corporate Governance IPCG (2018) in its 2020 wording, guiding its policy along with the highest standards of conduct, ethics and social responsibility, which are intended to be transversal to the Group.

It is an objective of the Board of Directors to implement integrated and effective management of the Group, enabling the Company to create value by promoting and guaranteeing the legitimate interests of its shareholders, clients, suppliers, employees, the capital market as well as of the community in general, permanently seeking transparency in its relations with investors and the market.

Martifer considers that, despite the fact that it does not comply fully with the recommendations in the Corporate Governance Code of the Portuguese Institute of Corporate Governance IPCG (2020), as comprehensively justified in the following chapters of this report, the degree of adoption of the recommendations is considerable and thorough.

Pursuant to and for the purposes of that laid down in subparagraph (o) of paragraph 1 of article no. 245-A of the Securities Code, the recommendations included in the Corporate Governance Code of the Portuguese Institute of Corporate Governance IPCG (2020), with the indication of whether or not adopted, whenever applicable to Martifer's structure, and references to the text in the report where the form of adoption is described in greater detail, are listed below:

RECOMMENDATIONS IPCG (2020)	ADOPTION	REFERENCE
PART I GENERAL		
CHAPTER, TITLE, SECTION		
I.1. THE COMPANY'S RELATIONSHIP WITH INVESTORS AND INFORMATION		
I.1.1. The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Adopted	C, III, 54 and 55; C, IV, 56 to 58; C, V, 59 to 65
I.2. DIVERSITY IN THE COMPOSITION AND FUNCTIONING OF THE COMPANY'S CORPORATE BODIES		
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles	Adopted	B (introduction); B, I, 11; B, II, 16 to 19; 21 and 26;

RECOMMENDATIONS IPCG (2020)	ADOPTION	REFERENCE
to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.		B, III, 33 and 36; D, II, 67, and 68
I.2.2 The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.	Adopted	B, II, 21; 22; 23; 27; 29. B, III, 34 and 35;
I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Adopted	B, II, 17; 21; 22; 23; 27; 28 and 29; B., III; 31 and 35
I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	Adopted	C, II, 49.
1.3. RELATIONSHIP BETWEEN CORPORATE BODIES		
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted	B, II, 21; 29; B, III, 38; C, III, 55
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted	B, II, 21; 29;
1.4. CONFLICTS OF INTEREST		
I.4.1. The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Adopted	B, II, 21; 26 and 29;
I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted	B, II, 21; 26 and 29; D, II, 67.
1.5. RELATED PARTY TRANSACTIONS		
I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	Adopted	E, I, 89 and 91.

RECOMMENDATIONS IPCG (2020)	ADOPTION	REFERENCE
1.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Adopted	E, I 89 to 91.

II. SHAREHOLDERS AND THE GENERAL ASSEMBLY	CHAPTER, TITLE, SECTION
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II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Not applicable.	-
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Partially Adopted	B, II, 14
II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Partially Adopted	B, II, 12
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Not adopted.	B, II, 12
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	Not applicable.	-
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Adopted	A, I, 4.

III. NON-EXECUTIVE DIRECTORS AND SUPERVISORY BOARD	CHAPTER, TITLE, SECTION
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III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Not adopted.	B, II, 21
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.	Adopted	B (introduction) B, II, 17 and 18; B, III, 31
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Adopted	B, II, 17 and 18.
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest	Adopted	B, II, 18.

RECOMMENDATIONS IPCG (2020)	ADOPTION	REFERENCE
<p>of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:</p> <p>(i) having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or nonconsecutive basis;</p> <p>(ii) having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;</p> <p>(iii) having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;</p> <p>(iv) having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;</p> <p>(v) having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or</p> <p>(vi) having been a qualified holder or representative of a shareholder of qualifying holding.</p>		
<p>III.5. The provisions of paragraph (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).</p>	<p>Not applicable</p>	<p>-</p>
<p>III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.</p>	<p>Adopted</p>	<p>B, II, 21 B, III, 35, and 38</p>
<p>III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.</p>	<p>Partially Adopted</p>	<p>B, II, 21-</p>
<p>IV. EXECUTIVE BOARD OF DIRECTORS</p>		<p>CHAPTER, TITLE, SECTION</p>
<p>IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.</p>	<p>Partially Adopted</p>	<p>B,II, 21 and 26.</p>
<p>IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.</p>	<p>Adopted</p>	<p>B,II, 21</p>
<p>IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.</p>	<p>Adopted</p>	<p>C, III, 50 to 55.</p>

RECOMMENDATIONS IPCG (2020)	ADOPTION	REFERENCE
V. PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS		CHAPTER, TITLE, SECTION
V.1 ANNUAL PERFORMANCE ASSESSMENT		
<p>V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.</p>	Adopted	B, II, 24; 25; 27 and 29.
V.2 REMUNERATION:		
<p>V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.</p>	Partially Adopted	D, II, 67 to 69
<p>V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.</p>	Adopted	D, I, 66
<p>V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.</p>	Adopted	D, I, 66 D, III, 69 ANNEXE III
<p>V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.</p>	Adopted	D, I, 66
<p>V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.</p>	Adopted	D, I, 66
<p>V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.</p>	Adopted	D, I, 66
<p>V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.</p>	Partially Adopted	D, II, 69 D, III, 71
<p>V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.</p>	Not adopted Not applicable	D, III, 72.
<p>V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.</p>	Not applicable	-
<p>V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.</p>	Adopted	D, II, 69 D, IV, 77

RECOMMENDATIONS IPCG (2020)	ADOPTION	REFERENCE
V.3 APPOINTMENT		
V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted	B (introduction) B, II, 16 to 19, 21
V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	Not adopted	B, II, 16 to 19, 21
V.3.3. This nomination committee includes a majority of nonexecutive, independent members.	Not applicable	-
V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Not applicable	-
VI. INTERNAL CONTROL		CHAPTER, TITLE, SECTION
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	Adopted	B, II, 21, 24, 25 and 27 C, III, 50 to 55.
VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body	Adopted	B, III, 35 C, II, 51.
VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Adopted	B, II, 29 B, III, 30 C, III, 50 to 55.
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary	Adopted	B, II, 29 B, III, 35
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted	B, II, 29 B, III, 35
VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment.	Adopted	C, III, 53 and 54.
VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Adopted	C, III, 54 and 55

RECOMMENDATIONS IPCG (2020)	ADOPTION	REFERENCE
VII. FINANCIAL INFORMATION		CHAPTER, TITLE, SECTION
VII.1 FINANCIAL INFORMATION		
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Adopted	B, III, 30 and 38. C, III, 55.
VII.2 STATUTORY AUDIT AND SUPERVISION		
VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	Adopted	B, II, 29 B, III, 37 and 38. B, IV, 39 to 41 B, V, 45, 46 and 47
VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company	Adopted	B, II, 29 B, III, 38. B, V, 45 and 46.
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Adopted	B, II, 29 B, II, 30 B, III, 37, and 38 B, IV, 39 to 41 B, V, 45, 46 and 47

CLARIFICATIONS AS TO DIVERGENCES BETWEEN THE COMPANY'S GOVERNANCE PRACTICES AND THE IPCG RECOMMENDATIONS

In this chapter, the grounds for the partial adoption or non-application of each individual recommendation, which should be read together with the table presented in the preceding chapter, are explained.

Recommendation I.2.2. *The company's managing and supervisory boards, as well as their committees, should have internal regulations - namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members -, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.*

Martifer Group has not made available on its website the Regulation of the Strategic Coordination Council, so this document is not available for consultation. In addition, in 2020, the Corporate Governance, Risk and Ethics and Conduct Committees did not register minutes of the meetings that were held.

Martifer Group understands that the regulation of this internal committee, being an advisory committee, goes beyond the mere functioning of the bodies, containing reserved content, which is why it is not made available to the public. However, the main functions and responsibilities of this internal committee are explained throughout this report, see for example item 21.

Recommendation II.2. *The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.*

Article no. 18 of the Company's Articles of Association establishes the rule of a simple majority of the votes to pass corporate resolutions, except when otherwise established by the CCC or the Articles of Association. Hence, Martifer considers it has adopted this Recommendation, except as to the provision in the Articles of Association that requires a greater quorum than that foreseen in the CCC for resolutions on the unfair dismissal of Directors.

The reason for the inclusion of a quorum greater than that foreseen in the CCC for unfair dismissal of directors in the Articles of Association was to protect the interests of the Company, namely to mitigate the risk of the Company being obliged to compensate directors for unfair dismissal as laid down in no. 5 of Article no. 403 of the CCC. Indeed, considering the gravity and impact of unfair dismissal of directors, the intention was to avoid the occurrence of such a resolution passed by a simple majority of shareholders as opposed to one based on grounds approved by a more expressive and representative majority of the Shareholders.

Martifer considers that this is the model that best defends corporate interests.

Recommendation II.3. *The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.*

Under Article no. 17 of Martifer's Articles of Association, correspondence voting is permitted, without any restriction, regarding all matters subject to the appraisal of the shareholders.

Martifer considers it has only adopted this Recommendation partially due to the fact that the company's Articles of Association do not foresee the possibility of voting by electronic means. It should be noted that Martifer has adopted a flexible acceptance of documentation in respect of correspondence or proxy voting sent by electronic means.

On the other hand, up until the present date, the Company has received no request or manifestation of interest from any shareholder or Investor as to the availability of voting by electronic means, as a result of which Martifer considers that the correspondence voting system in place, as foreseen in the Articles of Association, totally safeguards all of the Shareholders' access to participation in the decisions submitted for deliberation.

Recommendation II.4. *The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.*

Not adopted. The Articles of Association do not enshrine the participation in meetings of the General Assembly of Shareholders by telematic means.

For the reasons mentioned above, the Company understands that, at present, it is unjustified to adopt the referred recommendation because the objectives underlying it have already been materially affected, and the uncertainty as to the results of this system does not justify that it incurs in an administrative overload for the installation of an additional system.

Recommendation II.5. *The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution - without increased quorum in comparison to the legally established - and in that resolution, all votes cast will be counted without observation of the imposed limits.*

Not applicable. The Articles of Association do not foresee such limitation of the number of votes that may be held or exercised by a sole shareholder, individually or in agreement with other shareholders.

Recommendation III.1. *Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.*

Not adopted. The objectives concerned are considered to be fully safeguarded (i) by judicious and collegial action of the Board of Directors, both in the quarterly meetings in which all relevant issues to the Company are discussed with the presence of its President (attendance: 100%); (ii) the implemented system ensures, on the one hand, the timely report of the Executive Committee to all members of the Board of Directors and, on the other hand, the preparation of the meetings of the Board of Directors by scheduling them in advance and circulating the agenda and the support documents with the necessary advance for their study and interpellation; (iii) the assessment is carried out collectively by all the members of the Board of Directors.

In addition, the coordination of the non-executive board members in the Company is ensured through the Strategic Coordination Board in a continuous and permanent manner.

Recommendation III.5. *The provisions of paragraph (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).*

Not applicable. The independent board members of the Company were first appointed in 2018.

Recommendation III.7. *Companies must set up specialised internal committees appropriate to their size and complexity, covering, separately or cumulatively, matters of Corporate Governance, remuneration and performance assessment, and appointments.*

Of all the committees provided for in this recommendation, only on the Appointment Committee is not adopted.

Due to the Portuguese legal system, which transfers to the shareholders the composition of the bodies of companies and due to the nature of the group which Martifer is, arising out of a family nature and with a concentration in the capital structure and members of boards of directors common to several related companies, the Board of Directors understands that the choice about the options for the composition of the corporate bodies should be transferred to the shareholders.

It is this vision that justifies the fact that the Company also chose to explain, and not apply, the recommendations regarding the existence of an Appointment Committee and the criteria to be applied by it. Accordingly, the existence of a policy of diversity should not only be seen in coherence with the existence or not of that Appointment Committee as well as, strictly speaking, being little relevant outside the context of an organism that has the competence to propose the election of people for the corporate bodies framed in that policy of diversity.

In addition to this, and as demonstrated in the introduction of Chapter B above, the reality of the facts reveals that it was possible to achieve in large measure the goals without the formal approval of the policy in question.

Recommendation IV.1. *The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.*

Martifer considers the recommendation partially adopted since, although it does not exist formally in internal regulations of both the Board of Directors and the Executive Committee, a provision concerning the regime to be applied to executive board members who exercise executive functions in entities outside the Group, in accordance with the provisions laid down in this recommendation: (i) there is a formal delegation of powers of the Board of Directors in the Executive Committee which, together with the legislation in force already establish a scheme of action of members of the Executive Committee, and (ii) there are internal, clear and generally observed rules for the Board of Directors to be informed about any corporate positions, executive or not, in entities not related with Martifer Group. In addition, on this date, the executive directors are not managers of any entities outside Martifer Group.

Recommendation V.2.1. *The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.*

Martifer considers this recommendation to be partially adopted.

The Company's Remuneration Committee has three members, including one with knowledge and experience in matters pertaining to remuneration policy.

In the financial year of 2020, a member of the Remuneration Committee – Júlia Maria Rodrigues de Matos Nogueirinha – was also a member of the corporate body of a commercial company whose share capital is directly and/or indirectly held by two non-executive board members of the Company, namely the board members Carlos Manuel Marques Martins and Jorge Alberto Marques Martins.

However, the Company considers that the purpose of this recommendation is duly safeguarded not solely because of the professional training of this member in particular, but also because all of the members of the Remuneration Committee are independent of the executive members of the Company's management body, and also because the remaining provisions of this Recommendation are fully complied.

Recommendation V.2.7. *Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.*

The Company's Remuneration Committee established the exact annual amount for the fixed remuneration component payable to the board members receiving remuneration from the Company. In parallel, the Company's Articles of Association, under Article no. 20(3), state that the board members' variable remuneration may not result in an allocation of more than 5% of the year's profit, as stated by law. Thus, the maximum remuneration limits for the fixed and variable remuneration components are set.

During the 2020 financial period, the Remuneration Committee chose to attribute only the fixed remuneration component to the board members and not the variable remuneration component, with the purpose of harmonizing the amount of the remuneration received by the members of the Company's Board of Directors in accordance with the measures implemented over the last few years, relating to the expense and structural cost reduction, adopted transversally throughout Martifer Group so as to safeguard the highest number of jobs and the Company's sustainability.

Consequently, the Company considers that it has partially adopted this Recommendation since, even though the Remuneration Committee has set the exact fixed annual remuneration amount and a statutory limit has already been set for the variable remuneration component, during the 2020 financial period no variable remuneration was attributed to Martifer's directors.

Recommendation V.2.8. *A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.*

Martifer understands this Recommendation as not adopted (1) and not applicable (2) since the remuneration policy for the management and supervisory bodies drawn up by the Remuneration Committee does not provide for the deferral of variable remuneration, when attributed.

Notwithstanding the non-adoption of this Recommendation, it should be noted that the Company's Remuneration Policy does not provide for the deferral of payment of all or part of the variable component of the remuneration. The Remuneration Committee believes it has so far found alignment between the interests of the executive board members and the long-term interests of the Company and the shareholders, by enabling the sustained growth of its business and the corresponding creation of value for them, considering that the variable remuneration component, if any, which is not the case, being paid without deferral, would not affect the long-term commitment of the executive board members to the Company.

Recommendation V.2.9. *When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.*

Martifer considers this Recommendation as not applicable as no variable remuneration was attributed to the directors of Martifer in 2020, and therefore, there was no place for its deferral.

Furthermore, during the 2008 financial period, stock options were attributed, and their exercise was deferred for a period of up to and including four years. Up until the present date, the stock options allocated as variable remuneration have not been exercised, and, in fact, the possibility of such exercise expired at the end of the 2013 financial period.

Recommendation V.3.2. *The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.*

The Company did not proceed with the constitution of the Nomination Committee since its size and complexity do not justify it.

Recommendation V.3.3. *This nomination committee includes a majority of nonexecutive, independent members.*

Recommendation V.3.4. *The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.*

4. Other Information

Besides the information and explanations presented in the present Report, there are no additional elements or information of relevance that should be presented for a proper understanding of the model and the governance practices adopted by Martifer Group.

Oliveira de Frades, 26 April 2021

The Board of Directors,

Carlos Manuel Marques Martins
(President)

Arnaldo José Nunes da Costa Figueiredo
(Vice President)

Jorge Alberto Marques Martins
(Vice-President)

Pedro Miguel Rodrigues Duarte
(Member of the Board of Directors)

Pedro Nuno Cardoso Abreu Moreira
(Member of the Board of Directors)

Maria Sílvia da Fonseca Vasconcelos da Mota
(Member of the Board of Directors)

Mariana França Gouveia
(Member of the Board of Directors)

CORPORATE GOVERNANCE REPORT

ANNEXES



ANNEXE I

Professional Qualifications

BOARD OF DIRECTORS

Carlos Manuel Marques Martins is member of Martifer's Board of Directors (President of the Board of Directors and non-independent member) and one of the founding shareholders of Martifer Group in 1990, having started his professional activity in 1987 at the Company Carvalho & Nogueira, Lda, as Director of Production of the iron sector. He has a degree in Mechanical Engineering from FEUP - Engineering Faculty of the University of Porto.

Jorge Alberto Marques Martins is member of Martifer's Board of Directors (Vice President of the Board of Directors and non-independent member) and one of the founding shareholders of Martifer Group in 1990, having started his professional activity in 1987 at SOCARPOR - Sociedade de Cargas Portuárias (Douro e Leixões), Lda as an adjunct to the Financial Director. He graduated in Economics at FEP - Faculty of Economics of the University of Porto and holds an MBA from the Portuguese Catholic University (UCP).

Arnaldo José Nunes da Costa Figueiredo has been a member of Martifer's Board of Directors (Vice President of the Board of Directors and a non-independent member) since 30 April 2010. He has a degree in Civil Engineering by FEUP - Engineering Faculty of the University of Porto (1977). He was Chairman of the Board of Directors of Mota-Engil, Engenharia e Construção, SA and of the Board of Directors of MEITS - Mota-Engil, imobiliária e turismo, SA; Manager of Mota Internacional, Lda.; President of the Board of the General Meeting of Maprel-Nelas, Indústria de Pré-Fabricados em Betão, SA; Member of the the Board of the General Meeting of Paviterra, SARL; President of the Remuneration Committee (on behalf of Mota-Engil, Engenharia e Construção, SA) of Ferrovias e Construções, SA, of Aurimove – Sociedade Imobiliária, SA, of Nortedomus – Sociedade Imobiliária, SA and of Planinova – Sociedade Imobiliária, SA.

Pedro Miguel Rodrigues Duarte has been a member of the Board of Directors of Martifer (Member of the Board of Directors and President of the Executive Committee, Independent) since 18 May 2018. He holds a degree in Mechanical Engineering from FCTUC - Faculdade de Ciências e Tecnologias da Universidade de Coimbra (1999). He completed the Advanced Management Programme by the Kellogg School of Management/Catholic University in 2016. In 2000, he began his professional activity, having worked at Visabeira Group (Visabeira Indústria) and PSA Group - Peugeot Citroën. He has extensive international experience, initially working in Eastern Europe for Martifer Group. Firstly, in Poland, where he was responsible for the implementation and start-up of the local industrial plant and then as coordinating director of industrial structures in Poland and Romania, countries where he lived between 2004 and 2010. Between 2010 and 2013, he was CEO of Martifer Group in the area of Metallic Constructions in Africa and was a member of the Board of Directors of several companies in the Group of which Martifer Construction Maroc SARL AU (Morocco); Martifer-Amal S.A. (Mozambique) and Construções Metálicas Angola S.A. (Angola), as well as a member of the Board of Directors of Martifer Construções Metalomecânicas, S.A. (Portugal). Also in 2010, he became responsible for the naval industry area in Martifer Group, being since that date a member of the Board of Directors of Navalria - Docas, Construções e Reparações Navais, S.A. (Shipyard of Aveiro, Portugal) and afterwards a Manager of West Sea - Estaleiros Navais, S.A. (Shipyard of Viana do Castelo, Portugal).

Pedro Nuno Cardoso Abreu Moreira has been a member of Martifer's Board of Directors (Member of the Board of Directors and Member of the Executive Committee, independent) since 6 January 2015, the date on which he was co-opted further to the resignation of Mário Rui Rodrigues Matias. He is graduated in Economics by FEUP - Faculty of Economics of the University of Porto (1999). He concluded the Advanced Management Programme by Porto Business School and an In-Company Executive Training Programme by AESE Business School. He has extensive international experience, initially part of the corporate financial coordination of Mota-Engil Group's operations in Central Europe, in Africa and in Latin America. Between 2008 and 2014, he lived in Warsaw and Budapest and held various positions as a Board Member in several Mota-Engil Group companies in operation in Central Europe in the areas of Real Estate, PPP/PFI, M&A and Corporate Development. During this period, he was a member of the Board of Directors in several companies of the Group, namely Mota-Engil Central Europe SA (Poland), Mota-Engil Real Estate Management (real estate holding - Central Europe), Mota-Engil CE CZ (Czech Republic), Mota-Engil CE Slovakia (Slovakia), Mota-Engil Magyar (Hungary), Mota-Engil CE RO (Romania), Mota-Engil Brand Management (Netherlands), Mota-Engil Brand Development (Ireland).

Maria Sílvia da Fonseca Vasconcelos da Mota has been a member of the Board of Directors of Martifer (Member of the Board of Directors and non-independent board member) since 18 May 2018. She has a degree in Civil Engineering from the Escola Superior de Engenharia of the University of Porto and began her professional career passing through various operational areas of Mota-Engil Group. Later, she terminated her positions within Mota-Engil Group and took office as General and Financial Director in the family holding. In 2016, she returned to Mota-Engil Group, where she is currently a member of the Board of Directors of several companies, of which Mota Gestão Participações, SGPS, S.A. and Mota-Engil, Engenharia e Construção, S.A., accumulating the position of Board Member with the Financial area of Mota-Engil Europa.

Vítor Manuel Álvares Escária has been a member of the Board of Directors of Martifer (Member of the Board of Directors, independent board member) since 18 May 2018. He has a Master's degree in Monetary and Financial Economics from ISEG - School of Economics and Management - Technical University of Lisbon since 1997, the institution from which he graduated in 1994. He holds a PhD in Economics from the University of York, in York, United Kingdom (2004). He is an Assistant Professor at the Institute of Economics and Management - ISEG, Technical University of Lisbon, since 2004 called as University of Lisbon. He was a Visiting Professor at the Faculty of Economics, University Agostinho Neto, in Angola (2014/2015); Visiting Professor at the Faculty of Economics, Universidade Lusíada de Angola, in Angola (2014/2015); and Visiting Professor at the Faculty of Economics, Universidade Eduardo Mondlane, Mozambique (2011). He was also the Economic Adviser of the Prime Minister's Office of the 21st Government of the Portuguese Republic (2016/2017); External Senior Expert of the European Commission in the projects of sectoral dialogues EU Brazil (2013/2014); Economic Adviser of the Prime Minister's Office of the 17th and 18th Governments of the Portuguese Republic (2005/2011) and Member of the Directive Commission of CIRIUS - Centre for Regional and Urban Research.

Mariana Machado França Gouveia Sande Nogueira has been a member of the Board of Directors of Martifer (Member of the Board of Directors and independent board member) since 18 May 2018. She has been a lawyer since 2000 and is graduated in Law from the FDUL- Faculty of Law of the University of Lisbon (1997), having obtained a PhD from the FDUNL - Faculty of Law of the NOVA University of Lisbon in 2003. She has been a Professor at the Faculty of Law of the NOVA University of Lisbon since 2003 and teaches, among other subjects, Procedural Law and Arbitration. She has been a member of the Arbitration Committee of ICC Portugal since 2012 and a Professor Responsible for the Laboratory of Alternative Dispute Resolution of the Faculty of Law of the NOVA University of Lisbon since 2007. She is also the Scientific Coordinator of the Course of University Extension in Arbitration at the Law Faculty of the NOVA University of Lisbon. She was a member of the Board of Directors of the Fundação Francisco Manuel dos Santos (2013/2017); Vice President of the Board of the Centre for Commercial Arbitration of the Portuguese Chamber of Commerce and Industry (2012/2017); a Consultant for the Department of Litigation and Arbitration of SRS Advogados (2010/2016); Director of the Office of Audit and Modernisation of the Ministry of Justice (2004/2005); a Consultant for the Office of Legislative Policy and Planning of the Ministry of Justice (2002/2004) and an Advisor for the Office of the Minister of Justice (2002).

SUPERVISORY BOARD

Paulo Sérgio Jesus das Neves is a member of the Supervisory Board of Martifer (President of the Supervisory Board). He holds a degree in Accounting Audit, with Superior Specialized Studies in Audit. He holds an MBA in Finance from the Faculty of Economics of Porto (FEP). He is a Statutory Auditor registered in the Portuguese Chartered Accountants Association under number 1342, and has been exercising this activity since February 2008. He is a company consultant in the fields of organisation and management, financial, tax and accounting.

