ANNUAL REPORT **2018**

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Table of Contents

PART I - CONSOLIDATED MANAGEMENT REPORT 2

1. MESSAGE FROM THE CHAIRMAN 2
2. MAIN GROUP OPERATIONAL INDICATORS 4
3. MAJOR EVENTS OF 2018 5
4. MACROECONOMIC AND SECTORIAL FRAMEWORK 6
   - *4.1. Macroeconomic Background 6*
   - *4.2. Sectoral Framework 6*
5. BUSINESS OVERVIEW 10
   - *5.1. IT Consulting 10*
   - *5.2. IT Outsourcing 11*
   - *5.3. BPO 12*
   - *5.4. International Area 12*
6. QUALITY AND CUSTOMER SATISFACTION 13
7. SOCIAL RESPONSIBILITY AND SUSTAINABILITY 14
8. GROUP ECONOMIC AND FINANCIAL ANALYSIS 15
   - *8.1. Consolidated Operating Income 15*
   - *8.2. Operating Expenses 16*
   - *8.3. Operating Income Before Depreciation (EBITDA) 16*
   - *8.4. Net Income 17*
   - *8.5. Main Balance Sheet Items 18*
9. ECONOMIC AND FINANCIAL ANALYSIS BY BUSINESS AREA 18
   - *9.1. IT Consulting 18*
   - *9.2. IT Outsourcing 19*
   - *9.3. Business Process Outsourcing (BPO) 19*
10. OUTLOOK FOR 2019 19
11. SOCK MARKET PERFORMANCE 20
12. ACTIVITIES OF NON-EXECUTIVE DIRECTORS 21
13. RESULTS 21
14. DECLARATION OF CONFORMITY 21
15. ACKNOWLEDGMENTS 22

PART II – CONSOLIDATED FINANCIAL STATEMENTS 23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 29

PART III – REPORT ON CORPORATE GOVERNANCE 83

PART IV – AUDIT REPORTS 130

PART I - CONSOLIDATED MANAGEMENT REPORT

1. Message from the Chairman

Francisco Santana Ramos

Dear Shareholders,

Over the last few years we have been taking a number of changes in the organizational structure and operating model of our Group with investment in key areas, so as to obtain a rationalization of operating and structure costs.

The year of 2018 therefore reflects the continued good operating performance of the Reditus Group, which shows a significant improvement over 2017.

The success of the strategy implemented by the Group, with its internal reorganization and focus on core activities, betting on innovative and higher value-added offers, together with the ongoing concern to rationalize operating and structure costs, allowed for greater business profitability, explaining the positive evolution of the results.

The operational indicators of the Reditus Group registered a remarkable evolution compared to the previous period, as evidenced by the positive variation in the EBITDA margin. In 2018, Reditus's EBITDA reached 4.5 million euros, corresponding to a margin of 13.9%, 2.3 percentage points higher than the value registered in 2017 and reflects a sustained growth in the profitability of the Group's operations, with growth more than 100% of this ratio in the last 2 years.

Notwithstanding the improvement in the profitability of operations, the net result was negative at 3.8 million euros. This result was influenced by non-recurring factors, such as provisions and impairment losses amounting to Euro 1,5 million and Net Present Value of amounts receivable from customers amounting to Euro 0.849 million.

Operating Income amounted to 32.4 million euros, 22.8% down on the same period last year. A contraction caused by the loss of important projects resulting from the international alignment of suppliers by our customers, which we have been replacing with smaller ones, but also by the strategic decision to develop new projects with higher profitability ratios which allowed us to reduce operating expenses by 8.2 million euros.

In addition to these organizational and operational measures, in July 2018, Reditus' share capital was unanimously approved at a shareholders' meeting. An operation that allowed us to improve the company's equity position, strengthen its positive net position and its balance sheet, reflecting this improvement in greater stability for operations.

The aim was to adjust the company's share capital in order to absorb past accumulated losses. The coverage of the share capital by equity now reaches about 200%, a situation that gives total comfort to the company.

These are important measures for a company that, like ours, intends to take advantage of all the opportunities offered by the market. Both the IT market and the Contact Center and BPO market, according to the various market analysts, show expected growth rates above 4.5%, even rising above 12% in some segments.

In fact, despite the stagnation of some business segments, namely those related to more traditional IT markets, technologies associated with the third platform (cloud, mobility, social business and big data) and the market for enterprise innovation accelerators (IoT - Internet of Things, Robotics, 3D Printing, among others) will present very interesting business opportunities by representing more than 50% of technology spending in Portugal by 2020.

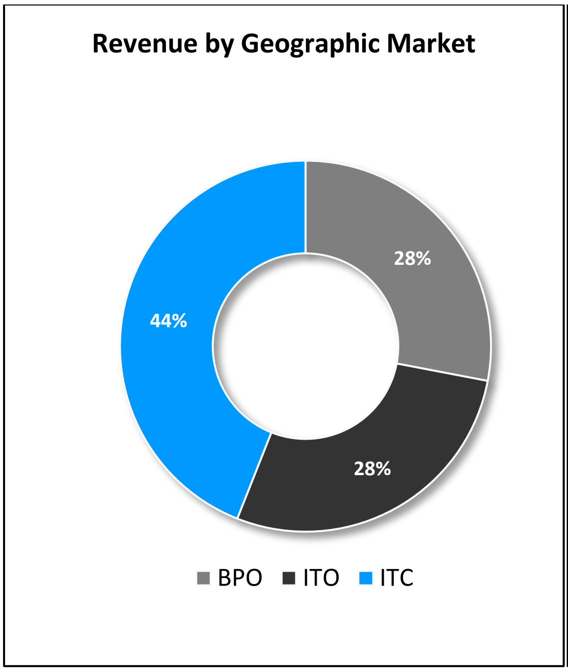
We believe that this process of transformation of the organizations will open great opportunities for Reditus, so we are working hard in the restructuring of the company so that we can take advantage of all the opportunities that the market presents to us.

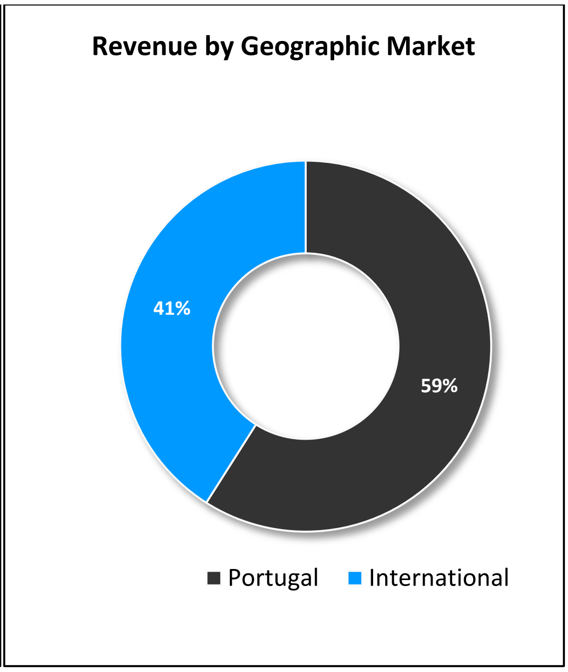
We would like to thank our shareholders and employees. We are sure that an important part of the success of our project is only possible thanks to the support we have had from our shareholders and the commitment of a team of professionals of excellence who daily give their best to the service of Reditus.

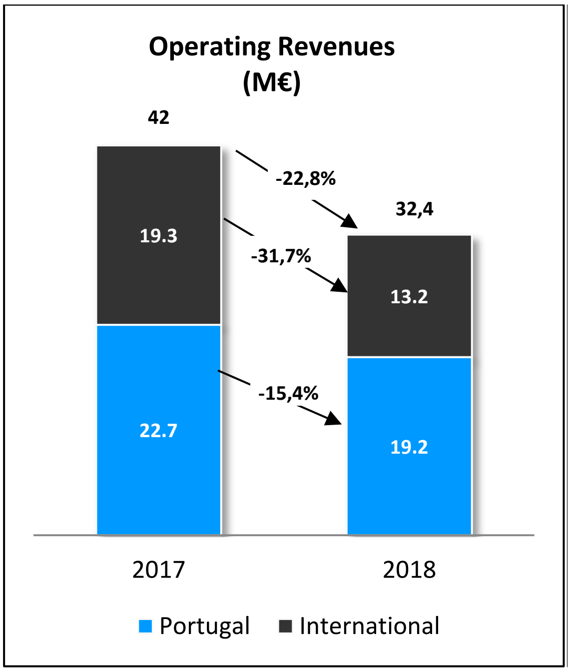
It has been hard work but equally motivating, not only for the challenges we have faced, but above all for the will to build a project with a future, innovative and ambitious.

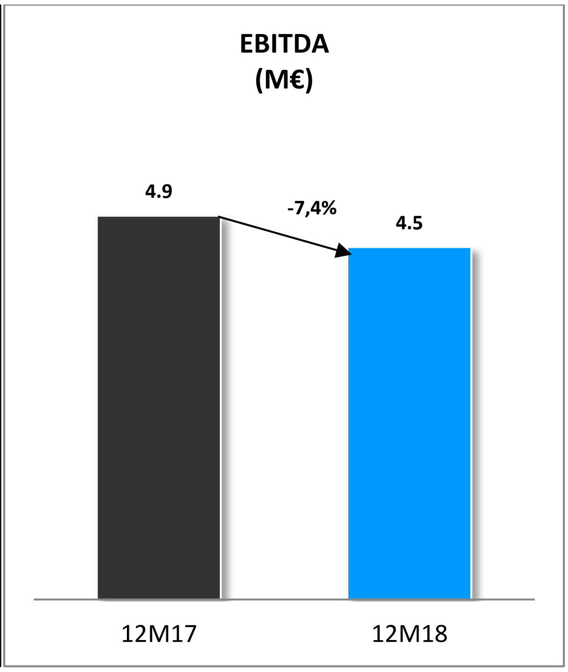
Francisco Santana Ramos
Chairman of the Board of Directors

2. Main Group Operational Indicators









3. Major Events of 2018

January

- Reditus appoints Dr. José Andrade e Sousa as market relations representative and with the CMVM.
- Reditus Reports the resignation of Director Eng. Miguel Maria de Sá Pais do Amaral.

March

- Reditus presents results of the Customer Satisfaction Questionnaire, with the latter expressing "very satisfied" with the services provided in 2016.
- Reditus has strengthened its longstanding partnership with Microsoft with the renewal of its Gold Partner status.

April

- Presentation of annual results for 2017.
- Reditus informs about developments regarding the receipt in foreign currency of credits on Angolan public entities.

May

- Presentation of the results of the Customer satisfaction questionnaire for 2017.
- Entry into force of the new Data Protection Regulation. Reditus in accordance with the new regulatory requirements.
- Holding of the Shareholders' General Meeting for approval of accounts for 2017.
- Presentation of Results for the 1st quarter of 2018.

August

- Holding of a General Shareholders' Meeting
- Presentation of first half results 2018.

September

- Reditus celebrates the International Contact Center Week.

October

- Reditus announces registration of reduction of share capital and amendment of the articles of association.

November

- Reditus presents third quarter results 2018.

4. Macroeconomic and Sectorial Framework

4.1. Macroeconomic Background

International economy

In general terms, the external environment of the Portuguese economy remained favorable in 2018, as in the previous years. The world economy continued to expand at a robust pace, maintaining favorable conditions in the financial and labor markets and relatively high levels of confidence of the economic operators of the major advanced economies, notably the United States. During the year, however, there were some negative risks, notably an increase in trade protectionism and pockets of financial turmoil in some of the most vulnerable emerging economies, in the context of the normalization of monetary policy in the US and of a lower appetite to risk by international investors. In this context, world GDP growth in 2018 showed less synchronization between countries.

Already in Europe, economic performance, although overall positive, showed signs of slowing at the end of the year, reflecting a reduction of the growth of the German economy and the uncertainties inherent in the Brexit process. As a result, some of the previously formed expectations regarding the change in monetary policy at the ECB did not materialize or anticipate for the early months of 2019.

Portuguese economy

In 2018, Portuguese GDP increased by 2.1% in volume, down 0.7 percentage points from the previous year. This evolution resulted from the more negative contribution of net external demand, with a deceleration in exports of goods and services more pronounced than that of Imports of Goods and Services. On the other hand, the contribution of domestic demand, although positive, was less relevant than in the previous year, reflecting the less marked growth in investment. Budgetary policy has maintained its orientation towards reducing the deficit - to less than 1% of the Product - and public debt, which has fallen as a percentage of GDP to about 122%, a significant decline. On the other hand, the labor market maintained its favorable evolution, registering an unemployment rate close to 7% at the end of the year, approaching the best values recorded at the beginning of the last decade.

This trend of a slight slowdown accompanied by a reduction in the unemployment rate is expected to continue until 2019, according to both national and European institutions.

4.2. Sectoral Framework

The Portuguese ICT market

According to IDC, by 2021 the national information technology market is expected to have a compound annual growth rate of 3%, due to the asymmetric growth of its sub-segments. In this way, the traditional IT market has had a recessionary trend that will be maintained until 2021, at an average rate of 7.3% of compounded decline. On the other hand, and in counterpoint, the accelerator markets will grow until 2021, along with those of the third platform at an average rate of 12.1%.

According to IDC, in Portugal, the third platform (cloud, mobility, social business and big data) grew by 15.7% in 2017 and the market for innovation accelerators (IoT-Internet of Things, Robotics, 3D printing, among others) increased by 15.2%. These figures reflect a certain delay in the Portuguese market, compared to other more evolved IT jobs, especially in the USA, where the third platform decelerated its growth, from double-digit growth rates to 8 and 9%. On the other hand the technologies of second platform are expected to fall 3%.

The recent European legislative amendment on data protection has opened up a number of opportunities for the restrictions and obligations imposed on organizations in the processing of personal data of employees, customers and potential customers. The potential implications of this issue for the organizations have led to it being identified as an area of great concern to the CIOs of the 500 largest national organizations in 2018 and over the next few years.

The technologies associated with the new "innovation accelerators" will be responsible for the impetus given to the IT market, which will mean an average growth rate of 4.8% by 2020. Also according to IDC, in 2020, the third platform and innovation accelerators will account for 52% of technology spending in Portugal, so that 25% of the 500 largest Portuguese organizations will focus their strategy of competitive differentiation through digital transformation.

This process of transformation of organizations will in turn open other opportunities for IT providers, namely in the strategies of governance, security, privacy, agility (DevOps) and contracting in the third platform. The largest Portuguese companies will therefore have teams dedicated to digital transformation, and more than half of the organizations will invest in the Channel for the distribution and integration of services from major suppliers, with more than 50% of revenues coming from Partners.

The international ICT market

At the international level, Gartner's studies indicate that spending on Information Technology (IT) will reach 3.8 million euros in 2019, representing growth of 3.2% over 2018.

In the EMEA region Gartner is also anticipating growth, but smaller. According to this analyst, IT spending in the EMEA region will increase by 2% to US $ 973 billion (864 billion euros) in 2019.

According to Gartner, the EMEA IT market has been stagnant and growth has been largely due to the increase in the value of the Euro against the US Dollar. According to this analyst, IT spending in this region will continue to stagnate until the unknown environment around Brexit is solved.

Gartner points to a decline in the computer market in 2019, after a decline of 9.1% in 2018.

Also smartphones are expected to start falling, from a growth of 4.7% in 2018 to a decline of 1.1% in 2019.

According to Gartner, worldwide software spending is expected to grow 8.4 percent in 2019 to 345 billion euros.

For IDC, growth will be boosted by digital-based offerings and operations, estimating that by 2022 at least 60% of the world's GDP will be digitized and that organizations that delay the rapid incorporation of digital into their processes and products will compete only for a small market share.

According to this analyst, the digitization of the value chains of the economies will lead to a reduction of the border between markets and regions and, consequently, to an increasing generalization of the tendencies of the ICT market.

Strategic Technologies

IDC estimates for the contribution of digital to world GDP show that, although asymmetric, technological globalization is a reality with a growing impact on the competitiveness of organizations, regardless of their size, sector of activity or geographical market of their intervention.

This is a trend and a hallmark of new companies, which are already born within a very competitive technological environment, from which they develop their competitive advantages, but also the older ones, with processes supported in less technologically advanced environments, but whose competitiveness depends on its ability to implement rapid processes of digital transformation.

This process of technological evolution will be leveraged by a set of technologies such as distributed cloud, AI at the edge, hyperagile and voice-controlled user interfaces, among others, that IDC places at the third platform level and which Gartner considers to be the basis of the "intelligent digital mesh”:

Edge Computing - More than 40 percent of organizations' cloud deployments will include edge computing by 2022 to support about 25 percent of endpoint devices and systems that will perform AI algorithms. Edge Computing will be the platform supporting 5G and AI services. The B2C and citizen support organizations, among others, are among the first to use the capabilities of this technology.

Hyperagile - The requirement of the digital economy will lead to the development of high quality applications in response to consumer requests. The traditional application architectures, operations and development pace are not suitable for these new applications, so it is estimated that in the next five years 90% of all new applications will have micro-service architectures that improve the ability to design, update and leverage third-party code. This new reality will simultaneously promote the production of cloud-native applications and the use of PaaS services (Platform as a Service).

No code - Simpler and more powerful development tools will expand rapidly. By 2024, a new group of developers will produce customizable, non-scripted code as well as leverage visually-oriented development tools, low-code development platforms, and model-driven development tools to create and refine digital, response to the acceleration and intensification of digital transformation initiatives.

Verticalization - Organizations will choose SaaS applications for horizontal applications, responding to the specific needs of their business and industry. According to IDC, the optimization of digital presence by the Organizations, promotes greater cost efficiency, ease of use and greater flexibility for customers, SaaS vertical applications.

Artificial intelligence – The growing impact of AI on the lives of people and organizations will lead, by 2024, to a replacement of one-third of today's screen-based applications with others with user interface with artificial intelligence and process automation. AI will be fundamental to the competitiveness of organizations that "fight" for consumer attention and need to maximize the productivity of their employees.

Blockchain, encryption and security – Blockchain investments are growing at a rapid pace, with IDC estimating investments of US $ 11.7 billion by 2022. This is a trend that will lead businesses to progressively participate in multiple blockchain networks to accommodate transaction data securely, or as an element of applications that require high real-time performance and connection to other data sources.

Encryption, more specifically "penetrating cryptography", will cover all platforms, including databases, applications, file systems, APIs and system logs, among others. IDC believes that by 2022, 50 percent of server platforms will have some kind of penetrating encryption embedded in their operating environments and that, in conjunction with artificial intelligence, will have a major impact on cyber security for enterprises and organizations.

Multicloud - Over the next four or five years, IDC predicts companies will adopt integrated hybrid or multicloud tools and strategies. The integration of public cloud technologies will be the starting point for this distributed cloud model. To this end, multicloud service providers will focus at an early stage on linking their own public cloud offerings with customers' sites and peripherals by providing customers with easier deployment and management across multiple platforms.

The Portuguese Contact Centers market

In the contact center market we continue to see a concentration of relevant operations in specialized operators in the human resources management, assuming the clients the component of management and evolution of the business processes.

According to the study of the Portuguese Contact Center Association (APCC), the contact centers sector generates, in Portugal, an annual turnover of more than 1 billion euros. A value that is attributable to Service Providers (46%), Small Clients (29%) and Large Customers (25%).

The contact center sector employs more than 81 615 employees, in a total of 65,000 service stations, mainly in Lisbon (69%), Porto (11%) and Braga (5%).

For DBK, the sector shows a growth trend of around 7%. To this growth also contributed the increase of services to customers abroad, taking advantage of the lower labor costs in Portugal.

Receipt of calls is the main driver of growth in the sector. This segment accounts for more than 65% of the total industry. The number of calls, in turn, represents about 20% of the total of the sector, with the rest being allocated to other services, which have tended to increase market share.

By activity segments, the Telecommunications and Media sectors stand out as the main demand segments, followed by financial services. These sectors account for 58% of operators' revenues.

The increase in expenditure and the very aggressive competition were reflected in the margins and prevented a significant improvement in the profitability of the sector. However, despite the rivalry, increased sales coupled with efforts to contain costs and make structures more flexible allow us to anticipate a moderate increase in the margins of the largest companies.

Also according to DBK, the Portuguese call center market presents considerable development potential through the trend of outsourcing of processes of Portuguese companies and public bodies, as a way to reduce expenses, achieve flexible structures of costs and to increase the quality of the service.

The expansion of service provision, the improvement of alternative communication channels, especially e-mail and social networks, and the incorporation of technological innovations are among the main trends that will shape the activity of companies in the sector in the short and medium term.

5. Business Overview

With a strong national and international presence, Reditus offers services and solutions in three areas: IT Consulting, IT Outsourcing and BPO.

5.1. IT Consulting

IT Consulting area integrates the Platforms & Applications and Specialized Outsourcing segments.

Platforms & Applications

Topics associated with the digital transformation of organizations have been a benchmark in business strategy and will continue to mark their IT agendas to meet critical business challenges. The so called 3rd platform as Cloud, Mobile, Social, Big Data, IoT (Internet of Things) or Agile development solutions, remain at the heart of organizations' interests and goals.

During the year 2018, there was an increase in the demand for this type of services with the objective of optimizing and flex organizational processes and respond quickly to new business requests. In the area of Platforms & Applications, the market positioning with an offer of Reditus application solutions was further developed, with the development of its own products in the areas of Enterprise Content Management, Analytics, Costumer Engagement and Business Solutions and with the investment in Robotization, IoT, cognitive systems and mobility, where the Group already has important references.

By 2019, Reditus intends to present an offer of solutions that allow for:

- Strengthen synergies with partners in their main bet areas, with diversification and potentiation of new offers;
- Strengthen and reinforce cross selling opportunities in the provision of services;
- Identify opportunities to upsell the installed base by integrating offers;

- Present specific offer to entities and global operators that can enhance this offer in their clients.

Specialized Outsourcing

The challenges posed by an increasingly competitive global economy, where delivering highly qualified and outsourced IT professionals provide the flexibility and quality enhancements needed to overcome the challenges that increasingly demanding IT pose to organizations.