Américo Agostinho Martins Pereira is a member of the Supervisory Board of Martifer. He holds a degree in Accounting Audit, with Superior Specialized Studies in Audit. He is a Statutory Auditor registered in the Portuguese Chartered Accountants Association as no. 877, performing this activity since April 1994, initially individually and since March 2013 as a partner in the company M. PEREIRA & ASSOCIADOS, SROC, LDA.

Mária Maria Machado Lapa de Barros Peixoto is a member of the Supervisory Board of Martifer. She has a degree in Economics from the Economics Faculty of the University of Porto (1993). She has been a Certified Accountant since 2006, registered in the Portuguese Chartered Accountants Association as no. 1258. Between 2012 and 2014 she was a member of the Advisory Council of the Northern Regional Section of the Portuguese Chartered Accountants Association, between 2014 and 2017 she was an adjutant to the Director of the Northern Regional Section of the Portuguese Chartered Accountants Association and is currently a member of the Superior Board of the Portuguese Chartered Accountants Association.

António Baia Engana is an alternate member of the Supervisory Board of Martifer. He holds a degree in Economics from Instituto Superior de Economia (ISE) and a bachelor's degree in Accounting from Instituto Comercial de Lisboa (ICL). He has been a Certified Accountant since 1989, registered in the Portuguese Chartered Accountants Association as no. 612, being currently a partner at ALVES DA CUNHA, A. DIAS & ASSOCIADOS, SROC, LDA. Since 1994, he has been a member of the General Council and of the Executive Committee of the Accounting Standards Committee, having presided the Executive Committee between 1999 and 2005. He has been a member of Supervisory Boards in insurance companies since October 2009.

REMUNERATION COMMITTEE

António Manuel Queirós Vasconcelos da Mota is President of the Remuneration Committee. He holds a degree in Civil Engineering (Communication Routes) from the Faculty of Civil Engineering of the University of Porto. He is currently Chairman of the Board of Directors of Mota-Engil, SGPS, S.A., a position he has held since 2000. He was President of the Board of Directors in other companies, namely in Mota-Engil, Engenharia e Construção, SA. (2003-2006), at Mota-Engil Internacional, S.A. (2000-2003), at Engil – Sociedade de Construção Civil, S.A. (2000-2003) and at Mota & Companhia, S.A. (1995-2003), where he was also Vice President (1987-1995). He started his professional activity in 1977 as a trainee at Mota & Companhia, Lda, and between 1979 and 1981, he worked in several departments of the company, where he was also General Director of Production (1981-1987).

Maria Manuela Queirós Vasconcelos Mota dos Santos is a member of the Remuneration Committee. She holds a degree in Economics from the Faculty of Economics of Porto. She has been a Board Member in several companies of Mota-Engil Group, and is currently the President of the Human Resources Development Committee of the Group. Presently she is a member of the Board of Directors at Mota-Engil, SGPS, SA.

Júlia Maria Rodrigues de Matos Nogueirinha is a member of the Remuneration Committee. She holds a degree in Law from the Faculty of Law of the University of Coimbra and has been registered at the Portuguese Bar Association since 2002. She is presently the President of the Board of the General Assembly of I'M SGPS, S.A., and was a Member of the Board of Directors in other companies of I'M Group, namely in Almina – Minas do Alentejo, SA.

ANNEXE II

Positions Held and Activities Undertaken by the members of the Board of Directors

CARLOS MANUEL MARQUES MARTINS

initial election date

a) Positions within Martifer Group:

PRESIDENT OF THE BOARD OF DIRECTORS:	Martifer SGPS, S.A.	29/10/2004
	Eviva Beteiligungsverwaltungs GmbH (Austria)	07/07/2007
	Martifer Deutschland GmbH (Germany)	14/10/2005
MEMBER OF THE BOARD OF DIRECTORS:	Martifer Construcciones PERÚ, SA	10/01/2013

b) Positions held in Companies not part of Martifer Group:

PRESIDENT OF THE BOARD OF DIRECTORS:	I'M SGPS, S.A.	31/03/2006
	Almina Holding, S.A.	09/12/2008
	Estia SGPS, S.A.	27/12/2005
	Tavira Gran Plaza, SA	09/07/2010
	Severis, SGPS S.A.	03/11/2008
	Promodois – Investimentos Imobiliários, S.A.	03/10/2018
	Promovinte – Investimentos Imobiliários, S.A.	18/06/2018
	The Visitor View, S.A.	23/02/2017
	Kilometer Low Cost, S.A.	04/01/2020
	Black and Blue Investimentos, S.A.	23/03/2020
MEMBER OF THE BOARD OF DIRECTORS:	PCI - Parque de Ciência e Inovação, S.A. (representing I'M - SGPS, S.A.)	28/09/2010
	White and Green Natural, S.A.	18/06/2019
	Solarealize, S.A.	03/12/2020
	Estia RO S.R.L.	26/07/2007
	Mamaia Investments S.R.L. Office Building Vacaresti SRL	04/01/2019 13/07/2011
MANAGER:	Exclusipolis, SGPS, Lda.	16/09/2009
	PANNN - Consultores de Geociências, Lda.	27/02/2012
	Martiwise, Lda.	11/06/2014
	Promoquinze – Investimentos Imobiliários, Lda.	17/07/2018
	Estiadevelopment, Unipessoal, Lda.	17/07/2018
	I'M – Serviços de Gestão, Unipessoal, Lda.	17/07/2018
	Loftmoments – Investimentos Imobiliários, Unipessoal, Lda.	04/10/2018
	Promodoze – Investimentos Imobiliários, Lda.	21/11/2018
	Goodasset, Lda.	22/06/2018
	Eloquent Margin, Lda.	04/12/2020
SOLE DIRECTOR:	Expertooption, SGPS, SA	24/03/2010
	Detalhes Urbanos – Promoção Imobiliária S.A.	03/10/2018

JORGE ALBERTO MARQUES MARTINS

initial election date

a) Positions within Martifer Group:

VICE PRESIDENT OF THE BOARD OF DIRECTORS:	Martifer SGPS, S.A.	29/10/2004
MEMBER OF THE BOARD OF DIRECTORS:	Eviva Beteiligungsverwaltungs GmbH (Austria)	07/07/2007
	Martifer Deutschland GmbH (Germany)	14/10/2005

b) Positions held in Companies not part of Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS:	I'M SGPS, S.A.	31/03/2006
	Estia SGPS, S.A.	27/12/2005
	Tavira Gran Plaza, SA	09/07/2010
	Severis, SGPS S.A.	03/11/2008
	Almina Holding, S.A.	13/03/2018
	Promovinte – Investimentos Imobiliários, S.A.	18/06/2018
	Promodois – Investimentos Imobiliários, S.A.	03/10/2018
SOLE BOARD MEMBER:	BRASEME - Investimentos e Consultoria, S.A.	31/05/2017
MANAGER:	Promoquinze – Investimentos Imobiliários, Lda.	17/07/2018
	I'M – Serviços de Gestão, Unipessoal, Lda.	17/07/2018
	Estiadevelopment, Unipessoal, Lda.	17/07/2018
	Martwise, Lda.	27/08/2018
	Loftmoments – Investimentos Imobiliários, Unipessoal, Lda.	04/10/2018
	Exclusipolis, SGPS, Lda.	20/11/2018
	Promodoze – Investimentos Imobiliários, Lda.	21/11/2018
	Cenário Fértil, Unipessoal, Lda.	02/12/2019

ARNALDO JOSÉ NUNES DA COSTA FIGUEIREDO

initial election date

a) Positions within Martifer Group:

VICE PRESIDENT OF THE BOARD OF DIRECTORS: Martifer SGPS, S.A. 24/05/2010

b) Positions held in Companies not part of Martifer Group:

PRESIDENT OF THE BOARD OF DIRECTORS: Mota-Engil, Indústria e Inovação, SGPS, SA 10/02/2011

VICE-PRESIDENT OF THE BOARD OF DIRECTORS: Mota-Engil, SGPS, SA 26/05/2008

MEMBER OF THE GENERAL BOARD: AEM - Associação de Empresas Emitentes de Valores Cotados em Mercado

BOARD MEMBER: PROFORUM - Associação para o Desenvolvimento da Engenharia

PRESIDENT OF THE BOARD OF THE GENERAL MEETING: Mercado Urbano – Gestão Imobiliária, S.A.

MEMBER OF THE REMUNERATION COMMITTEE Vibeiras – Sociedade Comercial de Plantas, S.A.

Vice-President of the Strategic Council for Economic Cooperation, Development and Lusophony.

Member of the General Council of Boavista Futebol Clube.

PEDRO MIGUEL RODRIGUES DUARTE

initial election date

Positions within Martifer Group:

PRESIDENT OF THE BOARD OF DIRECTORS:	Martifer Metallic Constructions SGPS, S.A.	28/04/2011
	Martifer Construções Metalomecânicas, S.A.	28/04/2011
	Sociedade de Madeiras do Vouga, S.A.	10/07/2018
	Martifer Renewables SGPS, S.A.	02/07/2018
	Martifer Renewables, S.A.	12/07/2018
	Navalria - Docas, Construções e Reparações Navais, S.A.	28/04/2011
	Martifer Construções Metálicas Angola, S.A.	26/11/2018
	Martifer Renewables Operation & Maintenance Sp. z o.o.	13/06/2019
MEMBER OF THE BOARD OF DIRECTORS:	Martifer SGPS, S.A.	18/05/2018
	Martifer - Visabeira, S.A. (Mozambique)	14/08/2018
	Cedilhas ao Vento - S.A.	02/09/2019
MANAGER:	West Sea - Estaleiros Navais, Unipessoal, Lda.	30/12/2013
	Volume Cintilante – Unipessoal, Lda.	29/01/2020
	Volume Vistoso – Lda.	26/06/2020

PEDRO NUNO CARDOSO ABREU MOREIRA

initial election date

a) Positions within Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS:	Martifer SGPS, S.A.	06/01/2015
	Martifer Metallic Constructions SGPS, S.A.	29/01/2015
	Martifer Construções Metalomecânicas, S.A.	31/12/2014
	Sociedade de Madeiras do Vouga, S.A.	02/02/2015
	Martifer Renewables SGPS, S.A.	29/01/2015
	Martifer Renewables, S.A.	12/07/2018
	Navalria-Docas, Construções e Reparações Navais, S.A.	31/12/2014
	Liszki Green Park Sp. Z o.o.	18/12/2014
	M-City Gliwice Sp. Z o.o.	18/12/2014
	Park Logistyczny Biskupice Sp. Z o.o.	18/12/2014
	Wind Farm Bukowsko sp. z o.o.	18/12/2014
	Wind Farm Jawornik sp. Z o.o.	18/12/2014
	Wind Farm Piersno sp. z o.o.	18/12/2014
	Wind Farm Markowa sp. z o.o.	18/12/2014
	Wind Farm Łada sp. z o.o.	18/12/2014
	Wind Farm Oborniki Śląskie sp. z o. o.	18/12/2014
	PV SOL 1 sp. z o.o.	18/12/2014
	PV SOL 2 sp. z o.o.	18/12/2014
	PV SOL 3 sp. z o.o.	18/12/2014
	PV SOL 4 sp. z o.o.	18/12/2014
	PV SOL 5 sp. z o.o.	18/12/2014
	PV SOL 6 sp. z o.o.	18/12/2014
	Martifer Renewables, S.A. (Poland)	12/07/2018
	Martifer Renewables Operation & Maintenance Sp. z o.o.	13/06/2019
	Cedilhas ao Vento - S.A.	02/09/2019
	Wind Farm Piastowo sp. z o.o.	27/10/2020
	PV SOL 7 sp. z o.o.	28/10/2020
BOARD MEMBER:	Martifer Renewables Italy B.V. (Netherlands)	14/09/2018
MANAGER:	West Sea - Estaleiros Navais, Unipessoal, Lda.	26/02/2015
	Volume Cintilante – Unipessoal, Lda.	29/01/2020
	Volume Vistoso – Lda.	26/06/2020

b) Positions held in Companies not part of Martifer Group:

MEMBER OF THE GENERAL BOARD:	AEM - Associação de Empresas Emitentes de Valores Cotados em Mercado
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MARIA SÍLVIA DA FONSECA VASCONCELOS DA MOTA

initial election date

a) Positions within Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS:	Martifer SGPS, S.A.	18/05/2018
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b) Positions held in Companies not part of Martifer Group:

PRESIDENT OF THE BOARD OF DIRECTORS:	Mota Global – Planeamento, S.A.	11/08/2017
	Dourowood – Entidade de Gestão Florestal, S.A.	08/06/2020
	Motawood – Entidade de Gestão Florestal, S.A.	08/06/2020

MEMBER OF THE BOARD OF DIRECTORS:	Mota-Engil Europa, S.A.	01/03/2016
	MESP – Mota-Engil, Serv. Partilhados Adm. e de Gestão, S.A	04/10/2016
	Swipe News, S.A.	24/01/2017
	ME Real Estate – Mota-Engil Real Estate Portugal, S.A.	24/07/2018
	Mota Gestão e Participações – Soc. Gest. de Part. Soc, S.A.	15/11/2017
	Mota-Engil Real Estate, SGPS, S.A.	18/10/2018
	Oriental HUB–Rec. Expl. Ant.Matadouro Ind. do Porto, S.A.	29/11/2018
	AMGP Agricultura, S.A.	04/03/2019
	Belém Grid – Promoção Imob. e Animação Turística, S.A.	14/10/2019
	Sociedade Agrícola Moura Basto, S.A.	26/03/2019

MANAGER:	Covelas – Energia, Lda.	17/01/2013
	Imogera, Lda.	17/01/2013
	Cerâmica de Boialvo, Lda.	05/03/2018
	(representing Mota Gestão e Participações – Sociedade Gestora de Participações Sociais, S.A.)	

MEMBER OF THE BOARD OF DIRECTORS:	Sunviauto México – Sociedad Anonima de Capital Variable	
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MEMBER OF THE SUPERVISORY BOARD:	Mota-Engil Central Europe Česká Republika, A.S.	
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MARIANA MACHADO FRANÇA GOUVEIA SANDE NOGUEIRA

initial election date

Positions within Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS:	Martifer SGPS, S.A.	18/05/2018
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Doesn't hold any position in any other Company, part or not part of Martifer Group.

ANNEXE III

Statement on the remuneration policy of the management and supervisory bodies APPROVED at the General Meeting on 24 June 2020*

I - INTRODUCTION

In the use of the legal faculty conferred by Article no. 399 of the Commercial Companies Code, the Articles of Association of Martifer - SGPS, SA, a publicly-traded company, in its article no. 20, it is delegated on a Remuneration Committee the power to set the remuneration of the Company's Management and Supervisory Bodies.

According to the applicable provisions of the Articles of Association, the Remuneration Committee was elected at the General Meeting on 18 May 2018 to exercise its duties for the three-year period 2018-2020. It is currently formed by:

António Manuel Queirós Vasconcelos da Mota (President)
Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)
Júlia Maria Rodrigues de Matos Nogueirinha (Member)

To promote transparency and the legitimacy of the setting of the remuneration of the members of the corporate bodies, the Remuneration Committee, in compliance with the provisions of article no. 2 of Law no. 28/2009 of 19 June, hereby submits for the approval of the General Meeting of the Shareholders of Martifer - SGPS, SA, a publicly-traded company, on 27 May 2019, the present statement on the remuneration policy of the management and supervisory bodies of the Company.

This statement is intended to accompany the applicable provisions of the Commercial Companies Code and the Corporate Governance Code of the Portuguese Institute of Corporate Governance IPCG (2018).

Besides being mandatory by law, it is also relevant to point out that the present statement intends to be an important instrument of good corporate governance, aiming to inform the shareholders, to protect their interests and for greater transparency of Corporate Governance in matters of remuneration policies of corporate bodies.

II – LEGAL REGIME

In defining the remuneration policy to be established by the Remuneration Committee, the legal provisions provided for in the Commercial Companies Code, namely in its article no. 399, Law no. 28/2009 of 19 June, regarding the approval and disclosure regime of the remuneration policy for members of the management and supervisory bodies of entities issuing shares admitted to trading on a regulated market were taken into account, as well as the Corporate Governance Code of the Portuguese Institute of Corporate Governance IPCG (2018). Secondly, the special regime established in the Company's Articles of Association has also been taken into consideration for the definition of the remuneration policy.

The Portuguese Companies Code provides, in Article no. 399, the statutory scheme of remuneration for the Board of Directors, which, in summary, establishes that:

- The setting of the remunerations is a responsibility of the General Meeting or of a committee appointed by it for this purpose, and shall take into account the duties performed and the economic situation of the Company;
- The remuneration may be fixed or partially represent a percentage of the financial year's profit; nevertheless, the maximum percentage allocated to the directors shall be authorised by a clause of the Articles of Association of the Company and shall not be levied on the distribution of reserves or on any portion of the profits not legally available for distribution to the shareholders.

*Elaborated under Law no. 28/2009 of 19 June.

Regarding the members representing the Supervisory Board and the Board of the General Meeting, the Portuguese Commercial Companies Code states that the remuneration shall consist of a fixed amount which is equally determined either at a General Meeting or by a committee appointed by it for this purpose, taking into consideration each member's position and the company's economic situation.

Moreover, Articles no. 13 and no. 20 of the Articles of Association state the following:

- The remuneration of the members of the Corporate Bodies shall be fixed by the Remuneration Committee;
- The General Meeting that elects the corporate bodies shall also elect the Remuneration Committee;
- The remuneration of the Board of Directors may be formed by a fixed part and a variable one, the latter representing a percentage that can never exceed 5% of the net profits for the year, according to the law; and
- The remuneration of the Supervisory Board shall consist of a fixed amount.

III – GENERAL PRINCIPLES

The Remuneration Committee has sought, in its remuneration policy, to promote the convergence of the interests of the Directors, of other Corporate Bodies and Managers with the participation in the Company, namely value creation for the shareholders and actual Company growth, privileging a long-term perspective.

Pursuing this aspiration, and subsequent to the policy adopted in previous years, the Committee structured the components of the remuneration of the Board of Directors to reward their performance; however, discouraging excessive risk-taking by them. This way, it is intended to promote a high-level sustained growth.

Finally, it is relevant to say that the economic position of the Company as well the general market practices for similar positions are very important in this Committee's mission.

Materialising the general policy herein stated, we hereby present the principles to be observed by this Committee in the definition of remuneration:

a) Occupied Position

In the decision of the remuneration of each member of the Board of Directors, it shall be taken into account, for every single member, the position occupied by each member, the complexity of his/her duties, the responsibilities that are, in fact, attributed to him/her, the time dedicated and the added-value resulting from his/her work brought to the Company.

To this extent, the remuneration between the Executive Board members and the non-Executive Board members needs to be differentiated, as well as the remuneration amongst each Board Member of each category, after evaluation of the abovementioned elements.

There are also duties performed in other controlled companies which cannot be excluded from this consideration, as this means, on one side, that there is an increase in terms of responsibility and, on the other, it is another source of income.

b) Alignment of the interests of the members of the management body with the interests of the Company - Performance assessment

In order to guarantee an alignment of interests of the Management and Supervisory Bodies with the ones of the Company, this Committee shall not fail to pursue the adoption of a policy that rewards the Board Directors for the performance of the Company in the long-term perspective and in the creation of value for the shareholder.

c) Economic Situation of the Company

This criterion has to be understood and interpreted cautiously. The size of the company and the inevitable management complexity associated is clearly one of the relevant aspects in determining the economic situation of the Company, in the broad sense. A higher level of complexity corresponds to higher remuneration, but the remuneration will have to be adjusted considering other criteria that characterise the economic situation of the Company (financial, related to human resources, etc.).

The Committee takes into account the current and future economic situation of the Company, giving priority to the Company's interests in a long-term perspective and to the actual growth of the company and the creation of value for its shareholders.

d) General Market Criteria for Equivalent Situations

The setting of any remuneration has to follow supply and demand, and the situation regarding members of the Corporate Bodies is no exception. Only the respect for market practices allows professionals to maintain a level of performance adequate to the complexity of their roles and responsibilities. It is important that the remuneration is aligned with market practices and that it is stimulant, allowing it to become an instrument to help achieve an individual and collective high level of performance; thus, ensuring not only the individual interest but mostly the interests of the Company and of the shareholders.

IV – CONCRETE OPTIONS

Based on the abovementioned principles, the Committee presents the information regarding the concrete remunerations policy options, which are hereby submitted for the Company shareholders' consideration:

- 1st The remuneration of the executive members of the Board of Directors shall be made up of a fixed and, when so determined by the Remuneration Committee, a variable part; and, according to the law and article no. 20(3) of the Articles of Association, the variable part cannot exceed 5% of the annual net profit.
- 2nd The remuneration of the non-Executive Independent Members of the Board of Directors, of the Members of the Supervisory Board and of the Members of the Board of the General Meeting shall only consist of a fixed part.
- 3rd The fixed part of the remuneration of the executive members of the Board of Directors, as well the non-executive and non-independent members (when applicable), shall consist of a monthly amount payable fourteen times per year.
- 4th The fixed remuneration for each participation in the meetings of the Board of Directors shall be set for the non-executive and independent board members.
- 5th The fixed remuneration of members of the Supervisory Board shall be set in a monthly value payable twelve times per year.
- 6th In setting all remunerations, including the distribution of the global amount of the variable remuneration of the members of the Board of Directors, the general principles referred to above shall be observed: positions carried out, alignment with the interests of the Company, privileging the long-term, the Company situation and market criteria.
- 7th The fixed remuneration of the members of the Board of the General Meeting will be a predetermined value for each meeting.
- 8th The process of attribution of the variable remuneration to Executive members of the Board of Directors must follow the criteria proposed by the Remunerations Committee, namely their hierarchal position, the performance assessment made and the real growth of the Company, seeking to promote convergence of the interests of the Management Body with those of the Company, with emphasis on the long-term performance; and this will be considered in the performance assessment criteria of the Board. Thus, they will be considered decisive for the assessment and measurement of the variable remuneration:
 - the contribution of the Executive Directors for the obtained results;
 - the profitability of the businesses from the shareholder perspective;
 - the evolution of the share price quotation;
 - the extent to which the projects integrated and measured by the Balanced Scorecard of the Group are executed.
- 9th Notwithstanding the abovementioned policies to protect the shareholders and the Company's interests in the long term, the Committee, in its search of the best Corporate Governance practices regarding remuneration policies of the Corporate Bodies, continues to: (i) promote a study and comparative analysis of remuneration policies and practices of other groups of companies in the same sector regarding the fixing of remuneration for future implementation and adoption in Martifer, as well as (ii) study the possibility of adoption of a policy that, shown to be feasible and balanced to all parties involved, foresees the possibility of

the variable remuneration - when attributed - to be payable, in part or totally, only after the tax accounts of the entire mandate are cleared and, on the other hand, that allow a limitation to the variable remuneration (when this is fixed and actually earned by the Board Directors) in case the results show a relevant deterioration of the company's performance in the last cleared tax year or when it is expected in the present year.

V – LIMITS

In case of verification of a permanent and not exceptional increase of the volume of activity associated with the exercise of functions by the General Meeting and the Supervisory Board members, the maximum amount payable to the members of the governing bodies, in particular the members of the General Meeting and the Supervisory Board, may not exceed, respectively, either individually or in aggregate, 25% of the average amount paid in the last three financial years, for the corresponding member of the governing body.

VI – OTHER RESPONSIBILITIES

Regarding the process of hiring or appointing members to its governing bodies, the Company shall not enter into any contracts or agreements with such members that allow the recognition or assignment of the right to receive payment of any damage or compensation beyond the amounts legally payable in the event of dismissal or termination of service.

In view of all the above, we believe that these options must be maintained until the next General Meeting of Shareholders.

The Remuneration Committee,

ANNEXE IV

STATEMENT OF THE BOARD OF DIRECTORS ON THE REMUNERATION POLICIES TO BE APPLIED TO DIRECTORS OF MARTIFER GROUP REGARDING PARAGRAPH 3 OF ARTICLE NO. 248-B OF THE SECURITIES CODE

I - INTRODUCTION

Following the recommendations of the Principle V.2 of the Corporate Governance Code of the IPCG - Portuguese Institute of Corporate Governance (2018) about the relevance of the remuneration policy covering the managers in the sense of paragraph 3 of article no. 248-B of the Securities Code, the principles and general rules in force are presented, which are extensive to the universe of Martifer Group employees, which include other workers whose professional activity may have a relevant impact on the risk profile of the Company. Regarding the remuneration options applicable to the members of the management and supervisory body, whose obligation was provided for, on the date of its approval at the general meeting, in Law no. 28/2009 of 19 June, currently revoked, please refer to the Statement by the Remuneration Committee on the respective concrete options.

II – GENERAL PRINCIPLES

The remuneration policy of Martifer Group comprises a set of operating principles that aim to guarantee its contribution to the achievement of the strategic vision and culture advocated for the Group, as well as the alignment of the interests of the managers with the long-term interests of the Group.

a) Ability to capture and retain:

Martifer Group intends, through its remuneration policy, to ensure the attraction and retention of talent, adopting a competitive market positioning, taking into account the degree of responsibility and the contribution of the collaborators to value creation.

b) Alignment of remuneration practices with short and long-term performance:

Martifer Group's remuneration policy and its rules of application are indexed to the performance assessment model in force, aligned with the Group's Strategic Plan that was defined for a long-term horizon.

c) Fairness/ competitiveness:

The remuneration policy is segmented into functional groups that result from an evaluation of the function, allowing, on the one hand, to internally even the remuneration practices according to criteria of responsibility, complexity and autonomy and, on the other hand, to ensure competitiveness with the practices of the reference market.

d) Meritocracy:

The criteria that establish the increment of remuneration components are based on the success achieved by Martifer Group in the various business areas, as well as the performance assessment of individual employees, in order to recognise and reward merit and excellence.

e) Transversality/ verticality:

Martifer Group intends to associate its management model to a common policy for executive and management functions, promoting transversal alignment and convergence for the strategy, culture and goals of the Group.

In order to safeguard the specificity of the different businesses, the remuneration policy also incorporates rules for vertical application, business area by business area, from company to company, in order to adapt their practices to the context of the respective reference activity and market sector.

The remuneration policy of Martifer Group is segmented into functional groups, which aggregate functions in accordance with parameters, such as the degree of knowledge, complexity and required responsibility/autonomy, and which are structured as follows: (i) Executive Board Members; (ii) Coordinating Directors; (iii) Directors; (iv) Technicians and (v) Administrative and Operational Personnel

The listed functional groups constitute the fundamental support for the definition of human resource policies, particularly the remuneration policy, establishing for each functional group the components and remuneration conditions, whether they are of a fixed or variable nature and/or benefits, taking into account the recommended positioning strategy and the remuneration practices of the determined reference markets.

Martifer Group's managers are included in the functional group of executive board members.

III – CONCRETE OPTIONS

1. The overall structure of the Group's remuneration policy

Martifer Group's remuneration policy includes two remuneration components that are defined taking into account the function, the alignment with market salary practices and the performance demonstrated by employees:

- Fixed remuneration, which is composed of a gross base salary paid during a one-year period. Each functional group has an associated salary range, being established minimum, average and maximum values, taking into account the position, the level of experience, the performance of the person and the reference market remuneration practices and those of Martifer.
- Benefits, which is a portfolio of benefits applicable in accordance with the position and the respective functional group.

2. Plans for the attribution of shares or stock options

There are no plans for the attribution of shares or stock options in relation to the managers in the sense of paragraph 3 of article no. 248-B of the Portuguese Securities Code.

ANNEXE V

STATEMENT REFERRED TO IN ARTICLE NO. 245, PARAGRAPH 1, SUBPARAGRAPH (C) OF THE PORTUGUESE SECURITIES CODE

Subparagraph (c) of paragraph 1 of article no. 245 of the Portuguese Securities Code indicates that every one of the people responsible of the issuers must make a set of declarations provided for therein. In the case of the Company, a standard statement was adopted, with the following content:

I declare that under the terms and for the purposes provided for in subparagraph (c) of paragraph 1 of article no. 245 of the Portuguese Securities Code, as far as I know, the management report, the annual accounts and other documents of accountability of Martifer SGPS, S.A. – a publicly-traded company, all relating to the financial year of 2020, were drawn up in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and results of that Company and the companies included in its scope of consolidation, and that the management report faithfully exposes the development and performance of the business of that Company and the position of the companies included in the scope of consolidation, containing a description of the main risks and uncertainties that they face.

Considering that the members of the Supervisory Board and the Statutory Auditor subscribe an equivalent statement within the scope of the documents which are of their responsibility, the independent statement with that text was only signed by the members of the Board of Directors, because only those that are members of the governing bodies are considered to be the ones "responsible of the issuer". In terms of the mentioned legal provision, the names of the subscribers are indicated and their functions/ position:

NAME	POSITION
Carlos Manuel Marques Martins*	President of the Board of Directors
Jorge Alberto Marques Martins	Vice President of the Board of Directors
Arnaldo Nunes da Costa Figueiredo	Vice President of the Board of Directors
Pedro Miguel Rodrigues Duarte	Member of the Board of Directors
Pedro Nuno Cardoso Abreu Moreira	Member of the Board of Directors
Maria Sílvia da Fonseca Vasconcelos da Mota	Member of the Board of Directors
Mariana Machado França Gouveia Sande Nogueira	Member of the Board of Directors

* Member of a corporate body of I'M SGPS, SA;

ANNEXE VI

QUALIFYING HOLDINGS

In compliance with the provisions of article no. 2, paragraph 4, of CMVM Regulation no. 7/2018, the following is a list of the holders of qualifying holdings on 31 December 2020, indicating the number of shares held and the percentage of corresponding voting rights, calculated in accordance with article no. 20 of the Portuguese Securities Code:

SHAREHOLDERS	No. of SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS ^{1 2}
I'M – SGPS, SA	38,005,689	38.01%	38.87%
Carlos Manuel Marques Martins*	2,659,613	2.66%	2.72%
Jorge Alberto Marques Martins*	2,430,260	2.43%	2.48%
Total Imputable to I'M – SGPS, SA	43,095,562	43.09%	44.07%
Mota-Engil – SGPS, SA	37,500,000	37.50%	38.35%
Arnaldo José Nunes da Costa Figueiredo **	3,000	0.00%	0.00%
Total Imputable to Mota-Engil, SGPS, SA	37,503,000	37.50%	38.35%

¹ % of voting rights = No. of Shares Held / (No. of Total Shares - Own Shares)

² Rounded to the nearest hundredth.

* Member of a corporate body of I'M SGPS, SA;

** Member of a corporate body of Mota-Engil SGPS, SA



SUSTAINABILITY REPORT

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- 04 | International presence and business areas
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SUSTAINABILITY REPORT

INTRODUCTION

01 | INTRODUCTION

Martifer Group continually invests in the promotion of sustainable development, focusing on an integrated vision of sustainability.

We view sustainability as a fundamental factor for business success, having tried, year after year, to develop it in all its forms.

For us, sustainability is not only based on risk management and compliance with standards. It is also the engine of several benefits, such as internal efficiency, cost reduction and business expansion.

With more than 30 years of existence, Martifer is a Group focused on its three business areas: Metallic Constructions, Naval Industry and Renewable Energy, with clear cross-cutting corporate sustainability goals, which seek to ensure long-term business development.

From the effort to improve the financial situation of the Group in search of solutions to reduce the ecological footprint, Martifer Group continuously seeks greater sustainability, always guided by well-defined strategic objectives and following ethics and conduct principles.

The management of the sustainability within the Group is performed in cooperation between several departments in the holding company and the business areas. However, it is in the day-to-day activities that sustainability is carried out in a more or less formal way. From the concluded projects to the daily management of each department, we aim for sustainability to be present in all of the Group's activities.

SUSTAINABILITY REPORT

**VALUES, VISION
AND MISSION OF
THE GROUP**

02 | VALUES, VISION AND MISSION OF THE GROUP

OUR VALUES

Our values are the benchmark to develop a work of excellence, from the first to the last day of each project, creating value, always focused on the quality of the final product.

- **Rigour and commitment**

Rigour in processes, rigour in complying with rules and rigour in relations with partners and clients. Commitment to ensuring technical competence in all the activities we carry out.

- **Humility and integrity**

We believe that relations are built having as a base humility, respect and integrity, whether they are relations with partners and employees or with the environment.

- **Critical sense and nonconformity**

In the search to always reach the best solution for each project, we are characterised by a strong critical and non-conformist sense. We always demand more and better.

- **Common sense and clarity in communication**

It is not possible not to communicate. It is, therefore, essential that communication is made in a simple and clear way so that the message is consistent and perfectly understood by the receiver.

- **Mutual help and solidarity**

Human beings evolve through the development of skills, abilities and attitudes that make more sense in a group, in an attitude of mutual assistance and solidarity.

- **Pride in the company and feeling of belonging**

Belonging and contributing to the success of the company makes employees feel more integrated, results-oriented and motivated, certain that the results lead them to greater professional achievement.

- **Work capacity and innovative spirit**

We want to grow; we want to do well and improve every day. We seek to innovate, and we have the ambition of going further for us and for our clients.

VISION

To be a recognised brand in the markets and businesses where it operates, for its competence, its innovation and engineering and its industrial and implementation capacity, ensuring the best solutions to its Clients.

MISSION

To create Value with products and services designed and executed by motivated employees and partners, with the aim of overcoming Client expectations, respecting safety rules and social responsibility.

SUSTAINABILITY REPORT

ETHICS AND INTEGRITY

03 | ETHICS AND INTEGRITY

The Code of Ethics and Conduct is the document that contains the values that guide the performance of Martifer Group, as well as the ethical principles and norms of conduct to which the Group and its employees are subject and assume as intrinsically their own.

The Code applies to all Martifer Group employees no matter their bond or hierarchical position, as well as to all Martifer subsidiaries. For the purpose of this Code, “employees” means all members of the statutory governing bodies of Martifer, consultants, managing directors and all other employees no matter the kind of bond, as well as all others that in any way represent any Group company.

Key policies and aspects covered by Martifer Group’s Code of Ethics and Conduct:

LEGISLATION

Ensure strict compliance with the laws, the regulations, and the national and international standards where Martifer operates.

Provide, within its reach, full cooperation and any information requested by the supervisory and compliance authorities.

COMPETITION

Respect market rules, promote healthy and loyal competition and avoid any action that might impede, misrepresent or restrain competition in a significant way.

Establish healthy and cordial relationships with competitors and promote mutual respect.

INTEGRITY

Always ensure integrity and maintain prevention and control systems regarding fraud and irregularities, namely on financial matters, on assets, on conflicts of interest and on misappropriation or misuse of information. These systems take into account the guidelines in the approved anti-corruption plans, namely by the Corruption Prevention Council (www.cpc.tcontas.pt/).

HARASSMENT

Our Group encourages respect and cooperation among all employees in a respectful and dignified work environment, rejecting any harassment practices. Any form of harassment is prohibited, whether when accessing employment or when employed or during professional training.

Harassment is considered to be any undesired behaviour that has the purpose or effect of:

- a) disturbing or embarrassing any individual;
- b) violating the dignity of any individual, affecting his/her health and creating an intimidating, hostile, degrading, humiliating or offensive environment;
- c) the unreasonable disturbance in the job performance of an employee;
- d) the constraint in the hiring decision of an individual or of the acceptance by the latter.

Sexual harassment is any undesired conduct of a sexual nature, whether verbal or non-verbal, physical or otherwise, with the objectives or purposes described in the previous paragraph.

In the event of a claim of harassment, which will have to be recorded in writing, a disciplinary procedure shall be initiated, which shall follow the procedure described in the Labour Code, culminating with the application of disciplinary action appropriate to the case.

The Complainant of situations of harassment and the witnesses indicated by him/her cannot be subject to disciplinary action, unless they act with intent, based on statements or facts contained in the records of proceedings, judicial or any administrative offence, triggered by harassment, until a final decision is made in court, without prejudice to the exercise of the right to a prior hearing.

CLIENTS

Treat clients with professionalism, efficiency, respect, loyalty, good faith and dedication.

Ensure that all clients receive equal treatment avoiding unjustified discrimination among them.

Offer products and services to fulfil the client's needs in accordance with the agreed conditions and the assumed commitments and in full accordance with legitimate expectations.

SUPPLIERS

Select suppliers based on fair and transparent independent criteria, without granting advantages or preferences.

The selection shall be carried out in conformity not only considering the commercial and quality conditions of the products and services proposed but also taking into due consideration the ethical behaviour as is perceived by Martifer Group.

Honour the assumed commitments.

SHAREHOLDERS AND THE MARKET

Act with loyalty in what concerns shareholders, attending to their interests with the aim of value creation for them and risk control.

Absolute compliance with legal principles of equal treatment of shareholders, ensuring the disclosure of necessary information to all in an adequate, true, transparent and rigorous manner.

EMPLOYEES

Define the human resources management policies in full respect for the dignity, diversity, gender equality and rights of each person.

Any type of discrimination against human dignity will not be allowed, such as discrimination on the basis of origin, ethnicity, sex, political or religious beliefs, sexual orientation or physical disability. Any conduct that might configure sexual harassment, psychological harassment or abuse of power will not be allowed.

Treating each employee with justice and promoting equal opportunities in personal and professional development, namely through a rigorous and constructive performance assessment through the participation in professional training programs and incentives to participate in extra-professional activities.

Promote and respect an adequate balance between the employee's professional and personal life.

WORK ENVIRONMENT, SAFETY AND HEALTH

Offer a good work environment under adequate safety and health conditions and promote team spirit, union and mutual support between employees.

Ensure communication, the sharing and recording of information between employees.

Guarantee compliance with applicable safety, health, hygiene, and well-being standards in the workplace. Employees should strictly comply with laws, regulations and internal instructions on these issues.

SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

Act always in such a way as to promote sustainable economic, social and environmental development.

Assume social responsibility in local communities where its companies operate in order to contribute towards the progress and well-being of those communities.

Mitigate and/ or minimise the environmental impact arising from the environmental aspects associated with the activities and services provided.

Promote, communicate, encourage and influence all employees, clients, suppliers and the community in general to adopt environmental best practices, namely, in what concerns waste production prevention, correct procedures for waste separation, so as to allow the addition of value to waste and proper routing, preventing air, water and soil pollution as well as promoting the eco-efficient management of natural resources (water and energy).

Not allow any practice of bribery or corruption, either actively or passively, including payment facilitation or the creation, maintenance or promise of irregular or favoured situations.

The recipients of the Code of Ethics and Conduct may raise concerns regarding any behaviour or decisions which they believe do not respect the Group's ethics or Code of Conduct or report irregularities that occurred in the Group through the means available for this purpose on the website www.martifer.com.

SUSTAINABILITY REPORT

INTERNATIONAL PRESENCE AND BUSINESS AREAS

04 | INTERNATIONAL PRESENCE AND BUSINESS AREAS

Martifer Group continues to be a leading company in the execution of major projects in the metallic constructions, naval industry and renewable energy sectors that integrates values and commitments with its employees, partners and clients into its culture.

Surpassing expectations, Martifer is a synonym of execution, quality, trust and differentiation in the solutions and services it provides to its clients.

We work daily to exceed our clients' expectations, meeting deadlines and presenting the best solutions for each project. To undertake this commitment, the motivation of our teams is to analyse each project in a critical and creative way, always oriented to the best solution. The personal and professional development of our employees is the way to reach the best solutions, surprising and surpassing all challenges with confidence and ambition.

With more than 30 years of proven experience, today, the Group works in the areas of Metallic Constructions, the Naval Industry and Renewable Energy.

METALLIC CONSTRUCTIONS



Martifer Metallic Constructions is a globally recognised player in the sector. It provides global and innovative engineering solutions in the segments of metallic constructions, aluminium and glass façades and oil & gas.

- Metallic Structures
- Aluminium and glass façades
- Oil & Gas
- Industrial maintenance

NAVAL INDUSTRY



With two shipyards in Portugal, with the capacity to build, repair and convert medium and large-sized vessels, the naval area already has a portfolio of reference.

- Shipbuilding
- Ship repair
- Ship conversion

RENEWABLE ENERGY



Martifer Renewables is a renewable energy developer, especially in the development of wind farms and PV solar parks.

- Wind Energy
- Solar Energy
- O&M

WE ARE GLOBAL

With industrial facilities in four countries (Portugal, Romania, Angola and Mozambique), the Group also has a commercial presence in several countries in Europe, the Middle East and Africa to respond to the project demands in the markets where it operates.



Always with our eyes set on the future, we continue to be recognised as a distinctive brand, resulting from our capacity to implement, the courage to take on new challenges and the commitment to never give up acting in accordance with our culture, values and fundamental principles as a way of thinking and working, even in the most difficult situations.

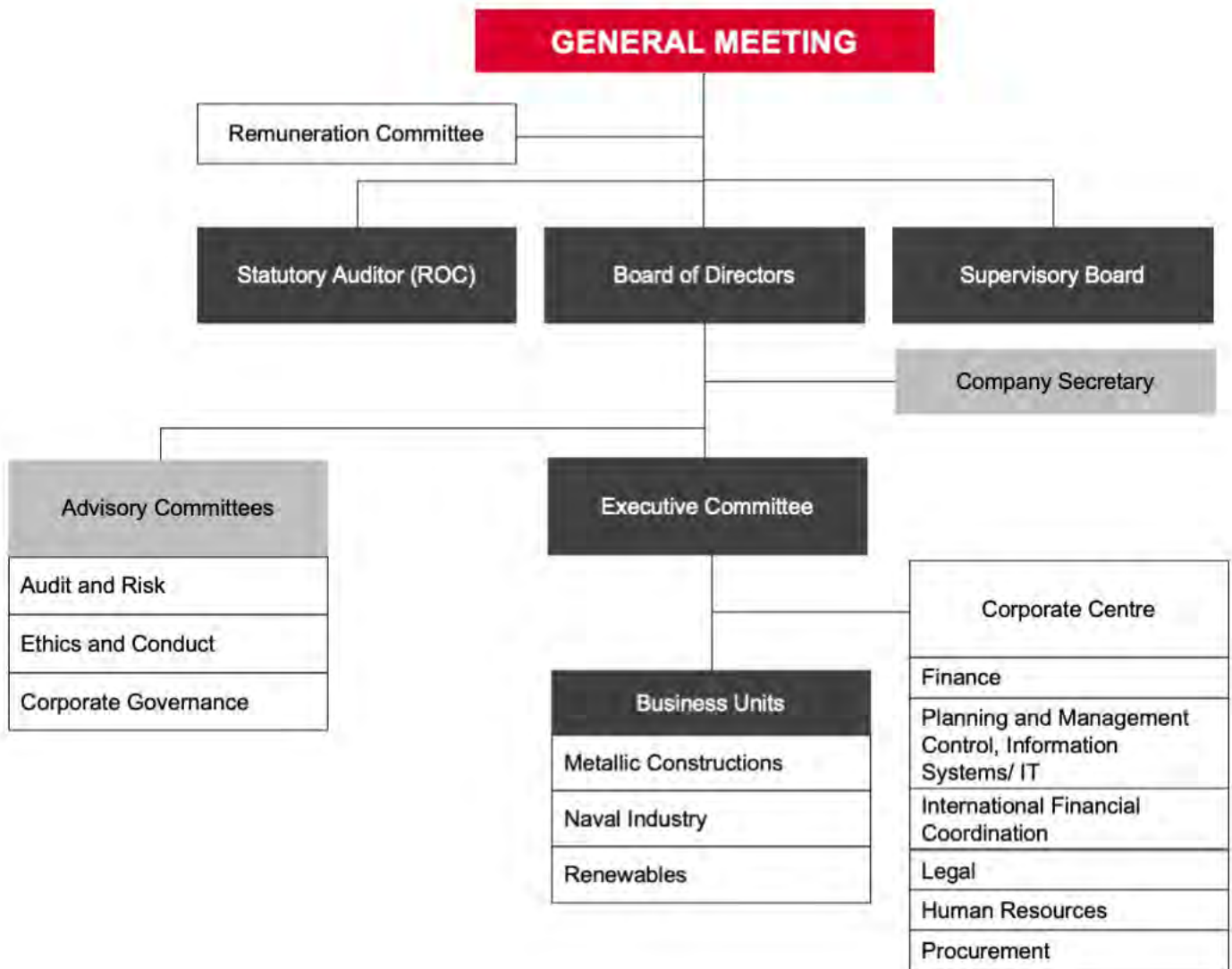
SUSTAINABILITY REPORT

GOVERNANCE MODEL

05 | GOVERNANCE MODEL

Martifer Group's governance model is defined, compiled and disclosed in the Corporate Governance Report. Besides the Board of Directors, Martifer also relies on committees that allow it to comply with best practices and to support the Board of Directors in specific areas, such as the Remuneration Committee, the Ethics and Conduct Committee, the Corporate Governance Committee and the Risk Committee.

The Group's governance model can be presented as follows:



Detailed information can be found in the Corporate Governance Report, which is part of the 2020 Annual Report.

SUSTAINABILITY REPORT

RISK MANAGEMENT

06 | RISK MANAGEMENT

Risks regarding health, hygiene and safety at work

The safety of all employees is an absolutely strategic guideline for Martifer Group. In the business areas where it operates, the mitigation of labour accidents is undertaken with rigour, and the Group is subject to legal provisions concerning health and safety at work, as well as labour risks.

Based on its Management Policy, the Group seeks to promote continuous improvement of the health and safety conditions at the workplace, identifying hazards and assessing and controlling the risks associated with the activities, preventing accident occurrence and providing greater comfort in the execution of the work, through giving information and making the protection means available, to minimise the exposure to risk factors that can't be eliminated;

Examples of this are:

- Initial training in occupational safety, carried out in the welcoming and integration phase of new employees;
- Information to employees about the risks of the work stations and about the preventive conduct to adopt;
- Implementation of self-protection measures;
- Maintenance of work accident insurance policies;
- Conduct audits to verify safety and health standards;
- Investigate and analyse accidents at work; and
- Conduct health exams.

The measures, once implemented, are regularly monitored to ensure their continuity, possible improvement and/or correction of any deviations.

Environmental risks

Promoting the continuous improvement of Martifer Group's environmental performance is also one of the guidelines for our activity. By identifying, assessing and controlling the environmental aspects associated with the various activities, products or services that the organisation can influence, we fulfil the objective of minimising or eliminating the potential environmental impacts arising from those activities, namely those that are identified and assessed as significant environmental aspects.

As a result of this assessment, the most significant environmental aspects resulting from the activities carried out by Martifer Group are energy consumption, air emissions and waste production.

Environmental risk management is coordinated by the Quality, Safety and Environment department, which is committed to the adoption of sustainable and efficient practices in all aspects of the activity.

In this regard, the Group has been reinforcing the actions undertaken to promote responsible behaviour such as waste management and resource conservation.

Image and Reputation Risks

Martifer Group's image in the national and international markets is notoriously recognised, contributing to a solid reputation of the Group in the areas where it operates.

To be aware that the occurrence of risks with negative impact at this level may involve, inter alia, financial losses, greater difficulty in attracting qualified human resources and loss of commercial position is the basis of our strategy.

Thus, it is assumed by the Group that the areas of activity related to risks that impact image and reputation are prioritised.

Examples of this are the above-mentioned actions related to health, hygiene and safety at work and related to environmental issues.

SUSTAINABILITY REPORT

ENVIRONMENTAL PERFORMANCE

07 | ENVIRONMENTAL PERFORMANCE

Martifer Group has a Quality, Safety and Environment Management System based on a Management Policy which has as main objectives to ensure the quality of all its products, the safety of its employees and the improvement of its environmental performance.

QUALITY, SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM

In its policy, Martifer Group undertakes the commitment of improving client, shareholder, employee and the general society's satisfaction.

In sum, the Group pursues that its Policy is understood by all employees as: "Do it well the first time, in safety and respecting the environment."

Therefore, Martifer Group has always had a strategy oriented towards the satisfaction of its clients and the conscience that we can only attend, with quality, the needs of our clients, with committed and motivated employees.

For the application of this strategy, the Group believes that the implementation of management systems in several areas plays an important role. These allow the systematisation of practises and methods that need to work regardless of the people who do them.

The Group's first certification was issued in 1997, with the certification of the quality management system in Martifer Construções Metalomecânicas, according to NP EN ISO 9002.

With the implementation of integrated management systems, Martifer Group has obtained as main results:

- Recognition of the work practices by an external entity, which allows the due recognition by our clients;
- Increase in the satisfaction and motivation of employees;
- Increase in productivity;
- Decrease in failure costs;
- Decrease in accidents;
- Decrease in costs from resource consumption;
- Prevention and reduction of pollution.

QUALITY, SAFETY AND ENVIRONMENT CERTIFICATIONS

Currently, Martifer Group has the following certifications.

1. Martifer Construções Metalomecânicas, S.A. (Portugal):

- ISO 9001 | Quality Management Systems (certifying entity - Portuguese Certification Association - APCER);
- ISO 45001 | Occupational Health and Safety Management Systems (APCER);

- ISO 14001 | Environmental Management Systems (APCER);
- EN 1090-1 | Factory Production Control (TÜV Rheinland);
- EN 1090-2 | Welding (TÜV Rheinland);
- ISO 3834-2 | Certification of Welding Inspection (TÜV Rheinland);
- SCC** | Safety, Health and Environment Certification in Oil and Gas-related activities | Bureau Veritas.

2. Martifer Romania RO SRL (Romania):

- ISO 9001 | Quality Management Systems (TÜV Rheinland);
- ISO 45001 | Occupational Health and Safety Management Systems (TÜV Rheinland);
- ISO 14001 | Environmental Management Systems (TÜV Rheinland);
- EN 1090-1 | Factory Production Control (TÜV Rheinland);
- ISO 3834-2 | Certification of Welding Inspection (TÜV Rheinland).