In these assumptions the addressing of an increasingly qualified skill offering brings clear benefits in terms of billing, business growth and increased customer presence. In the area of Specialized Outsourcing, in 2018 Reditus stressed the bet on resources with higher qualification and the management of careers for development and retention of the best professionals.

Strategic domains of supply have been identified, taking into account not only their growth potential but also the business potential that the delivery of specialized and more qualified resources can bring to the other domains and betting areas. In this way, Reditus defined as guidelines for this area of supply in 2019:

- Reposition Reditus as a key player in Specilized Outsourcing (SO) services;
- Retention and growth in the installed base;
- Placing resources on the international market (Europe);
- Strengthen and strengthen opportunities in SO with synergies between operations and commercial area;
- Strengthen and reinforce opportunities in SO with synergies for other areas of supply, acting as a gateway to the upstream value chain.

5.2. IT Outsourcing

The IT Infrastructure segment of Reditus offers the market solutions composed of services and projects focused on information technology infrastructures. The services include the management, administration and support of technological platforms, in a contract of responsibility or functional outsourcing.

The changes implemented in the organizational structure and the operation model in 2018, with the specialization of the areas, allowed the development of the offer and the active management of partnerships.

The sales strategy of the unit focused on the segmentation of accounts by areas of supply in order to assess its potential and enable the definition of marketing and communication actions specific to the areas to be developed.

Thus, in the area of Infrastructures was reinforced the bet on the provision of Managed Services, Monitoring, Hyper-convergence and Cloud-based services.

The changes implemented during 2018 in the organizational structure and the operation model, promoted the focus on internal competencies and business development in the different areas of the offer.

In areas considered as strategic, Reditus will develop its line of operation according to several guidelines:

- Physical infrastructure, Systems Management and Data Management: to grow in the installed base and to raise medium-sized projects;
- Hyperconvergence and Cloud: raising projects through manufacturers / partners;
- Managed Services: maintain installed base and raise large projects. Addressing international opportunities;
- Aggressively address the SME market with the Full IT Outsourcing offer, to strengthen the services in Systems Management (eg: monitoring);
- Strengthen the top relationship with strategic partners and bet on the training and certifications of the Reditus teams.

5.3. BPO

The BPO area of Reditus aggregates the non-technological competencies of the Group, namely BPO, Contact Center and Shared Services, representing 28% of total revenues in 2018.

Continuing the execution of the triennial business plan, started in 2017 with the diversification of clients, in 2018 the focus was on the profitability of operations, as a result of bets on automation and robotization of operations and process management activities.

The focus on new approaches in employee training has enabled an increased capacity to deal with the challenge of resource scarcity in this market sector, as a consequence of the almost full employment situation that the sector lives.

The maintenance of the bet on new clients and small and medium-sized projects allowed for leveraging the results, reducing the business risk. The commitment in the sectors of Health and Public Administration was reinforced, maintaining its performance in the rest where Reditus already has a long tradition, namely: Banking, Insurance, Telecommunications and Utilities.

Continuing the implementation of 2017-2019 plans, Reditus will continue to maintain the orientation of the offer, focused on BPO and Contact Center, in an integrated vision of the management of the business processes of its front and back office clients. Combining the technology available on the market with Reditus' recognized technological capability in the development of automation and robotization, distribution of work and control solutions, it will continue to introduce elements of sophistication into its services and share value with its customers and employees. The availability of specialized resources will continue to be a reality to respond to market needs, with a focus on transforming these processes into service outsourcing models.

5.4. International Area

In 2018, Reditus maintained its commitment to the international market, particularly in the African geographies, where it has traditionally operated through its subsidiaries.

The weight of the international area of Reditus in 2018 remained at the same level as in previous years, accounting for about 41% of Reditus' total revenues, compared to 46% in the same period of last year. With a turnover exceeding 13 million euros, this continues to reflect the commitment of

Reditus in its business in international geographies and the sustainability of long-term ITC and ITO projects for various Organizations.

The international activity of Reditus is based on three distinct organizational models, namely through the creation of local delegations, the promotion of export activity and the provision of services in nearshore, focusing on carefully selected countries where the company can bring value and explore opportunities arising from their level of development.

It is important to highlight the efforts made by the company in the development of the various opportunities by obtaining projects from various Public Entities and multinational companies, with special emphasis on the geography of Angola, among others, namely in Oil & Gas, Banking, Insurance and Utilities.

6. Quality and Customer Satisfaction

Reditus recognizes that its "Customers" are one of the most important factors in the success of its activity. To increase the level of satisfaction, all the value generated by Reditus in a decisive way contributes to improving the efficiency of its customers' business. This factor will not naturally be alien to the whole effort placed by the company in increasing a relationship of trust with its customers and employees. In 2018 Reditus continued to perform improvement activities to maintain high levels of customer satisfaction, efficiency improvements and external recognition.

Customer Satisfaction

The results of Reditus customer satisfaction surveys show high satisfaction levels for the services provided and that the company has managed to maintain service levels at a high level in consecutive years.

The most recurrently mentioned positive aspects are similar to those reported in previous years being emphasized by the frequency:

- The competence and professionalism of team members;
- The partnership relationship that Reditus establishes with the client;
- The compliance with SLAs;
- And the Communication.

When analyzing the level of satisfaction by business area, we can highlight the services of IT Consulting, Managed Services and BPO, as the areas with the highest levels of satisfaction.

This analysis also reveals the need to continue working to standardize customer satisfaction levels in all business areas, particularly with regard to communicational aspects.

Awards and Certifications

- Reditus maintains its Quality certification in ISO 9001: 2015 in all areas of the group's business;
- Reditus Business School maintains itself as a certified training entity, acting as an added value in the valuation of employees and services rendered;

- Certification of CTT, CTT Expresso and Millennium BCP Contact Center operations with the Quality Seal of the APCC, recognized as a standard for operations of excellence;
- The CTT and CTT Expresso lines, managed by Reditus, were again honored at the APCC Best Awards 2018;
- The Millennium BCP customer service line, managed by Reditus, was also awarded in the same event.

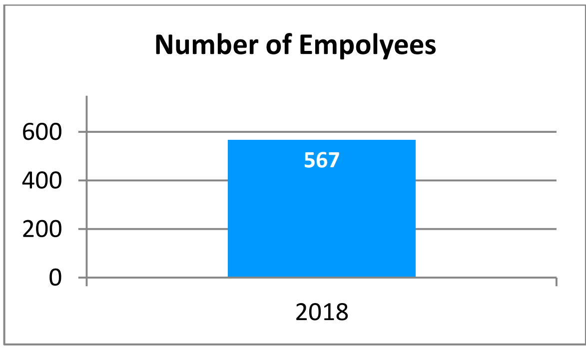
Internal improvement projects

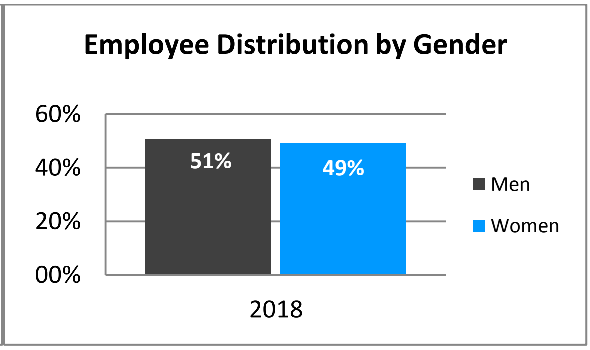
In 2018, Reditus continued to focus on efficiency, having developed new projects with the objective of supporting processes and cost optimization policies, as well as ongoing projects initiated in the previous year:

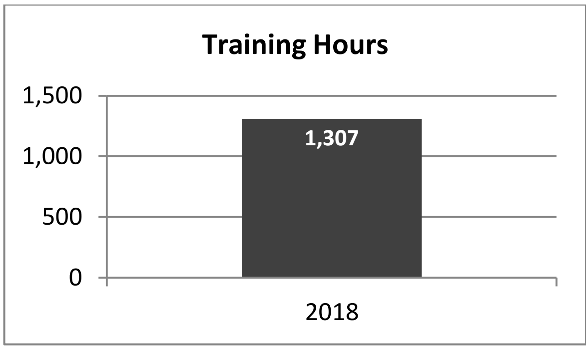
- Implementation of compliance policies in the General Data Protection Regulation (GDPR), including policy definition and implementation, training, data collection and management, evaluation and improvement of control mechanisms;
- Optimization of the project operational control and capacity management tool;
- Systematic program to improve the efficiency of the management of the business areas.

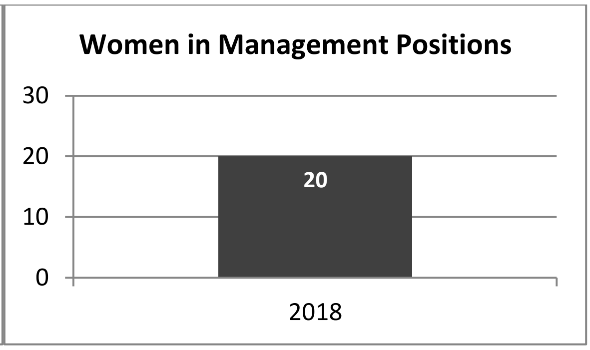
7. Social Responsibility and Sustainability

Reditus maintains an attitude of constant attention and involvement with society, developing actions aimed at the development of its employees as individuals and professionals, but also as an active part of society, economy and environment.









Employees

- Promotion of the diversity and equal opportunities of all employees;

- Professional and personal development inside and outside the Group companies through their involvement in ambitious and innovative projects;
- Transparency in performance and evaluation in order to promote a fair recognition and rewards policy;
- Encouraging the involvement of employees in social causes, through the promotion of various initiatives to support solidarity institutions;
- Bet on training. Through Reditus Business School we promote the training of our employees in areas such as personal development, management and administration, business environment, IT and health and safety at work;
- Development of internal initiatives to promote team spirit, camaraderie and personal skills;
- Implementation of measures to support health and well-being, such as health insurance for employees.

Society

- Cooperation protocols with various educational institutions for the recruitment and hiring of young professionals;
- Protocol of support to several Social Solidarity Institutions;
- International Contact Center Week celebration.

Economy

- Adoption of non-predatory practices in business, with respect for all our stakeholders.

Environment

- Employee motivation for ecological practices;
- Promoting the reduction of paper consumption;
- Recycling of various materials;
- The efficient use of water and energy through better energy management in our buildings and facilities.

8. Group Economic and Financial Analysis

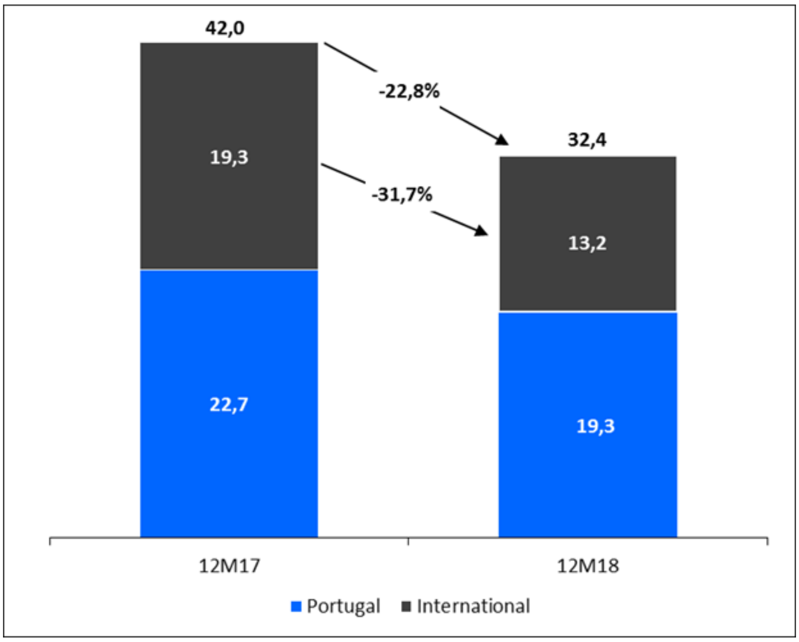
8.1. Consolidated Operating Income

Operating Income amounted to 32.4 million euros in 2018, compared to 42.0 million euros in the same period of the previous year, representing a decrease of 22.8%.

In the domestic market, sales declined by 15.4% compared to 2017, reflecting significant downturns in all segments with particular emphasis on ITO and ITC.

In the international market, in particular the African market where the Group has subsidiaries, despite a reduction in sales of 31.7% compared to 2017, it continues to represent more than 40% of the Group's turnover. In 2018 the international geographies accounted for 41% of the Group's total sales vs. 46% in 2017.

Operating Revenues
€ Millions



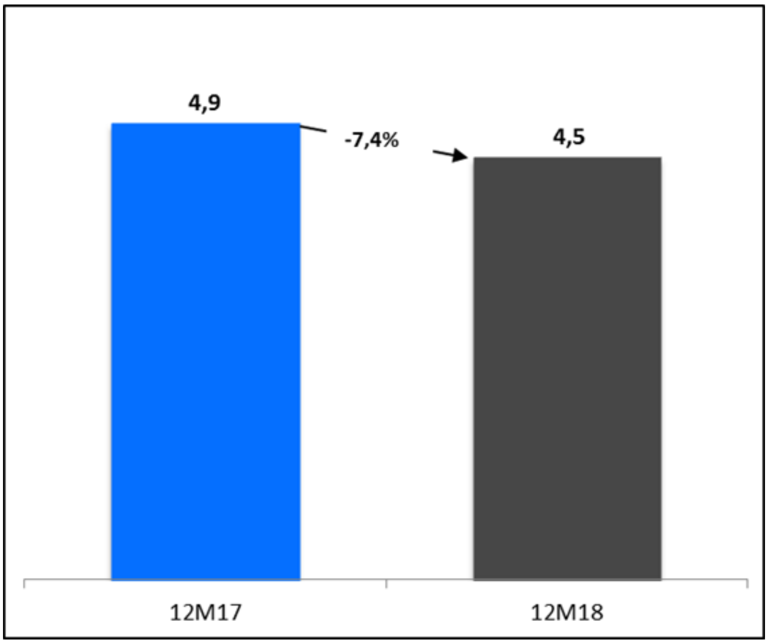
8.2. Operating Expenses

Consolidated Operating Expenses, net of amortizations, provisions and impairment losses, totaled 27.9 million euros in 2018, representing 86.1% of total revenues and a decrease of 24.8% over 2017, in which had reached 88.4% of the Income, due to the persistent implementation of measures of rationalization of operating costs and structure previously defined, in line with the new reality of the group's businesses.

8.3. Operating Income Before Depreciation (EBITDA)

Consolidated EBITDA was 4.5 million euros in 2018, compared to 4.9 million euros in 2017, representing a decrease of 7.4%. The EBITDA margin stood at 13.9%, 2.3 pp above the 11.6% margin reached in the same period.

EBITDA
€ Millions



8.4. Net Income

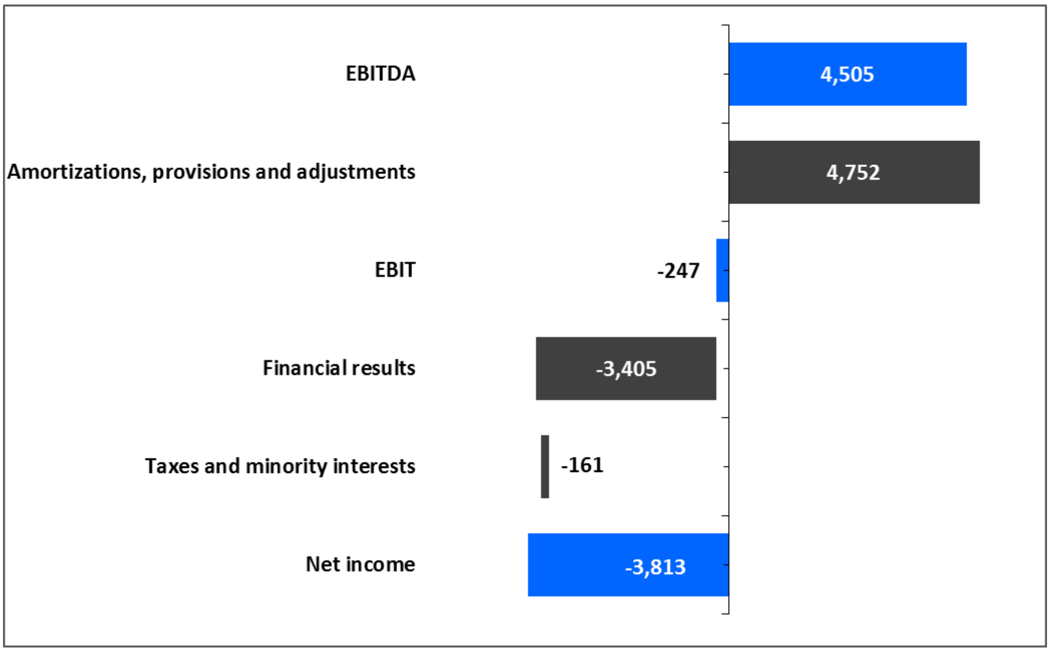
Depreciation, Amortization, Provisions and Adjustments reached 4.7 million euros in 2018, an increase of 27% over the same period last year.

Operating Income (EBIT) was negative by 0.25 million euros, compared to a positive result of 1.1 million euros obtained in 2017.

Financial Results worsened by 5.8% compared to 2017, reaching 3.4 million euros, negatively affected by the Net Present Value of amounts receivable from customers amounting to 0.849 million euros.

Income from Continuing Operations was negative by 3.8 million euros in 2018, compared to a negative result of 1.6 million euros in the same period.

From EBITDA to Net Income
€ Thousands



8.5. Main Balance Sheet Items

€ Millions

	31-Dec-2018	31-Dec-2017	Var %
Total Assets	171.3	171.2	0.1%
Non Current Assets	104.9	87.3	20.3%
Current Assets	66.4	83.9	-20.9%
Equity	26.7	30.9	-13.5%
Total Liabilities	144.6	140.3	3.1%
Non-Current Liabilities	95.3	92.3	3.3%
Current Liabilities	49.3	48.0	2.7%
Net Debt	59.2	60.7	-2.5%

At the end of 2018, net bank debt (including loans, financial lease liabilities, less cash and cash equivalents) stood at 59.2 million euros, compared with 60.7 million euros at the end of 4Q17 , ie a reduction of 2,5%.

9. Economic and Financial Analysis by Business Area

9.1. IT Consulting

IT Consulting area integrates the Consulting, Platforms and Applications, and Specialized Outsourcing segments. This area accounted for 44% of the Group's total revenues in 2018.

IT Consulting segment offers consulting, process management, application development / maintenance and management, business intelligence and applications, open source solutions and outsourcing services specializing in information technology. The services include the management, administration and support of technological platforms.

Revenues from the ITC unit reached 18.7 million euros in 2018, a decrease of 20.6% compared to the same period last year. EBITDA amounted to 2.9 million euros, compared to a positive result of 2.1 million euros in 2017 and is due to the higher profitability of the projects.

9.2. IT Outsourcing

IT Outsourcing area of Reditus is comprised of IT Infrastructure competencies and accounted for 28% of total revenues in 2018.

The IT Infrastructure segment of Reditus offers to the market infrastructural services, projects and solutions of information technologies. The services include the management, administration and support of technological platforms, in a contract of responsibility or functional outsourcing.

Income in this segment was 12.2 million euros in 2018, a decrease of 29.9% over the same period of last year. EBITDA was 0.95 million euros, a decrease of 70.8% over 2017.

9.3. Business Process Outsourcing (BPO)

BPO area involves the provision of Contact Center and business support services, developing activities such as customer service and loyalty, inbound and outbound, mail handling, document preparation, digitization, file custody, credit handling for housing, business, personal and automobile, automobile claims, multi-risk and industrial accident management, debit card, credit card and university card processing, claims management, among others. This area accounted for 28% of Reditus' total business in 2018.

Operating Income amounted to 12.0 million euros, a decrease of 7.9% over the same period of last year. In 2018, EBITDA posted a positive result of 0.58 million euros, compared to a negative result of 0.48 million euros in 2017, corresponding to a performance improvement. In the context of strong competition, the Group pursues its strategy of creating differentiated offers, growing business with a focus on profitability in this segment and betting on projects with a more favorable margin.

10. Outlook for 2019

On the one hand, the recovery of the economy maintains an optimistic view of business opportunities at the national and international level, but on the other, it also shows a marked competitive intensity, from companies with a solidified presence and dynamic starts ups with niche innovative offers.

In view of these market trends, Reditus will continue to focus on profitability and sustainability of operations, increase the number of new customers through enhanced commercial action and consequently increase in turnover and EBITDA.

Reditus will make a bet on offer segments that allow it to reinforce its presence in the installed base and cross-selling accounts. In this way, it seeks to foster synergies between the different teams, increase existing competences and optimize processes in operations, as well as significantly increase the number of new customers resulting from a commercial alignment that transverse the business areas.

The company also defined as objectives the growth of turnover based on a strategy of recovery of market share in segments where the company already had a dominant position, namely in specialized outsourcing, IT projects and in the focus on segments of superior growth such as cloud, managed services and application development.

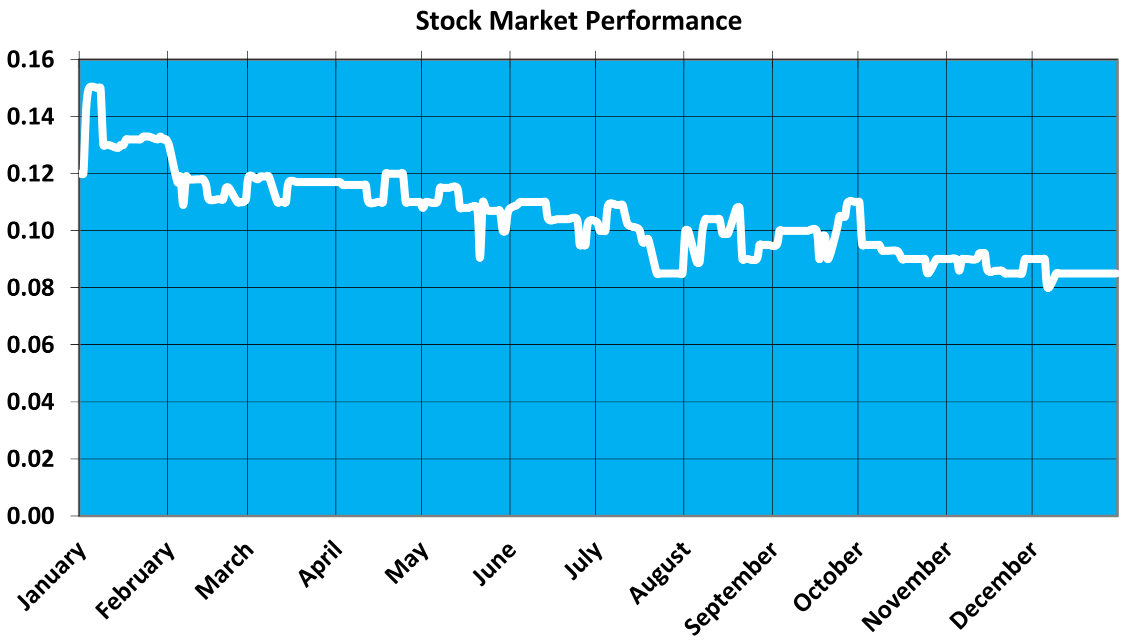
Reditus' commitment to reinforcing its presence in higher value-added segments, together with a rate of renewal of service contracts of more than 90% and an increase in the number of multi-year contracts, mainly in the areas of managed services, administration and maintenance services and SO, as opposed to a rationalization of operating costs, allow to aim for a higher rate of profitability of the projects and consequently of the EBITDA rate.

The BPO and Contact Center services are also important areas of Reditus, combining the technological capabilities of the Group with the recognized experience in the management and transformation of our customers' business processes.

Constant monitoring and sharing of operating results, combined with innovation in inhouse support processes and technologies, enable delivery of recognized quality services and lower overall costs while maintaining the ongoing cost-effectiveness of operations.

Acquiring new customers will continue to be a priority in a growing industry, but with strong competition challenges.

11. Sock Market Performance



At the end of 4Q18, the closing price of Reditus shares was set at € 0.09, compared to € 0.12 at the beginning of the year.

In terms of liquidity, around 1.4 million Reditus shares were transacted during 4Q18, representing a transaction value of 159 thousand euros.

The average daily number of traded shares was fixed at around 5,518, corresponding to an average daily value of approximately 616 euros.

12. Activities of Non-Executive Directors

As described in the Corporate Governance Report, there is a set of Specialized Committees that verify and pronounce on the different aspects of strategic and operational support.

In general, and in addition to monitoring the functioning of these committees, together with the members of the Executive Committee, the Non-Executive Directors continuously monitor the activities of the company and its subsidiaries, both operationally and economically-financially.

13. Results

The Net Consolidated Result for the year was, after minority interests, 3,812,965 euros negative.

14. Declaration of Conformity

Pursuant to article 245, paragraph 1, point c) of the Portuguese Securities Code, the members of the Board of Directors of the Company declare that, to the best of their knowledge, the information contained in the Management Report, the annual accounts, the Legal Certification of Accounts and other accounting documents were prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial situation and results of the Company and the companies included in the consolidation perimeter. They further state that the Management Report faithfully reflects the evolution of the Company's business, performance and position and of the companies included in the consolidation perimeter and containing a description of the main risks and uncertainties they face.

15. Acknowledgments

We emphasize the trust placed by the Clients in the Reditus Group companies, the commitment of our Employees in the pursuit of the objectives we propose, as well as the qualified support of the Supervisory Board, the Strategy Council, the Specialized Committees, the Banks, Auditors and other business partners, underpinning the sustainability of the future of the Reditus Group.

Alfragide, April 30, 2019

The Board of Directors,

Eng. Francisco José Martins Santana Ramos - Chairman

Eng. José António da Costa Limão Gatta – Director

Dr. Fernando Manuel Cardoso Malheiro da Fonseca Santos – Director

Dr. Helder Filipe Ribeiro Matos Pereira - Director

PART II – CONSOLIDATED FINANCIAL STATEMENTS

REDITUS SGPS, SA
STATEMENT OF CONSOLIDATED FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017
(Values in Euros)

	Notes	31 Dec 18	31 Dec 17
NON-CURRENT ASSETS:			
Tangible Fixed Assets	7	6,831,784	7,180,334
Investment Properties	8	1,509,000	1,509,000
Goodwill	9	41,473,191	41,473,191
Intangible Assets	10	17,238,021	19,456,979
Clients	15	29,927,618	11,214,235
Other Accounts Receivable	16	1,049,458	1,016,000
Other Financial Investments	12	4,982,959	4,381,225
Deferred Tax Assets	13	1,915,349	1,025,767
		104,927,380	87,256,731
CURRENT ASSETS:			
Inventories	14	204,496	370,705
Customers	15	36,989,627	59,365,220
Other Accounts Receivable	16	4,848,986	5,335,990
Other Current Assets	17	23,175,103	17,636,440
Financial Assets at Fair Value	18	8,112	9,649
Cash and Equivalents	19	1,174,596	1,209,835
		-	-
		66,400,920	83,927,839
TOTAL ASSETS		171,328,300	171,184,570
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	20	14,638,691	73,193,455
Treasury Shares	20	(255,183)	(1,426,438)
Share Premium Account	20	9,952,762	9,952,762
Reserves	20	4,812,483	3,608,430
Retained Earnings	20	-	(53,766,602)
Adjustments in Financial Assets	20	-	(501,763)
Surplus Valorisation of Fixed Assets	20	1,260,288	1,305,086
Consolidated Net Income for the Year	20	(3,812,965)	(1,595,931)
Equity Attributable to REDITUS Shareholders		26,596,076	30,768,999
Equity Attributable to Minority Holdings	21	120,326	131,608
Total Equity		26,716,402	30,900,607
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	22	49,004,263	50,958,763
Other Accounts Payable	23	38,512,612	33,519,708
Deferred Tax Liabilities	13	3,450,953	3,729,996
Financial Leasing Liabilities	24	4,324,423	4,042,512
		95,292,251	92,250,979
CURRENT LIABILITIES:			
Loans	22	6,684,427	6,556,098
Suppliers	25	9,437,022	8,824,684
Other Accounts Payable	23	20,694,435	18,208,386
Other Current Liabilities	26	12,137,177	14,068,670
Financial Leasing Liabilities	24	366,586	375,146
		49,319,647	48,032,984
Total Liabilities		144,611,898	140,283,963
TOTAL LIABILITIES AND EQUITY		171,328,300	171,184,570

The Annex is an integral part of the Consolidated Financial Position Statement as of 31 December 2018 and 31 December 2017.

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS

REDITUS SGPS, SA
CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED ON DECEMBER 31, 2018 AND 2017
(Values in Euros)

	Notes	31 Dec 18	31 Dec 17
OPERATING REVENUE:			
Sales	26	532,749	2,148,837
Services Rendered	26	31,021,100	38,990,654
Other Operating Revenues	27	891,355	907,884
Total Operating Revenues		32,445,204	42,047,375
OPERATING COSTS			
Inventories Consumed and Sold	28	(546,589)	(1,747,124)
External Supplies and Services	29	(10,636,020)	(13,679,017)
Staff Costs	30	(15,770,246)	(20,213,518)
Depreciation and Amortization Costs	31	(3,187,735)	(3,015,187)
Provisions and Impairments	32	(1,564,547)	(715,966)
Other Operating Costs	33	(986,950)	(1,540,468)
Total Operating Costs		(32,692,087)	(40,911,280)
Net Operating Income		(246,883)	1,136,095
FINANCIAL RESULTS:			
Net Financial Costs	34	(3,405,468)	(3,218,254)
Net Losses in Associated Companies		-	-
		(3,405,468)	(3,218,254)
Income Before Taxes		(3,652,351)	(2,082,159)
Income Tax	35	(166,400)	434,460
		-	-
Income Before Minority Interests		(3,818,751)	(1,647,699)
Minority Interests	20	5,786	51,768
Results from Ongoing Operations	36	(3,812,965)	(1,595,931)
Results from Discontinued Operations		-	-
Net Income		(3,812,965)	(1,595,931)
Attributable to:		-	-
Shareholders of the Parent Company		(3,812,965)	(1,595,931)
Minority Interests	20	(5,786)	(51,768)
		(3,818,751)	(1,647,699)
Earnings Per Share from Ongoing and Discontinued Operations			
Basic	36	(0.2605)	(0.1090)
Dilluted		(0.2605)	(0.1090)
Earnings Per Share from Ongoing Operations			
Basic	36	(0.2605)	(0.1090)
Dilluted		(0.2605)	(0.1090)

The annex is an intergal part of the Consolidated Income Statement
for the Periods ended 31 December 2018 and 31 December 2017

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS

REDITUS SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED ON DECEMBER 31, 2018 AND 2017

(Values in Euros)

	31 Dec 18	31 Dec 17
Consolidated Net Income for the Year (before miority interests)	(3,818,751)	(1,647,699)
Items which will not be reclassified on the results		
Changes in Surplus Valorisation of Fixed Assets (IAS 16, IAS 38)	(44,798)	175,616
Consolidated Comprehensive Income	(3,863,549)	(1,472,083)
Attributable to:		
Shareholders of the Parent Company	(3,857,763)	(1,420,315)
Minority Interests	(5,786)	(51,768)
	(3,863,549)	(1,472,083)

The Annex is an integral part of the Consolidated Comprehensive Income Statement
for the Periods ended in 31 December 2018 e 2017

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS

REDITUS SGPS, SA
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEARS ENDED ON DECEMBER 31, 2018 AND 2017
(Values in Euros)

	31 Dec 18	31 Dec 17
OPERATIONAL ACTIVITIES:		
Receipts from Customers	30,522,558	36,325,679
Payments to Suppliers	(7,060,372)	(12,887,388)
Staff Payments	(9,599,679)	(15,030,645)
Payment / Receipt of Income Tax	(262)	(357)
Other Receipts/(Payments) relatiing to the Operational Activity	(10,553,049)	(8,073,737)
Cash Flow from Operating Activities (1)	3,309,195	333,552
INVESTMENT ACTIVITIES:		
Receipts derived from:		
Financial Investments	26,025	2,864,653
Sale of tangible assets	18,262	615
Interest and similar income	27	33
	44,315	2,865,300
Payments relative to:		
Acquistion of Tangible Assets	(362,727)	(338,963)
Others	(558)	(3,010,000)
	(363,286)	(3,348,963)
Cash Flow from Investment Activities (2)	(318,971)	(483,663)
FINANCING ACTIVITIES:		
Receipts relating to:		
Loans Received	15,307,780	12,532,378
	15,307,780	12,532,378
Payments relating to:		
Loans Received	(16,143,835)	(12,769,244)
Interest and equivalent costs	(2,256,884)	(1,943,078)
	(18,400,719)	(14,712,322)
Cash Flow from Financing Activities (3)	(3,092,939)	(2,179,944)
Variation in Cash and Equivalents (4) = (1) + (2) + (3)	(102,715)	(2,330,055)
Effect of Exchange Rate Variations	-	-
Non-Current Assets Held for Sale	-	-
Cash and Equivalent at the Beginning of the Perioc	666,562	2,996,616
Cash and Equivalent at the End of the Period	563,847	666,562

a) The item "Other receipts / payments related to operating activity" in the Consolidated Statement of Cash Flows has the nature of payments to the State (Individual and Collective Income Tax, Social Security, Value Added Tax and Corporate Income Tax, Stamp Tax), and payments to service providers to the Group (Electronic Green Receipts).

b) "Payments related to - Others", classified as investment activity flows, refers to an Escrow Agreement between the company Reditus Gestão and GFI Portugal, related to the sale of Roff - Consultores Independentes, SA, paid in 2017.

REDITUS SGPS, SA

ANNEX TO THE CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Values in Euros)

	31 Dec 18	31 Dec 17
Cash	228,545	120,246
Bank Deposits	946,050	1,089,589
Cash and Equivalents (Balance Sheet)	1,174,595	1,209,834
Overdraft Facilities	(610,748)	(543,273)
Cash and Equivalents (Cash Flow Statement))	563,847	666,561

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS

REDITUS, SGPS, SA
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Values in Euros)

	Equity Attributable to the Shareholders of the Parent Company										Equity Attributable to Minority Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium Account	Legal Reserves	Other Reserves	Retained Earnings	Adjustments in Financial Assets	Excess Valorisation on Fixed	Consolidated Net Income for FY	Total		
Balance as of 31 December 2016	73,193,455	(1,426,438)	9,952,762	2,040,761	1,567,669	(53,766,602)	(501,763)	1,305,086	(1,595,931)	30,768,999	131,608	30,900,607
	-	-	-	-	-	-	-	-	-	-	-	-
Share Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-
(Acquisition) / Sale of Treasury Shares	-	-	-	-	-	-	-	-	-	-	-	-
Application of Results	-	-	-	-	-	(1,595,931)	-	-	1,595,931	-	-	-
Acquisition of Minority Interests (Note 10)	-	-	-	-	-	-	-	-	-	-	-	-
Others	(58,554,764)	1,171,255	-	1,204,053	-	55,362,533	501,763	-	-	(315,160)	(5,496)	(320,656)
Minority Interests for the Period	-	-	-	-	-	-	-	-	-	-	(5,786)	(5,786)
Changes in Surplus Valuation (IAS 16, IAS 38)	-	-	-	-	-	-	-	(44,798)	-	(44,798)	-	(44,798)
Consolidated Net Income for the Fiscal Year	-	-	-	-	-	-	-	-	(3,812,965)	(3,812,965)	-	(3,812,965)
	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2018	14,638,691	(255,183)	9,952,762	3,244,814	1,567,669	-	-	1,260,288	(3,812,965)	26,596,076	120,326	26,716,402
	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2016	73,193,455	(1,426,438)	9,952,762	2,040,761	1,567,669	(50,865,855)	(501,763)	1,129,470	(2,900,747)	32,189,314	190,653	32,379,967
	-	-	-	-	-	-	-	-	-	-	-	-
Share Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-
(Acquisition) / Sale of Treasury Shares	-	-	-	-	-	-	-	-	-	-	-	-
Application of Results	-	-	-	-	-	(2,900,747)	-	-	2,900,747	-	-	-
Acquisition of Minority Interests (Note 10)	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	(7,277)	(7,277)
Minority Interests for the Period	-	-	-	-	-	-	-	-	-	-	(51,768)	(51,768)
Changes in Surplus Valuation (IAS 16, IAS 38)	-	-	-	-	-	-	-	175,616	-	175,616	-	175,616
Consolidated Net Income for the Fiscal Year	-	-	-	-	-	-	-	-	(1,595,931)	(1,595,931)	-	(1,595,931)
	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2017	73,193,455	(1,426,438)	9,952,762	2,040,761	1,567,669	(53,766,602)	(501,763)	1,305,086	(1,595,931)	30,768,999	131,608	30,900,607

The Annex is an integral part of the Consolidated Statement of Equity Changes for the Periods ended 31 December 2018 and 2017.

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS

Notes to the Consolidated Financial Statements

1. Ativity

Reditus, Sociedade Gestora de Participações Sociais, S.A. is the holding company (parent company) of the Reditus Group and is headquartered in Lisbon, at Avenida 5 de Outubro, n.º 125, loja 2.

Reditus was founded in 1966 under the name of Reditus - Market Research and Sales Promotion, SARL and had as its main activity the provision of specific services, namely market studies, evolving to the data processing for the Bank of Agriculture, the the main shareholder along with the Insurance Company 'A Pátria'.

In December 1990, Reditus changed its corporate name, becoming a holding company, with the main activity being the management of shareholdings in other companies, as an indirect form of economic activity.

The Reditus Group operates in three distinct business areas: Business Process Outsourcing (BPO), IT Outsourcing (ITO) and IT Consulting (ITC).

The company activity is not subject to significant seasonality.

Reditus is listed on Euronext Lisbon (formerly Lisbon and Porto Stock Exchange) since 1987.

These Financial Statements were approved by the Board of Directors on April 30, 2019 and are expressed in euros.

2. Accounting Policies

2.1 Terms & Conditions

The consolidated financial statements of Reditus, SGPS, SA, were prepared on a going concern basis, based on the accounting books and records of the companies included in the consolidation, maintained in accordance with accounting principles generally accepted in the the consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS"), as adopted in the European Union.

As it is appropriate to use the assumption of continuity in the preparation of the financial statements, Management considers that i) the high level of bank indebtedness and ii) the continued delay in the repatriation of foreign currency from the African market, has limited the liquidity of treasury, compliance their obligations. Management, based on the information available at the date on the future of the company, understands that the company has the capacity to continue, having the necessary resources to carry out its activity and announces the concrete measures that are in progress, which will enable companies of the group to rebalance the cash flow and increase financial solidity.

We emphasize that a strategic plan was developed and started to be implemented in 2018 aimed at the revitalization and solidity of the financial function and balance of cash flows, the implementation of which will materialize during the 2019 fiscal year, with respect to the following vectors:

(i) Restructuring of the group's overall liabilities, namely the bank debt with the implementation of a structuring solution in progress;

(ii) Renegotiation of the tax liability with the implementation of medium and long-term payments agreements under the legal mechanisms in force;

(iii) Conversion and rationalization of real estate, transforming this into income assets;

(iv) Implementation of financial models to ensure the repatriation of foreign currency from the international market, namely for public sector clients through the protocol established between Portugal and Angola to hedge the risks of national exports and whose receipt will be guaranteed in Portugal in euros, as well as of customers in the Oil & Gas sector;

(v) Reduction of overheads and structural costs, with ongoing implementation of rationalization measures such as renegotiation of group insurance conditions, fleet reduction, communications, facilities, among others;

(vi) Reduction and rationalization of operational costs through the implementation of automation and continuous improvement procedures;

(vii) Intensification of the development, based on the company's current capabilities and demand directed by its main customers, and more sophisticated offerings in security products, disaster recovery, 3rd platform (cloud, mobility, social business and big data), virtualization and innovation accelerators (IoT - Internet of Things, Robotics, 3D Printing);

(viii) Development of management models with introduction of robotization and artificial intelligence components;

(ix) Focus on profitability and sustainability of operations through constant monitoring and sharing of results of operations, combined with innovation in inhouse support processes and technologies;

(x) Business dynamization model for recovery of market share in strategic segments and increase of business volume, with the acquisition of new clients via nearshoring and international partners.

The consolidated financial statements of Reditus, SGPS, SA, now presented, reflect the results of its operations and the financial position of all its subsidiaries (Reditus Group) for the years ended December 31, 2018 and December 31st, 2017.

The accounting policies presented were consistently applied by all Group companies and in all periods presented in the consolidated financial statements.

However, as described in section 2.1.1, in the year ended December 31st, 2018, Reditus adopted the standards, interpretations, amendments and revisions approved by the European Union and with mandatory application in the financial years beginning on or after January 1st, 2018. The adoption of these standards and interpretations in 2018 had no significant impact on the Group's accounts.

2.1.1 New standards, interpretations and amendments, with date of entry into force from January 1st, 2018

EU Regulation	IASB norm or IFRIC interpretation adopted by EU	Published	Mandatory application for years beginning on or after
Regulation 1905/2016	IFR 15 Revenue from Contracts with Customers (new)	May 2014	January 1st, 2018
Regulation 2067/2016	IFR 9 Financial Instruments (new)	June 2014	January 1st, 2018
Regulation 1987/201	IFR 15 Revenue from Client Contracts: Clarifications (amendments)	April 2016	January 1st, 2018
Regulalation 1988/2017	IFRS 4 Insurance Contracts: Application of IFRS 9 Financial Instruments in conjunction with IFRS 4 Insurance Contracts (amendments)	September 2016	January 1st, 2018
Regulation 182/2018	Cycle 2014-2016 of improvements to IFRS standards: IFRS 1 First-time adoption of International Financial Reporting Standards and IAS 28 in Associates	December 2016	January 1st, 2018
Regulation 289/2018	IFRS 2 Share-based Payment: Classification and Measurement of Transactions (amendments)	June 2016	January 1st, 2018
Regulation 400/2018	8 IAS 40 Investment Property: Transfers (changes)	December 2016	January 1st, 2018
Regulation 519/2018	IFRIC 22 Foreign Currency Transactions and Advance Payments (new)	December 2016	January 1st, 2018

The Group implemented the changes with no significant impact on its Consolidated Financial Statements.

With reference to January 1st, 2018, the IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments, which were adopted by the Group in the preparation of its consolidated financial statements for the year 2018.

- IFRS 15: Revenue from Contracts with Customers (Regulation no. 2016/1905, dated 11/22/2016)

This standard applies from January 1st, 2018 to replace IAS 18 - Revenue, IAS 11 - Construction Contracts and the interpretations associated with them, introducing new principles on when and how to recognize revenue, as well as new requirements presentation and dissemination. This new standard applies to contracts with customers, except for contracts covered by other standards.

The new standard covers contracts entered into with customers for the delivery of products or services and requires the entity to recognize revenue when the contractual obligation to deliver assets or provide services is satisfied and for the amount that reflects the consideration the entity has as set out in the "5 step methodology".

The standard defines 5 steps to be followed to establish the recognition of revenue and cash flows from a contract with a customer:

- Identification of a contract with a customer;
- Identification of performance obligations;
- Determining a Transaction Price;
- Allocation of transaction price to performance obligations;
- Recognition of revenue when or as the entity meets a performance obligation.

The recognition of revenue related to service contracts is carried out with the percentage of completion of the project, taking into account the following conditions: i) it is possible to measure the revenue with reliability; (ii) the likely existence of economic benefits; iii) the percentage of completion of the transaction can be reliably measured; iv) costs incurred and to be incurred to complete the transaction can be measured reliably.

In relation to projects with transaction of goods and service rendering, recognition is made over time, since the customer receives and consumes the goods and services simultaneously. Whenever this is not verified the recognition will be made according to the performance defined for the transaction.