3. West Sea - Estaleiros Navais Unipessoal, Lda.

- ISO 9001 | Quality Management Systems (Bureau Veritas);
- ISO 45001 | Occupational Health and Safety Management Systems (Bureau Veritas);
- ISO 14001 | Environmental Management Systems (Bureau Veritas);

MANAGEMENT POLICY

Martifer Group is committed to improving the satisfaction of its clients, shareholders and employees and to establishing sustained relations with stakeholders, with the objective of affirming itself for its technological capacity, innovation and social responsibility. It aims to differentiate itself from other competitors, leading each client, employee and society, due to their satisfaction, to recommend our products and services.

In this regard, it undertakes:

- The constant concern in identifying and corresponding to its clients' requirements and expectations;
- To promote an integrated vision of clients, employees and suppliers and guarantee the fulfilment of the contractual requirements;
- To promote the development of people through awareness sessions and training;
- To promote the consultation and participation of all employees and of all those who work on behalf of the Group, in the objectives undertaken by the organisation;
- To ensure compliance with the requirements of ISO 9001, ISO 45001, ISO 14001 and EN 1090-1 standards and associated standards;
- The continuous improvement of the processes and the effectiveness of the management system, contributing to the reduction of flaws and increased productivity;

- Compliance with legal and regulatory requirements applicable to products, services and activities;
- The continuous improvement of health, hygiene and safety conditions at work, identifying hazards and assessing and controlling the risks associated with the activities, preventing accidents and providing greater comfort in the execution of the work, through information and the availability of protection means, to minimise the exposure to risk factors that cannot be eliminated;
- To promote continuous improvement of the environmental performance through the identification and evaluation of environmental aspects associated with the products and services which the organisation controls or can influence to minimise or eliminate the environmental impacts, preventing pollution;
- To promote ethical behaviour, respect for human rights and respect for fundamental labour rights;
- To implement operational practices aimed at preventing corruption in all its forms;
- To promote social responsibility in local communities where its companies operate, to contribute to the progress and well-being of those communities.

ENVIRONMENTAL RESPONSIBILITY

The continuous improvement of the environmental performance of Martifer Group is ensured through the identification and control of the environmental aspects associated with its products, activities and services, with the aim of eliminating or minimising the environmental impacts resulting therefrom, namely those that are identified and assessed as significant environmental aspects.

As a result of this assessment, the most significant environmental aspects resulting from the activities carried out by Martifer Group are energy consumption, air emissions and waste production.

ENERGY AND ENERGY EFFICIENCY

In all Martifer's companies, energy consumption constitutes a significant environmental aspect, particularly in companies with industrial facilities. Therefore, this is one of the issues with the highest incidence of sessions aimed at reducing this consumption, promoting the energy efficiency of its facilities and consequently reducing the emission of CO₂ into the atmosphere.

Currently, the biggest energy consumers of Martifer Group are the industrial units located in Oliveira de Frades, dedicated to the manufacture of metallic structures - namely OF2 (one of the industrial units that produce metallic structures and wind towers) - and the West Sea shipyard in Viana do Castelo, dedicated to building and repairing vessels.

In this sense, and with the aim of improving energy efficiency and, consequently, the environmental performance of the Group, the implementation of plans for the rationalisation of energy consumption (PRCE - Planos de Racionalização de Consumos Energéticos) are being implemented in both facilities.

For the factory OF2, a reduction of 4% of the specific energy consumption is intended, which means a reduction of 39 tonnes-of-oil equivalent/year, which at the end of the implementation of the plan for the rationalisation of energy consumption means a decrease of approximately 300 tonnes-of-oil equivalent.

To achieve these goals, the implemented actions and the ongoing ones are, among others:

- Replacement of less efficient lighting systems for LED technology;
- Control and reduction of compressed air leaks;
- Adjustment of the combustion of the burners of the painting booths.
- Improvement of the energy efficiency of machinery and equipment.

In the course of 2020, in the OF2 plant and considering all forms of energy, there was a consumption of 455 tonnes-of-oil equivalent.

In the case of the West Sea facility in Viana do Castelo, the aim is to reduce the specific energy consumption by 6%, which means a reduction of 112 tonnes-of-oil equivalent/year, at the end of the ARCE period, in 2026.

To achieve these goals, the actions to be implemented and those which are ongoing are, among others:

- Introduction of the Consumption Monitoring System;
- Use air compressors from the central sector, as an alternative to air systems 1 and 2;
- Control of the compressed air leaks;
- Replacement of less efficient lighting systems;
- Introduction of a Production Unit for Self-consumption with 195.3 kWp.

During 2020, at the West Sea shipyard and considering all forms of energy, there was a consumption of 1.647 tonnes-of-oil equivalent.

The use of the vehicle fleet is also one of the Martifer Group's greatest energy consumption, and therefore a Policy for the acquisition, rental and use of vehicles remains in force, which aims to reduce the environmental impacts associated with the Group's fleet.

POLICY FOR THE PURCHASE, RENTAL AND USE OF VEHICLES

When buying and renting vehicles:

- In the purchase of vehicles (buy or rent), preference should be given to electric or hybrid vehicles; whenever this is not possible, preference should be given to diesel vehicles to the detriment of petrol vehicles;
- An assessment should be carried out based on CO2 emissions and other hazardous pollutants, such as NOx or other carcinogenic substances. In practice, vehicle performance should be evaluated in two areas: emissions and energy efficiency.
- Lighter cars should be preferred, as they are usually associated with lower consumptions;
- The noise level emitted by vehicles must also be assessed, with the priority being given to vehicles with lower noise emission levels;
- According to the criteria mentioned, vehicles with less environmental impact should always be considered as a tie-breaker criterion.

Globally, and considering the consumption of all forms of energy, Martifer Group consumed approximately 3,600 tonnes-of-oil equivalent during 2020.

Similarly, the Group's activity during 2020 had an estimated CO2 emission of approximately 9,100 tonnes.

AIR EMISSIONS

Air emissions, especially those resulting from the painting process of metallic structures in various industrial units of the Group, are also another significant environmental aspect that results from Martifer's activity.

Therefore, several initiatives have been adopted in the last years to minimise the environmental impacts associated with these emissions, namely:

- Renovation of the painting areas to adjust exhaust systems and associated treatments, with the objective of reducing air emissions and their danger;
- Operational awareness sessions to minimise the diffuse emissions associated with the process of handling and using paints;
- Progressive replacement, and whenever possible depending on client specifications, of solvent-borne paints (with large quantities of volatile organic compounds) for water-borne paints;
- Diluent recovery, through a distillation process of the “dirty” solvent, allowing its reuse and consequently a lower consumption of “new” solvent;

WASTE

The production of waste is also an environmental aspect considered significant, namely the production of some hazardous waste resulting from painting and maintenance activities.

In this aspect, employee behaviour has a great impact on improving the environmental performance of the Group, so several sessions are continuously developed to raise awareness for the correct management of the produced waste.

To raise awareness and also to hold every employee accountable for adequate waste treatment, enhancing its recovery, Martifer instilled a culture based on the 3 Rs.

THE 3 Rs

To be held responsible – to set rules

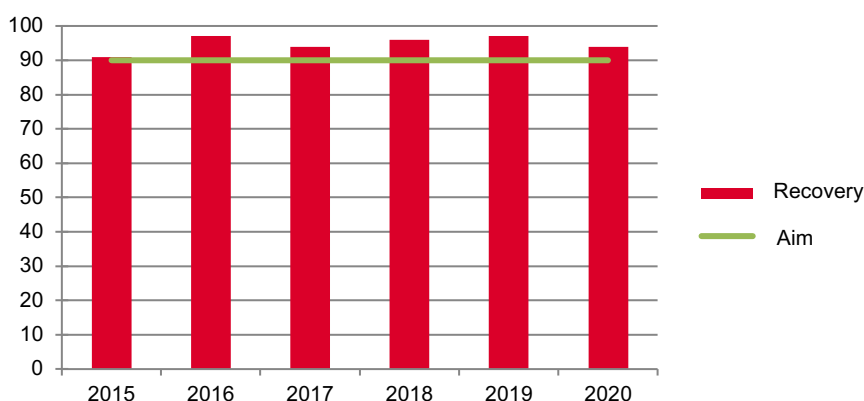
To respect – to comply with the rules

To recycle – to separate the produced waste

Rules were defined for the reuse and separation of the produced waste, making every employee accountable for its compliance to increase the amount of waste that can be recycled through its correct separation and routing to authorised waste treatment operators.

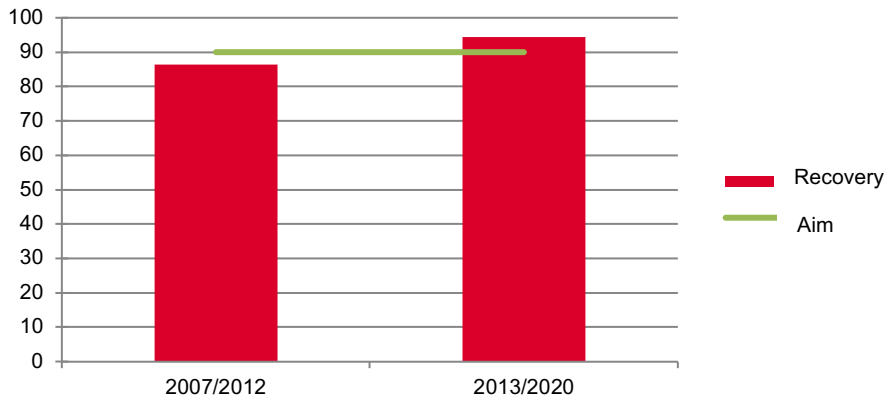
The following graph shows the percentage of waste sent for recovery (R operations) and for disposal (D operations) from 2015 to 2020. Values above 90% (target established by the Group) of recovered waste are always verified compared to waste routed for elimination. Since 2013, and therefore for the 8th consecutive year, results above 90% have been recorded.

Waste Routing (%)



It should be noted that until 2012 the annual average of waste sent for recovery was 86%, and from 2013 to 2020 the average increased to 94%. This evolution is visible in the following chart.

Waste Routing (%)



This increase in the recovered waste demonstrates Martifer Group's effort not only in the reduction of produced waste but also in the search for "partners" in waste management and treatment that provide environmentally more correct and adequate treatment for the waste produced by the Group.

HEALTH, HYGIENE AND SAFETY AT WORK

The safety of all employees is absolutely strategic in Martifer Group. Based on its Management Policy, actions are continually implemented and designed to prevent accidents at work.

The 3 Cs

- give Competences
- create Conditions
- demand Conduct

Martifer Group's safety policy is based on the three Cs. The main goal is the involvement and the accountability of all the employees in the several hierarchical levels of the organisation. The Group promotes the acquisition of skills through ongoing and regular training sessions, creating the necessary safety conditions so that it can hold employees accountable and demand safe behaviour.

ACCIDENTS

In practice, the fundamental objective of the culture of the 3 Cs is the reduction of accidents at work and, consequently, the severity associated with them.

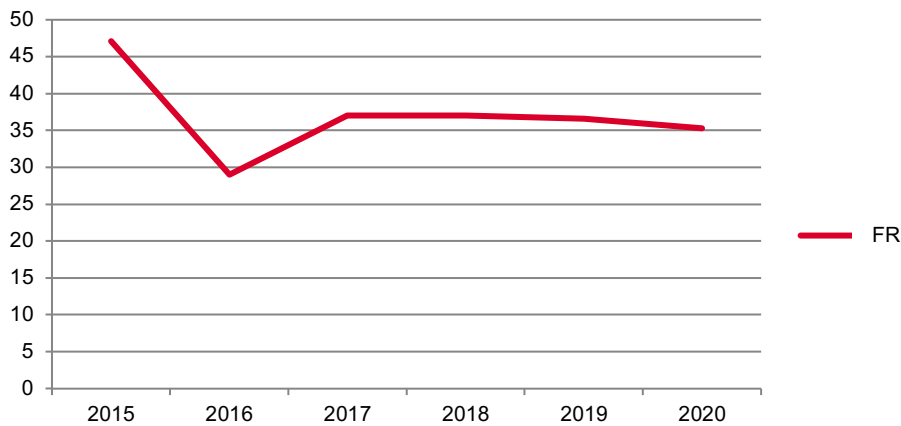
Due to various initiatives within Martifer Group, there has been a consistent reduction in the number of accidents over the years.

At the end of 2015, the frequency rate of accidents at work in the Group was 47, falling to 46 in 2016. In 2017, there was a further decrease, this time more accentuated to 37, a number that remained the same in 2018 and 2019. In 2020, the frequency rate fell to 35, one of the lowest values ever in Martifer Group's activity. Only in 2016 had there been a lower accident history.

(1) Frequency Rate (FR) Number of accidents at work per 1 million hours actually worked.

The decreasing trend in the frequency of accidents at work in the Group can be observed in the following chart, which shows values since 2015.

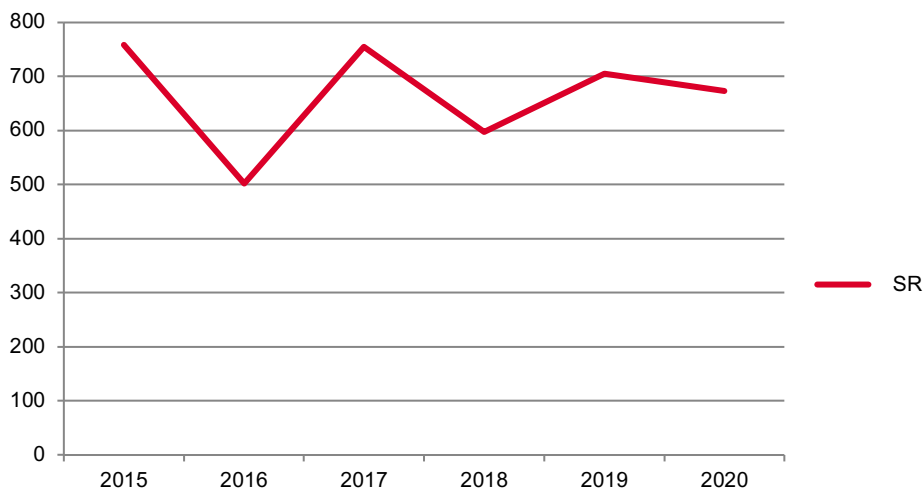
Accidents | Frequency Rate (FR)



The severity rate (2), on the other hand, has experienced some oscillations over the last few years. However, there is also a downward trend. 2020 was one of the best years ever, with a value of 673 (5% below 2019). These values can be observed in the following chart.

(2) Severity Rate (SR): Number of days lost, for every 1 million hours actually worked.

Accidents | Severity Rate (SR)



The decreasing trend in the frequency of accidents at work reflects the effort developed by the Group's companies to create better work conditions for their employees through technical and organisational actions that decrease the probability of the occurrence of accidents.

RENEWABLE ENERGY



Today, when we think about energy and sustainability, we should consider the importance of the union of these two factors. The use of renewable energy sources is fundamental for the continuity of future generations.

Sustainability plays a very important role not only as a major factor in clean energy generation but also in social, economic and environmental issues.

These are the projects in operation or construction at Martifer Group:

VALE GRANDE WIND PROJECT (IN PARTNERSHIP)

Location: Arganil, Portugal

Installed capacity: 12.3 MW

No. of wind turbines: 6

Energy produced in 2020: 30,406 MWh/year

No. of houses supplied: 13,771

Avoided CO2 emissions: 18,244 tonnes

Note: 50% of the project is owned by Martifer Renewables

Average monthly consumption of a dwelling: 184 kWh/month* (2016 data)

Annual average consumption: 184 kWh*12 = 2,208 kWh/year

Estimated value of prevented CO2 emissions due to wind energy: 600g/kWh**

Source:

* <https://ligar.adene.pt/wp-content/uploads/2019/03/Manual-Ligar.pdf>

**<https://gwec.net/wp-content/uploads/2012/06/Wind-climate-fact-sheet-low-res.pdf>

BABADAG WIND PROJECT

Location: Babadag, Romania

Installed capacity: 42 MW

No. of wind turbines: 20

Energy produced in 2020: 82,000 MWh/year

No. of houses supplied: 49,249

Avoided CO2 emissions: 49,200 tonnes

Annual consumption in 2018 per dwelling: 1,665 kWh/year*

Estimated value of prevented CO2 emissions due to wind energy: 600g/kWh**

Source:

* <https://www.odyssee-mure.eu/publications/efficiency-by-sector/households/electricity-consumption-dwelling.html>

**<https://gwec.net/wp-content/uploads/2012/06/Wind-climate-fact-sheet-low-res.pdf>

DACHNÓW PHOTOVOLTAIC SOLAR PROJECT

Location: Podkarpackie, Poland

Installed capacity: 1 MW

No. of solar panels: 2,980

Energy produced 2020: 1,100 MWh/year

No. of houses supplied: 55

Avoided CO2 emissions: 660 tonnes

Annual consumption in 2018 per dwelling: 2,180 kWh/year*

Estimated value of prevented CO2 emissions due to wind energy: 600g/kWh**

Source:

* <https://www.odyssee-mure.eu/publications/efficiency-by-sector/households/electricity-consumption-dwelling.html>

**<https://gwec.net/wp-content/uploads/2012/06/Wind-climate-fact-sheet-low-res.pdf>

ŁADA (DZWOLA) WIND PROJECT

Location: Lubelskie, Poland

Installed capacity: 20 MW

No. of wind turbines: 10

Expected energy: 60,000 MWh/year

No. of houses supplied: 27,523

Avoided CO2 emissions: 36,000 tonnes

Annual consumption in 2018 per dwelling: 2,180 kWh/year*

Estimated value of prevented CO2 emissions due to wind energy: 600g/kWh**

Source:

* <https://www.odyssee-mure.eu/publications/efficiency-by-sector/households/electricity-consumption-dwelling.html>

**<https://gwec.net/wp-content/uploads/2012/06/Wind-climate-fact-sheet-low-res.pdf>

KOCUDZA DRUGA PHOTOVOLTAIC SOLAR PROJECT

Location: Lubelskie, Poland

Installed capacity: 1 MW

No. of solar panels: 2,312

Expected energy for 2021: 1,080 MWh/year

No. of houses supplied: 495

Avoided CO2 emissions: 648 tonnes

Annual consumption in 2018 per dwelling: 2,180 kWh/year*

Estimated value of prevented CO2 emissions due to wind energy: 600g/kWh**

Source:

* <https://www.odyssee-mure.eu/publications/efficiency-by-sector/households/electricity-consumption-dwelling.html>

**<https://gwec.net/wp-content/uploads/2012/06/Wind-climate-fact-sheet-low-res.pdf>

KOCUDZA TRZECIA PHOTOVOLTAIC SOLAR PROJECT

Location: Lubelskie, Poland

Installed capacity: 1 MW

No. of solar panels: 2,404

Expected energy for 2021: 1,080 MWh/year

No. of houses supplied: 495

Avoided CO2 emissions: 648 tonnes

Annual consumption in 2018 per dwelling: 2,180 kWh/year*

Estimated value of prevented CO2 emissions due to wind energy: 600g/kWh**

Source:

* <https://www.odyssee-mure.eu/publications/efficiency-by-sector/households/electricity-consumption-dwelling.html>

**<https://gwec.net/wp-content/uploads/2012/06/Wind-climate-fact-sheet-low-res.pdf>

ZALUZE PHOTOVOLTAIC SOLAR PROJECT

Location: Podkarpackie, Poland

Installed capacity: 1 MW

No. of solar panels: 2,230

Expected energy for 2021: 1,080 MWh/year

No. of houses supplied: 495

Avoided CO2 emissions: 648 tonnes

Annual consumption in 2018 per dwelling: 2,180 kWh/year*

Estimated value of prevented CO2 emissions due to wind energy: 600g/kWh**

Source:

* <https://www.odyssee-mure.eu/publications/efficiency-by-sector/households/electricity-consumption-dwelling.html>

**<https://gwec.net/wp-content/uploads/2012/06/Wind-climate-fact-sheet-low-res.pdf>

SUSTAINABILITY REPORT

**PERFORMANCE
CONCERNING
SOCIAL AND
EMPLOYEE-
RELATED ASPECTS**

08 | PERFORMANCE CONCERNING SOCIAL AND EMPLOYEE-RELATED ASPECTS

CITIZENSHIP

SOCIAL RESPONSIBILITY

Martifer Group believes that a company, more than a supplier of products and services; it is also an employability and social responsibility agent in its geographical area. Therefore, it supports causes it considers relevant for society in general while supporting local institutions to develop their solidarity work.

DONATIONS

In the area of social responsibility, following criteria of proximity and relationship with the institutions, in 2020, in particular with issues associated with COVID-19, Martifer Group supported some institutions to help meet the needs that the pandemic showed.

Donations	AMOUNT
Donation COVID-19 - Local Health Unit of Alto Minho	52,573.34€
7,500 complete hospital protection suits	
5,000 surgical masks	
9,610 litres of alcohol gel	
670 white coats	
40 automatic alcohol gel dispensers	
42 white hospital boots	
Donation to A.H.B. Voluntários de Viana (Volunteers of Viana)	5,000.00€
Donation to the Parish of Viana do Castelo	7,000.00€
Donation to Associação Humanitária dos Bombeiros Voluntários de Aveiro (Firefighters of Aveiro)	100.00€
Donation to the Food Bank	2,096.04€
Donation to CSA - Centro Solidário da Ajudaris	580.04€

MARTIFER RENEWABLES SUPPORTS ONLINE CLASSES

Martifer Renewables in Poland supported the Jaś Wędrowniczek Foundation's online classes' project to address the absence of in-person lessons due to the pandemic. The lessons, in cooperation with local teachers, are aimed at students who attend basic education and high school.

The association supports the education of children and teenagers in the Subcarpathia area (Podkarpacie), in southeast Poland, where Martifer Renewables built most of its wind farms in this country.

ASSOL EXHIBITION - the Energy that makes us rise



In September 2020, we inaugurated ASSOL's exhibition "The Energy that makes us rise" at the head office building (ASSOL - Associação de Solidariedade Social de Lafões - Lafões Social Solidarity Association). This exhibition results from the various groups of ASSOL members who, after the COVID-19 lockdown, returned to that space with the necessary strength to rise again, thus building a wind turbine as a symbol of the positive energy connected with nature.

These wind towers made from different materials and in various shapes and sizes symbolise the positive energy that the entire team felt when they returned to ASSOL. The exhibition brought this positive energy, full of colour and hope for a better future.

COLLECT PLASTIC CAPS FOR THE "LIGA DOS PEQUENINOS" (KIDS LEAGUE)

The plastic caps collected by the Liga dos Pequeninos allow the purchase of equipment to support children with special needs of the Paediatric Hospital in Coimbra. Martifer, with the help of all employees, has been collecting plastic caps for this entity since 2016.

MARTIFER AND IEFP PROMOTE THE MECHANICAL CONSTRUCTION DESIGNER COURSE

To anticipate teams' future needs, Martifer began at its premises in October 2020, in partnership with the Portuguese Institute for Employment and Vocational Training (IEFP), the "Mechanical Construction Designer" course. A tailor-made modular training course within the "Active Life programme" and includes the participation of 12 trainees.

The course curriculum plan was defined in partnership with the Academy of Competences, adjusting each training module to the Group's reality. Having two components, a theoretical and practical one, it is expected that the trainees will complete the theoretical part of the training taught by an IEFP trainer during 2021 and be integrated in Martifer for a 3-month traineeship in the workplace.

FIELD VISITS



Technical field visits with professionals in the area are an asset for students who visit Martifer Group since they get to contact the actual demands of the job they are learning about, in a necessary experience to enter the labour market in the future. They are also an essential recruitment tool for the Group since the contact with professionals and the facilities is very attractive.

In the first week of March, shortly before everything changed due to COVID-19, the façades factory and the metallic structures factory received the visit of about 60 students from the Mechatronics course of the Resende School and the Metalworking course of Mariana Seixas School, in Castro Daire. These were the only field visits carried out in 2020, since from March onwards, as a preventive measure to the spread of the pandemic, these initiatives were suspended.

MARTIFER AND CMM IN PARTNERSHIP TO PROMOTE THE STRUCTURAL GLASS COURSE

Martifer took part in the “Structural Glass Design: Key aspects” training course, organised by CMM - Associação Portuguesa de Construção Metálica e Mista (Portuguese Association of Metal and Mixed Constructions) in Coimbra, between 17 and 19 January 2019. This training course was aimed at civil engineering students, civil engineers and construction-related technicians.

CELEBRATING 30 YEARS IN A YEAR OF A PANDEMIC

Martifer Group celebrated 30 years of activity in 2020! The year that is so special to the Group was also the year in which humanity was blown away by the COVID-19 pandemic. Martifer's 30-year anniversary announced several commemorative events, team initiatives and a strategy focused on the company's values and mission and on gender equality. We postponed the events, but we did not postpone the strategy for 2020.

30 YEARS TOGETHER


Every 21 February is special for Martifer with some symbolic initiatives for the employees - free coffee, special dishes at the canteen and 2020 brought a special '30-year anniversary cupcake' for each employee. At the head office, employees were part of a fun 'human-made number 30', full of good energy where we now notice that a hug was missing! On the day of this photograph, we did not imagine that we would be impeded from being so close to each other a few days later.