Reditus adopted IFRS 15 in the preparation of the consolidated financial statements for the year ended December 31st, 2018, using the simplified retrospective approach, which did not give rise to impacts on January 1st, 2018 or the Consolidated Statement of Income for 2017 presented for purposes comparatives. Reditus retrospectively applied only to contracts which were not concluded on the date of initial application on 1st January 2018.

- IFRS 9: Financial Instruments (Regulation 2016/2067 of 11/22/2016)

The new IFRS 9 Financial Instruments replaces IAS 39 and its adoption implied, equally and in accordance with: (i) amendments to IFRS / IFRS and IFRIC / SIC: IAS 1, IAS 2, IAS 8, IAS 32, IAS 37, IAS 39, IAS 39, IFRS 1, IFRS 2, IFRS 3, IFRS 4 Insurance contracts, IFRS 5 , IFRS 7, IFRS 13, IFRIC 2, IFRIC 5, IFRIC 10, IFRIC 12, IFRIC 16, IFRIC 19, SIC 27; and (ii) revocation of IFRIC 9 Revaluation of Embedded Derivatives.

IFRS 9 incorporates three distinct strands: (i) classification and measurement of financial assets and liabilities; (ii) recognition of impairment on receivables (through the expected loss model); and (iii) requirements for recognition and classification of hedge accounting.

The new standard was adopted by the group following the retrospective method as of January 1st, 2018, the date on which the standard became effective, without restatement of the comparative information, nor any effect recognized in the Retained Earnings of the group at that date.

Reditus did not change the way financial instruments balances were measured and determined that the application of the hedging requirements of IFRS 9 had no impact on the Group's Financial Statements.

IFRS 9 also established a new impairment model based on "expected losses", which replaces the previous "losses incurred" model under IAS 39. In this way, it is no longer necessary for the loss event to occur in order the impairment to occur. A new methodology for calculating and reporting impairment losses with Customers and Other accounts receivable was introduced, changing the expected loss method.

The model followed in the valuation of impairments in accordance with IFRS 9 is as follows:

i) Calculate the total of credit sales made by the group during the last 12 months, as well as the total of doubtful collection associated with them;

ii) Determine the customer payment profile, defining receiving periodicity intervals;

iii) On the basis of (i) and (ii) above, estimate the probability of default (ie the amount of doubtful debt assessed as compared to the balance of outstanding sales in each interval calculated in (ii);

iv) Adjust the percentages obtained in iii) in relation to future projections;

v) Apply the percentages of default as calculated in iv) to customer balances still outstanding at the reporting date.

A default is defined as the payment after a delay of 180 days or more, as a result of the experience of actual historical losses over the period considered statistically relevant.

In accordance with IFRS 9, Reditus applied the modified retrospective transition model permitted by this standard, recording the cumulative effect of the initial application as an adjustment to the opening financial position in the results carried over to January 1, 2018.

- Revenue from contracts with customers - Clarifications to IFRS 15 (Regulation 2017/1987, dated October 31st, 2017)

These changes to IFRS 15 clarified some requirements and made it easier to transition to the Entities that are implementing this Standard. Applicable to fiscal years beginning on or after January 1st, 2018.

- Apply to IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (Regulation 2017/1988 of November 3rd, 2017)

These amendments to IFRS 4 address concerns about the implementation of the new standard on financial instruments (IFRS 9) prior to the implementation of the insurance contract standard that will replace IFRS 4 and is still in development. Applicable to fiscal years beginning on or after January 1st, 2018.

- Annual improvements: cycle 2014-2016 (Regulation 2018/182 of February 7th, 2018)

The improvements include minor amendments to three international accounting standards, two of which are applicable to years beginning on or after 1st January 2018:

- IFRS 1 First-time Adoption of IFRS
- IAS 28 Investments in Associates and Joint Ventures
- Classification and measurement of share-based payment transactions - Amendments to IFRS 2

These changes to IFRS 2 relate to classification and measurement aspects for a number of aspects where the guidance in the Standard was not very clear. Applicable to fiscal years beginning on or after January 1st, 2018.

- Transfers of Investment Property - Amendments to IAS 40

The amendments to IAS 40 Investment Properties clarify the requirements related to the transfer, to and from, Investment Properties. Applicable to fiscal years beginning on or after January 1st, 2018.

- Adoção da IFRIC 22: Foreign Currency Transactions and Advance Considerations

IFRIC 22 establishes the exchange rate to be used in transactions involving a consideration paid or received in advance in foreign currency. Applicable to fiscal years beginning on or after January 1st, 2018.

2.1.2 New standards, interpretations and changes, with date of entry into force in fiscal years beginning on or after January 1st, 2018

EU Regulation	IASB norm or IFRIC interpretation adopted by EU	Published	Mandatory application for years beginning on or after
Regulation 1986/2017	IFRS 16 Leases (new)	May 2016	January 1st, 2019
Regulation 498/2018	IFRS 9 Financial Instruments: Prepayment elements with negative compensation (amendments)	October 2017	January 1st, 2019
Regulation 1595/2018	IFRIC 23 Uncertainties regarding the treatment of income taxes (new)	June 2017	January 1st, 2019

This new standard, interpretation and changes are effective for annual periods beginning on or after January 1st, 2019 and have not been applied in the preparation of these Consolidated Financial Statements. These changes are not expected to have a significant impact on the Group's Consolidated Financial Statements, except for the new IFRS 16 Leases, as detailed below:

- IFRS 16: Leases (Regulation 2017/1986, of October 31st, 2017)

IFRS 16 was endorsed in October 2017 and should be applied for periods beginning on or after January 1st, 2019, and early adoption is permitted. This standard establishes principles applicable to the recognition, presentation and disclosure of leases, defining a single recognition model eliminating the distinction between operating leases and leases from the tenant's perspective.

The primary purpose of IRFS 16 is to ensure tenants and landlords provide pertinent information in a way that faithfully represents those transactions. This standard repeals IAS 17 - Leases, as well as a set of interpretations (SIC and IFRIC), namely: IFRIC 4 - Determine if an Agreement Contains a Rental; SIC 15 - Operating Leases - Incentives; and SIC 27 - Evaluation of the Substance of Transactions Involving the Legal Form of a Lease.

The main aspects considered in this unique model are the following:

- Inclusion of some considerations in order to distinguish leases from service contracts, based on the existence of control over an asset at the time it becomes available for renter use;

- Defines a single accounting model for the lessee, requiring the recognition of assets and liabilities for all leases with a term greater than 12 months, except for low value leases. The lessee shall recognize the use of the respective asset and the obligations inherent in the payments to be made, and recognize the expense and depreciation on separate lines in the income statement;

- Separates the total amount paid between principal and interest (presented as financing activities) in the consolidated statement of cash flows.

IFRS 16 should be applied retrospectively by adopting one of the following methods: (i) full retrospective application, which implies restatement of all comparative periods; or (ii) modified retrospective application, considering the recognition of the cumulative effect, in the first period of application of the standard, as an adjustment to equity in the opening balance of the period in which the standard is adopted.

Thus, Reditus will adopt the new standard as of January 1st, 2019, and decided to apply the modified retrospective method in the consolidated accounts, so it will not restate the comparative accounts in the first year of adoption.

In the transition the right of use will be measured by the same amount of the responsibilities with leases. It will also apply the exemptions provided for by the standard for leases with a term of less than 12 months on the date of the first application and for lease contracts whose underlying asset is of limited value. It was also decided to separate leases from non-leasing components (services) and to consider only the leasing component in the application of this standard.

Reditus has carried out the inventory of existing leasing contracts taking into account the provisions of IFRS and identified 2 types of operating leases:

- Rental of Real Estate - Property leasing contracts which, under IFRS 16, constitute a right of use, with periods of initial duration and periods of renewal that depend exclusively on Reditus's decision and are reasonably certain come to exercise.

- Car leases - The initial periods of the contracts and the renewal periods that depend exclusively on the decision of Reditus have been assumed and are reasonably certain to be exercised.

It is the group's estimate that the impacts of adopting IFRS 16 occur in all business segments, with a particular impact on leases of facilities and vehicles, without, however, not having a significant impact on the Group's Financial Statements.

- Changes to IFRS 9: Negative contribution prepayment characteristics

This amendment to IFRS 9 allows certain instruments to qualify for measurement at amortized cost or at fair value through other comprehensive income (depending on the business model) even if they do not meet the SPPI test conditions. Applicable to annual periods beginning on or after 1st of January 2019, this change is still subject to the endorsement process by the European Union.

- Adoção da IFRIC 23: Uncertainty over Income Tax Treatments

This interpretation clarifies how the recognition and measurement requirements of IAS 12 should be applied when there are uncertainties in accounting for income taxes. Applicable to fiscal years beginning on or after 1st of January 2019, this new interpretation being still subject to the process of endorsement by the European Union.

2.1.3 (New or revised) standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and not yet endorsed by the European Union

IASB issued between May 2017 and October 2018 the following standard and amendments that are still in the process of being adopted by the EU.

IASB norm or IFRIC interpretation adopted by EU	Published	Mandatory application for years beginning on or after
IFRS 17 Insurance contracts (new)	May 2017	January 1st, 2021
IAS 28 Investments in Associates and Jointly controlled entities: Long-term interests in Associates and jointly controlled entities (amendments)	October 2017	January 1st, 2019
Cycle 2015-2017 for improvement to IFRS standards: IFRS 3 Concentration of business activities; IFRS 11 Joint Arrangements; IAS 12 Taxes on income and IAS 23 Borrowing costs (amendments)	December 2017	Januar 1st, 2019
IAS 19 Employee benefits: Change, reduction or cancellation of the plan (amendments)	February 2018	January 1st, 2019
Changes to the reference to the conceptual framework in IFRS (amendments)	March 2018	January 1st, 2020
IFRS 3 Business Combinations. Business definition (changes)	October 2018	January 1st, 2020
IAS 1 Presentation of financial statements and IAS 8 Accounting policies, Changes in accounting estimates and errors: Definition of material (changes)	October 2018	January 1st, 2020

- IFRS 17: Insurance Contracts

IFRS 17 addresses the comparison problem created by IFRS 4 requiring that all insurance contracts be accounted for consistently, thereby benefiting both investors and insurance companies. Insurance liabilities are accounted for using current values instead of historical cost. The information is updated regularly, providing more useful information to the users of the financial statements. Applicable to annual periods beginning on or after 1st of January

2021, this new standard being still subject to the process of endorsement by the European Union.

Management is evaluating the impact of the future adoption of this new standard and the changes to the standards already in force, and a significant impact on the Group's Financial Statements.

2.2. Consolidation Bases

2.2.1. Reference Dates

The consolidated financial statements include, with reference to December 31st, 2018, the Group's assets, liabilities, results and cash flows, which are presented in note 5.

2.2.2 Financial Interests in Group Companies

Investments in companies in which the Group holds directly or indirectly more than 50% of the voting rights at the General Shareholders' Meeting or has the power to control its financial and operational policies (definition of control used by the Group) have been included in consolidated financial statements using the full consolidation method. The shareholders' equity and net profit of these companies, corresponding to the participation of third parties in them, are presented in the consolidated balance sheet and in the consolidated income statement, respectively, under the heading 'Minority interests'. The subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation as from the date on which control ends.

In the accounting for acquisition of subsidiaries, the purchase method is used. The acquisition cost corresponds to the fair value of the assets delivered, shares issued and liabilities assumed at the acquisition date, plus expenses directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date, regardless of any minority interests. The excess of the cost of acquisition over the fair value of the group's share of identifiable net assets is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the results for the period.

Intra-group transactions and unrealized balances and gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset. When considered necessary, the accounting policies of the subsidiaries are changed to ensure consistency with the policies adopted by the Group.

All the companies included in the consolidation perimeter, identified in note 5, were consolidated using the full consolidation method, since the Group holds a majority of the voting rights.

2.2.3. Balances and Transactions between Group Companies

Balances and transactions between Group companies and between these and the parent company are canceled in the consolidation.

2.2.4. Consistency with the Previous Exercise

The consolidation methods and procedures have been consistently applied for the 2018 financial year.

2.2.5. Changes to the consolidated group of companies

During the year there were no changes in the consolidation perimeter (note 5).

2.3. Report by Segment

IFRS 8 - Operating Segments, replaces IAS 14 - Segment Reporting, establishing the principles for the disclosure of information on the operating segments of an entity, which must be presented based on the report prepared for the analysis of the Management Bodies. The application of this financial reporting standard by the Reditus Group led to the change in the operating segments subject to reporting.

Three business segments were identified: Business Process Outsourcing (BPO), IT Outsourcing (ITO) and IT Consulting (ITC).

2.4. Investment Properties

Investment properties essentially comprise land and buildings held for rental or capital appreciation or both and not for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business.

The Group classifies as investment property the properties held for the purpose of capital appreciation and / or rental income.

Investment property, under IAS 40 - Investment Property, is considered to be investment property in development, which qualifies for its fair value to be reliably determinable.

Investment properties are recorded at fair value, the building is subject to internal valuations.

2.5. Tangible Fixed Assets

2.5.1. Measurement

Tangible fixed assets are recorded at acquisition cost less accumulated amortization, except for land and buildings, which are measured by the revaluation model.

The acquisition cost is considered to be the expenses directly attributable to the acquisition of the assets (sum of the respective purchase prices with the costs incurred directly or indirectly to put it in its current state).

Subsequent expenditures are included in the book value of the asset or are recognized as an asset separately only when it is probable that there are future economic benefits associated with the asset and when the cost can be reliably measured. All other maintenance, repair and repair costs are recorded in the income statement during the financial period in which they are incurred.

The value of the revaluation of land and buildings is based on market values determined through evaluations carried out by independent experts (note 7.3), a procedure that has been adopted in recent years.

The increases in the book value of land and buildings as a result of revaluations are charged to property, plant and equipment. Reductions that may be offset by prior revaluations of the same asset are translated against the respective revaluation; the remaining reductions are recognized in the income statement.

2.5.2. Financial Leasing Contracts

Assets arising from lease contracts for which the Group assumes substantially all the risks and rewards inherent in the ownership of the leased asset are classified as tangible fixed assets.

Assets acquired under finance leases as well as corresponding liabilities are accounted for using the financial method. Under this method, the cost of the asset is recorded in tangible fixed assets and the corresponding liability is recorded in the liability. The depreciation of these assets and the interest included in the amount of the rent are recorded in the income for the year to which they relate.

Financial lease contracts are recorded at the date of their commencement as assets and liabilities at the lower of the fair value of the leased asset or the present value of the lease payments due.

Assets acquired under finance leases are amortized in accordance with the policy established by the Group for tangible fixed assets.

The rents are made up of the financial burden and the financial amortization of capital. Charges are charged to the respective periods during the lease term in order to produce a constant periodic interest rate on the remaining debt.

2.5.3. Depreciation

Depreciation is calculated on the acquisition value using the straight-line method with duodecimal imputation. The annual rates applied satisfactorily reflect the economic useful life of the goods.

Estimated useful lives are as follows:

	Years
Buildings and other constructions	50
Basic equipment	3 – 20
Transport equipment	4 – 6
Office equipment	3 – 10
Other tangible fixed assets	10 – 20

2.6. Intangible Assets

Intangible assets consist essentially of development expenses.

Research expenses incurred in the search for new technical or scientific knowledge or in the search for alternative solutions are recognized in results when incurred. Development expenses are recognized as intangible assets when: i) the technical feasibility of the product or process being developed is demonstrated, ii) the Group has the intention and ability to complete its development, iii) the commercial viability is ensured and (iv) its expenditure can be measured reliably.

Development expenses previously recorded as an expense are not recognized as an asset in the subsequent period. Development expenses that have a finite useful life and have been capitalized are amortized from the time of their commercialization by the straight-line method, for the expected economic benefit period that does not normally exceed five years.

Expenditures capitalized under this heading include expenditures on direct labor as well as expenses incurred on outsourcing of external entities, if applicable.

The intangible assets developed in the Reditus Group are related to the reengineering and optimization of processes, new processes and client oriented computer applications and are amortized by the straight line method.

2.7. Goodwill

Goodwill represents the excess of the cost of acquisition of financial holdings in Group companies relative to the fair value of the identifiable assets and liabilities of such investments (proportional amounts of equity) at the date of acquisition. If the acquisition cost is less than the fair value of the net assets of the acquired company, the difference is recognized directly in the results for the year. Until 1st of January 2004, Goodwill was amortized over the estimated period of the investment's recovery, generally 10 years, with depreciation recorded in the income statement under 'Depreciation and Amortization'. As of January 1st, 2004, in accordance with IFRS 3 - Business Combinations, the Group suspended the amortization of Goodwill. As of that date, Goodwill amounts are subject to annual impairment tests, and the corresponding asset values are measured at cost less any accumulated impairment losses. Any impairment loss is recorded immediately in profit or loss for the year.

2.8. Impairment of Assets

Assets that do not have a defined useful life are not subject to amortization and depreciation and are subject to impairment tests annually. Assets subject to depreciation and amortization are reviewed annually to determine if there were impairments, when events or circumstances indicate that their recorded value may not be recoverable. Whenever the amount for which an asset is recorded is greater than its recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount is the highest of 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 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.

2.9. Non-current assets held for sale

Non-current assets (or discontinued operations) are classified as held for sale if their value is realizable through their sale, rather than through continued use. This situation is considered to occur only when:

(i) the sale is highly likely;
(ii) the asset is available for immediate sale under its current conditions;
(iii) the management is committed to a plan of sale;
(iv) it is expected that the sale will take place in a period of twelve months.

Non-current assets (or discontinued operations) classified as held for sale are measured at the lower of the book value or their fair value less costs to sell them.

Non-current assets held for sale are presented on a separate line in the consolidated statement of financial position and the results of discontinued operations are presented, in line on the income statement by nature, after income tax and before net income.

When the Group ceases to classify a component as held for sale, the results of the operating units of that component previously presented in the discontinued operations are reclassified and included in the income from the continuing operations for all periods presented. However, in accordance with IFRS 5 - paragraph 40 - the amounts presented for assets and liabilities classified as held for sale in the statement of financial position of the previous period are not reclassified.

2.10. Other Financial Investments

The caption "Other financial investments" consists of securities and other financial investments.

Other financial investments are valued, at the balance sheet date, at market value. The actual capital gains and losses resulting from the sale of these securities are recognized as income for the year in which they occur.

Investments that have experienced permanent reductions in realization value are accrued.

2.11. Deferred Taxes

Deferred taxes are calculated based on the liability method of the balance sheet and reflect the temporary differences between the amount of assets and liabilities for accounting purposes and their respective amounts for tax purposes. However, deferred taxes are not calculated on the differences in the initial recognition of assets and liabilities in a transaction related to the concentration of business activities, when they do not affect either the accounting result or the tax result at the time of the transaction.

Deferred tax assets are recognized whenever there is reasonable assurance that future profits will be generated against which the assets may be used. Deferred tax assets are reviewed annually and reduced whenever they are no longer likely to be used.

Deferred taxes are calculated at the rate that is expected to be in force in the period in which the asset or liability is expected to be realized.

2.12. Inventories

Inventories are recorded at the lower of cost and net realizable value. Inventory expenses include all costs associated with the purchase, not including any financial expenses. Net realizable value is the estimated selling price in accordance with normal business activities, less attributable selling expenses.

The costing method adopted for the valuation of the warehouse exits is the weighted average cost.

2.13. Customers and Other Accounts Receivable

Customers' accounts receivable and other debtors are recorded at the fair value of the underlying transaction that originated them, less any impairment losses, so that they reflect their net realizable value.

Receivables assigned in factoring, with the exception of non-recourse factoring operations, are recognized in the balance sheet under 'Other Accounts Payable' until they are received.

2.14. Other Current Assets and Liabilities

These items include accrued expenses, deferred expenses, accrued income and deferred income so that expenses and income are recorded in the period to which they relate, regardless of the date of their payment or receipt.

2.15. Cash and Cash Equivalents

The amounts included in the cash items and their equivalents correspond to cash values, demand deposits, time deposits and other cash investments that can be immediately mobilized, up to 3 months, with insignificant risk of change in value.

For the purposes of the statement of cash flows, the caption "Cash and cash equivalents" is deducted from the bank overdrafts included in the consolidated statement of financial position under "Loans".

2.16. Share Capital

The common shares are classified in equity.

Expenses directly attributable to the issuance of new shares or options are presented as a deduction, net of taxes, to the amount received resulting from this issue. Expenses directly attributable to the issuance of new shares or options for the acquisition of a business are included in the acquisition cost as part of the purchase price.

When the company or its subsidiaries acquire shares of the parent company, the amount paid is deducted from the total shareholders' equity attributable to the shareholders and presented as treasury stock up to the date they are canceled, reissued or sold. When such shares are subsequently sold or reissued, the amount received is again included in equity attributable to shareholders.

2.17. Loans and Overdrafts

Loans obtained are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently presented at amortized cost; any difference between receipts (net of transaction costs) and the amount payable are recognized in the income statement over the period of the loan using the effective rate method.

Loans obtained are classified under current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date, in which case it is classified as non-current liabilities.

Interest expense on borrowings is recorded under the caption net cost of financing in the statement of income.

2.18. Suppliers and Other Accounts Payable

Accounts payable to suppliers and other creditors are recorded at their nominal value, since they are short-term payables.

2.19. Contingent Liabilities and Provisions

Provisions are recorded in the balance sheet whenever:

(i) The Group has a present legal or future obligation resulting from a past event;

(ii) It is probable that a reasonably estimable decrease in resources incorporating economic benefits will be required to settle this obligation and;

(iii) That its value can be reliably estimated. Provisions are reviewed at the balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that a decrease in resources incorporating economic benefits will be required to settle the obligation, the provision is reversed.

When any of these conditions are not fulfilled, the Group discloses the events as contingent liabilities, unless the possibility of an outflow of funds is remote.

2.20. Revenue and Specialization of Exercises

Revenue is recorded in the income statement and comprises amounts billed in the sale of products and services, net of Value Added Tax (VAT) and discounts, after eliminating intra-group transactions.