SEMINARS WITH THE FOUNDERS OF THE GROUP


On 21 February 2020, 30 years after the foundation of Martifer, both in Oliveira de Frades and in Viana do Castelo, the seminars held reminded us of the Group's history and made us reflect on the values that our founders share. The humility, resilience, non-conformity and energy characteristic of them made these seminars unique moments of an emotional history that is significant for all.

GIFT CARDS FOR EMPLOYEES

At Christmas, unable to gather all employees for a Christmas lunch, the Group offered each employee a Gift Card and a “bolo-rei” (a Portuguese Christmas fruit cake) to celebrate Christmas as a family.

MOVE SCHOLARSHIPS – 30 YEARS MARTIFER

We believe that education is one of the fundamental pillars for innovation, development, sustainability and life. The year 2020 brought many families great financial pressure, especially families with children attending universities. Martifer wanted to minimise this impact and support the university studies of the sons and daughters of Martifer’s employees.

In November 2020, MOVE launched the Scholarship Initiative - 30 years Martifer.

This initiative of internal social responsibility aimed at giving scholarships to Martifer families, whose children were attending universities. Twenty scholarships of 1.000€ each were given. Intending to relieve the financial pressure of a very atypical year, it was also the year of the celebration of Martifer’s 30th anniversary.

SOLIDARITY, TOLERANCE, COOPERATION AND OVERCOMING

The year 2020, and especially the month of March, reflects Martifer’s employees’ ability to adapt and work. Solidarity, tolerance, cooperation, and overcoming were the assumptions that guided everyone during this challenging phase.

The Group’s global context, with employees travelling frequently and with facilities/shipyards receiving people from all over the world, caused difficult decisions to have to be made quickly.

Everything was focused on preventing the spread of COVID-19. So, never had there been so many Service Orders issued, so many communications to employees. Never had we changed so quickly as in 2020. This enormous pressure has brought the team even more together to ensure that our commitments are met, always focusing on health.

IMPACT OF COVID-19 AND MEASURES TAKEN BY MARTIFER GROUP

04 FEB

First communication to employees to raise awareness and take precautions.
Availability of masks and digital leaflet for travellers.

02 MAR

The Portuguese Directorate-General for Health reports the first infected person in Portugal.
Hand washing awareness.
Creation of isolation rooms at the Group’s facilities.
Suspension of travelling and non-urgent in-person meetings.
On construction sites: guidelines for the return of employees and procedures in countries.

04 MAR

Placement of alcohol gel dispensers at our facilities.
Extra cleaning of the facilities, offices and changing rooms.
Compulsory social distancing.
Implementation of a lunch schedule at the head office’s canteen.
Implementation of a survey and random monitoring of body temperature for subcontractors.

13 MAR

Approval of the Contingency Plan.
Start of the lockdown phase.
Creation of a video conference room.
Vehicle access in the shipyards is limited to one vehicle per subcontractor.

16 MAR

Start of telework for compatible jobs.

Employees who are considered to be part of risk groups are evaluated by medicine at work; they stay at home as a preventive measure.

Family support.

The biometric fingerprint recognition time attendance is suspended.

Restrictions in the access to the head office.

Suspension of employee hiring and training.

Placement of hand sanitiser dispensers.

Daily cleaning of shipyards and vehicles.

Distribution of disposable gloves.

Body temperature measurement of all employees in Sines.

17 MAR

New loading and unloading procedure.

Projects halted: Metz and the Vinci Headquarters in France.

Team reduction in Sines – rotation of teams.

Reorganisation of working hours.

Closing of the canteen and vending areas at West Sea.

Body temperature measurement at West Sea twice a day.

18 MAR

Declaration of the state of emergency in Portugal.

Work starts in shifts at West Sea.

Start of cleaning and spraying equipment and facilities at West Sea.

Work on-site was stopped in various countries.

30 MAR

New attendance registration system.

Body temperature measurement of all personnel at the façades plant.

APRIL

World Safety and Health at Work Day is dedicated to raising awareness for the prevention of the spread of COVID-19.

At West Sea: start of the snack/lunch kit distribution.

Reorganisation of schedules - 2 shifts.

Distribution of masks and visors.

Body temperature is measured by nurses at the entrances.

Creation of paths with safety distance on site.

Extra cleaning of pavements, roads and work spaces, bathrooms and offices.

Installation of cameras to measure body temperature at the entrance of the refinery (GALP) in Sines.

MAY

End of the State of Emergency in Portugal.

Transition from the state of emergency, which had been in force in the country since 18 March, to the state of calamity.

216 employees start *lay-off*.

Distribution of community masks.

Preparation for the return to work at the facilities.

Return to the assembly works of the projects: Stories, Chateaudun, Vinci Headquarters, MGEN and the Metz Stadium in France.

JUNE

Strengthening of the communications of the Occupational Doctor on COVID-19.

JULY

Reinforcement in the distribution of community masks.

AUGUST

The Contingency Plan was updated and sent to the entire Group.

SEPTEMBER

The application developed by the Government 'Stay Away Covid' is disclosed to all employees of the Group. Canteens reinforce preventive measures with the placement of acrylic dividers between users.

OCTOBER

The Occupational Doctor raises awareness to employees on the use of face masks in the offices. World Mental Health Day – Internal awareness to answer the pressure put on by COVID-19.

NOVEMBER

The beginning of the new State of Emergency in Portugal, declared on 21 November 2020. Different work hours at the Group's factories.

DECEMBER

Start of vaccination in Portugal. Awareness actions promoted by nurses on the importance of the self-monitoring of symptoms.

COMMUNICATION AND TRANSPARENCY

Communication and transparency are the key pillars of any company, especially a listed Group. Martifer seeks to give all its stakeholders access to the most relevant information in the most straightforward manner possible.

Therefore, it has several communication tools that allow it to communicate with clients, suppliers, and investors and with society in general.

INSTITUTIONAL COMMUNICATION TOOLS

Martifer Group has a team dedicated to the development of the Group's corporate communication. The communication department seeks to respond to the requests of the various national and international stakeholders and media. The Group makes itself known through the use of its communication tools.

ONLINE PRESENCE



Online presence is one of the best ways of non-face-to-face communication. Martifer Group is present online, not only through its website but also in selected social networks, according to the company's characteristics.

Websites

www.martifer.com - In 2020, the Group launched its new corporate website associated with celebrating the Group's 30th anniversary. This new website adapts the Group's communication to new media and digital platforms while seeking to reach more clearly and directly different users: clients, suppliers, shareholders and the general public. The website is available in Portuguese and English.

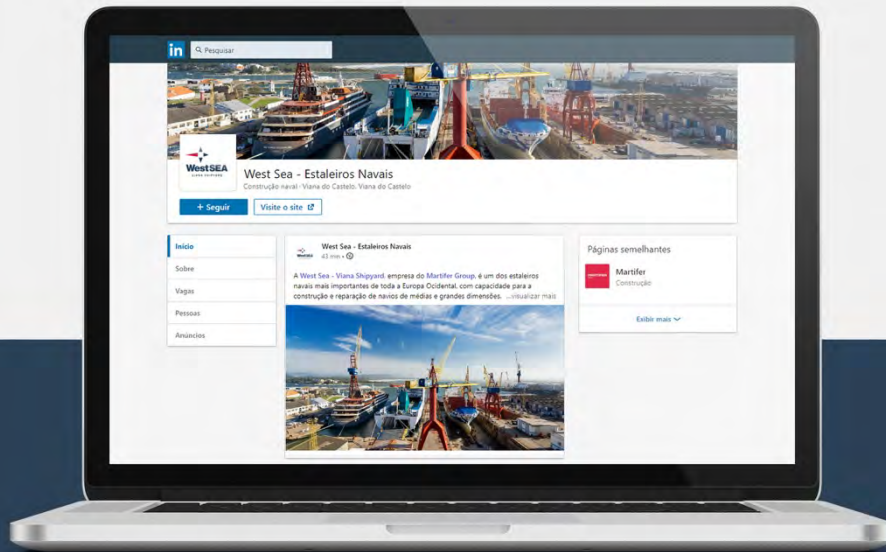
www.west-sea.pt - the West Sea website. Available in four languages (Portuguese, English, Spanish and French), it presents the Group's shipyard in Viana do Castelo, from the equipment to the location, the Quality Policy and its portfolio and the ongoing projects at the shipyard.

www.navalria.pt - it is Navalria's website, the Group's shipyard in Aveiro. Besides general information about the shipyard, visitors can learn more about some of the vessels that have been at its docks, both for repair and construction. It is available in Portuguese, in English and French.

Social Networks

Martifer is present in LinkedIn®, Facebook® and YouTube®.

Siga-nos no
LinkedIn



In LinkedIn®, the Group's most used social network, Martifer seeks to disclose information about the company and take advantage of the more professional nature of this network through the release of job offers and other corporate information.

In 2020, an evaluation was made of the Group's presence in this social network. Pages for West Sea and Martifer Renewables were created to be closer to the followers of each business area.

At the end of the year, the Group's LinkedIn page had 32,962 followers. The Martifer Metallic Constructions page had 10,577 followers, the West Sea page had 3,150 followers, and the Martifer Renewables page had 870 followers.

On Facebook®, the Group posts from time to time the most relevant information about its projects. At the end of 2020, it had more than 6,000 followers.

In YouTube®, the Group shares both corporate and press videos.

It is through the social networks that the Group seeks a closer relationship with its stakeholders. More than giving an opinion, social networks allow the Group to communicate with its followers through their comments, messages and "likes", which are analysed by the Group.

MNEWS

MNews is the Group's corporate magazine that annually presents a summary of the Group's activities. MNews is published in a digital format in Portuguese and English on the Group's website and subsequently shared on social networks and distributed in the corporate newsletter.

On its 30th anniversary, MNews had a special edition that was printed.



CATALOGUES

Catalogues are one of the best communication tools for commercial relations with clients and future clients and for face-to-face meetings or to send digitally. These materials are an excellent way to present the companies and are vital commercial support, showing the portfolio and the proven ability over more than 30 years of activity.

COMMUNICATION WITH INVESTORS AND SHAREHOLDERS

Listed on NYSE Euronext Lisbon since 2007, Martifer seeks to maintain efficient communication with the capital market, with investors and with shareholders.

RELEASES

In Investor Relations, press releases are a way of transmitting information to the entire market simultaneously, at the same time guaranteeing access to the most relevant information about the activity, the shareholder structure or the Group's Governance.

In 2020, Martifer issued 12 releases, material information and other releases.

REGULAR REPORTING

In the periodical financial information issued every semester, Martifer also contextualises this information with other relevant data, such as the semester's leading events, the Group's strategy and future prospects. Besides the Annual Report, the Corporate Governance Report and the Sustainability Report, Martifer also issues each semester a results presentation, which is a summary of the main information included in the Annual Report.

INVESTOR RELATIONS

Martifer believes that communication with its stakeholders is essential for the development of its activities.

With the Group's growth and internationalisation strategy, its information must be visible and quickly accessible by its shareholders and future investors, preferably through the Group's website (www.martifer.com).

The Investor Relations & Communication Office guarantees on-time disclosure of all information relating to the Group and is available to answer any shareholders and investors' queries.

Investor Relations Office

Martifer Group's Investor Relations representative is Pedro Nuno Cardoso Abreu Moreira.

Contact:

investor.relations@martifer.pt

T.: +351 232 767 700

F.: +351 232 767 750

VISITS AND CORPORATE EVENTS

Martifer believes that companies must be open to those who want to know more about the company and visit its facilities, both for educational or corporate reasons.

In 2020, due to the COVID-19 lockdown from March onwards and as a preventive measure, the number of visits and events was meager.

WE HIGHLIGHT:

MARTIFER RECEIVED AMBASSADORS AND DIPLOMATS FROM LATIN AMERICA AT ITS HEAD OFFICE IN OLIVEIRA DE FRADES

The House of Latin America and the City Council of Viseu promoted a working day in the district of Viseu with ambassadors and diplomatic representatives of Latin America in February.

This event followed the objective of the House of Latin America to present the local governments and Portuguese companies to the Ambassadors of Latin America represented in Portugal and to members of the House of Latin America.

The event proved to be of the utmost importance since it represented a starting point for possible internationalisation processes of Portuguese companies and a viable approximation of Latin American companies to the Portuguese market.

The ambassadors and diplomats visited the Town Hall of Viseu, the SalivaTec Laboratory of the Catholic University, Visabeira Group, the Regional Dão Wine Commission, the Grão Vasco Museum, the Vissaium XXI Incubator and Martifer Group.

At Martifer, they were received at the head office building by Arnaldo Figueiredo, Jorge Martins, Pedro Moreira and David Martins. They also had the opportunity to visit the industrial unit OF2 and the aluminium and glass façades plant.

MINISTER OF THE SEA VISITS WEST SEA

Minister of the Sea, Ricardo Serrão Santos, visited the West Sea shipyard on 7 October. After a brief presentation, the delegation visited the shipyard and saw the polar vessel, the World Voyager.

In an interview, Ricardo Serrão Santos highlighted the company's performance during the pandemic. "This shipyard has successfully crossed COVID-19 and is now fully operational, with even more people and with a very relevant order book," he pointed out.

DREDGING AND THE NEW DRY DOCK PROJECT



On 16 June, the West Sea shipyard held the ceremony for the inauguration of the dredging works of the access canal to the shipyard for the 6-metre level of the hydrographic zero. The Minister of Infrastructure and Housing, Pedro Nuno Santos, presided over the ceremony with the intervention of the President of APDL, Guilhermina Rego, and Carlos Martins, President of Martifer Group, and José Maria Costa, Mayor of Viana do Castelo.

The project aims to improve the access conditions to the Bugio Pier and the shipyard, and it will stimulate industrial development. It will allow larger vessels to enter the port. It will boost the creation of a competitive cluster in the Portuguese naval industry, increasing the competitiveness of the port infrastructure. The intervention will also improve safety and navigability conditions in the port of Viana do Castelo. The project, which is included in the Strategy to Increase Competitiveness of the Continent's Network of Commercial Ports – Horizon 2026, counts on the investment from APDL - Administration of the Ports of Douro, Leixões and Viana do Castelo of around 17.4 million euros and a private investment of 15 million euros from West Sea, which will build a new dry dock aligned with the Bugio pier, taking advantage of the old ramp.

EMPLOYEES AND WORK ENVIRONMENT

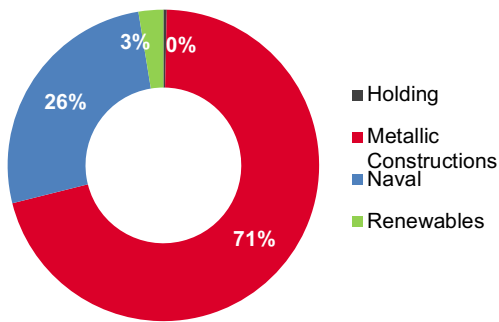
At Martifer, we trust the work capacity of each employee we recruit, his/her desire to innovate, improve and contribute to the success of the Group, wherever he/she is. This is why Martifer seeks to develop a safe and healthy workplace for its approximately 1,440 employees spread over several countries, placing at their disposal the right tools to carry out their work with excellent results without compromising their well-being and their safety.

CHARACTERISATION OF THE HUMAN RESOURCES

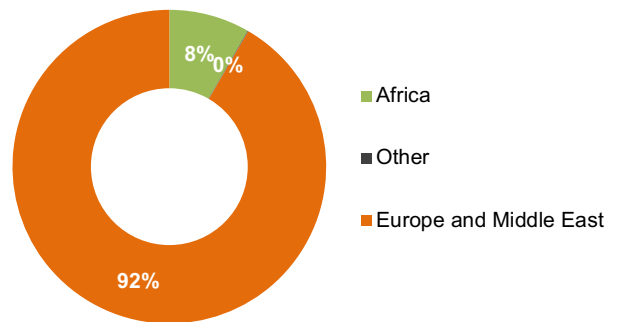
In 2020, these were our numbers.

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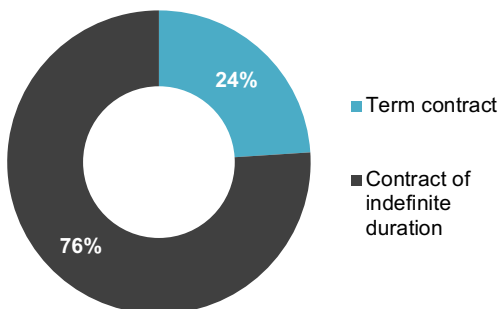
BUSINESS AREA



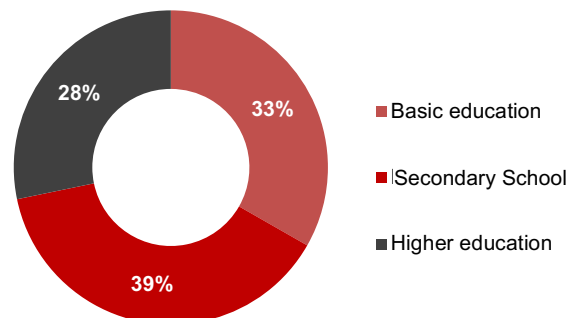
GEOGRAPHIC POLE



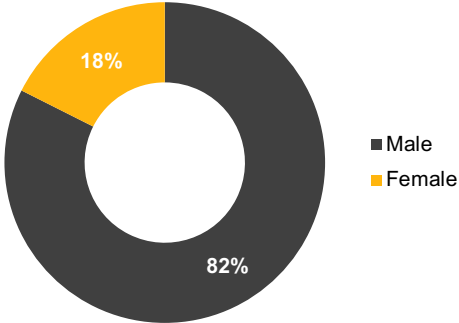
TYPE OF CONTRACT



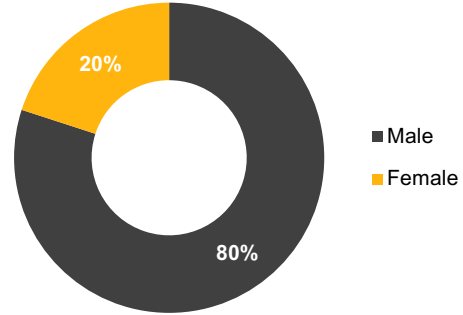
EDUCATION



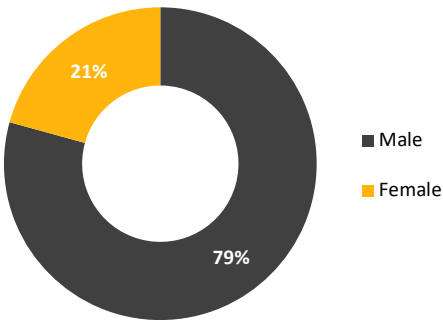
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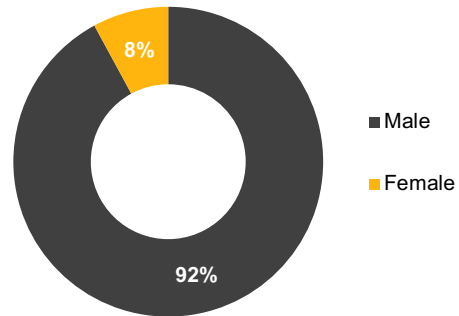
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Holding



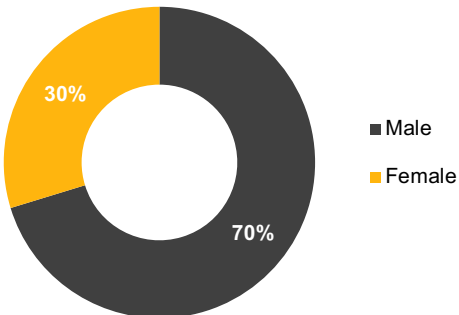
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Metallic Constructions



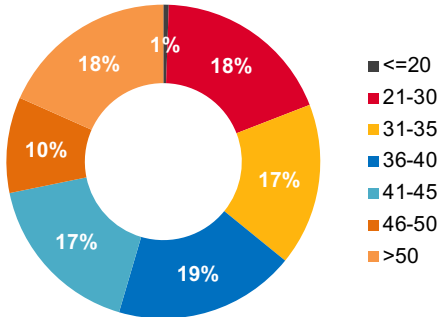
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Naval industry



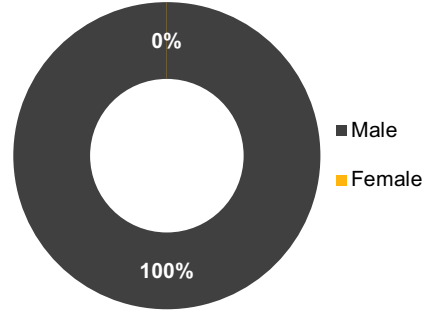
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Renewable Energy



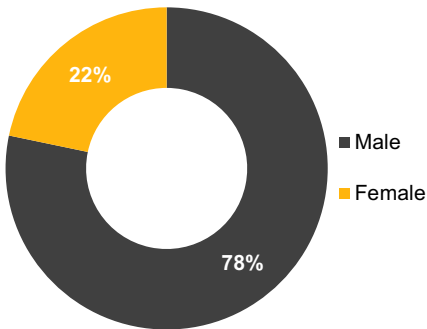
AGE RANGE



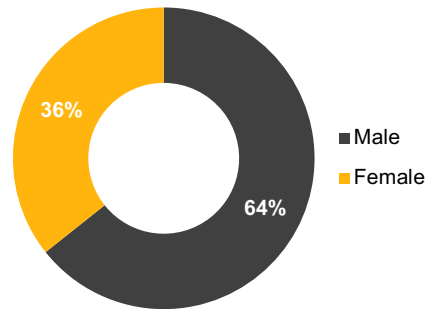
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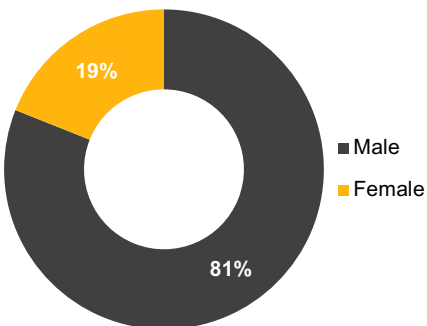
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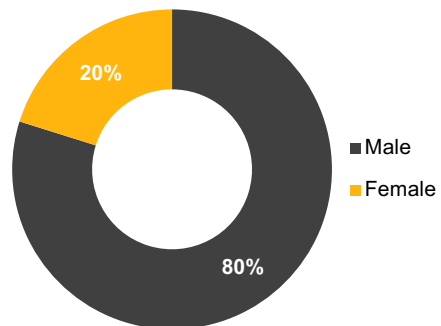
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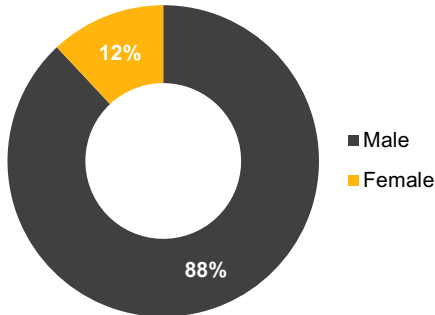


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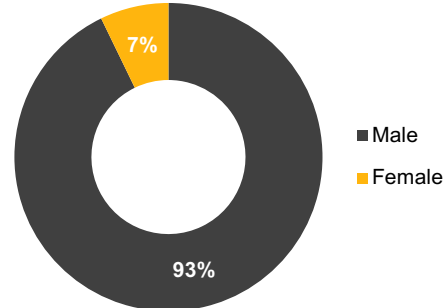


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SEX BY AGE GROUP

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SUPPORT AND BENEFITS

Martifer Group seeks to provide various social benefits to its employees, such as access to services or protocols with entities, contributing to the maintenance of their well-being and, consequently, their personal and professional achievement.

The balance between the professional and personal life is a factor that has increased corporate internal social responsibility at Martifer over the past few years to promote the conciliation between both dimensions. In this sense, and with the awareness that it is essential to have happy employees doing what they like, Martifer Group incorporates this vital factor in its management policies and practices. Examples of this are the support and services described throughout this report.

EMPLOYEE ASSISTANCE DESK

Inaugurated more than ten years ago, the Employee Assistance Desk guarantees face-to-face assistance to the Group's employees in Oliveira de Frades. It provides information on the different Human Resources areas. Complementing the services available on the internal portal, multimedia kiosks and e-mail service, this assistance desk allows for closer and personalised communication, especially for employees in factories and in the assembly direction, who may not have access to digital means of communication.

At the Employee Assistance Desk, the management of several aspects of the relationship between the employee and the company is ensured, namely:

Attendance Management | absence (communication and delivery of support documents), holiday plan (information and consultation), time bank, supplementary work

Remuneration | delivery of payslips and individual income declarations, information and clarifications on salary processing

Personal Data | changes in personal data, document update, issuance of declarations for external entities

Expatriation | information and clarifications on expatriation processes, request and delivery of visas, information on international vaccination

Health Insurance | information about the policy conditions, subscription of the health insurance, delivery of health expenses for reimbursement

Recruitment | Internal recruitment (consultation and application), recommend a professional (delivery of curricula). At the Employee Assistance Desk, all recruitment processes and the admission of new co-workers begin.