Income from the sale of products is recognized in the consolidated income statement when the risks and benefits inherent to the ownership of the assets are transferred to the buyer and the amount of the income can be reasonably quantified.

Income arising from the rendering of services is recognized in the income statement with reference to the stage of completion of the rendering of services at the balance sheet date.

The guarantees of equipment sold are borne by the suppliers of the brands represented.

Interest and financial income are recognized in accordance with the accrual basis and in accordance with the applicable effective interest rate.

Expenses and income are recorded in the period to which they relate, regardless of the date of their payment or receipt. Expenditures and income whose actual value is not known are estimated.

Expenses and income attributable to the current period and whose expenses and revenues will only occur in future periods, as well as expenses and revenues that have already occurred, but which relate to future periods and which will be allocated to the results of each of these periods, at the corresponding to them, are recorded under 'Other Current Assets' and 'Other Current Liabilities'.

2.21. Taxes on income

The income tax for the year is calculated based on the taxable income of the companies included in the consolidation and considers deferred taxation.

Current income tax is calculated on the basis of the taxable income of the companies included in the consolidation in accordance with the tax rules in force at the place where each group company's head office is located.

Deferred taxes are calculated on the basis of the liability method and reflect the temporary differences between the amount of assets and liabilities for accounting purposes and their respective amounts for tax purposes.

2.22. Currency conversion

Functional and reporting currency

The items included in the financial statements of each of the Group entities are measured using the currency of the economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the parent company.

Transactions and balances

Transactions in currencies other than the euro are converted into functional currencies using the exchange rates at the date of the transactions. Exchange gains or losses resulting from the settlement of transactions and the conversion, at the balance sheet date, of monetary assets and liabilities denominated in a currency other than the euro, are recognized in the income statement, except when deferred in equity, if qualify as cash flow hedges.

Group Companies

The results and financial position of all Group entities that have a functional currency different from their reporting currency are translated into the reporting currency as follows:

- The assets and liabilities of each Balance Sheet are translated at the exchange rate in effect on the date of the Financial Statements, and the respective exchange differences are recognized as a separate component in Shareholders' Equity, in the currency translation reserves;
- The income and expenses of each Income Statement are translated at the average exchange rate of the reporting period, unless the average rate is not a reasonable approximation of the cumulative effect of the rates in effect at the transaction dates, in which case the income and expenses converted by the exchange rates in force on the dates of the transactions.

2.23. Subsequent events

Events occurring after the closing date up to the date of approval of the financial statements by the Board of Directors and which provide additional information on conditions that existed at the balance sheet date are reflected in the financial statements. Events occurring after the closing date that are indicative of conditions that arose after the balance sheet date are disclosed in the notes to the financial statements if they are considered material.

3. Financial Risk Management / Accounts Receivable / Accounts Payable

All operations carried out with financial instruments require the prior approval of the Executive Committee, which defines the specificities of each operation and approves the documentation related thereto.

The financial risk management of Reditus and other Group companies is carried out centrally by the Group's Financial Management, in accordance with the policies approved by the Executive Committee. The Financial Directorate identifies, evaluates and sends to the approval of the Executive Committee the elements of analysis of each operation, and this Commission has the responsibility to define general principles of risk management, as well as exposure limits.

The Group's activities entail exposure to financial risks, namely: (i) market risks - mainly interest rates and exchange rates, which are associated, respectively, with the risk of the impact of interest rate fluctuations market in financial assets and liabilities and results and the risk of fluctuation of the fair value of financial assets and liabilities as a result of changes in foreign exchange rates, (ii) liquidity risk - the risk that there will be difficulties in meeting associated obligations to financial liabilities, and (iii) credit risks - the risk of its debtors failing to meet their financial obligations.

INTEREST RATE RISK MANAGEMENT

The Reditus Group's exposure to market risks lies primarily in its debt, associated with interest rate risks.

In the context of variable rate financing, the Reditus Group follows market developments, and whenever it deems necessary, it may use the contracting of interest rate derivative financial instruments to cover the cash flows associated with future interest payments, which have the effect of converting variable interest rate loans into fixed interest rate loans and the unpredictability of financial markets is analyzed in line with the Group's risk management policy.

Considering the interest rates practiced on December 31, 2018, a variation of the reference rate of 0.5% would have the following annual impact:

	Sensitivity Analysis	Variation Charges
Increase	0,50	278.443
Reduction	- 0,50	-278.443

EXCHANGE RATE RISK MANAGEMENT

The Reditus Group operates mainly in markets in which the currency and the functional currency is the Euro. However, it is exposed to currency risk in US Dollars (USD) against operations in Angola, although this risk is mitigated by the fact that the main contracts were denominated in Euros. The amount of outstanding US dollar balances as of December 31st, 2018 is USD 398,579. The exchange rate as of December 31st, 2018, the USD / Euro was 0.8734.

The debt contracted by the Reditus Group is fully denominated in Euros, and the Group has not contracted interest rate hedging instruments.

LIQUIDITY RISK MANAGEMENT

Liquidity risk management requires the maintenance of cash and bank deposits at a sufficient level, the feasibility of consolidating floating debt through an adequate amount of credit facilities and the ability to liquidate market positions. Related to the dynamics of the underlying business, the Group's treasury aims to maintain the flexibility of floating debt by keeping credit lines available.

The Group manages liquidity risk through the contracting and maintenance of credit lines with national financial institutions, which allow immediate access to funds.

The liquidity of the financial liabilities remunerated, as well as the liquidity inherent to the leasing contracts and operating lease and remunerated liabilities, will give rise to the following monetary flows:

2018	Debt Dec 31, 2018	Loans	Financial Lease	Operational Lease
Payments up to 1 year	7,525,280	6,684,427	366,588	474,266
Payments between 1 and 5 years	45,029,076	43,257,007	1,251,036	521,033
Payments over 5 years	8,820,641	5,747,256	3,073,385	0
	61,374,997	55,688,690	4,691,009	995,299

COUNTERPARTY CREDIT RISK MANAGEMENT

Regarding the debts of third parties resulting from the current activity of the Reditus Group, credit risk results essentially from the possibility of defaults of third parties, a situation significantly mitigated, given the nature and solidity of the Customers that constitute almost the totality of the Customers portfolio of the Group.

Balance	31 Dec 18	Not due	Due	
			Up tp 1 year	More than 1 year
Clients	66,917,245	3,000,165	13,886,779	50,030,301

The amounts outstanding for more than one year are essentially receivables from public entities based in the African continent, namely Angola, where the current market context assumes difficulties in the repatriation of capital due to lack of foreign exchange being our expectation its full receipt.

The Group's policy in terms of counterparty risk is also governed by the analysis of the technical capacity, competitiveness, credit rating and exposure to each counterparty, avoiding significant concentrations of credit risk, not giving a significant risk of counterparty and no specific guarantees are required in this type of operations.

In addition, in relation to special or strategic projects, Reditus tries to negotiate the receipt of foreign currency, through certified lines of credit to the exporter using the credit insurance of COSEC-Companhia de Seguros de Crédito, SA and lines contracted with Financial Institutions / International Private Funds to finance these types of projects, in order to receive these funds directly in Portugal.

This last policy was applied in the case of projects of the Angolan Armed Forces, which involves several Angolan public entities. The balance of customers' receivable for this project represents 85% of the Group's total customer balance.

The monitoring of both price and volume risks as well as credit risks is quantified in measures associated with exposures that can be adjusted through market operations. This quantification is carried out by the Central Finance Department.

4. Relevant Accounting Estimates and Judgments

The preparation of consolidated financial statements requires management to make a series of judgments and estimates that have an impact on income, expenses, assets, liabilities and disclosures. This financial information therefore includes items that are influenced by the estimates and judgments used in applying the Group's accounting policies.

The aforementioned estimates are determined by the management's judgments, which are based on the best information and knowledge of current events and on the activities that the Group expects to develop in the future. Thus, the use of estimates and assumptions represents a risk that may lead to adjustments in future periods.

The Board of Directors considers that the choices made are appropriate and that the consolidated financial information presents, in an appropriate manner, the financial position of the Group and the result of its transactions in all aspects considered materially relevant.

The main items that are influenced by estimates and judgments are as follows:

(i) Tangible and intangible fixed assets (useful lives);
(ii) Goodwill impairment;
(iii) Impairment on receivables;
(iv) Impairment on prototypes;
(v) Provisions;
(vi) Income tax;
(vii) Revenue recognition;
(viii) Deferred tax assets arising from reportable tax losses.

(i) Tangible and intangible fixed assets / estimated useful lives

Depreciation / amortization are calculated on the acquisition cost using the straight-line method, as of the month in which the asset is available for use. The depreciation / amortization rates practiced reflect the best knowledge about its estimated useful life. The residual values of the assets and the respective useful lives are reviewed and adjusted when it appears necessary.

(ii) Goodwill impairment

Goodwill is the subject of annual impairment tests carried out by external experts, as defined by IAS 36 - Impairment of Assets, with the Cash Flow Generating Units being identified, the following Business Units:

- ITO;
- ITC.

The recoverable amounts of the cash flow generating units were calculated according to their value in use. These calculations require the use of estimates.

(iii) Impairment on receivables

Impairment losses on doubtful accounts are based on the Group's assessment of the probability of recovering the balances of accounts receivable. This evaluation is based on the time of default, the credit history of the customer and the deterioration of the credit situation of the main customers. If clients' financial conditions deteriorate, impairment losses may be higher than expected.

(iv) Impairment on prototypes

The prototypes represent the internal development of marketable products, in the form of reengineering of administrative processes, new administrative processes or customer oriented computer applications, whose recognition is recorded over the estimated useful life. All prototypes are documented and reflect an estimate of their ability to generate cash flows in future years. In addition to systematic amortization, whenever there is evidence of impairment, the prototypes are still subject to impairment tests carried out by external experts.

(v) Provisions

The Group exercises considerable judgment in the measurement and recognition of provisions. Judgment is necessary in order to gauge the likelihood that litigation has to be successful. Provisions are recorded when the Group expects ongoing proceedings to originate outflows, the loss is probable and can reasonably be estimated. Due to the uncertainties inherent in the valuation process, actual losses may differ from those originally estimated in the provision. These estimates are subject to change as new information becomes available. Revisions to estimates of these losses may affect future results.

(vi) Income tax

The Group accounts for Income Taxes based on estimates based on current tax legislation, including adjustments of expenses not accepted by the tax authorities, as well as the necessary adjustments made to securities and financial investments. These calculations require the use of estimates.

(vii) Revenue recognition

The recognition of revenue by the Group includes analyzes and management estimates regarding the phase of completion of the projects in progress at the date of the financial information which may have a future development different from that budgeted at the present date.

(viii) Deferred tax assets arising from reportable tax losses

The Group records deferred tax assets based on the tax losses existing at the balance sheet date and in the calculation of their recovery. These calculations require the use of estimates.

5. Companies Included in Consolidation

As of December 31, 2018, the Group companies included in the consolidation and their respective headquarters, share capital and proportion of the capital held were as follows:

Name	Head Office	Consolidation Method	Share Capital held	
			2018	2017
Reditus SGPS, SA	Lisboa	Integral	Holding	Holding
Reditus Gestão, SA	Lisboa	Integral	100	100
Reditus Imobiliária, SA	Lisboa	Integral	100	100
Reditus Business Solutions, S.A.	Lisboa	Integral	100	100
ALL2IT Infocomunicações, S.A.	Lisboa	Integral	100	100
Reditus Business Security, S.A.	Lisboa	Integral	100	100
Reditus Consulting, S.A.	Lisboa	Integral	100	100
Ogimatech Portugal - Consultoria Empresarial e Institucional, SA	Lisboa	Integral	100	100
G.Consult Angola - Consultoria e Desenvolvimento, Lda	Angola	Integral	80	80
Ogimatech - Consultoria Empresarial e Institucional, Lda	Angola	Integral	95	95
Tora - Sociedade Imobiliária, S.A	Lisboa	Integral	100	100
Reditus Business Products	Lisboa	Integral	100	100
SolidNetworks Business Consulting	Arruda dos Vinhos	Integral	95	95
Reditus Guinea Ecuatorial, S.A	Malabo	Integral	60	60
Reditus Networks Innovation, Lda.	Arruda dos Vinhos	Integral	100	100
Job Value, S.A	Arruda dos Vinhos	Integral	77.5	77.5
Reditus Consulting Moçambique, Limitada.	Mozambique	Integral	100	100
Reditus CIS, Limitada.	Lisboa	Integral	100	100

Reditus understands that there are no significant restrictions to access or use any assets and to settle liabilities of the group. It should be noted that the Group controls all the investees.

6. Information by Segment

The segments of the Reditus Group were determined by type of business, differentiating the various offers that Reditus proposes and provides to its customers:

Segment ITC (IT Consulting): integrates the areas of Consulting, Platforms and Applications, and Specialized Outsourcing. This segment offers the market consulting services, process management, application development / management and maintenance, business intelligence and applications, open source solutions and outsourcing services specializing in information technologies. The services include the management, administration and support of technological platforms.

Segment ITO (IT Outsourcing): comprises IT Infrastructure competencies. This segment offers infrastructural IT services, projects and solutions to the market. The services include the management, administration and support of technological platforms, in contract of responsibility or functional outsourcing.

Segment BPO (Business Process Outsourcing): comprises BPO, Contact Center and Shared Services competencies. This segment involves the provision of Contact Center services and business support, developing activities such as customer service and loyalty, inbound and outbound, mail handling, document preparation, digitization, file custody, home, business, personal and automobile loan treatment, automobile claims management, multi-risk and work accidents, treatment of debit cards, credit cards and university cards, claims management, among others.

On the other hand, the Reditus Group operates in the international markets with the different offers mentioned above, meaning that internationalization is transversal to the three operational segments identified above. This international activity is based on distinct organizational models, through the creation of local delegations, the promotion of export activity and the provision of services in neashore.

As of December 31, 2018 and 2017, the results by business segment were as follows:

December 31, 2018

	2018					
	ITO	ITC	BPO	Total	Adjustments	Consolidated
Operating revenues:						
External sales of products and merchandise	515,226	17,523	-	532,749	-	532,749
Intra-network sales of products and merchandise	146,983	-	-	146,983	(146,983)	-
Provision of external services	5,676,038	13,299,668	12,045,394	31,021,100	-	31,021,100
Provision of intra-network services	5,452,871	4,722,583	-	10,175,454	(10,175,454)	-
Other external operating revenue	311,726	668,898	883	981,507	(90,152)	891,355
Other intra-network operational revenue	106,501	38,782	-	145,283	(145,283)	-
Total operating revenues	12,209,345	18,747,454	12,046,277	43,003,076	(10,557,872)	32,445,204
	-	-	-	-	-	-
Operational expenses:	-	-	-	-	-	-
Inventories consumed and sold	(653,244)	(23,108)	-	(676,352)	129,763	(546,589)
Supplies and Services External	(6,200,547)	(8,850,018)	(6,010,934)	(21,061,499)	10,425,479	(10,636,020)
Staff Costs	(4,108,128)	(6,294,765)	(5,367,353)	(15,770,246)	-	(15,770,246)
Depreciation and amortization Costs	(1,363,739)	(1,097,015)	(726,981)	(3,187,735)	-	(3,187,735)
Provisions and Impairment Losses	(23,909)	(1,540,135)	(503)	(1,564,547)	-	(1,564,547)
Other Operating Costs and Losses	(304,131)	(595,897)	(89,552)	(989,580)	2,630	(986,950)
Total Operating Expenses	(12,653,698)	(18,400,938)	(12,195,323)	(43,249,959)	10,557,872	(32,692,087)
	-	-	-	-	-	
Operational profits	(444,353)	346,516	(149,046)	(246,883)	0	(246,883)
Financial results						(3,405,468)
Income before taxes						(3,652,351)
Income tax						(166,400)
Profit from continuing operations						(3,818,751)

December 31, 2017

	2017					
	ITO	ITC	BPO	Total	Adjustments	Consolidated
Operating revenues:						
External sales of products and merchandise	987,744	1,161,093	-	2,148,837	-	2,148,837
Intra-network sales of products and merchandise	169,831	-	-	169,831	(169,831)	-
Provision of external services	9,869,116	20,193,439	11,251,893	41,314,448	(2,323,794)	38,990,654
Provision of intra-network services	5,631,534	1,833,066	1,825,045	9,289,645	(9,289,645)	-
Other external operating revenue	502,863	270,423	-	773,286	134,598	907,884
Other intra-network operational revenue	268,144	163,244	-	431,388	(431,388)	-
Total operating revenues	17,429,232	23,621,265	13,076,938	54,127,435	(12,080,060)	42,047,375
Operational expenses:						
Inventories consumed and sold	(964,372)	(822,394)	-	(1,786,766)	39,642	(1,747,124)
Supplies and Services External	(9,328,224)	(9,803,984)	(6,584,830)	(25,717,038)	12,038,021	(13,679,017)
Staff Costs	(3,041,318)	(10,309,999)	(6,862,201)	(20,213,518)	-	(20,213,518)
Depreciation and amortization Costs	(1,143,529)	(1,037,012)	(834,646)	(3,015,187)	-	(3,015,187)
Provisions and Impairment Losses	(234,723)	(474,560)	(6,683)	(715,966)	-	(715,966)
Other Operating Costs and Losses	(861,402)	(565,994)	(115,469)	(1,542,865)	2,397	(1,540,468)
Total Operating Expenses	(15,573,568)	(23,013,943)	(14,403,829)	(52,991,340)	12,080,060	(40,911,280)
Operational profits	1,855,664	607,322	(1,326,891)	1,136,095	-	1,136,095
Financial results						(3,218,254)
Income before taxes						(2,082,159)
Income tax						434,460
Profit from continuing operations						(1,647,699)

At December 31st, 2018 and December 31st, 2017, assets and liabilities by business segment were as follows:

December 31st, 2018

	2018			
	ITO	ITC	BPO	Total
Net asset	116,685,788	46,035,149	8,607,363	171,328,300
Liability	46,491,331	61,241,800	36,878,767	144,611,898
Other information:	-	-	-	-
Year investment on tangible assets (Note 7)	-	31,606	-	31,606
Year investment on intangible assets (Note 10)	-	73,765	543,840	617,605

December 31st, 2017

	2017			
	ITO	ITC	BPO	Total
Net asset	120,948,040	44,751,068	5,485,462	171,184,570
Liability	44,397,666	62,877,054	33,009,243	140,283,963
Other information:				
Year investment on tangible assets (Note 7)	16,773	133,021	5,477	155,271
Year investment on intangible assets (Note 10)	9,933	236,495	1,668,682	1,915,110

7. Tangible Fixed Assets

7.1. Movements in Fixed Assets and Depreciation:

Gross Assets:

December 31st, 2018

	Gross Assets				
	Balance 31 Dec 17	Increases and Revalutations	Scraps and Disposals	Corrections and Transf.	Balance 31 Dec 18
Real Estate and Natural Resources	2,685,250	-	-	-	2,685,250
Buildings and other Cosntructions	5,737,211	-	-	-	5,737,211
Basic Equipment	4,225,871	-	-	-	4,225,871
Transportations Equipment	1,012,838	25,140	(10,873)	-	1,027,105
Administrative Equipment	3,878,055	6,466	-	-	3,884,521
Other Tangible Fixed Assets	2,917,355	-	-	-	2,917,355
	20,456,579	31,606	(10,873)	-	20,477,313

December 31st, 2017

	Gross Assets				
	Balance 31 Dec 16	Increases and Revalutations	Scraps and Disposals	Corrections and Transf.	Balance 31 Dec 17
Real Estate and Natural Resources	2,685,250	-	-	-	2,685,250
Buildings and other Cosntructions	5,906,916	12,273	-	(181,978)	5,737,211
Basic Equipment	4,110,843	137,922	(22,895)	-	4,225,871
Transportations Equipment	1,106,075	-	(99,783)	6,546	1,012,838
Administrative Equipment	3,889,204	3,587	(7,991)	(6,745)	3,878,055
OtherTangible Fixed Assets	2,915,865	1,490	-	-	2,917,355
	20,614,153	155,271	(130,668)	(182,177)	20,456,580

Accumulated depreciation:

December 31st, 2018

	Cummulated Depreciations				
	Balance 31 Dec 17	Increases	Disposals	Corrections and Transf.	Balance 31 Dec 18
Buildings and other Constructions	1,662,549	163,800	-	-	1,826,349
Basic Equipment	4,007,869	122,678	-	-	4,130,547
Transportation Equipment	930,777	63,154	(8,380)	(18,072)	967,479
Administrative Equipment	3,786,949	33,058	-	-	3,820,007
Other Tangible Fixed Assets	2,888,102	13,046	-	-	2,901,147
	13,276,246	395,736	(8,380)	(18,072)	13,645,529

December 31st, 2017

	Cummulated Depreciations				
	Balance 31 Dec 16	Increases	Disposals	Corrections and Transf.	Balance 31 Dec 17
Buildings and other Constructions	1,673,968	116,400	-	(127,820)	1,662,549
Basic Equipment	3,918,696	109,081	(19,908)	-	4,007,869
Transportation Equipment	1,000,321	23,694	(99,783)	6,546	930,778
Administrative Equipment	3,698,895	100,729	(6,696)	(5,979)	3,786,949
Other Tangible Fixed Assets	2,865,386	22,715	-	-	2,888,101
	13,157,267	372,619	(126,387)	(127,253)	13,276,246

7.2 Assets in Financial Leasing

The Group holds assets under the leasing regime that are related to its operating activity. At the end of the agreement, the Group may exercise the option to purchase this asset at a price lower than the market value. Lease payments do not include any amount related to contingent rent.

Below we present the composition of the assets acquired under financial leasing and their respective net amounts:

	Gross Value	Cummulated Depreciation	Net Value
Buildings	6,017,250	1,393,127	4,624,123
IT Equipment	117,548	117,548	0
Vehicles	39,765	23,196	16,569
	6,174,563	**1,533,871**	**4,640,692**

7.3 Revaluations

The Group records the land and buildings related to the operating activity by the revaluation model, and the valuations carried out by independent and specialized entities, the last valuation, performed by Aguirre Newman Portugal, reports to December 31st, 2016.

On December 31st, 2018, Reditus owned a property in Alfragide (land and building).

The value of the Group's properties at December 31st, 2018 is as follows:

2018	Acquisition value	Revaluation Value	Value of Works	Cummulated Depreciation	Fair Value
Building in Alfragide (land included)	6,017,250	2,135,755	205,201	1,801,059	6,557,146
Others	64,256	0	0	25,290	38,966
	6,081,506	**2,135,755**	**205,201**	**1,826,349**	**6,596,112**

8. Investment properties

The property located on the Rua do Pólo Norte and Alameda dos Oceanos referring to the autonomous fractions of "Q", "R" and "S" (Edifício Ogimatech), the only property classified as Investment Properties, was evaluated by the entity PAFHD Group CSD Real Estate Consulting in 2017 by the same method of "Income", which resulted in a fair value of € 1,509,000, resulting from the valuation, using the Discounted Cash Flow.

Expenses incurred with investment properties in use, such as maintenance and repairs (condominium), generate an economic benefit of the same amount (expenses refracted to the lessee), both of which are recognized in the statement of income for the year to which they refer, amounting to 96,528.97 euros.

9. Goodwill

During the periods ended December 31st, 2018 and December 31st, 2017, the movement in goodwill was as follows:

	31 Dec 18	31 Dec 17
Balance at the beginning of the Period	41,473,191	41,473,191
Impairments recognized in the period	-	-
Balance at the end of the Period	41,473,191	41,473,191
Net accounting value:	-	-
Balance at the beginning of the Period	41,473,191	41,473,191
Balance at the end of the Period	41,473,191	41,473,191

	Gross Value 31 Dec 17	Increases	Scraps	Corrections and Transf.	Gross Value 31 Dec 18
Goodwill	42,948,413	-	-	-	42,948,413
Impairments	(1,475,222)	-	-	-	(1,475,222)
	41,473,191	-	-	-	**41,473,191**

The detail of goodwill by segment as of December 31, 2018 and December 31, 2017 is as follows:

	31 Dec 2018	31 Dec 2017
ITC	6,417,901	6,417,901
ITO	32,293,998	32,293,998
Tora	2,761,292	2,761,292
	41,473,191	**41,473,191**

9.1 Goodwill – Imparity test

Goodwill was subject to an impairment assessment by the "Discounted Cash-flow" method by an independent external expert. In this context, we analyzed the value of the following business areas:

- ITO
- ITC

For each business area, a 5-year horizon was projected, up to 2023, considering the business plan established by the Group / Company management (s), the sector's performance perspectives, as well as macroeconomic aspects. The discount rate was 9.06% (for ITO and ITC) constructed using the market Beta, a market risk premium, the average debt cost and the Group's current gearing. The nominal growth rate used in perpetuity was 2.0%.

The financial projections are based on the best existing knowledge and on the actions that are expected to be carried out, and, consequently, based on budgets and business plans duly approved by the Group's Board of Directors. The quantification of the assumptions of these projections was based on market data, historical data and past experience of the Group, complemented by the performance of actions estimated in the strategies adopted for each cash-generating unit. However, such assumptions may be affected by changes in facts and unforeseeable circumstances at the time of quantifying the assumptions.

The value of Tora Goodwill was allocated to the segments proportionally to the Goodwill of each one, and the same criterion was used for the valuation of the goodwill and the operating assets and liabilities. Tora's imputation percentages are 75% for ITO and 25% for ITC.

Line of Business	Evaluation Amount	Goodwill	Total Assets - Current Liabilities from Current Func.	Valuation of Areas on Accounts	Difference
	(1)	(2)	(3)	(4) = (2) + (3)	(5) = (1) - (4)
ITO	88,517,193	34,009,588	48,318,161	82,327,749	6,189,444
ITC	29,984,596	7,463,603	8,730,325	16,193,928	13,790,668

The assumptions used in the growth of Operating Income were as follows:

ITO

The ITO area is expected to record a 19.5% CAGR (Compound Annual Growth Rate) 18-23, based on the following assumptions:

- Development of a project in the African market that involves the construction of two data centers and the installation of SAP software, in a version that will have several modules, namely, human resources and logistics management, inventory management, and infrastructure management and maintenance customer techniques;
- Development of an international project that involves the implementation of a data center and preparation of a registry of facilities and equipment, implementation of a disaster recovery and redundancy system, 4 communication control centers and a workflow platform and document management;
- Bet on the development of structures of services managed to organizations, in Portugal and abroad;
- Gaining platforms for architectures in cloud models and migration services, highly critical projects with a relevant impact on organizations' policies and processes;
- Development of products related to Enterprise Content Management software (ECM);
- Strengthening presence in the Security Services area;
- Development of more sophisticated offerings in security, disaster recovery, cloud / virtualization products.

ITC

Operating Income is expected to register a CAGR 18-23 of 4.3% reflecting mainly:

- Develop and consolidate the presence in countries in Africa where Reditus operates, investing in the oil, retail, energy, water, telecommunications, financial and public sectors;
- Innovation of supply and services, especially those based on the Cloud;

- Ongoing development of knowledge academies and protocols with clients and universities to accelerate the training of consultants in technologies where there is a greater shortage of resources;
- Offer of higher added value services.

It is the Board of Directors' belief that the effect of possible deviations that may occur in the main assumptions underlying the recoverable value of the cash generating units will not imply, in all materially relevant aspects, the impairment of the respective goodwill.

Regarding the discount rate and the perpetuity growth rate, sensitivity tests were performed, as these assumptions are key elements in the determination of future cash flows, and consequent measurement of possible impairment of goodwill and it was verified that the update of the future cash flows of each operating unit would continue to be higher than the carrying amount in the accounts as of December 31 if discount rates with a change of 0.25% or perpetual growth rates with a change of 0 , 15%.

10. Intangible Assets

10.1 Movements in Other Intangible Assets and in the respective Amortizations

During the years ended in 2018 and 2017, the movement in the amount of intangible assets, as well as in the respective accumulated amortization and impairment losses, was as follows:

Gross Assets

December 31st, 2018

	Gross Assets					
	Balance on 31 Dec 17	Perimeter Changes	Accruals	Scraps and Disposals	Corrections and Transfers	Balance on 31 Dec 18
Development Projetcs	14,699,169	-	543,840	-	-	15,243,009
Industrial Property	13,711,571	-	-	-	-	13,711,571
Computer Software	1,681,541	-	-	-	-	1,681,541
Other intangible assets	23,199,905	-	73,765	-	-	23,273,670
Intangible assets underway	219,539	-	-	-	-	219,539
	53,511,724	**-**	**617,605**	**-**	**-**	**54,129,329**

December 31st, 2017

	Gross Assets					
	Balance on 31 Dec 16	Perimeter Changes	Accruals	Scraps and Disposals	Corrections and Transfers	Balance on 31 Dec 17
Development Projetcs	13,038,017	-	1,661,152	-	-	14,699,169
Industrial Property	13,711,571	-	-	-	-	13,711,571
Computer Software	1,650,533	-	31,008	-	-	1,681,541
Other intangible assets	22,976,955	-	222,950	-	-	23,199,905
Intangible assets underway	219,539	-	-	-	-	219,539
	51,596,614	**-**	**1,915,110**	**-**	**-**	**53,511,724**

Accumulated depreciation

December 31st, 2018

	Cummulated Amortizations					
	Balance on 31 Dec 17	Perimeter Changes	Accruals	Scraps and Disposals	Corrections and Transfers	Balance on 31 Dec 18
Development Projects	12,260,519	-	862,959	-	-	13,123,478
Industrial Property	12,492,765	-	609,403	-	-	13,102,168
Computer Software	1,524,170	-	101,668	-	-	1,625,838
Other intangible assets	7,777,291	-	1,217,969	-	44,563	9,039,823
	34,054,745	**-**	**2,791,999**	**-**	**44,563**	**36,891,307**

December 31st, 2017

	Cummulated Amortizations					
	Balance on 31 Dec 16	Perimeter Changes	Accruals	Scraps and Disposals	Corrections and Transfers	Balance on 31 Dec 17
Development Projects	11,618,134	-	642,385	-	-	12,260,519
Industrial Property	11,883,361	-	609,403	-	-	12,492,765
Computer Software	1,394,741	-	129,429	-	-	1,524,170
Other intangible assets	6,471,449	-	1,261,351	-	44,490	7,777,291
	31,367,686	**-**	**2,642,568**	**-**	**44,490**	**34,054,745**

10.2 Prototypes

The net value of the item "Development Projects" as of December 31st, 2018 amounts to € 2,119,530, and relates to expenses incurred with the prototypes, which consist of the internal development of products that allow the obtaining of economic benefits for the Group.

In the 2018 fiscal year, RBS company had the need to improve current operations and increase the sophistication of the provision of services provided were developed and implemented tools that partially / totally manage to replace the "human" work using concepts of robotization and automation developed the prototype referring to the management of the BPO and infrastructure areas, called "RBPA II - Reditus Business Process Automation", which aims to define methodologies and design and develop tools that enable performance improvement in the execution of business processes, the value of expenses capitalized amounted to € 543,840.

In 2017, RBS developed two prototypes related to the management of the BPO and Infrastructure areas, called "RBPA - Reditus Business Process Automation", which aims to define methodologies and design and develop tools to improve performance in execution of business processes, which are currently analyzed and worked by teams of operators and the "Coliseum" which is an innovative solution that allows integrated management of Members, Venues, Ticketing and Sports and Cultural Events, the value of capitalized expenses amounted to 1,328,922 euros.

In 2014, ALL2IT developed three prototypes related to document management, digitalization and, called "RedDoc", "Reditus Scan" and "CRM", which aims to use User Relationship Software Management, in order to strengthen the company's relationship with its customers and suppliers, and at the same time have the ability to analyze using an advanced reporting tool, the value of capitalized expenses amounted to € 246,768.

The expenses incurred with the projects developed were prior to the start of the various services awarded to Reditus in the national and international market. These prototypes have a lifespan of 5 years, taking into account the average duration of contracts already concluded with customers.

The value of the prototypes by business area is as follows:

	Capitalized Expenditure	Cummulated Amortization	Net Value
BPO	3,321,548	1,448,787	1,872,761
ITO	2,095,366	1,848,597	246,769
	5,416,915	**3,297,384**	**2,119,530**

The table below details the prototypes:

Designation	Capitalized Expenditure	Cummulated Amortization	Net Value
REDDOC II – Mail management and Document management	363,558	290,846	72,712
REDSCAN II - Digitalization	619,031	495,225	123,806
CRM	251,257	201,006	50,251
Coliseum 2017	510,275	102,055	408,220
RBPA	1,150,877	230,175	920,701
RBPA II	543,840	-	543,840
Total	5,416,915	3,297,384	2,119,530

10.3 Industrial property

As of December 31st, 2018, the detail was as follows:

	Net Value on 31 Dec 17	Net Value on 31 Dec 16
Tora a)	609,403	1,218,806
	609,403	**1,218,806**

a) This amount results from the agreement entered into in 2004 between Tora, Millennium BCP and Reditus. For the evaluation of the contract, an intangible asset in the amount of 13,711,571 euros was recorded in Tora in 2005, which was being amortized over 10 years. With the purchase of Tora by Reditus SGPS, in December 2010, this asset was acquired, which was valued based on future cash flows, and this valuation is the basis for defining the useful life of this intangible asset, as of this date, in nine years.

10.4 Other intangible assets

As of December 31st, 2018, the detail was as follows:

	Net Value on 31 Dec 2018	Net Value on 31 Dec 2017
Synergies/cross-selling Partblack a)	3,594,208	4,247,669
Tora acquisition b)	10,379,098	10,621,323
Other	260,540	553,621
	14,233,847	**15,422,613**

a) During the acquisition of Partblack at the end of 2009, the synergies and potential of cross selling, the sale of new products to the same customers and the sale of the same products to new customers were valued, and a 15-year useful life was defined, which is maintained on December 31st, 2017, and the corresponding amortization was recorded in the current year. Considering the two intangible assets, the estimated yield growth will have a CAGR rate of 2017 to 2024 of 15%, and growth of 2% after that date. This growth is based on the development of a national and international strategy in the area of "Security services" with a diversified product offer, already mentioned in the previous point. With Reditus present in 2018 in several geographies, we have growth expectations, both by the range and interconnection of available products and by geographical coverage, give an added credibility to the forecasts of growth of the area of "Security Services";

b) Based on the margin generated by the contracts with Millennium BCP, with revenue growth of 12% per year up to 2021 and 2% after that year. The growth is based on the business prospects arising from the Company's updated Business Plan. This amount is deducted from the industrial property existing in the Tora (note 10.3).

11. Other Financial Investments

As of December 31st, 2018, this balance, whose balance is € 4,982,959, essentially includes:

- € 5,000 relating to shares of the company LISGRAN;
- 4,300,000 euros relating to the Escrow Agreement between the company Reditus Gestão and GFI Portugal, related to the sale of Roff - Consultores Independentes, S.A.;
- Work Compensation Fund;

Financial investments are valued at cost.

12. Assets and Liabilities for Deferred Taxes

The detail of deferred tax assets and liabilities at December 31st, 2018 and December 31st, 2017, according to the temporary differences that generated them, is as follows:

	ASSETS		LIABILITIES		NET VALUE	
	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17
Adjustments **a)**	283,304	283,304	-	-	283,304	283,304
Deferrable Tax Losses **b)**	1,632,045	742,464	-	-	1,632,045	742,464
Revaluation reserves **c)**	-	-	312,503	302,544	(312,503)	(302,544)
Other **d)**	-	-	3,138,450	3,427,452	(3,138,450)	(3,427,452)
Net Deferred Tax Asset / (Liability)	**1,915,349**	**1,025,767**	**3,450,953**	**3,729,996**	**(1,535,604)**	**(2,704,229)**

a) These adjustments relate mainly to losses on the fair value of securities and financial investments;

b) Reportable tax losses are as follows:

	FY of Tax Loss	Last Year for Deduction	Remaining Tax Loss	Deduction Value
	2016	2028	1,543,871	322,960
	2017	2029	1,948,662	437,792
	2018	2030	4,780,378	871,293
			8,272,911	**1,632,045**

c) The amount relating to revaluation reserves relates to the revaluation of the Reditus building in Alfragide, where part of the depreciation is not taxed;

d) Corresponds to the intangible assets generated after the acquisitions of Partblack and Tora, whose amortizations are not fiscally accepted.

13. Inventories

As of December 31st, 2018 and December 31st, 2017, inventories have the following composition:

	31 Dec 18	31 Dec 17
Goods	473,154	639,363
Inventory impairment	(268,658)	(268,658)
	204,496	**370,705**

14. Clients

As of December 31st, 2018 and December 31st, 2017, the Customer accounts have the following composition:

	31 Dec 2018	31 Dec 2017
No Current Customers:		
Extra-Community customers	29,927,618	11,214,235
	29,927,618	**11,214,235**
Current Customers:		
National Customers	5,526,109	7,026,353
Intra-Community customers	82,807	105,179
Extra-Community customers	35,353,214	54,734,068
Clients Impairment	(3,972,502)	(2,500,380)
	36,989,627	**59,365,220**

Customers include 571,677 euros of invoices assigned to factoring (see note 21).

The balances of non-EU customers refer mainly to customers in the African market, namely Angola, Mozambique and Equatorial Guinea.

Reditus has customer projects in Angola related to the execution of technology and software services, communications and security systems and supply of goods in the scope of technological projects, of which we highlight the following activities: data center infrastructure, control centers communications, software platform, development of disaster recovery with redundancy, preventive and corrective maintenance and training in technological systems.

The aforementioned projects refer in particular to the Angolan Armed Forces customer, and are included in the amount of 62.7 million euros, which in 2017 was included in the ceiling filed to cover credit risks to the exportation of goods, equipment and services of Portuguese origin to the Republic of Angola, thus allowing to receive in euros in Portugal the amount equivalent to 85% of the aforementioned amount, and the main steps of the process:

- The amount referred to above refers to a technological infrastructure and software services project, which was prioritized and approved by presidential dispatch in the last quarter of 2016, and subsequently published in the Diário da República de Angola.
- Following this determination, the Angolan Ministry of Finance notified the Ministry of Finance of Portugal, through COSEC, regarding the prioritization of the project in the first quarter of 2017 and requested that it be included in the aforementioned protocol line.
- COSEC officially notified the acceptance by the Portuguese Ministry of Finance of the inclusion of this project in the protocol line. Reditus presented a banking syndicate made up of Portuguese banks to negotiate the terms and conditions of the financing, and they prepared a financing proposal and respective technical sheet which was negotiated between the parties and approved at the end of July 2017.
- The financing agreement was subsequently negotiated between the parties, culminating with its approval in 2018 and having the final version for signature was sent by the banking syndicate in February 2018.

- In March 2018, it was necessary to comply with the two previous conditions of the financial agreement, such as the specific inscription and characterization of the above project in the (a) annual budget of the 2018 national defense state budget to be made by the defense ministry and b) in the 2018 public investment program to be carried out by the Ministry of Finance.
- The necessary steps were taken to satisfy the above conditions with the competent public bodies, having been completed in September 2018 with the insertion of the project in the PIP and registered the budgetary backing in the 2018 national defense state budget.
- Taking into account the new legislation on external financing to Angola, which requires external financing of more than USD 10 million, to be approved by the President of the Republic, as well as the delegation of powers for formal contract signing procedures, financing of the our project was approved by the president of the Republic of Angola as well as the respective delegation of powers to the Minister of Finance, by presidential dispatch published in the republic's diary in late December 2018.
- It was confirmed during the first quarter of 2019 that Angola's finances registered the opening of credit for financing and the project was registered in PIP 2019 and general state budget of 2019 by the competent entities.
- At the present time the banking syndicate and the finance ministry of Angola are in the process of formalizing the agreement of the financial agreement.
- The administrative conditions precedent to the financial disbursement by the banking syndicate are now being complied with, and Reditus estimates that the first installments will be disbursed very soon, according to the estimated financial calendar:

Estimated Period	Euros
2019 Year	29,487,542
1st Semester 2020	4,430,031
2nd Semester 2020	11,201,031
1st Semester 2021	4,430,031
2nd Semester 2021	11,201,031
	60,749,667

Impairment losses on accounts receivable are deducted from the value of the corresponding asset.

In the Reditus group, customers are being divided into 3 categories:

- Class A - Ministries and public bodies, with the exception of Health and Education;
- Class B - Where municipalities, the Ministry of Health and public bodies dependant of these and the Ministry of Education and public bodies dependant of these are included;
- Class C - Other entities.

In general terms, with the exception of Angolan customers whose treatment in this matter was previously mentioned, the following rates are applied for the recognition of impairment of customer receivables:

Category	Debt due between 180 and 270 days	Debt due between 271 and 365 days	Debt due between 366 and 540 days	Debt due between 541 and 720 days	Debt due more than 721 days
A	0%	0%	50%	75%	100%
B	0%	50%	75%	100%	100%
C	50%	75%	100%	100%	100%

15. Other Accounts Receivable

As of December 31st, 2018 and December 31st, 2017, the caption "other accounts receivable" is composed as follows:

	31 Dec 2018	31 Dec 2017
Non-Current		
Parroute a)	1,049,458	1,016,000
	1,049,458	**1,016,000**
Current		
State and Other Public Entities c)	1,233,869	1,180,561
Other Shareolders	272,415	770,683
	1,506,284	1,951,244
Other Debtors		
Personal Debts	236,386	337,601
Deposits	33,530	32,855
Parroute a)	2,574	2,574
P2020 b)	416,650	408,250
Amounts Related to Phase III	382,531	301,835
Internationalization	187,394	187,394
Other Debtors Diverse	2,083,637	2,114,238
	3,342,702	3,384,746
	4,848,986	**5,335,990**

a) Other accounts receivable - non-current refers to an advance made in the amount of € 1,500,000 in 2013, due to the purchase option agreement for the acquisition of a stake in Strong Approach. The purchase option was not exercised by ALL2IT, and a refund was requested of the amount advanced.
A payment agreement was entered into on November 30th, 2017, for the amount advanced above, deducting a 10% withholding, whose amortization is comprised in the period from December 2019 to December 2028.
This amount was discounted (December 31st, 2018) in the amount of 300,542 euros.

b) Value of the eligible incentive under the application for the Portugal 2020 program;

c) The amounts under State and Other Public Entities are detailed in note 22.1.

The debit balances of the Reditus group have the following maturity map:

Balance	31 Dec 2018	Past Due	Due	
			Up to 1 year	+ 1 Year
Other Debtors	3,342,702	236,386	3,173,408	932,908

16. Other Current Assets

As of December 31st, 2018 and December 31st, 2017, the caption "Other current assets" was composed as follows:

	31 Dec 18	31 Dec 17
Debtors by increase of income		
Other increase of income a)	21,436,050	15,719,209
	21,436,050	15,719,209
Expenses to be acknowledged		
Rents	25,524	11,153
Other expenses to acknowledge b)	1,713,529	1,906,078
	1,739,053	1,917,231
	23,175,103	**17,636,440**

a) The item "Other income accruals" includes the amount of approximately 20.9 million euros related to the percentage of completion of projects of technological consultancy and development and technological applications executed in the African market, namely Angola in about € 18,8 million, Mozambique at around € 0.4 million, and Equatorial Guinea at € 1.7 million, according to IAS11 - Construction Contracts. The recognition of the revenue of this project is done in function of the estimate of expenses incurred versus the estimate of total expenses of the project.
These services were carried out between 2015 and 2018, and taking into account that they are mostly public entities, we await the respective allocation and budgetary clearance of the official entities responsible for issuing invoices.

b) Other expenses essentially include deferrals of prepaid services, which will be recognized as services are provided to customers.

17. Financial Assets Fair Value

As of December 31st, 2018 and December 31st, 2017, this caption has the following composition:

	31 Dec 2018	31 Dec 2017
Millennium bcp shares	1,578,082	1,578,082
Impairment	(1,569,970)	(1,568,433)
	8,112	9,649

The value of Millennium BCP shares as of December 31st, 2018 was 0.2295 euros (0.2048 euros as of December 31st, 2017).