Academy of Competences | information on training actions, collection of training certificates, collection and delivery of books from/to the library

Social Action | Assistance and support related to personal/ professional problems

Work Accidents | Information about the policy conditions, guidance and accompaniment of work accident situations, delivery of expenses for reimbursement

Access | Request access to platforms and documents, issuance of Employee Cards, issuance of Visitor Cards, among others.

The Employee Assistance Desk also provides some other valuable services, such as:

Nurse's Office | nursing, clinical analysis

Doctor's Office | An extension of the Health Centre: curative medicine appointments, traveller's appointments

Bank Agency | Information desk, bank operations (except deposits and withdrawals)

VACCINATION

Martifer offers its employees the possibility to take the flu vaccination every year.

The vaccination-related awareness of the Directorate-General for Health is promoted each year. In 2020, the flu vaccination included 164 employees.

CANTEENS



The Group has canteens in its facilities, ensuring its employees' access to varied and low-cost meals.

In 2020, the pandemic greatly conditioned the service of meals at the canteens. One of the Group's canteens at the West Sea shipyards was temporarily closed, and, alternatively, a lunch kit was distributed. It reopened after the re-qualification works after the first lockdown period, with acrylic divisors and several preventive rules. Due to their context and size, the canteens at the head office and at the Navalria shipyard managed to remain open throughout the year, ensuring distance between users, even before the placement of acrylic divisors.

INSURANCE

Following Martifer Group's incentive policy, all the employees with an employment contract of indeterminate duration are entitled to health insurance that can be extended to their family members.

Expatriated employees, in addition to the extension of their work accident insurance and according to the forecasted timespan of the expatriation period, can also benefit from health insurance and life insurance.

Prepaid Card – Meal Ticket Card

Martifer Group has given its employees the possibility to subscribe to a prepaid card for the payment of the meal allowance since 2013. It is a "meal ticket card" that substitutes the traditional meal tickets in paper, and it can be used in most food sector establishments connected to the Visa and ATM network.

MOVE MARTIFER GYM



MOVE Martifer Gym, located at the Group's head office in Oliveira de Frades, promotes an active lifestyle and healthy habits among employees and the surrounding community.

In addition to the various regular activities, MOVE Martifer Gym promotes open classes to teach new activities and carries out activities on particular dates. Nutrition consultations and other health and welfare services are also available.

In 2020, the gym activity was very conditioned. During the lockdown, MOVE Martifer Gym adapted and started online training sessions, allowed equipment rental for training at home and provided services for online personal training.

In May, on the return after the first lockdown, its activity began with outdoor classes. In August, it held a Stand-Up Paddle session at the Lapa de Meruge dam. This was an example of adaptation to the 'new normal'.

MVANTAGENS - Cooperation protocols with advantages for employees and their families

To promote local social development, cooperation protocols have been established with entities near the Group's industrial locations to develop and promote local businesses and, at the same time, find advantages for employees and their family members in the acquisition of goods and access to services.

Martifer currently has 60 cooperation protocols, with an average 20% price reduction in the areas of Culture and Leisure, Education, Beauty, Geriatrics/Gerontology, Health and Well-Being, Telecommunications and Transport.

In 2020, in line with the Employee Health Plan and the Gender Equality Plan, seven new protocols were established in the area of Health and Well-being.

COOLKIDS

COOLKIDS are our employees' children, and we try to provide initiatives that bring them closer to their parents' workplace. The Martifer family is also the family of our people. We highlight some activities in 2020 for our employees' children:

Birth Kit

Since January 2017, Martifer Group has offered a birth gift to congratulate Martifer families for their new-born babies. During the year 2020, 64 babies received this kit.

Solidarity Gifts

A Christmas contest is held every year for the Group's employees' children.

In 2020, Martifer's Christmas baubles competition, which decorated the Christmas tree at the head office building, included 116 participants, all of whom helped the Ajudaris Association. All the participants received the book "Stories of Ajudaris" which gathers tales of young authors from Viana do Castelo, Bragança, Vila Real, Viseu and Guarda. With this initiative, Martifer gave €580 to Ajudaris. The competition invites employees to vote for the best bauble and, in a year marked by 'study at home', the prizes were two computers and a tablet.

Children's Day

"MY FATHER AND MY MOTHER ARE CRAZY!"

If we insisted with our children for years to do outdoor activities, hang out with others, and go outside, then 2020 arrived.

2020 was a year of extreme demands, and staying at home was one of them. Fathers and mothers are fed up and crazy! The 2020 Children's Day gave away toys for children to play with at home. Legos, toy houses and a slide rejoiced three very lucky COOLKIDS.

Back to School

Martifer prepared a COOLKIDS Print Kit for their back to School. Labels, schedules, calendars, activities and fun materials, all with the COOLKIDS brand, which these little ones could take with them on their return to school.

LIBRARY OF THE ACADEMY OF COMPETENCES

To invest in Martifer's Human and Intellectual Capital, in 2011, the Library of the Academy of Competences was created, facilitating access to knowledge that can boost personal and professional development, and stimulating the taste for reading. The Library of the Academy of Competences currently has more than 750 books available with contents in applied sciences, social sciences, law, economics, technology, literature, among others, that can be borrowed using the HR Solutions service.

In 2020, the Library was moved into a new space, taking a central position in the head office building, next to the social area, to give it more visibility. The goal was met, and book reservations increased. The library was suspended with the pandemic, and it will resume as soon as conditions are met.

TRAINING AND DEVELOPMENT

ACADEMY OF COMPETENCES

The constant changes in the environment of an organisation are a factor that requires adaptation, flexibility and continuous evolution.

Professional training presents itself as a critical factor for the development of employee skills and, consequently, for the organisation's progress. It is an essential instrument for the materialisation of the organisational strategy, through the promotion of better professional performance and personal development, contributing to adjust the individual projects to those of the organisation.

Intending to develop technical and personal skills concerning its core activities, Martifer's Academy of Competences has ensured continuous professional training for employees of all Group companies.

Having a double scope of action, both in the hiring of external training and in the development of internal training projects, it is on this last aspect that the Academy of Competences has focused its activities. So, for the development of training projects in areas where the Academy of Competences recognises to have installed internal capacity, namely about the design and development of the solution, it makes use of the Centre of Internal Trainers, selecting technical and pedagogically qualified trainers, depending on an already defined internal profile.

The use of trainers and/or external entities appears in this context as an alternative only in situations where the necessary resources are non-existent or are not available internally.

In 2020, 394 training actions were developed, most of them (88%) being internal training, promoted by Martifer's employees with recognised technical and pedagogical capacity.

2020 TRAINING ACTIONS		
Total no. of Actions	394	100%
Internal Training*	348	88%
External Training**	46	12%

* Training with internal resources

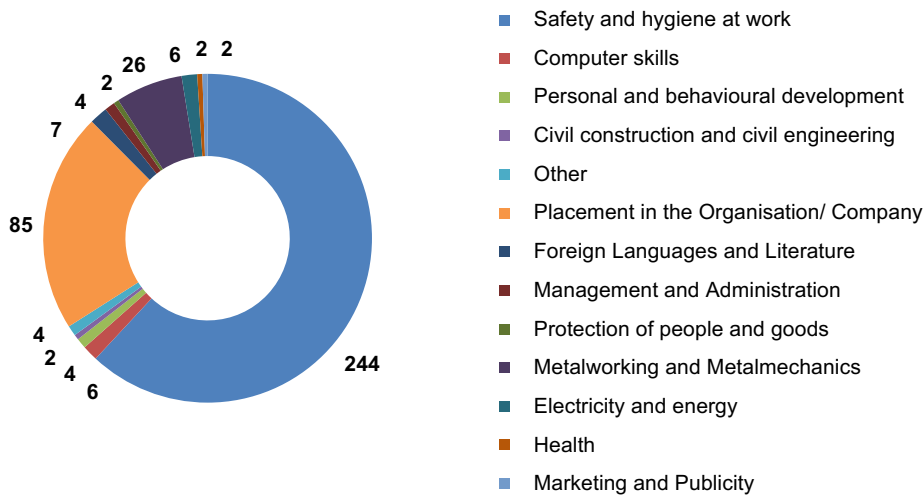
** Training with external trainers/ entities

At the end of 2020, more than 9,000 hours of training (9,724) were registered in various areas, from adapting to the workplace to the behavioural domain, including management, continuous improvement, innovation and technology.

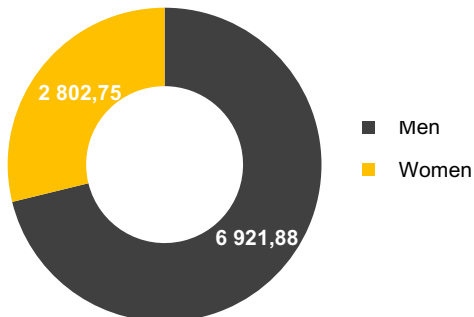
The training plan defined and developed by the Academy of Competences for 2020 results from the strategic objectives defined by the different business areas and the need to update knowledge and develop identified skills.

Three training areas are highlighted from the ones carried out in 2020: 'Safety and hygiene at work', 'Civil Construction and Engineering' and 'Metalworking and Metalmechanics'. However, the volume of training is distributed in other areas of training, such as 'Foreign languages and literature', 'Computer skills', 'Electricity and energy,' and 'Health,' among others.

QUANTITY OF TRAINING PER TRAINING AREA



**TRAINING HOURS CARRIED OUT IN 2020
BY SEX**



FEATURED TRAINING PROJECTS

COVID-19

In 2020, the pandemic caused by SARS-CoV-2 forced a readjustment of our work environment. With the evolution of the pandemic crisis and the interruption of the usual face-to-face learning habits and in the work context, the Academy of Competences adjusted to the change:

- on the one hand, adapting as much as possible some of the planned training projects for e-learning; and
- on the other hand, by promoting specific training courses for each functional area of the companies which, although they had not been planned, they were particularly important in adapting employees to the new reality.

Thus, in response to the COVID-19 pandemic, several training sessions were held:

TRAINING ACTION	NO. ACTIONS	NO. TRAINEES
Online Seminar: Tips for an Effective Telework Team	1	8
Preventive Measures in Epidemic/ Pandemic Scenarios	10	26
COVID-19: What changes in Safety and Health at work?	1	2
Crisis Communication: managing communication in crisis situations	1	1
COVID-19 Extraordinary measures with an impact on labour relations	1	1
Smart Learning: Best practices for setting up more efficient e-learning programmes	1	1
Salary calculation and processing - COVID-19 Impact	1	1
Good Safety practices in companies in the Metalworking and Metalmechanical Sector (COVID-19)	1	2
The challenges of online learning	1	1

Quality, Safety and Environment

Throughout 2020, Martifer Group maintained substantial investment in quality, safety and environment through the development of several training projects in the various companies of the Group. These projects aim to promote the satisfaction of our clients, improve the safety conditions of employees and improve environmental performance.

Martifer believes prevention is crucial, and to prevent accidents, it is necessary to know the risks, define and adopt measures to control them, and respect the use and maintenance rules set for each piece of equipment.

The training held throughout the year, both internal and external, sought to cover all of the different needs of the employees. Therefore, regarding safety in the operation of equipment, the following training actions were held:

TRAINING | Training session on safety in the operation of diverse equipment:

TRAINING ACTION	NO. ACTIONS	NO. TRAINEES
Vérification, Montage et Utilisation et démontage D'Echafaudages fixes	1	4
Safety on the operation of Overhead Cranes	3	43
Crane and hoist operator	2	12
Cutting Machine - Procedures	1	1
Installation of SecurRope Cold deck lifeline	1	7
Safety on the Operation of Forklifts and Multifunction Machines	1	12
Specific safety procedure - Assembly and use of lifelines	2	2
Equipment with Displays	5	7

An active effort was also made by the Occupational Health and Safety Technicians to strengthen the importance of these issues and to update knowledge regarding the legislation and procedures in force. Therefore, in this scope, the following training actions were developed:

TRAINING | Awareness Sessions | Quality, Safety and Environment

TRAINING ACTION	NO. ACTIONS	NO. TRAINEES
Specific Safety Procedure	8	29
On-site initial training	23	56
Safety at the Industrial Unit	2	7
Safety on-site	13	24
30 minutes of Safety	69	604
Environmental management on-site	1	1
Toolbox	4	18
Safety Operational Procedures	6	22
Navalria - Individual and Collective Protection Plan	7	48
General Safety and Environment Rules	1	2
Internal Emergency Plan and Emergency Brigade	10	84

As a result of the admission in 2020 of more than 140 employees, for them to know and comply with the safety and environmental rules in force in the organisation, about 64 sessions entitled “Safety for New employees” were held by the Academy of Competences and the Quality, Safety and Environment Direction in the various Group companies.

Awareness-raising actions ‘30 minutes of Safety’ feature the investment in promoting a safety culture in compliance with procedures at Martifer Construções. These actions aim to improve the working conditions of employees of the industrial units in Oliveira de Frades and, consequently, to reduce accidents. Even though the pandemic strongly conditioned these training sessions, 69 sessions were held throughout the year, involving all employees working in the Manufacturing Direction. These twice-a-month sessions for each sector are carried out by the Safety Technicians and aim to respond to the needs and queries of the employees.

Focusing on product quality and updating the knowledge of Safety Technicians and Quality Controllers, a requirement and an effective demand, some training projects were also developed, among which the following stand out:

TRAINING | Product Quality

TRAINING ACTION	NO. ACTIONS	NO. TRAINEES
CE Marking - EN1090: Fabrication and Assembly of Steel and Aluminium Structures Part 1 and Part 2	1	5
Surface treatment Inspector (FROSIO)	1	1
Metrology	1	1

Foreign Languages

Since there are still many projects in countries whose primary languages are French and English, the Academy of Competences, in collaboration with various directions, developed several online French and English language courses throughout the year. Using external certified training entities, approximately 560 hours of training dedicated to foreign languages were held.

TRAINING | English

TRAINING ACTION	NO. ACTIONS	NO. TRAINEES
English DUO-A2	3	6
English SOLO - A2	1	1

TRAINING | French

TRAINING ACTION	NO. ACTIONS	NO. TRAINEES
French-A2 / Small group	2	7
French SOLO - B1	1	1

Technical drawing

The Academy of Competences, either through its internal trainers or in collaboration with other external entities, developed some continuous training courses aimed at improving, updating or recycling knowledge on 'Technical Drawing', particularly innovative software tools for metallic structures and façades projects.

TRAINING | Technical Drawing

TRAINING ACTION	NO. ACTIONS	NO. TRAINEES
Presentation Tekla V2019i_Construsoft	1	30
AutoCAD Advanced	5	32
Autodesk Revit	1	9
Revit - Module: Fundamentals	1	12
Revit - Module: Advanced Practice	1	12
Interpretation of Technical Drawing	1	6
API Tekla/ Trimble Connect	1	1
SKETCHUP	1	1
TEKLA 2020	1	19
TEKLA Beginner	1	3
Preparation of technical drawings for manufacturing: Improvement of procedures	1	3

Industrial Production

Within the scope of industrial training, training directed at technical areas is included, which is particularly relevant in Martifer Group's activity. For the Project, Commercial, Technical and Site Direction areas, the Academy of Competences, in collaboration with other external entities, developed several training sessions whose objectives are directly related to a greater knowledge of innovative methods and techniques in several areas and which, as a result, will have an impact on the performance of the various job positions. Among the training actions mentioned above are:

TRAINING | Industrial Production

TRAINING ACTION	NO. ACTIONS	NO. TRAINEES
Façade sealing and bonding - application	1	11
Seismic scaling of metallic structures	1	1
SunGuard Guidelines: Acoustic and Glass	1	11
General Knowledge on Naval Engineering	2	28
Meetings with value - ventilated façades and fire	1	6
Classification of land according to Eurocode 8	1	1
Design and Sizing of Welded Section Steel Beams	1	1
Structural glazing and façade sealing	2	32
"Light Steel" Structures Project	1	1
Selection of frames and façades according to regulatory requirements in Portugal	1	2

Financial, Accounting and Tax

For employees in the Financial, Accounting, Planning and Management Control and Consolidation and Reporting areas, in a logic of updating their knowledge on legal requirements, some training sessions were held, including 'Portuguese Chartered Accountants Association Training' and 'Declaration of Model 22 of 2019 IRC'.

Information Technologies

Considering the central role that information systems have in Martifer Group's employees' daily routine, namely regarding the use of specific software and technical applications, a constant competence update is needed. In this sense, the following training projects were developed throughout 2020: "LG Super Sign CMS", "Migração PDM / INET", "SAP PM" and "Trimble Connect", in a total of 5 courses, involving 27 employees.

We also highlight the "Microsoft Project" course that was held in November and December. The course was developed to provide the employees with the fundamental concepts for using the tool to optimise the management of business projects. Two sessions were held online, involving a total of 24 Martifer Construções employees.

QUALITY OF THE TRAINING

The training assessment is based on the relationship between who organises it and who benefits from it through the gathering of information along the training process. It leads to the guarantee of the quality of the final product and mobilisation of information among the participants in the training: company, trainees and trainers.

Therefore, to achieve continuous improvement, Martifer's training actions are assessed to evaluate the reaction of trainees and trainers, knowledge acquisition and the transfer of knowledge to the workplace.

The evaluation models adopted by the Academy of Competencies are based on different levels of intervention, which, like the instruments used for this purpose, are defined at the time of the characterisation of the action.

The assessment of the reaction to training aims to gather information regarding the acceptance of the content of the training, the trainer's performance, the evaluation of certain aspects of the training action and receiving suggestions for improvement.

The global result of the reaction to training last year, excluding training provided by external entities, has shown the quality of the training actions developed by the Group.

TRAINING ACTION	Insufficient (1) - Adequate (2) - Good (3) - Excellent (4)
Course	3
Trainer	4
Organisation	3
Trainees	4
Global evaluation of the training session	4

The learning assessment is intended to determine which skills or knowledge were acquired or developed in training. The instruments often used in the training sessions promoted by the Academy of Competences are knowledge tests, written tests, or performance tests that require the demonstration of assimilated behaviours by the trainees by doing practical exercises.

The evaluation of behaviour, to evaluate the results of learning in the context of training, which is the transfer of learning to the work context, is carried out by the Academy of Competences, according to the specificities of the training and the results to be achieved in each of them.

To prove the benefits of the training, it is essential to evaluate its effectiveness, to ascertain whether the objectives that justified the need were achieved and the competence was effectively installed, demonstrating, whenever possible, that the investment made produced the desired effects. Therefore, and since the ultimate goal of the training is that its objectives are achieved so that it can be an influential asset to the company and its employees, the Academy of Competences defined, as a rule, that all training is evaluated for its effectiveness (however, this rule does not apply to short-term awareness sessions unless their characterisation so indicates). This way, the company can monitor what was or was not effective and implement corrective actions regarding training sessions that were not effective (for all or only for some trainees) to increasingly tailor the contents, pedagogical methods, etc. to the reality of Martifer Group.

DIALOGUE AND ORGANISATIONAL CLIMATE

With a very diverse set of employees, Martifer Group tries to communicate clearly and interact daily with everyone, betting on the diversity of means and adapting messages to the various target audiences in the company. Martifer considers this essential for maintaining a healthy organisational climate and for the performance of its teams.

It also relies on MOVE – Associação para Colaboradores Martifer (Martifer Employee Association), which organises initiatives that promote a spirit of unity within and between teams, contributing to maintaining a healthy organisational climate.

INTERNAL COMMUNICATION

The Group has tried throughout the years to maintain its communication channels with employees in a continuous, consistent, and effective manner to deliver messages to everyone who works at the Group. To do this, it uses the following media:

Martifer TV

Martifer TV is available in eight spots, in canteens, receptions and social areas, and effective during work breaks.

iNet

iNet is Martifer Group's internal portal, which was developed in 2012 with the goal of gathering, in one platform, all of the Group's companies and ensuring information access and sharing to every employee. iNet is an asset due to the interactivity between employees, departments, and companies, allowing to organise, make available, and share documents quickly, simply, and intuitively.

Internal Newsletters

Electronic newsletters are regularly sent to the internal audience to communicate quicker, redirecting the employee to the tasks and published articles.

The newsletter "Martifer on Friday" includes that week's news and is sent to the employees of all Group companies in Portugal.

For the employees of companies outside Portugal, the newsletter "Martifer Monthly News" is sent that gathers the most important news of the previous month.

Multimedia Kiosks

The multimedia kiosks are the interactive information spots which have as the primary goal to inform those employees who do not have computer access, making available not only the access to the Canteen Integrated Management System but also other features:

Administrative Management | In the kiosks, it is possible to perform some operations, such as consultation and subscription of electronic salary receipts, the subscription of the meal card, consultation of the annual income statement, tax records, among other things.

Organisational Development | in these spots, it is also possible to check internal recruitment opportunities

Academy of Competences | through the Academy of Competences' online service, employees can access an application dedicated to training: consult and register training actions, print certificates, consult training plans, among other features.

On the Wall

Martifer's social areas and canteens are also information places due to Martifer TV and the display of posters on several themes.

Social Areas | Improvement and Information Centres

The Social areas are a physical space created in every industrial unit, located in the areas where employees take their breaks. They are communication spaces for several departments, highlighting matters related to Human Resources and Quality, Safety and Environment.

Expatriation Manuals

In the development of an international career, people encounter in the destination country contexts, values, standards and life strategies different from those they know. To promote access to a set of relevant information and at the same time contribute to the integration process of the employees expatriated to new countries, the Human Resources Department makes available manuals that include helpful information about the destination country.

RECRUITMENT, ONBOARDING AND INTEGRATION

Recruitment, onboarding and integration are crucial factors for the Group's social climate, ensuring that employees are integrated with their new job in the best possible way since day 1, and with all the resources they need to carry out their tasks.

RECRUITMENT

Martifer Group, through its Human Resources team, analyses the recruitment needs identified by the internal departments and, according to the job profile, reports the position internally and/or externally using different recruitment methods and sources. In 2020, following the objectives set out in the Gender Equality Plan, the communication of career opportunities gave visibility to women in roles where they are under-represented.

Internal Recruitment

Martifer Group encourages internal recruitment whenever it is appropriate. As in external recruitment, job positions are published in several internal communication media, with the job description and the needed skills. Those that are interested can apply to these opportunities.

External recruitment

Martifer Group uses external recruitment to identify candidates with the necessary profile to fill the existing position in the market, and Martifer's Human Resources Directorate team assures the management of these processes.

Career opportunities are disclosed in various internal and external media, with the description of the position and the required skills.

Martifer uses for external disclosure of career opportunities its website, the Portuguese Institute of Employment and Training, business associations and various educational institutions (secondary, professional and universities).

Recruitment Portal

In 2020, to simplify Martifer Group's application process, a new recruitment portal was created. It allows applicants to access their personal data transparently and straightforwardly (being able to change, modify or delete the information whenever they wish to comply with the GDPR - General Data Protection Regulation) the processes in which they are in and their status, among other features.

I Recommend

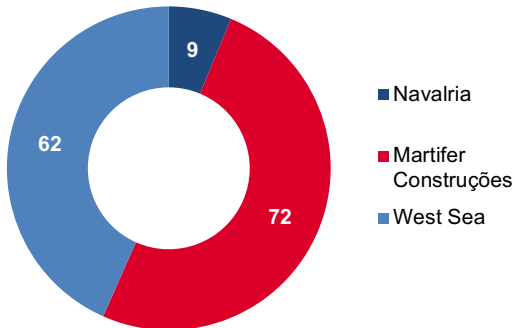


Today, networking is a crucial tool in the recruitment and selection of professionals and in a Group as diversified as Martifer, employees know people from different fields that may contribute positively to the Group. The initiative "I Recommend" was created to motivate employees to recommend competent professionals to participate in Martifer's recruitment processes.

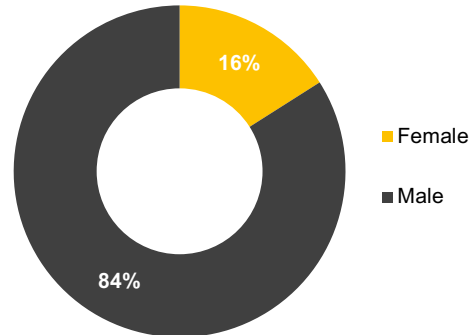
Martifer Group Data 2020

In Martifer Group in Portugal in 2020, 143 employees were hired in the various companies and areas, with different contractual situations: fixed-term, permanent or temporary.