18. Cash and Cash Equivalents

As of December 31, 2018 and December 31, 2017, this caption has the following composition:

	31 Dec 18	31 Dec 17
Bank Deposits	946,050	1,089,590
Cash	228,546	120,245
	1,174,596	**1,209,835**

19. Equity Capital

As of December 31st, 2018 and December 31st, 2017, this caption has the following composition (before minority interests):

	Balance on 31 Dec 17	Application Results 2016	Net Income for the Year	Others	Balance on 31 Dec 18
Capital	73,193,455	0	0	-58,554,764	14,638,691
Own Shares	(1,426,438)	0	0	1,171,255	(255,183)
Issue premiums	9,952,762	0	0	0	9,952,762
Legal Reserve	2,040,761	0	0	1,204,053	3,244,814
Other Reserves	1,567,669	0	0	0	1,567,669
Income carried forward	(53,766,602)	(1,595,931)	0	55,362,533	0
Financial Assets adjustments	(501,763)	0	0	501,763	0
Fixed Assets evaluation surplus	1,305,086	0	0	(44,798)	1,260,288
Consolidated net income in fiscal year	(1,595,931)	1,595,931	(3,812,965)	0	(3,812,965)
	30,768,999	**0**	**(3,812,965)**	**(359,958)**	**26,596,076**

	Balance on 31 Dec 16	Application Results 2015	Net Income for the Year	Others	Balance on 31 Dec 17
Capital	73,193,455	0	0	0	73,193,455
Own Shares	(1,426,438)	0	0	0	(1,426,438)
Issue premiums	9,952,762	0	0	0	9,952,762
Legal Reserve	2,040,761	0	0	0	2,040,761
Other Reserves	1,567,669	0	0	0	1,567,669
Income carried forward	(50,865,855)	(2,900,747)	0	0	(53,766,602)
Financial Assets adjustments	(501,763)	0	0	0	(501,763)
Fixed Assets evaluation surplus	1,129,470	0	0	175,616	1,305,086
Consolidated net income in fiscal year	(2,900,747)	2,900,747	(1,595,931)	0	(1,595,931)
	32,189,314	**0**	**(1,595,931)**	**175,616**	**30,768,999**

In October 2018 at the general meeting of August 13th, 2018 Reditus reduced the share capital from EUR 73,193,455.00 to EUR 14,638,691.00.

The amount of 55,362,533.00 euros to cover losses, the amount of 1,171,254.00 euros to adjust the value of the own shares and 1,204,053.00 euros to create special reserves, with the reduction of € 4.00 in the nominal value of each and every one of the 14,638,691 shares in which the share capital is divided, which have thus had a nominal value of € 1.00.

Since 2012, Reditus SGPS holds 255,184 treasury shares, representing 1.743% of the share capital. This amount was unchanged in 2018.

The Legal Reserve in accordance with the legislation in force, the Company is obliged to transfer to legal reserve at least 5% of the annual net profit, until it reaches at least 20% of the capital. This reserve is not distributable to shareholders, but may be used to absorb losses; after all other reserves have been exhausted, or incorporated into capital.

The caption "Other reserves" at December 31st, 2018 and 2017, "Other reserves" includes a distributable reserve of 1,567,669 euros. This reserve may also be used to absorb losses or incorporated into capital.

20. Minority Interests

As of December 31st, 2018 and December 31st, 2017, minority interests were thus represented:

	% Minority Interests		Balance Valuation		Assigned Results	
	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17
Ogimatech - Consult Empresarial e Institucional	5%	5%	32,388	18,467	13,922	(36,220)
Solidnetworks	5%	5%	40,144	35,360	10,279	6,409
Reditus Guinéa Ecuatorial, S.A	40%	40%	43,414	71,335	(27,921)	(20,621)
Job Value	23%	23%	4,380	6,446	(2,066)	(1,336)
			120,326	**131,608**	**(5,786)**	**(51,768)**

21. Loans

As of December 31st, 2018 and December 31st, 2017, the loans obtained had the following composition:

	31 Dec 18	31 Dec 17
Non-Current		
Bank Loans	49,004,263	50,958,763
	49,004,263	50,958,763
Current Assets		
Bank Loans	5,147,002	4,143,530
Bank Overdrafts	610,748	543,273
Commercial paper	355,000	21,345
Factoring	571,677	1,847,950
	6,684,427	6,556,098
	55,688,690	**57,514,861**

As of December 31st, 2018, the repayment term of the loans is as follows:

	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Bank Loans	54,151,266	5,147,002	43,257,007	5,747,256
Bank Overdrafts	610,748	610,748	0	0
Commercial paper	355,000	355,000	0	0
Factoring	571,677	571,677	0	0
	55,688,690	6,684,427	43,257,007	5,747,256

The average return on loans, including other financing costs, is as follows:

	31 Dec 18	31 Dec 17
Bank Loans	2.81%	2.86%
Bank Overdrafts	10.00%	10.00%
Factoring	4.75%	6.25%

The collateral in the various loans is:

- Loan at Banco Efisa, with an outstanding amount of € 7,167,256, with an interest rate of 3.50%, is guaranteed by the invoice assignment of a client agreement and has a clause allowing the bank to request the due date in anticipation of the participation of shareholders Miguel Pais do Amaral, the legal heirs of Frederico José Appleton Moreira Rato, António Maria de Mello Silva César Menezes, José António da Costa Limão Gatta, Fernando Manuel Malheiro da Fonseca Santos and Rui Miguel de Freitas and Lamego Ferreira if they not retain 80% of the share held individually at the date of signature of the contract;
- Loans in the Novo Banco with the amounts outstanding of € 2,065,345, € 5,586,720, € 986,000 and € 1,104,073 are secured by a 4th degree attachment of 104,428 Reditus SGPS shares and over 100,000 Reditus Gestão shares, with a interest rate of 2.75%, which has a clause allowing the bank to request full or partial early repayment if it exists on the part of the shareholders Miguel Pais do Amaral, Fernando Manuel Cardoso Malheiro Fonseca Santos, António Maria Mello Silva César Menezes, José António Limão Costa Gatta, transfer of holdings representing the Group's capital of more than 5% of those held by each of them;
- Loan at Caixa Económica Montepio Geral, with the amounts in debt of € 4,482,866 and € 9,817,735, with an interest rate of 2.75%, as collateral for the assignment of the billing of a client contract;
- Deutsche Bank loans in the amount of 277,178 euros and 89,918 euros, all with an interest rate of 4.50%;
- MillenniumBcp loan with a debt value of € 19,170,000, which is guaranteed by the pledge of 502,747 Millenniumbcp shares and the pledge of 10,900,000 shares of Reditus Gestão, S.A..

22. Other Accounts Payable

As of December 31st, 2018 and December 31st, 2017, the caption "Other payables" had the following composition:

	31 Dec 18	31 Dec 17
Non-Current		
State and Other Public Entities	38,512,612	33,519,708
	38,512,612	33,519,708
Current		
Other shareholders	252,616	59,066
State and Other Public Entities	13,351,973	13,577,380
Other Creditors	**7,089,846**	**4,571,940**
FACCE a)	3,000,000	3,000,000
Compensations Payable b)	3,445,278	0
Other	644,568	1,571,940
	20,694,435	18,208,386
	59,207,047	**51,728,094**

a) In September 2011, a shareholder agreement was concluded between Reditus SGPS, SA and PME Investimentos - Sociedade de Investimento, SA, as the management company of the Autonomous Support Fund for Concentration and Business Consolidation, in which the company undertook to to invest 3 million euros in the capital of Reditus Gestão, SA. The agreement establishes a purchase option for Reditus of the shares held by FACCE, to be exercised at any time, from October 1st, 2011 until December 31st, 2016, and a put option for FACCE, to exercise any time between September 30th, 2016 and December 31st, 2018. In December 2018, a contract and promise to buy and sell the shares were concluded in a period of 6 years, with the option to sell to FACCE. The amount of EUR 3 million was considered as a liability.

b) The value results from the downsizing strategy initiated during 2018, which was materialized by agreements in installments entered into with the former employees.

22.1 State and other public entities

As of December 31st, 2018 and December 31st, 2017, the balances of debtors and creditors to the State and Other Public Entities are as follows:

	31 Dec 18	31 Dec 17
Balance Debtors		
IRC - Receivable	177,196	7,446
IRC - Payment on Account	1,686	80,374
Withholding tax without income	1,008,336	1,058,551
VAT - Receivable	46,651	34,190
	1,233,869	**1,180,561**
Creditors Balances		
Non-Current		
Social Security - Installment plan	18,195,884	18,735,785
VAT - Installment plan	1,343,814	3,779,097
IRS/IRC - Installment plan	5,758,863	0
Joint - Installment plan	13,214,052	11,004,825
	38,512,612	33,519,708
Current		
IRC - Payable	1,006,315	32,087
IRS	1,281,688	882,045
VAT - Payable	2,519,900	5,935,306
VAT - Payable - Installment plan	1,664,742	1,448,416
Other taxes	202,197	47,089
Contribution for Social Sec	1,733,665	1,358,933
Contribution for Social Sec - installment plan	3,119,008	2,500,524
Joint Taxes - Installment plan	1,824,458	1,372,980
	13,351,973	13,577,380
	51,864,585	**47,097,088**

Liabilities to the State and Other Public Entities are divided between current debt, relative to the months in progress and paid in the following months, the arrears and the liabilities that are being settled under a lending regime. The latter are as follows:

	31 Dec 18	31 Dec 17
Finance - Installment plan	23,805,928	17,605,319
Social Security - Installment plan	21,314,891	21,236,309
	45,120,819	38,841,628

The interest rates of the agreements concluded are 4%.

As at 31st December 2018 were in arrears, by the Tax Authority the amount of € 22,222,131 and Social Security, the amount of € 22,800,677. Plans of Loan Agreements have been presented for almost all of the aforementioned debt, most of which have been approved.

At December 31, 2018, the repayment term of the benefit plans, SIREVE and PERES are as follows:

	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Contribution for Social Sec - installment plan	21,314,891	3,119,008	8,047,960	10,147,924
VAT - installment plan	3,008,556	1,664,742	1,115,994	227,820
IRS/IRC/Joint - installment plan	20,797,374	1,824,458	10,275,572	8,697,343
	45,120,819	**6,608,207**	**19,439,526**	**19,073,086**

The guarantees provided by the Reditus Group for the remaining plans are broken down as follows:

- Reditus Business Solutions - Contracts of credits on customers, shares and commercial establishment of the company evaluated by the Tax Authoruty (TA);
- Reditus Consulting - Customer credit agreements;
- All2it - Customer credit agreements;
- Ogimatech - Shares assessed by TA;
- Reditus SGPS - Shares assessed by TA;
- Tora - Shares assessed by TA.

23. Liabilities for Financial Leasing

As of December 31st, 2018 and December 31st, 2017, the breakdown by assets financed by liabilities is as follows:

	31 Dec 18	31 Dec 17
Non-Current Assets		
Buildings	4,315,856	4,012,325
Administrative Equipment	0	13,476
Vehicles	8,567	16,710
	4,324,423	4,042,512
Current Assets		
Buildings	344,967	340,260
Administrative Equipment	13,476	12,789
Vehicles	8,143	8,030
IT Equipment	0	14,068
	366,586	375,146
	4,691,009	**4,417,658**

The terms of the lease liability are as follows:

	Capital in debt 31 Dec 17	Capital in debt 31 Dec 16
Payments up to 1 year	366,588	375,146
Payments between 1 and 5 years	1,251,036	1,699,846
Payments over 5 year	3,073,385	2,342,666
	4,691,009	**4,417,658**

24. Suppliers

As of December 31st, 2018 and December 31st, 2017, the caption "Suppliers" has the following composition:

	31 Dec 18	31 Dec 17
Suppliers, Current Account	9,177,349	8,370,576
Suppliers, titles to pay	145,091	203,176
Supplier, invoices in rec. and conf.	114,582	250,932
	9,437,022	**8,824,684**

The balance of suppliers refers to current and demandable operations within the agreed terms.

25. Other Current Liabilities

As of December 31st, 2018 and December 31st, 2017, the caption Other Current Liabilities had the following composition:

	31 Dec 18	31 Dec 17
Creditors by additions		
Compensations to be paid to personnel a)	1,025,996	1,795,910
External supplies and services	1,928,141	3,215,786
	2,954,137	5,011,696
Compensations to be acknowledged		
Early invoicing b)	3,111,502	2,929,356
Ongoing projects c)	6,071,538	6,127,618
	9,183,040	9,056,974
	12,137,177	**14,068,670**

a) The balance of the salary caption payable to staff refers to the estimated vacation and holiday subsidies payable in 2019;

b) The balance of this heading refers essentially to invoices issued in advance of advances on long-term contracts with several customers, whose amortization is made for monthly twelfths.

c) The value refers essentially to the Data Center Implementation project and software platform in Angola. The project is recognized by the percentage of completion method and refers to billing not yet recognized as revenue.

26. Revenues from Sales and Services Rendered

As of December 31st, 2018 and December 31st, 2017, this caption had the following composition:

Sales	31 Dec 18	31 Dec 17
IT Outsourcing	662,209	1,157,575
IT Consulting	17,523	1,161,093
Disposals	(146,983)	(169,831)
	532,749	**2,148,837**

Services rendering	31 Dec 18	31 Dec 17
BPO	12,045,394	13,076,938
IT Outsourcing	11,128,909	15,500,650
IT Consulting	18,022,251	22,026,505
Disposals	(10,175,454)	(11,613,439)
	31,021,100	**38,990,654**

27. Other Operating Income and Earnings

As of December 31st, 2018 and December 31st, 2017, this caption had the following composition:

Other Operating Income	31 Dec 18	31 Dec 17
Extra income	260,053	381,578
Operating subsidies	109,913	145,554
Other Operating Income and Earnings	521,389	380,752
	891,355	**907,884**

28. Inventories Consumed and Sold

As of December 31st, 2018 and December 31st, 2017, the cost of sales is as follows:

	31 Dec 18	31 Dec 17
Initial balance inventories	370,705	532,887
Purchase	380,380	1,584,942
Final balance inventories	204,496	370,705
Consumptions	**546,589**	**1,747,124**

29. Supplies and external services

As of December 31st, 2018 and December 31st, 2017, this caption had the following composition:

	31 Dec 18	31 Dec 17
Subcontracts	1,269,130	2,540,410
Fees	3,194,321	3,654,437
Transports, travel and stays and representation expenses	508,564	865,555
Leases and rentals	1,396,738	1,476,959
Specialized jobs	1,674,688	1,814,899
Communication	178,544	292,281
Water, electricity and fuels	347,540	337,272
Advertising and marketing	201,375	320,135
Vigilance and security	66,811	81,171
Maintenance and repair	181,806	190,367
Bank expenses	112,704	129,899
Tools and utensils quick wear	36,607	50,675
Office Supplies	22,486	28,932
Insurance	145,681	206,382
Litigation and notary	61,307	112,938
Cleaning, hygiene and confort	92,421	100,719
Stages	729,969	657,297
Other supplies and services	415,327	818,689
	10,636,020	**13,679,017**

30. Personnel expenses

As of December 31st, 2018 and December 31st, 2017, this caption had the following composition:

	31 Dec 18	31 Dec 17
Staff compensation	12,735,288	16,325,363
Expenses on compensation	2,080,816	3,065,519
Compensation of Social Bodies	293,995	268,168
Insurence, Work Accidents and Professional Diseases	66,455	37,254
Other Staff Costs	593,692	517,214
	15,770,246	**20,213,518**

As of December 31st, 2018 and December 31st, 2017, the average number of employees in service, by business area, was as follows:

	31 Dec 18	31 Dec 17
BPO	314	557
IT Outsourcing	174	201
IT Consulting	43	225
Support Areas	36	55
	567	**1,037**

31. Depreciation and amortization

The caption "Depreciation and amortization expenses" for the years ended December 31st, 2018 and December 31st, 2017 has the following composition:

	31 Dec 18	31 Dec 17
Tangible Fixed Assets		
Buildings and Other Constructions	163,800	116,400
Basic Equipment	122,678	109,081
Transport equipment	63,154	23,694
Administrative equipment	33,058	100,729
Other tangible fixed assets	13,046	22,715
	395,736	372,619
Other Intangible Assets		
Development projects	862,959	642,385
Industrial Property	609,403	609,403
Computer programs	101,668	129,429
Other intangible assets	1,217,969	1,261,351
	2,791,999	2,642,568
	3,187,735	**3,015,187**

32. Provisions and Losses of Impairment

The caption "Provisions and Impairment Losses" for the years ended December 31st, 2018 and December 31st, 2017 has the following composition:

	Balance on 31 Dec 17	Non-current assets held for sale	Perimeter Change	Reinforcement	Reductions	Corrections and Transf.	Balance on 31 Dec 18
Tangible fixed assets (Note 7)	0						0
Investment Properties (note 8)	0			92,425			92,425
Intangible assets (note 10)	0						0
Inventories (note 13)	268,658						268,658
Clients (note 14)	2,500,3800			1,472,122	0	0	3,972,502
Other doubtful debtors (note 15)	1,435,098			0			1,435,098
	2,769,038	**-**	**-**	**1,564,547**	**-**	**-**	**4,333,585**

	Balance on 31 Dec 16	Non-current assets held for sale	Perimeter Change	Reinforcement	Reductions	Corrections and Transf.	Balance on 31 Dec 17
Tangible fixed assets (Note 7)	0						0
Investment Properties (note 8)	0						0
Intangible assets (note 10)	0						0
Inventories (note 13)	268,658						268,658
Clients (note 14)	2,186,960			423,778	(49,934)	(60,424)	2,500,380
Other doubtful debtors (note 15)	1,956,340			342,122	-	(863,364)	1,435,098
	2,455,618	**0**	**0**	**765,900**	**(49,934)**	**(923,789)**	**2,769,038**

33. Other Expenses and Operating Losses

At December 31st, 2018 and 2017, this caption had the following composition:

	31 Dec 18	31 Dec 17
Taxes and fees	202,397	162,313
Corrections of previous fiscal years	372,626	1,017,981
Insufficiency of estimation	31,122	0
Other	380,805	360,174
	986,950	**1,540,468**

34. Financial results

The financial results for the years ended December 31st, 2018 and 2017 were as follows:

	31 Dec 18	31 Dec 17
Financial Expenses and Loses		
Supported interests		
Loans	1,818,973	1,690,660
Leasing contracts	96,807	101,054
Factoring	58,497	65,769
Default and compensatory	492,064	555,261
Net Present Value	848,742	821,858
Other	17	519
	3,315,099	3,235,121
Bank services	0	0
Foreign exchange losses	46,876	30,109
Other financial expenses	105,437	130,167
	152,313	160,276
	3,467,412	**3,395,397**
Financial Income and Gains		
Obtained Interest	33,485	1,128
Foreign exchange gains	28,447	175,537
Other financial gains	12	478
	61,944	**177,143**
Financial Result	**(3,405,468)**	**(3,218,254)**

35. Income Taxes

As of December 31st, 2018 and December 31st, 2017, this caption had the following composition:

	31 Dec 18	31 Dec 17
Current tax	2,394,035	1,113,404
Deferred tax	(2,227,635)	(1,547,864)
	166,400	(434,460)

	31 Dec 18	31 Dec 17
Income before taxes	(3,652,351)	(2,082,159)
Taxes to the rate	(766,994)	(437,253)
Amortizations and provisions not accepted to taxation purposes	137,897	1,314,447
Fines, compensatory interests	132,753	163,066
Corrections regarding the previous year	69,690	123,293
(Excess)/estimative insuf. tax	188,901	-
Autonomous Taxation	331,593	144,301
Rate	85,724	63,220
Acknowledgment of deferred taxes	-	(1,547,864)
Other	(13,165)	(257,669)
Tax on fiscal year income	166,400	(434,460)

36. Net Income per Share

	31 Dec 18	31 Dec 17
Earnings:		
Earnings attributable to majority shareholders for the calculation for the calculation of the net result by share (net profit of the financial year)	(3,812,965)	(1,595,931)
Profit from discontinued operations for the calculation of the profit by share of discontinued operations	-	-
Profit for calculation of the profit by share from continuing operations	(3,812,965)	(1,595,931)
Number of shares:		
Weighed average number of shares for calculation of the basic and diluted net profit by share	14,638,691	14,638,691
Effect of the additional actions generated by the incentive plan for employees	-	-
Weighed average number of shares for calculation of the diluted net profit by share	14,638,691	14,638,691
Earnings per share from continuing operations:		
Basic	(0.2605)	(0.1090)
Diluted	(0.2605)	(0.1090)
Earnings per share from discontinued operations:		
Basic	-	-
Diluted	-	-
Earning per share		
Basic	(0.2605)	(0.1090)
Diluted	(0.2605)	(0.1090)

37. Commitments

As of December 31st, 2018, the financial commitments of the Reditus Group companies that are not included in the balance sheet referring to bank guarantees are as follows (in addition to those already mentioned in notes 21 and 22):

Payable to	Origin	Values (Euros)
Several Clients	Good fulfillment of contract obligations	733,492
Several Suppliers	Good fulfillment of contract obligations	22,752
		756,244

38. Contingencies

In the scope of tax inspections carried out by the Tax Administration (hereinafter referred to as "TA"), some situations of potential contingencies were identified, promptly challenged by the Company with the TA, in the form of graceful appeals and hierarchical appeals, or with the Courts, under the form of judicial appeals, which on this date are pending decision. The total amount of taxes claimed by TA is approximately € 2,800,000, although it is the understanding of the Management of Reditus and its advisors that the possibility of these proceedings having an unfavorable outcome is very remote and therefore it is not likely to materialize its payment.

The situations concerning each company are listed below:

- Reditus SGPS: The Company was notified to make corrections in IRC, referring to the years 2005 to 2007 and the year 2013, and also received an additional VAT settlement related to 2009:

  (i) The settlement of IRC for 2004 does not involve tax payable, reflected in the corrections of subsequent years. The Company is awaiting the outcome of the legal challenge it has presented in relation to the 2005 settlement, in the part where it was not given a reason in the hierarchical appeal. The hierarchical resources that the Company presented regarding the settlements related to 2006 and 2007 were partially deferred, and the only question that remains in relation to these two years is related to the loss carryforwards from previous years, result of the appeal against the IRC of 2005.

  (ii) Regarding the VAT settlement of 2009, the complaint was partially accepted, and a hierarchical appeal was filed against the rejected part.

- InterReditus, which was merged by incorporation into Reditus Business Solutions, was subject to IRC and VAT tax inspections in respect of the years 1997 and 1998. The complaints and hierarchical appeals filed by the Company against the liquidations made by the TA were rejected and the company filed claims with the Tax Court of Lisbon, invoking the limitation of the debts in question. These complaints were dismissed and the company appealed to the Central Administrative Court, awaiting the outcome of these appeals. Pending the decision of the Courts, which should lead to the suspension of the collection procedures, the Finances have made loan pawns to obtain the payment of the involved amounts of approximately 1.0 million euros, which will have to be returned by the TA if the judgment is favorable to the Company, as is the Company's expectation and understanding.

- Redware, meanwhile merged by incorporation into Reditus Business Solutions, was notified to proceed with VAT corrections, referring to the year 2004. The Company understood that the corrections were not correct, since they were double collection, having filed claims and hierarchical appeals regarding the settlements made by TA. The hierarchical appeals were denied, and the Company deduced judicial challenges from the additional settlements, so that the respective outcome is awaited.

- Reditus Management: The Company was notified to make corrections to VAT, with reference to the years 2008 and 2009. The Company considered that the corrections were not correct and presented complaints regarding the settlements made by TA. Once the claims were partially accepted, the Company deduced a hierarchical appeal of the Finance decision, and is awaiting the reply thereto.

- Tora: Under the terms of the law, Tora requested the Minister of Finance to maintain the right to deduct tax losses from 2005 to 2009, despite the fact that there was a change in the shareholding composition of more than 50% of the share capital. Considering that there were economic reasons justifying the maintenance of this right to deduct the losses and considering that the alteration of the shareholder composition did not have an objective of an abusive use of this right to deduct the losses, it was always considered as probable the approval of the request, being deducted approximately 1,375,000 Euros to the taxable profits of 2010 and 2011. Subsequently, the TA through Inspection Report corrected almost all the losses calculated in the years 2005 to 2009 and notified the company of the filing of the request for maintenance of the loss report by change in ownership of capital. Tora challenged in court the correction of tax losses, running the terms of the proceedings before the Tax Court of Lisbon and the Central Administrative Court of the South, and simultaneously filed a hierarchical appeal of the decision to close the application for maintenance of the loss carryforwards due to changes in ownership capital.

  Reflecting the effect of disregarding tax losses for the years 2005 to 2009, TA notified the company of the decision rejecting the graceful complaint that it had filed against the additional liquidation of 2011, and the company filed a hierarchical appeal of the decision. On this date, the company awaits the outcome of these proceedings, understanding as probable the decision in its favor.

- Tora: TA notified the Company of its decision not to accept the deduction of VAT, referring to a business carried out in 2004. Not agreeing with this understanding, the Company filed an objection to the Tax Court of Lisbon. Since this objection was rejected, the Company appealed to the Central Administrative Court, which dismissed the appeal as unfounded. The Company is analyzing the situation between the liquidation made and the unapproved deduction, in order to decide on new actions to recover the above amount.

39. Related Parties

The balances as of December 31st, 2018 and December 31st, 2017 and the transactions carried out with other related parties excluded from consolidation in the years ended December 31st, 2018 and 2017 are as follows:

BALANCE:

	31 Dec 18			
	Clients	Other Accounts Receiveble	Other Accounts Payable	Suppliers
AHS Investimentos SGPS, S.A.	9,607	-	-	-
Parroute SGPS a)	6,097	1,352,574	-	13,806
Companhia das Quintas, S.A.	1,636	-	-	822
Lanifos – Soc Financiamento, Lda	396	-	-	-
Portuvinus – Wine & Spirit, S.A.	-	-	-	7,000
	17,736	1,352,574	-	21,628

31 Dec 17	Clients	Other Accounts Receiveble	Other Accounts Payable	Suppliers
AHS Investimentos SGPS, S.A.	9,607	-	-	-
Parroute SGPS a)	6,097	1,352,574	-	13,806
Companhia das Quintas, S.A.	1,636	-	-	822
Lanifos – Soc Financiamento, Lda	396	-	-	-
Portuvinus – Wine & Spirit, S.A.	-	-	-	7,000
	17,736	1,352,574	-	21,628

a) Parroute refers to an advance made in the amount of € 1,500,000 and is explained in note 15 a).

TRANSACTIONS:

In 2018 and 2017 there were no transactions with related parties.

In the year ended December 31st, 2018, no variable remuneration component was paid by the Management nor by way of termination of mandate. The fixed component was as follows:

	31 Dec 18	31 Dec 17
Executives		
Francisco Santana Ramos	120,000	120,000
Helder Matos Pereira	110,000	110,000
	230,000	230,000

40. Operational Leases

As of December 31st, 2018 and December 31st, 2017, this caption has the following composition:

	31 Dec 18	31 Dec 17
Minimal payments of the operating lease Instalations/Equipments	933,122	944,889

	31 Dec 18	31 Dec 17
Minimal payments of renting of vehicles	433,616	532,070

As of December 31st, 2018, the non-cancelable minimum lease payments are as follows:

Responsibilities undertaken	31 Dec 18	31 Dec 17
Payments up to 1 year	474,266	839,435
Payments between 1 and 5 years	521,033	1,665,185
Payments over 5 year	-	-
	995,299	**2,504,620**

There are no contingent rents.

41. Remuneration Attributed to Auditors

The total remuneration received by the auditor and other entities belonging to the same network for his services to the companies of the Reditus Group amounted to 95,660 euros by December 31st, 2018, which are subdivided according to the following:

	31 Dec 18	31 Dec 17
Independent auditor services		
BDO & Associados, SROC	45,660	50,400
Auren Auditores & Associados, SROC	50,000	50,000
	95,660	100,400

42. Subsequent Events to the Balance Sheet Date

There are no events subsequent to the balance sheet date that may have a material impact on the financial statements.

PART III – REPORT ON CORPORATE GOVERNANCE

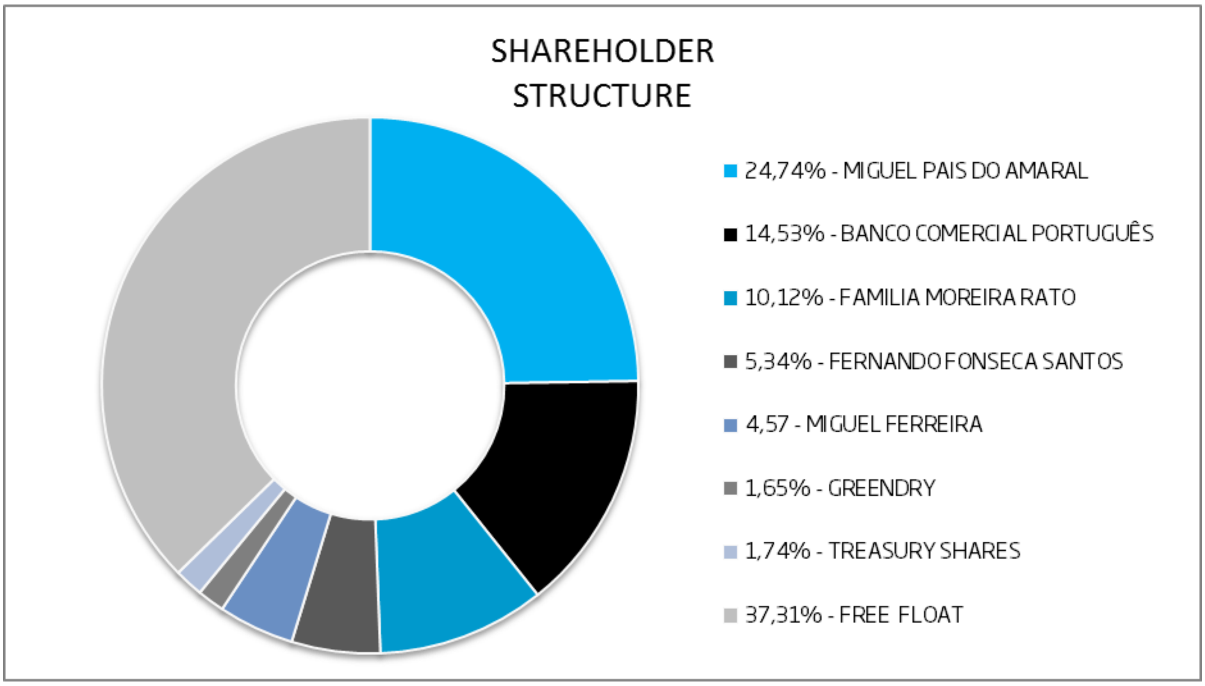
PART I - MANDATORY INFORMATION ABOUT SHAREHOLDER STRUCTURE, CORPORATE ORGANISATION AND GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. 1. Capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including indication of the shares not admitted to trading, different categories of shares, its inherent rights and obligations, and percentage of capital that each category represents (Art. 245-A, paragraph 1, subheading a)).

On December 31st, 2018 the share capital was 14,638,691 euros, fully subscribed and paid up in cash, represented by 14,638,691 shares with an individual nominal value of 1 (one) euro.



The share capital was reduced in the course of the 2018 financial year, from € 73,193,455.00 to € 14,638,691.00, following a proposal from the Board of Directors presented to the shareholders at a General Meeting called for this purpose and held on August 13th, 2018. The proposal was unanimously approved by the shareholders present at the General Meeting.

The reduction of the share capital was made through the reduction of € 4.00 (four euros) in the nominal value of all shares, which now have a nominal value of 1.00 (one euro) each.

The shares were traded on the Euronext Lisbon with the new nominal value as of the session of October 29th, 2018.

The shares are all titled and nominative.

All rights and duties inherent in all actions are equal. The shares are all admitted to trading.

2. Restrictions on the transferability of stock, such as clauses of consent to their disposal or restrictions on the ownership of stock (Art. 245-A, paragraph 1, subheading b)).

The Company's articles of incorporation do not provide for any restriction on the transfer or ownership of shares.

3. Number of treasury shares, percentage of share capital, and corresponding proportion of the voting rights attached to the treasury shares (Art. 245-A, paragraph 1, subheading a)).

On December 31st, 2018 Reditus SGPS held 255,184 treasury shares in its portfolio, representing 1.743% of the share capital.

4. Relevant agreements to which the company is a party and which may come into effect, may be amended or may expire, in the event of a change in the control of the company following a takeover bid, as well as the respective effects, unless, by reason of their nature, the disclosure of the same is seriously detrimental to the company, or except where the company is specifically obliged to disclose such information pursuant to other legal imperatives (Art. 245-A, paragraph 1, subheading j)).

The Company has no knowledge of any significant agreements that may enter into force, be amended or expire in the event of a change in the control of the company.

5. Rules to which the renewal or revocation of defensive measures are subject, in particular those providing for the limitation of the number of votes likely to be held or used by a single shareholder, individually or in coordination with other shareholders.

The company has not adopted defensive measures, in particular those providing for the limitation of the number of votes likely to be held or used by a single shareholder, individually or in coordination with other shareholders.

6. Shareholder agreements that are known to the company and may result in restrictions on the transfer of securities or voting rights (Art. 245-A, paragraph 1, subheading g)).

The company is unaware of the existence of any shareholders' agreements.

II. Shareholders and Bondholders

7. Identification of natural or legal entities that, directly or indirectly, are shareholders of qualifying holdings (Art. 245-A, paragraph 1, subheadings c) and d) and Art. 16), with a detailed indication of the percentage of the capital and votes attributable, and the source and causes of attribution.

The table below indicates the qualifying holdings in the share capital of Reditus SGPS, SA on December 31st, 2018:

Shareholder	Nº of Shares	% Share Capital	% Voting Rights
Miguel Maria de Sá Pais do Amaral			
Directly	0	0,00%	0,00%
Through Courical Holding SGPS (controlled by the shareholder)	1.382.027	9,44%	9,61%
Through AHS Investimentos, SGPS, S.A. (controlled by the shareholder)	2.239.177	15,30%	15,57%
Total attributable	**3.621.204**	**24,74%**	**25,18%**
Millennium BCP, S.A.			
Directly	2.126.460	14,53%	14,59%
Total attributable	**2.126.460**	**14,53%**	**14,59%**
URCOM - Urbanização e Comércio, SA			
Directly	0	0,00%	0,00%
Through Lisorta, Lda (controlled by the shareholder	1.210.124	8,27%	8,41%
Through Vicente Moreira Rato (manager of the company)	271.316	1,85%	1,89%
Total attributable	**1.481.440**	**10,12%**	**10,30%**
Fernando Manuel Cardoso Malheiro da Fonseca Santos			
Directly	782.135	5,34%	5,44%
Total imputável	**782.135**	**5,34%**	**5,44%**
Rui Miguel de Freitas e Lamego Ferreira			
Directly	0	0,00%	0,00%
Through Inventum DUE, Lda (controlled by the shareholder)	668.831	4,57%	4,65%
Total attributable	**668.831**	**4,57%**	**4,65%**

8. Indication of the number of shares and bonds held by members of the management and supervisory bodies.

Under the terms and for the purposes of Article 447 of the CSC, in particular the respective paragraph 5, the number of shares held by the members of the management and supervisory bodies of Reditus, as well as all its acquisitions or ownership disposals by reference to the fiscal year 2018, are as followsue:

The Board of Directors	2018 Transactions		Nº of Shares in 2018		
	Purchases	Sales	Direct	Indirects	Total
José António da Costa Limão Gatta	0	0	0	3.869	3.869
Fernando Manuel Fonseca Santos	0	0	782.135	0	782.135
Francisco José Martins Santana Ramos	0	0	0	0	0
Helder Filipe Ribeiro Matos Pereira	0	0	0	0	0

The members of the Audit Committee, composed by Dr. Armando Jorge de Carvalho Costa e Silva, Dr. Luis Henriques de Lancastre de Lima Raposo, Dr. Nuno Manuel Tavares Belo de Eça Braamcamp and Dr. Diogo Maria d' Orey Manoel (substitute) did not hold any shares or bonds on December 31st, 2018 nor did they conduct during 2018 any transactions regarding such securities

In what concerns to bonds, Reditus SGPS does not have bonds listed in the market.

9. Special powers of the Board of Directors, in particular regarding the decisions on a capital increase (Art. 245-A, paragraph 1, subheading i)).

The Board of Directors is empowered to, by means of a simple resolution, increase the share capital through cash entries, in one or more issues, up to a maximum of one hundred and twenty million euros (Article 6 of the Company's articles of incorporation).

Since the creation of the Company (1990), the corresponding articles of incorporation make it possible to increase the share capital, by means of cash entries, in one or more issues, through a simple resolution by the Board of Directors, with only the maximum amount to be deliberated by the Board of Directors having been increased from time to time. There is no expiration date for the Board of Directors to exercise such right.

This prerogative has been used only once by the Board of Directors, namely to increase the capital from 44,630,250 euros to 51,557,265 euros, as a means to finance Reditus' growth by acquisitions strategy, and was decided during a Board Meeting held on July 2nd, 2010.

In March 2011, a further capital increase amounting to 21,636,190 euros was made, through a Public Offering.

10. Information about the existence of significant relationships of a commercial nature between holders of qualifying holdings and the Company.

During 2018, there were no significant relationships of a commercial nature between holders of qualifying holdings and the Company.

B. GOVERNING BODIES AND COMITTEES

I. GENERAL ASSEMBLY

a) Composition of the Board of the General Assembly *

** through the reference year*

11. Details and identification of the Board of the General Assembly's members and respective mandate (beginning and end).

During the FY 2017 the Board of the General Assembly was composed as follows:

Members of the General Assembly's Board	Category
Pedro Miguel Patrício Raposo	Chairman
Duarte Maria de Almeida e Vasconcelos Calheiros	Deputy Chairman
Leila Catarina de Matos Cardigos Leitão Grácio	Secretary

b) Exercising Voting Rights

12. Restrictions on voting rights, such as limitations to the exercise of voting rights dependent on the ownership of a number or percentage of shares, deadlines imposed for the exercise of voting rights, or systems of entitlement coupons with a patrimonial nature (Art. 245-A, paragraph 1, subheading f));

In accordance with the provisions of article 9 of the Articles of Incorporation, the General Assembly is composed of any shareholders holding a number of shares that confer the right to at least one vote, and each share is entitled to one vote.

Shareholders wishing to attend and take part in the General Assembly must provide proof of such quality, up to three working days before the respective meeting, by means of a document issued by the registering or by the depository entity, attesting to the quantity of shares held on that date and also of their locking-up.

There exist no shares which do not entitle to voting rights, or which establish a limit to the number of votes that may be cast by a single shareholder or by related shareholders.

There are no rules on constitutive and decision-making quorums, and the General Assembly is held in accordance with the rules laid out in the Portuguese Companies Code.

Shareholders may be represented by any person at the General Assembly and a simple, signed letter of representation addressed to the Chairman of the General Assembly and delivered by hand, mail or email, and received up until the day before the meeting, constitutes sufficient proof of the mandate, with no legal certification being required.

In accordance with the provisions of Article 10 of the Articles of Incorporation, Reditus' shareholders with voting rights may exercise these by correspondence, under the terms and conditions expressed in the summons to the General Assembly. Shareholders shall, up until the third business day prior to the date of the General Assembly, send a registered letter with acknowledgement of receipt to the Company headquarters, addressed to the Chairman of the General Assembly, marked on the outside and stating "vote by correspondence", and indicating the General Assembly to which it relates. The letter should contain the identification of the voter, indicating the Shareholder’s full name or company name, and specifically state its vote in respect of each of the respective agenda items. The identification of the voter shall be signed and the signatory shareholder, if an individual, should attach a copy of his/her identity card, or of an equivalent document issued by the competent authority of the European Union, or of his/her passport, or, in case of a legal entity, affix the appropriate seal and state the capacity of the signing person. In addition to the identification of the voter, the aforementioned letter shall also contain a certificate issued by the registering or the depository entity, demonstrating the legitimacy to exercise the voting rights.

Reditus provides, through its institutional website, www.reditus.pt, a template for the exercising voting rights by correspondence at General Assemblies.

In accordance with of Article 10, paragraph 3, of the Reditus' Articles of Incorporation, any letters containing votes by correspondence must be received at the Company no later than the third business day before the date of the General Meeting.

Exercising the right to vote by electronic means is not provided for as the Company considers that, taking into account its shareholder structure and the limited free-float, the participation of Shareholders in General Assemblies is fully ensured by means of its mechanisms for the vote by correspondence and by representation.

13. Indication of the maximum percentage of voting rights that may be exercised by a single shareholder or shareholders that find themselves in any of the relationships identified in paragraph 1 of Art. 20th.

There is no maximum percentage of voting rights that may be exercised by an individual shareholder, or by shareholders that may be in any of the relationships identified in paragraph 1 of Art. 20th.

14. Identification of shareholders' resolutions that, according to the rules of procedure, may only be taken with a qualified majority, in addition to those legally laid down, and indication of those majorities.

There are no shareholder resolutions that, according to the rules of procedure, can only be taken with a qualified majority, in addition to those that are legally provided for.

II. ADMINISTRATION AND SUPERVISION

(Board of Directors, Executive Board of Directors and General and Supervisory Board)

a) Composition *

* Throughout the reference year

15. Identification of the Model of Government Adopted.

Reditus adopts the one-tier model that integrates the following governing bodies elected by the General Assembly: the Board of Directors, the Audit Committee and the Statutory Auditor.

16. Statutory rules on procedural requirements and materials applicable to the appointment and replacement of members, as applicable, of the Board of Directors, Executive Board of Directors and of the General and Supervisory Board (Art. 245-A, paragraph 1, subheading h)).

Reditus' Articles of Incorporation do not foresee any special rules governing the appointment and replacement of members of the Board of Directors and the Executive Board of Directors. Such matters are only subject to the General Law.

17. Composition, as applicable, of the Board of Directors, Executive Board of Directors and of the General and Supervisory Board, indicating the statutory minimum and maximum number of members, statutory duration of the mandate, the number of effective members, the date of the first appointment and the date of expiry of term of office of each member.

Pursuant to article 13 of the Articles of incorporation, the Board of Directors is composed of three to eleven members, elected by the General Assembly every three years.

The Board of Directors performing its duties for the 2017-2019 mandate initially comprised five members and is currently composed of the following:

- Francisco José Martins Santana Ramos
- Helder Filipe Ribeiro Matos Pereira
- José António da Costa Limão Gatta
- Fernando Manuel Cardoso Malheiro da Fonseca Santos

The Board of Directors may delegate the day-to-day management of the Company to one or more Directors or to an Executive Board consisting of two to five Directors, with the Board of Directors remaining responsible for selecting its Chairman.

For the current Board of Directors mandate, no Executive Board has been appointed.

18. Differentiation of non-executive and executive members of the Board of Directors and, in respect of non-executive members, the identification of members who can be considered independent, or, where applicable, identification of the independent members of the General and Supervisory Board.

The Board of Directors includes an appropriate number of non-executive members who ensure the effective capacity of monitoring, supervision, control and evaluation of the activity of the executive members, particularly taking into account Reditus' shareholder structure and free float. Thus, on December 31st, 2018, two of the then five members of the Reditus' Board of Directors were Executive Directors.

The table below shows the composition of the Board of Directors on December 31st, 2018, identifying its executive and non-executive members:

Members	Category
Francisco José Martins Santana Ramos	Executive
Helder Filipe Ribeiro Matos Pereira	Executive
José António da Costa Limão Gatta	Non-Executive
Fernando Manuel Fonseca Santos	Non-Executive

19. Professional qualifications and other relevant curricular elements of each member, as applicable, of the Board of Directors, the General and Supervisory Board and Executive Board of Directors.

The members of the Board of Directors have the following academic qualifications and professional experience:

Francisco José Martins Santana Ramos has been a