NUMBER OF ADMISSIONS



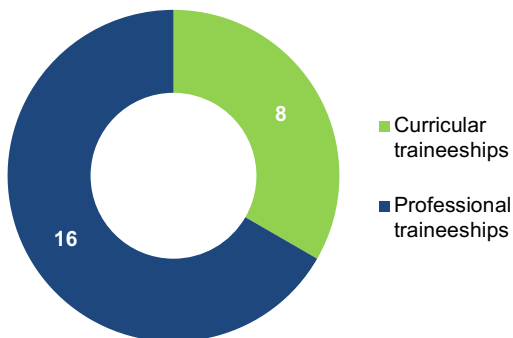
% OF ADMISSIONS BY SEX



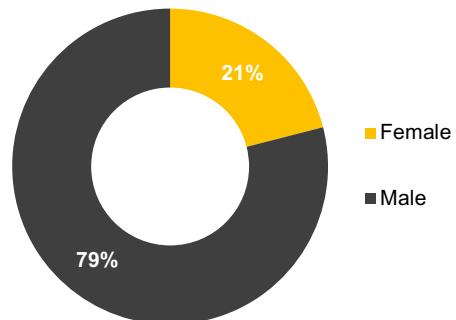
TRAINEESHIP PROGRAMMES

To provide young people with an opportunity to approach active life, Martifer Group promoted 24 traineeships in different areas.

NUMBER OF TRAINEESHIPS



% OF TRAINEESHIPS BY SEX



Internship programme – Atreve-te

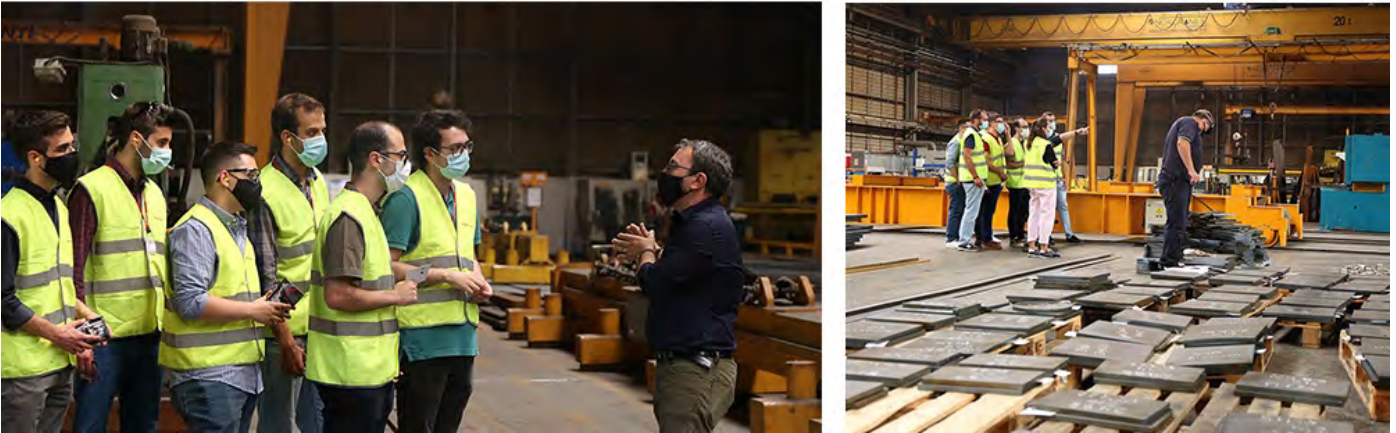


Following Martifer's long history of training newly graduates in the labour market, the second edition of the “Atreve-te!” traineeship programme was held in 2020.

“Atreve-te!” is Martifer Group's annual traineeship programme, which aims to integrate newly graduates and students in the last year of studies to promote their entrance into the labour market through practical experience in the context of work. In all, more than 100 applications were received from students interested in joining the Group.

The 16 trainees selected, after their admission, followed an integration programme specially designed to make them aware of the various directions of Martifer Construções, West Sea and Navalria and the day-to-day work in these companies.

Curricular Traineeships



Martifer Group has always maintained a partnership relationship with several national and foreign educational institutions, including participation in seminars, job fairs, and curricular traineeships. The year 2020 was no exception and, although the number of curricular traineeships was lower than in previous years, eight trainees were integrated.

The activities developed by the trainees are aligned with a structured training plan between Martifer, the teaching institution and the trainee himself/ herself.

Onboarding and Integration of New Employees

The integration process directly impacts the motivation and organisational commitment; therefore, the Group seeks to ensure the accompaniment of this process through an integration plan adapted to the specific aspects of each company, of each position and each employee.

The main objective of the onboarding plans is to ensure support for new colleagues for their personal and professional well-being. So, in addition to integration in the workplace, support is given in other needs that are part of this adaptation process (for example, looking for a house, the best solution for home/work transport, among others).

ONBOARDING TRAINING – COMMUNICATING SINCE DAY 1

Martifer Group seeks to communicate clearly with its employees since their first contact with the company. In the integration process, the new employees have to participate in onboarding training to get to know Martifer in more detail.

In this training, the internal dynamics, the main procedures and Martifer's day to day are presented. The Onboarding Training is also essential to raise awareness of the Quality, Safety and Environment rules, fundamental for the integration in the Group.

In 2020, at one of the Group companies (West Sea), we started the distribution of a Welcome Kit, which includes some useful materials for the new employee which have the Martifer brand on them. This is being extended to the whole Group.

SUSTAINABILITY REPORT

**MOVE – MARTIFER
EMPLOYEE
ASSOCIATION**

09| MOVE - MARTIFER EMPLOYEE ASSOCIATION

MOVE - Martifer Employee Association aims to promote initiatives directed to and promoted by Martifer's employees.

With defined goals in the promotion of activities for employees and their families, as well as internal and external social responsibility, MOVE operates in four distinct areas:

- Health and well-being
- Social and environmental responsibility
- Sports and adventure
- Culture and leisure

• Health and well-being

In the area of Health and well-being, MOVE's main ally is MOVE Martifer Gym, referred to in the "Support and Benefits" chapter, which supports the Association in promoting health and healthy lifestyle habits for employees and the surrounding community.

TIPS FOR HEALTH AND WELL-BEING

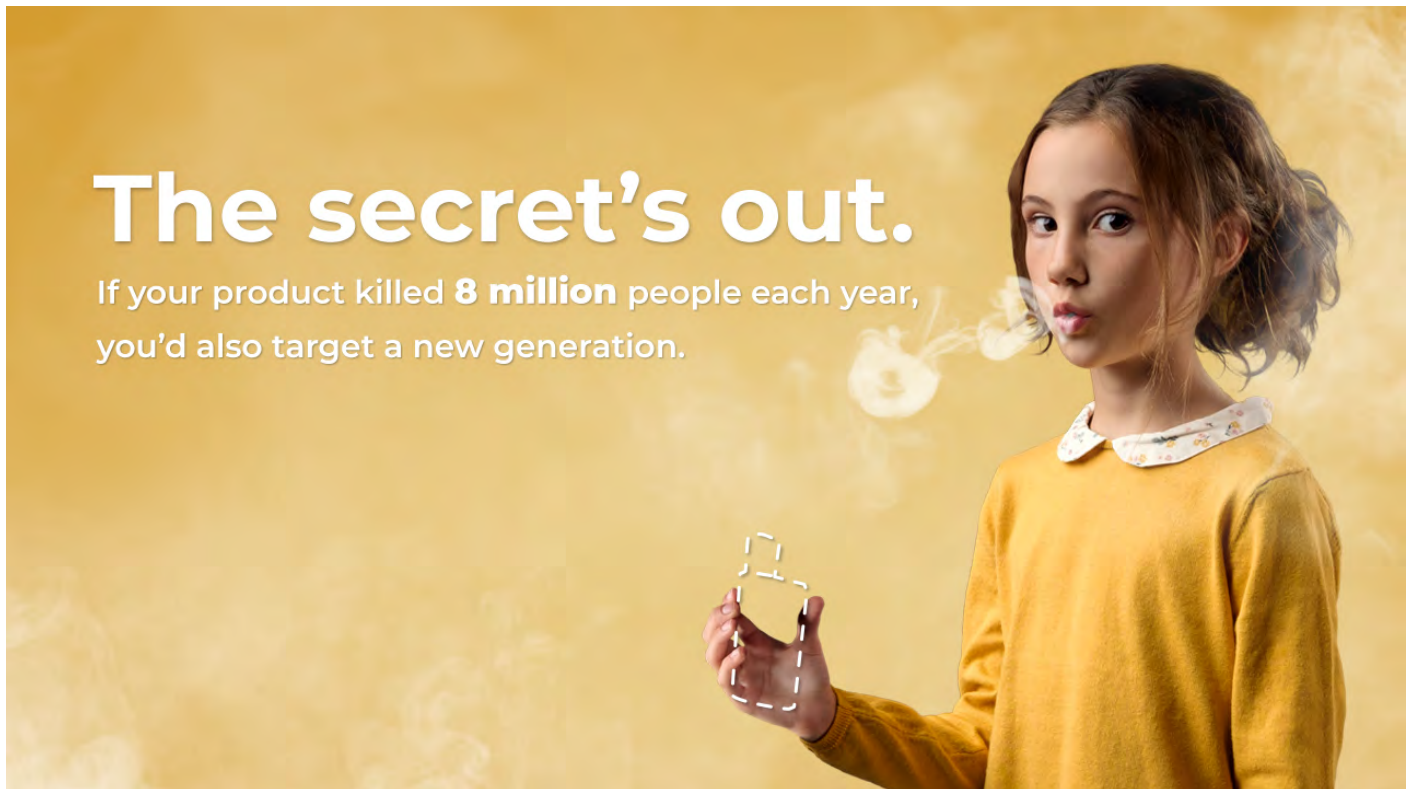
Since 2016, in coordination with the occupational doctor, articles with essential subjects on the promotion of employees' health have been published and posted. In 2020, 8 articles were published whose theme was obviously COVID-19.

FIGHTING CANCER



Awareness on the fight against cancer is one of the recurring MOVE initiatives. Thus, in coordination with the Portuguese League Against Cancer, MOVE promoted the World Cancer Day 2020 campaign, the digital holiday camp promoted by the same entity, and Pink October, the Breast Cancer Awareness Month. Through the available means, internal communication transversely promotes awareness campaigns bringing the message to all Group employees.

WORLD NO TOBACCO DAY



The secret's out.

If your product killed **8 million** people each year, you'd also target a new generation.

In May, Martifer joined the Portuguese Directorate-General for Health to raise awareness of the need to make young people more informed and knowledgeable. This year's campaign focused on new consumers and marketing practices. On this day, a message for smokers is also usual. Employees can consult the occupational doctor for advice to quit smoking.

WORLD FOOD DAY

On this day, Martifer released a new protocol of advantages with a Biological Food Store. A partnership that has sensitised everyone to a healthier and more sustainable lifestyle.

With a suggested biological menu, Martifer wanted to tell everyone about the importance of food for health.

• Social and Environmental Responsibility

MOVE is also responsible for Martifer Group's social responsibility area. It promoted several initiatives in this area in 2020 (see chapter "Citizenship/ Social Responsibility").

As an association for employees, MOVE seeks to involve the Group's employees in its activities. A Solidarity Forum was created on iNet, in which all the employees can suggest support to initiatives and promote responsibility and social solidarity campaigns.

Environmental awareness is always taken into account in MOVE's activity. In 2020, three important dates were commemorated:

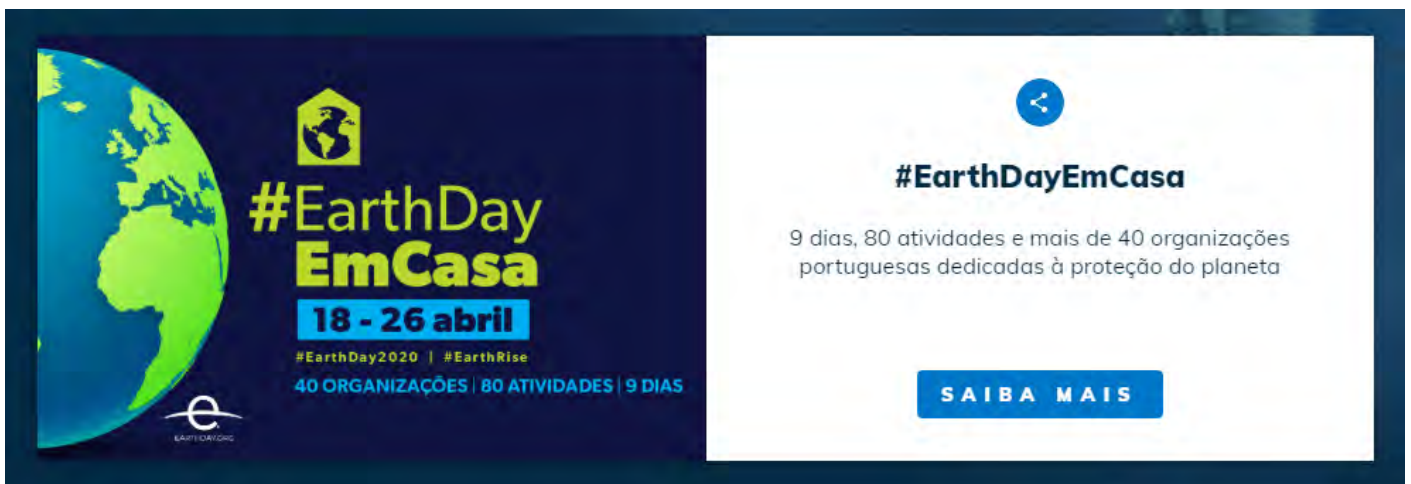
OCEAN DAY



To raise awareness among employees about ocean pollution, under the theme “Less Pollution More Environment,” several awareness materials were promoted in the various internal media.

Also, within the framework of Ocean Day, 70 family tickets were drawn for a visit to the Gil Eanes museum ship and also some sustainable hygiene products.

EARTH DAY #EarthDayAtHome



Adapted to the context of the pandemic, Earth Day was celebrated on 22 April, with more than 80 online activities promoted by various entities. Martifer publicised these nine days of events to protect nature and the ocean.

WORLD ENVIRONMENT DAY - IT'S TIME #FORNATURE

The theme of World Environment Day, celebrated on 5 June 2020, was biodiversity – an awareness to fight the accelerated loss of species and the degradation of the natural world. At Martifer, the materials made available by the UN were disclosed, and various tips were given on how each person can contribute individually to the common good.

• Sports and Adventure

The MARTIFER Employee Association aims to encourage its employees and their family members to participate in physical activities, and MOVE Martifer Gym is of the utmost importance for this.

Periodically, it offers tickets to football matches of the main Portuguese and European competitions to employees and their family members, from among the employees who choose to participate in the raffle.

• Culture and Leisure

In the area of promotion of Culture and Leisure, MOVE seeks to encourage employees to participate in cultural activities.

WEEKEND SUGGESTIONS

Weekend suggestions are published weekly and compile cultural events in the regions where the Group has facilities. Some of the events have special conditions for employees. To promote culture, these suggestions also focus on reconciling professional and personal life. In 2020, the weekend suggestions were adapted, and the entire Group was informed about activities that were available online.

PHOTO EXHIBITION



In 2020, a photo exhibition was held resulting from the MOVE-driven “Introduction to Photography” Workshop at the end of 2019. The social area of the head office building included photos of 7 employees of the Group. The exhibition’s inauguration took place in July, in the post-lockdown period, and led visitors to think about nature, the importance of private atmosphere and image as an artistic form of expression.

SUSTAINABILITY REPORT

**POLICY AND
ASPECTS OF
EQUALITY
BETWEEN MEN
AND WOMEN**

10 | POLICY AND ASPECTS OF EQUALITY BETWEEN MEN AND WOMEN



Although the pandemic occupies greater importance in communication, in initiatives and internal activities, there was room, within the imposed constraints, to develop some of the commitments of our Gender Equality Plan.

When we started implementing the Gender Equality Plan in 2019, the intervening team felt a change; gender equality became a cross-cutting issue in the various dimensions of the Group. Despite the fact that we already had human resources policies and practices aligned with equality, despite the fact that we talk about equality on symbolic dates, our attention and awareness changed. We have surprised our people with subjects that had never been addressed; we have raised discussions; we have talked more about equality. Martifer is an industrial group in the construction sector, which evolved into an intrinsically male sector due to the nature of its work. On the other hand, despite the developments of recent decades, the areas of technology and engineering still have a small representation of the female sex.

In 2020, we can highlight the following activities:

COOLKIDS' MUMMIES ROOM

Returning to work after maternity leave does not mean the end of breastfeeding. Martifer wants to facilitate the return of Coolkids' mummies, and in 2020 it made a room available in the head office building so that breastfeeding mothers can have their space and thus extend their babies' feeding with breast milk. In 2021, a new room will be made available in the façades industrial building to provide the same conditions for employees furthest from the head office building.

ONBOARDING

The theme of Gender Equality occupies now a prominent place in the onboarding presentation of the Group. The Gender Equality Plan and the Code of Ethics and Conduct are essential tools for new colleagues to understand Martifer's mission.

SPECIAL DAYS

Three special days which focused on equality were commemorated. In March Women's Day under the theme 'Equality is a shared task', in May Mother's Day promoted online activities and the importance of sharing responsibility for parenting, and in November, the International Day for the Elimination of Violence against Women. These internal communication initiatives are very comprehensive and were publicised in the various media of the Group.

CREATION OF A COMMUNICATION CHANNEL

An exclusive communication channel was created for equality issues, enabling each employee to contact the equality committee directly.

EQUALITY CAMPAIGNS - PORTUGUESE COMMISSION FOR EQUALITY IN LABOUR AND EMPLOYMENT/ PORTUGUESE COMMISSION FOR CITIZENSHIP AND GENDER EQUALITY

Through internal means, primarily through corporate TV, the materials made available by the entities are disclosed to raise awareness of employees on issues such as sexual harassment, shared parental leave, sharing of household tasks, among other vital issues.

LANGUAGE AS PROMOTION OF EQUALITY

Women often become invisible in language, and in a highly masculine context like the engineering and construction industry this invisibility is even more evident. Martifer communicated linguistic alternatives that can be used for sex specification and the neutralisation or abstraction of sexual reference.

Internal communication is now written in a way that gives equal visibility to the female sex.

WOMEN HIGHLIGHTED IN COMMUNICATION

In a universe where women are underrepresented in most positions, Martifer increasingly highlights women in management positions or sharply masculine positions in internal communication.

This awareness also reached the daughters of our employees to foster curiosity in engineering and construction.

RECONCILIATION OF PERSONAL-PROFESSIONAL LIFE

The establishment of protocols with entities in the areas of Health and well-being, the promotion of the 2021 Health Promotion Programme and the activities directed to employees' children were small steps towards an improvement in the reconciliation of the professional and personal lives of our employees. In this report, you may learn some specificity of these activities, but most of the face-to-face activities were postponed.

SUSTAINABILITY REPORT

**HUMAN
RIGHTS
ASPECTS**

11 | HUMAN RIGHTS ASPECTS

Martifer Group respects and promotes Human Rights in all cultural, socio-economic and geographical contexts where it is present, respecting their traditions and cultures and promoting support to local communities taking into account the specific interests of each region. It repudiates every act that is offensive to human dignity.

We seek to act in such a way that none of our actions and management activities directly or indirectly result in the violation of human rights in any location, context and reality.

SUSTAINABILITY REPORT

**ASPECTS
RELATING TO THE
FIGHT AGAINST
CORRUPTION AND
BRIBERY
ATTEMPTS**

12 | ASPECTS RELATING TO THE FIGHT AGAINST CORRUPTION AND BRIBERY ATTEMPTS

Martifer Group does not allow any practice of bribery or corruption, either actively or passively, including payment facilitation or the creation, maintenance or promise of irregular or favoured situations.

Namely, not to offer or authorise an undue payment (in cash or otherwise) to any person, including any local or foreign authority in any part of the world.

Not to offer or accept money or anything of value, such as gifts, gratuities or commissions, related to businesses or the award of a contract, or to obtain or render a level of service that generally would not be entitled to.

Likewise, abstaining from participating or maintaining any agreements or transactions in different conditions than those generally established according to market conditions with entities with which Martifer maintains commercial relations or others that are controlled by its board members, namely in the negotiation of loans, in obtaining discounts, in the negotiation of payment terms, or in the sale of goods and services that may interfere with institutional or commercial relations between such entities and the Group or between Martifer employees benefiting from the transactions and those entities.

SUSTAINABILITY REPORT

FINANCIAL PERFORMANCE

13 | FINANCIAL PERFORMANCE

2020 ANNUAL RESULTS

HIGHLIGHTS - 2020 RESULTS

- Operating Income reached 249.3 M€, of which 121.3 M€ in Metallic Constructions, 118.9 M€ in the Naval Industry and 11.1 M€ in Renewables
- Turnover generated outside Portugal and exports amount to 87% of the total Turnover of the Group
- Positive EBITDA of 19.4 M€ (margin of 8.6% on Turnover)
- Net Profit attributable to the Group of 6.3 M€
- Gross Value Added amounted to around 55 M€, 24% of Turnover
- Positive Equity of 5.8 M€, of which 7.4 M€ is attributable to the Group - something that had not happened since 2015
- Gross Debt with a reduction of 21 M€ in relation to December 2019 to 120 M€. Net Debt was reduced in 30 M€ to 76 M€
- Net Debt/ EBITDA 3.9x
- Order Book of 579 M€ in Metallic Constructions and in the Naval Industry, the most robust in the last 7 years

KEY FINANCIAL INDICATORS

M€	DEC-20	DEC-19	VAR.%
Operating Income	249.3	266.9	-7%
EBITDA	19.4	28.9	-33%
EBITDA Margin	8.6%	12.2%	-3.7 pp
Amortisation and depreciation	-6.0	-8.5	30%
Provisions and impairment losses	-0.3	-2.1	84%
EBIT	13.0	18.3	-29%
EBIT Margin	5.8%	7.7%	-2 pp
Financial result	-4.9	4.2	n.m.
Result before tax	8.1	22.4	-64%
Tax	-1.4	-1.0	-42%
Net income for the period	6.7	21.4	-69%
Attributable to non-controlling interests	0.4	-2.1	n.m.
Attributable to the Group	6.3	23.5	-73%
Earnings per share (€)	0.064	0.241	-73%

(a) EBITDA = Sales and services rendered + Other Operating income – Cost of goods sold and consumed – Subcontracts – External supplies and services – Personnel expenses - Impairment losses on financial assets – Other operating expenses

(b) EBITDA Margin = EBITDA/ Turnover

In 2020, the total operating income was 249.3 million Euros (266.9 million Euros in 2019), 49% of which in the Metallic Constructions segment, 48% in the Naval Industry segment and 4% in the Renewables segment. "Others" refers to intersegment transactions.

Operating income in the Metallic Constructions segment reached 121.3 million Euros, a decrease of 12% compared to the same period of the previous year due to the decline in activity in some countries. The Naval Industry segment presents a value of 118.9 million Euros in 2020 (a growth of 22% compared to 2019) which is a result of the strong growth of the activity of this segment in recent years. In the Renewables segment, it amounts to 11.1 million Euros in 2020, resulting from the activity of the projects in operation and the sale of a "ready to build" wind farm project in Poland.

Regarding Turnover (sales and services rendered), in 2020, it amounted to 226.1 million Euros compared to 235.9 million Euros in 2019.

FINANCIAL POSITION AND DEBT

M€	DEC-20	DEC-19	VAR.%
Fixed assets (including Goodwill and right-of-use assets)	84.7	97.1	-13%
Other non-current assets	43.3	46.4	-7%
Inventories and Current receivables	95.6	109.1	-12%
Cash and cash equivalents	43.8	35.0	25%
Non-current Assets held for sale	2.2	0.0	n.m.
Total Assets	269.7	287.6	-6%
Equity	7.4	7.6	-2%
Non-controlling interests	-1.5	-39.0	96%
Total Equity	5.8	-31.4	n.m.
Debt and liabilities of non-current leases	138.0	158.8	-13%
Other non-current liabilities	13.2	24.2	-46%
Debt and liabilities of current leases	3.2	5.9	-46%
Other current liabilities	109.6	130.1	-16%
Total Liabilities	263.9	319.0	-17%

On 31 December 2020, the total Assets amounted to 269.7 million Euros (287.6 million on 31 December 2019), while the value of non-current assets reached 128 million Euros (143.5 million Euros on 31 December 2019).

The total Equity on 31 December 2020 recorded 5.8 million Euros, which compares with -31.4 million Euros on 31 December 2019, with 7.4 million Euros attributable to the Group in 2020 and 7.6 million Euros in 2019. A loss coverage carried out by the reference shareholders in the amount of 21.8 million Euros and the transfer of non-controlling interests in the amount of -35.7 million Euros arising from the acquisition of 25% of Martifer Metallic Constructions, to which the value of -3.5 million Euros is added relating to the acquisition price of Vetur Diálogo, SGPS, SA contributed to the variation observed (a company which held 25% of Martifer Metallic Constructions).

On 31 December 2020 the general liquidity recorded 126% (106% in 2019) and the solvency ratio 123% (106% in 2019).

M€	METALLIC CONSTRUCTIONS	NAVAL	RENEWABLES	HOLDING	MARTIFER CONSOLIDATED
Net Debt 2020	72.6	-7.7	11.8	-0.5	76.3
Net Debt 2019	66.7	-5.3	-2.4	46.8	105.8

During 2020, the decreasing trend of the net debt was maintained, in line with the goals set in Martifer Group's Strategic Plan. Thus, on 31 December 2020, the consolidated Net Debt (bank loans + other loans - cash and cash equivalents) reached 76.3 million Euros, reflecting a 29.5 million Euro reduction when compared with the previous year.

This 28% reduction had the strong contribution of Martifer's loss coverage operation, which had its origins in the use of the holding's bank debt which had been acquired by the reference shareholders (I'M SGPS and Mota-Engil, SGPS).

The positive impact of:

- the implementation of the Group's non-core asset disposal plan, in line with the restructuring plan signed with the financing entities, which is already in its sixth year of implementation;
- compliance with the Group's bank debt service for the period under consideration (3.1 million Euros).

FUTURE PROSPECTS

Maintaining the focus, consistency and coherence that will allow the consolidation of the trajectory of recent years and making justice to the 30-year history, we defined a clear and objective strategic positioning per business unit:

- In Metallic Constructions, we want to look for opportunities that strengthen the Group's export profile, boosting the industrial capacity in Portugal for the external markets where Martifer is present;
- In the Naval Industry, we want to execute the investment in the new dock, consolidating the weight of this business unit in the Group's turnover;
- We want to reinforce the Industrial Maintenance activity;
- In Renewable Energy, either through asset rotation or taking advantage of opportunities in wind and solar projects, we want to continue to enhance the successes achieved, namely in the wind and solar energy auctions in Poland;
- And doing justice to the Group's DNA, we want to look for opportunities, particularly in the Energy sector, in line with the challenges of energy transition and the goals of decarbonising the economy.

For our employees, as in the three-year period 2018-2020, we will seek to maintain our commitment to specific training programmes in the future and to generate career development opportunities and challenges within the Group.

We are strongly convinced that with the defined strategic alignment and an organisational culture sustained by rigour and commitment together with teamwork, we will continue to build a more sustainable Martifer every day, a successful Martifer, a Martifer with a future!

Oliveira de Frades, 26 April 2021

The Board of Directors,

Carlos Manuel Marques Martins
(President)

Arnaldo José Nunes da Costa Figueiredo
(Vice President)

Jorge Alberto Marques Martins
(Vice President)

Pedro Miguel Rodrigues Duarte
(Member of the Board of Directors)

Pedro Nuno Cardoso Abreu Moreira
(Member of the Board of Directors)

Maria Sílvia da Fonseca Vasconcelos da Mota
(Member of the Board of Directors)

Mariana França Gouveia
(Member of the Board of Directors)



AUDIT AND SUPERVISION REPORTS

REPORT AND OPINION OF THE SUPERVISORY BOARD
About Consolidated Financial Statements
Fiscal year 2020

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

To the Shareholders,

1. *In accordance with the law, statutes, and our mandate given to us at the Shareholders Meeting held on May 18, 2018, we herewith present our report on our supervisory activity and give our opinion on the Management Consolidated Report and the Consolidated Financial Statements prepared by the Management of MARTIFER - SGPS, S.A. with respect to the year ended at the December 31, 2020.*
2. *We regularly have accompanied the activity of the Company and its main affiliate companies, having received from the Executive Directors, as well from the services, all clarifications deemed convenient for the completion of our duties.*
3. *We followed the accounts consolidation, the work of the Statutory Auditor and External Auditor with whom we met, we assessed the Legal Certifications of the Consolidated Accounts and the Audit Report issued today, which we agreed with.*
4. *We also analyzed the "Additional Report to the Supervisory Body" issued today by Deloitte & Associados, SROC, S.A. in the capacity of Statutory Auditor under the terms of paragraphs 1 and 2 of article 24 of Portuguese Law no. 148/2015 of September 9, 2015, with whom we met especially for this purpose.*
5. *As part of our duties, we have verified that:*
 - a) *The Statement of Consolidated Financial Position, the Consolidated Results Statements, the Consolidated comprehensive income statements, Consolidated Changes in Equity and the corresponding Consolidated Attachment, allow an understanding of the Group's financial situation and its results;*
 - b) *The accounting policies and valuation criteria adopted, in accordance with the International Financial Reporting Standards "IFRS" as adopted by the European Union, were consistent with those applied in the preparation of the financial information for the previous year and allow the correct assessment of the consolidated financial situation and the Company's results; and*

- c) *The Single Management Report clarifies the evolution of the Group's business and financial situation, clearly showing the most important aspects of the Group's activities.*
6. *In these terms, taking into account the clarifications provided by the Board of Directors, the External Auditor and the conclusions that we have drawn from the "Legal Certification of the Consolidated Accounts" and the "Additional Report to the Supervisory Body", we recommend:*
- a) *The approval of the Management Consolidated Report; and*
- b) *The approval of the consolidated financial statements.*

Oliveira de Frades, April 28, 2021

The Members of the Supervisory Board

REPORT AND OPINION OF THE SUPERVISORY BOARD
About Individual Financial Statements
Fiscal year 2020

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

To the Shareholders,

1. *In accordance with the law, statutes, and our mandate given to us at the Shareholders Meeting held on May 18, 2018, we herewith present our report on our supervisory activity and give our opinion on the Management Report, the Financial Statements and Proposals prepared by the Management of MARTIFER - SGPS, S.A. with respect to the year ended at the December 31, 2020.*
2. *We regularly have accompanied the activity of the Company and its main affiliate companies, having received from the Executive Directors, as well from the services, all clarifications deemed convenient for the completion of our duties.*
3. *We accompanied the work of the Statutory Auditor and External Auditor with whom we met, we assessed the Legal Certifications of the Accounts and the Audit Report issued today, which we agreed with.*
4. *We also analyzed the "Additional Report to the Supervisory Body" issued today by Deloitte & Associados, SROC, S.A. in the capacity of Statutory Auditor under the terms of paragraphs 1 and 2 of article 24 of Portuguese Law no. 148/2015 of September 9, 2015, with whom we met especially for this purpose.*
5. *As part of our duties, we have verified that:*
 - a) *The Single Management Report and the Financial Statements show clearly the financial situation, results, cash flows and changes in Company's equity;*
 - b) *The accounting policies and valuation criteria adopted, in accordance with the International Financial Reporting Standards "IFRS" as adopted by the European Union, were consistent with those applied in the preparation of the financial information for the previous year and allow the correct assessment of the financial situation and the Company's results; and*
 - c) *The Proposed Applications of Results is adequate, taking into account the circumstances.*

6. *In these terms, taking into account the clarifications provided by the Board of Directors, the External Auditor and the conclusions that we have drawn from the “Legal Certification of the Accounts” and the “Audit Report”, we recommend:*
- a) *The approval of the Management;*
 - b) *The approval of the financial statements;*
 - c) *The approval of the Proposed Applications of Results; and*
 - d) *That Shareholders must carry out a general assessment of the management and supervision of the Company, under the terms and for the purposes provided for in article 455 of the Portuguese “Código das Sociedades Comerciais”.*

Oliveira de Frades, April 28, 2021

The Members of the Supervisory Board

STATEMENT BY THE SUPERVISORY BOARD
(Article 245, no. 1, subparagraph c) of the
Portuguese “Código dos Valores Mobiliários”)

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

To the Shareholders,

Under the terms of the law, we declare that, to the best of our knowledge:

i) The information contained in the individual and consolidated financial statements for the year 2020, as well as in their annexes, was prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, the financial position and the performance of the company MARTIFER - SGPS, S.A. and the companies included in the consolidation;

ii) The information contained in the single management report for the year 2020 faithfully shows the evolution of the business, performance and financial position of MARTIFER - SGPS, S.A. and the companies included in the consolidation, containing a description of the main risks and uncertainties with which face each other.

Oliveira de Frades, April 28, 2021

The Members of the Supervisory Board

January 7, 2022

Martifer – SGPS, S.A.
Zona Industrial de Oliveira de Frades
Apartado 7
3680-170 Oliveira de Frades

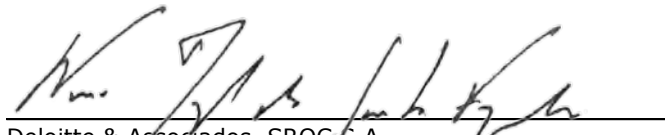
For the attention of Mr. Pedro Nuno Cardoso Abreu Moreira

Dear Sirs,

Please find enclosed a translation to English of our Statutory Audit Report and Auditors' Report on the consolidated financial statements of Martifer - SGPS, S.A. as at December 31, 2020.

This is a translation of a Statutory Audit Report and Auditors' Report originally issued in Portuguese on consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union. In the event of discrepancies, the Portuguese language version prevails.

Yours faithfully,



Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC

PNC/em

January 7, 2022

Martifer – SGPS, S.A.
Zona Industrial de Oliveira de Frades
Apartado 7
3680-170 Oliveira de Frades

For the attention of Mr. Pedro Nuno Cardoso Abreu Moreira

Dear Sirs,

Please find enclosed a translation to English of our Statutory Audit Report and Auditors' Report on the separate financial statements of Martifer - SGPS, S.A. as at December 31, 2020.

This is a translation of a Statutory Audit Report and Auditors' Report originally issued in Portuguese on separate financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union. In the event of discrepancies, the Portuguese language version prevails.

Yours faithfully,



Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC

PNC/em

STATUTORY AUDIT REPORT AND AUDITORS' REPORT

(Free translation of a report originally issued in Portuguese language: in case of doubt the Portuguese version will always prevail)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Martifer – SGPS, S.A. (“the Entity”) and of its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2020 (showing a total of Euro 269,700,190 and equity of Euro 5,842,938, including a net profit attributable to the shareholders of the Parent-company of Euro 6,298,203), the consolidated statement of profit and loss, 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 accompanying notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, the consolidated financial position of Martifer - SGPS, S.A. as at 31 December 2020 and of its financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section below. We are independent from the entities that constitute the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p>Revenue recognition on construction contracts (Notes 1.4 xi), 3, 4, 27 and 38 of the notes to the consolidated financial statements)</p> <p>As mentioned in Notes 1.4 xi), 3 and 4 of the notes to the consolidated financial statements, the Group's revenue arises from several business segments, and the amount of revenue recognized in the year ended 31 December 2020 relating to shipbuilding agreements amounted to Euro 99,043,947 (Euro 78,432,125 at 31 December 2019) and the revenue relating to metallic construction agreements amounted to Euro 91,454,443 (Euro 112,845,636 at 31 December 2019).</p> <p>The Group recognizes revenue from construction contracts taking into consideration the IFRS 15 - Revenue from Contracts with Customers, recognizing revenue and margins associated with shipbuilding contracts according to the percentage of completion, using the inputs method, which is understood as the ratio between costs incurred on each contract until a certain date and the sum of these costs with the estimated costs to complete it, and in the case of metallic construction contracts using the outputs method, which intends to accurately reflect the physical progress of the work on a certain date.</p> <p>Determining the percentage of completion of the construction contracts of these business segments involves a number of significant estimates and judgments, namely regarding the construction contract total income, the costs to be incurred until the completion of the contract, the impacts of work actually done in relation to those contracted, contractual penalties and existing or future claims.</p> <p>This judgmental character, together with the materiality of the revenue amounts recognized in the year and the customer contract assets and liabilities recognized as of the reporting date, as well as considering the geographical dispersion of the Group's operations in the metallic construction business and the consequent diversity of contractual conditions, justify the consideration of this matter as a key audit matter.</p>	<p>Our audit procedures in this area included, amongst others:</p> <ul style="list-style-type: none"> - Analysis of the accounting policy for revenue recognition from construction contracts adopted by the Group by reference to the applicable accounting standards; - Evaluation of the design and implementation of relevant controls related to the revenue recognition process; - Obtaining the construction contracts schedules that support the revenue recognition from construction contracts and validating their reconciliation with the figures included in the consolidated statements of the financial position and profit and loss of the Group; - For a sample of revenue transactions of the year, selected in accordance with quantitative and qualitative criteria, verification of the adequacy of the accounting treatment and confirmation, for each contract, of the main contract values and total estimated costs to be incurred in accordance with the production budgets; - For the referred sample and with regard to shipbuilding contracts, recalculation of the percentage of completion, of the revenue figures for the year, as well as of the respective assets and liabilities relating to contracts with customers, comparing them with the Group's accounting records; - For the aforementioned sample and with regard to the metallic construction contracts, a comparison of the percentage of completion included on the construction contracts schedules with the statements of work done approved by customers, obtaining information from the management regarding the differences found. Recalculation of the revenue amounts for the year, as well as the respective assets and liabilities relating to contracts with customers, and comparison of these with the Group's accounting records; - Analysis of the costs incurred per construction contract and respective supporting documentation, for a sample of transactions of the year;

	<ul style="list-style-type: none"> - Review of the estimates and judgments made by management with respect to the margin recognized per contract, by: (i) analyzing the reliability of the estimates by reference to real values observable in construction contracts completed in prior years and of a similar nature; and (ii) inquiring into the variations between years in total estimated revenues and total estimated expenses to be incurred, as well as expenses incurred compared to budgeted expenses; - Evaluation of the reasonableness and necessity of recording provisions for expected losses on contracts, by inquiring and by obtaining information from the management, as well as the result of the contracts analysis on a sample basis and by minutes of the corporate bodies, known external factors, litigation, complaints and non-conformities reported by counterparties, or arising from subsequent events to the reporting date. <p>In addition to the procedures described above, we requested confirmation of balances and other contractual information for a sample of the Group's customers. We analyzed, when applicable, the reconciliation between the information included in the confirmations obtained and the Group's accounting records.</p> <p>We assessed the adequacy of the disclosures related on this matter in the notes to the consolidated financial statements.</p>
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Impairment of tangible fixed assets and goodwill

(Notes 1.4 i), 1.4 iv), 1.4 xix), 1.4 xxv.c), 1.4. xxv.e), 11, 17 and 19 of the notes to the consolidated financial statements)

<p>At 31 December 2020, the carrying amount of property, plant and equipment and goodwill amounts to Euro 57,193,053 (Euro 65,346,902 at 31 December 2019) and Euro 10,974,649 (Euro 14,148,579 at 31 December 2019), respectively.</p>	<p>Our audit procedures in this area included the assessment of the design and implementation of relevant controls related to the identification of impairment indicators at the level of the Group's non-current assets, analysis of the main business indicators and macroeconomic factors that affect the performance of the assets, assessment of the recoverability of goodwill amounts, as well as analysis of impairment tests in situations in which the Group identifies impairment indicators in non-current assets.</p>
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<p>As indicated in Notes 1.4 i) and 1.4 xix) of the notes to the consolidated financial statements, the Group performs an annual impairment test of the goodwill recorded in the consolidated financial statements, as well as impairment tests in respect of its non-current assets whenever an event or change in circumstances is identified that indicates that the amount at which an asset is recorded may not be recoverable.</p> <p>Impairment losses are recognized when the recoverable amount of a given asset or group of assets is less than its carrying amount.</p> <p>Impairment tests incorporate significant and complex judgments, materialized in business plans, which are based on various assumptions, associated with discount rates, expected profitability margins, growth rates, investment plans, among others.</p> <p>Given the risk of there being impairment losses of material amount not recognized in the consolidated financial statements, and taking into consideration the relevance of the amounts of property, plant and equipment and goodwill, the large number of assumptions used in performing the impairment tests, as well as the sensitivity of the results determined to some changes in assumptions, even more so in the context of uncertainty caused by the future evolution of the current pandemic crisis, which may have particular relevance at the level of the naval industry segment given its exposure, through a client, to the tourism sector, we consider this matter as a key audit matter.</p>	<p>With regard to the assessment of recoverable amount used by the Group in the impairment assessment process, our analysis included, amongst others:</p> <ul style="list-style-type: none"> - Obtaining the valuation models used to determine the recoverable amount of each cash-generating unit and testing the arithmetic accuracy of these models; - Evaluation of the methodology used by the Group in the process of determining the value in use, namely taking into consideration the requirements of the applicable accounting standards; - Evaluation of the assumptions underlying the models, involving internal specialists to critically assess the assumptions used, namely, discount rates, expected margins, growth rates, in addition to the forecast cash flows themselves; - Conducting discussions with the management of the different business units and their representatives; - Performance of sensitivity analysis to the assumptions and forecasts used; - We evaluated the adequacy of the disclosures on this matter in the notes to the consolidated financial statements.
<p>Impairment of accounts receivable (Notes 1.4 vii.1), 1.4 xxv.f), 1.4 xxix) and 25 of the notes to the consolidated financial statements)</p>	
<p>At 31 December 2020, the consolidated statement of financial position includes receivables from customers and other debtors, net of accumulated impairment losses, amounting to Euro 35,766,883 (Euro 50,918,414 at 31 December 2019 - Note 25).</p> <p>As referred in Note 1.4 vii.1) of the notes to the consolidated financial statements, at each reporting date the Group determines the estimated amount of impairment losses to be recognized to address the estimated non-recoverable amount of receivables with aging or for which other indicators of impairment are identified.</p>	<p>Our audit procedures in this area included, amongst others:</p> <ul style="list-style-type: none"> - Review of the accounting policy for financial assets impairment losses recognition and measurement adopted by the Group by reference to the applicable accounting standards; - Evaluation of the design and implementation of relevant controls related to the process of recognition and measurement of impairment losses for receivables; - Obtaining and analyzing the models for calculating the impairment losses accumulated and recognized in the year and

In addition, the Group also recognizes expected impairment losses on accounts receivable using an uncollectibility matrix based on the credit history of the Group's debtors over the past four years, adjusted for specific factors attributable to those debtors, as well as macroeconomic conditions, currently worsened by the "Covid-19" pandemic, that are estimated for the future.

For this purpose, the balances of customers and other debtors are grouped taking into account similar credit risk profiles (country, business unit, type of debtor - public or private, among others) and maturity ageing.

Given the degree of judgment made by management in determining the recoverable amount of receivables with impairment indicators, as well as taking into account the significant assumptions inherent in the expected credit loss matrix, we consider that this matter is a key audit matter.

- reconciling that information with the figures in the Group's consolidated statements of financial position and profit and loss;
- Evaluating the accuracy of the estimates and assumptions used by management in determining the matrix of expected credit losses under IFRS 9 - Financial Instruments, particularly with respect to the reasonableness of historical uncollectibility rates and the macroeconomic factors considered;
 - Conducting discussions with the management of the various business units and their representatives;
 - Analysis of information requests made to the Group's lawyers and legal advisors who provide advice on litigation situations related to receivables from customers and other debtors;
 - Analysis of receipts from clients and other debtors after the reporting date.

In addition to the procedures described above, we requested confirmation of balances for a sample of the Group's customers and other debtors. We analyzed, when applicable, the reconciliation between the information in the confirmations obtained and the Group's accounting records.
We also evaluated the adequacy of the disclosures on this matter.

Other matters

The consolidated financial statements of the Group as of 31 December 2019, presented for comparative purposes, were audited by another Statutory Auditor, whose Statutory Audit Report and Auditors' Report, dated 30 April 2020, includes an unqualified opinion.

Responsibilities of management and supervisory body for the consolidated financial statements

Management is responsible for:

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

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

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

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, 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 skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- 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;
- communicate with those charged with governance, including the supervisory body, 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;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the consolidated financial statements, and the verifications provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code ("Código das Sociedades Comerciais"), as well as the verification that a non-financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to item e) of number 3 of article 451 of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatements.

On the corporate governance report

Pursuant to number 4 of article 451, of the Portuguese Companies' Code, we conclude that the corporate governance report includes the elements required to the Group under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material misstatements on the information disclosed therein, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of number 1 of that article.

On the consolidated non-financial statement

Pursuant to number 6 of article 451 of the Portuguese Companies' Code, we inform that the Group has prepared a report separate from the management report that includes the consolidated non-financial statement, as provided for in article 508-G of the Portuguese Companies' Code, and it has been disclosed together with the management report.

On the additional matters provided in article 10 of Regulation (UE) 537/2014

Pursuant to article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of 16 April 2014, in addition to the key audit matters mentioned above, we also report on the following:

- We were appointed as auditors of Martifer - SGPS, S.A. (parent-company of the Group) in the shareholders' general assembly held on 24 June 2020 for a first mandate from 2020 to 2021.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional scepticism and we designed audit procedures to respond to the risk of material misstatements in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement on the consolidated financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Group's supervisory body on 28 April 2021.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the Ordem dos Revisores Oficiais de Contas statutes (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Group in conducting the audit.

Porto, 28 April 2021

Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC

STATUTORY AUDIT REPORT AND AUDITORS' REPORT

(Free translation of a report originally issued in Portuguese language: in case of doubt the Portuguese version will always prevail)

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Martifer – SGPS, S.A. (“the Entity”), which comprise the separate statement of financial position as at 31 December 2020 (showing a total of Euro 96,125,479 and equity of Euro 88,272,381, including a net profit of Euro 31,270,853), the separate statement of profit and loss and comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, the financial position of Martifer – SGPS, S.A. as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p>Impairment of financial investments in subsidiaries and associates (Notes 1.3 i), 5 and 12 of the notes to the separate financial statements)</p> <p>As at 31 December 2020 the Entity holds financial investments in subsidiaries and associates, whose net book value amounts to Euro 82,835,753 (Euro 145,630,964 as at 31 December 2019 - Note 12 of the notes to the financial statements).</p> <p>As mentioned in Note 1.3 i) of the notes to the financial statements, those financial investments are measured at cost less impairment losses. The Entity assesses investments in subsidiaries and associates when there are indications that the asset may be impaired, with any impairment losses shown to exist being recorded as a cost.</p> <p>The impairment tests performed incorporate complex judgments, materialized in business plans that are based on various assumptions, associated with discount rates, expected margins, growth rates, investment plans, among others.</p> <p>As a result of the mentioned impairment tests, the Entity recorded, during the year ended 31 December 2020, reversals of impairment losses for the financial investments held in Martifer Metallic Constructions, SGPS, S.A. and Martifer Renewables, SGPS, S.A. in the amounts of Euro 28,862,251 and Euro 2,413,415, respectively (Notes 5 and 12).</p> <p>Considering the relevance of the assets under analysis for the Entity's financial statements, the complexity inherent to the performance and analysis of the valuation models used, supported by estimates and assumptions based on economic and market forecasts as well as the level of estimates involved in the determination of impairment, in an environment of increased uncertainty associated with the pandemic resulting from "Covid-19", we consider this area to be a key audit matter.</p>	<p>Our audit procedures in this area included, amongst others:</p> <ul style="list-style-type: none"> - Obtaining the valuation models used by management to determine the recoverable amount of each financial investment and testing the arithmetic accuracy of these models; - Evaluation of the methodology used by the Entity in the process of determining value in use, particularly in relation to the requirements of the applicable accounting standards; - Evaluation of the assumptions underlying the models, involving, when deemed necessary, internal specialists to critically assess the models used, the discount rates and the growth rates used; - Perform sensitivity analysis to the assumptions used by management and alternative valuation analyses using other indicators as well as additional information available; - Conducting discussions on the assumptions underlying the models with management and its representatives; - Evaluation of the adequacy of the disclosures made on this matter in the notes to the financial statements.

Other matters

The accompanying financial statements refer to the Entity's activity on a standalone basis and were prepared for approval and publication in accordance with the legislation in force. As indicated in Note 1.3 i) of the notes to the financial statements, the financial investments in subsidiaries and associates are recorded at cost less impairment losses. The accompanying financial statements do not include the effect of the full consolidation, which will be performed in consolidated financial statements to be approved and published separately. The Note 12 of the notes to the financial statements provides additional information about subsidiary and associate entities.

The financial statements of the Entity as of 31 December 2019, presented for comparative purposes, were audited by another Statutory Auditor, whose Statutory Auditor Report and Auditors' Report, dated 30 April 2020, includes an unqualified opinion.

Responsibilities of management and supervisory body for the financial statements

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union;
- the preparation of the management report, the corporate governance report and the non-financial statement in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- Assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 skepticism throughout the audit. We also:

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, 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;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verifications provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code ("Código das Sociedades Comerciais"), as well as the verification that a non-financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to item e) of number 3 of article 451 of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements.

On the corporate governance report

Pursuant to number 4 of article 451, of the Portuguese Companies' Code, we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material misstatements on the information disclosed therein, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of number 1 of that article.

On the non-financial statement

Pursuant to number 6 of article 451 of the Portuguese Companies' Code, we inform that the Entity has prepared a report separate from the management report that includes the non-financial statement, as provided for in article 508-G of the Portuguese Companies' Code, and it has been disclosed together with the management report.

On the additional matters provided in article 10 of Regulation (UE) 537/2014

Pursuant to article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of 16 April 2014, in addition to the key audit matters mentioned above, we also report on the following:

- We were appointed as auditors of the Entity in the shareholders' general assembly held on 24 June 2020 for a first mandate from 2020 to 2021.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional scepticism and we designed audit procedures to respond to the risk of material misstatements in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement on the financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Entity's supervisory body as at 28 April 2021.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the Ordem dos Revisores Oficiais de Contas statutes (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Entity in conducting the audit.

Porto, 28 April 2021

Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC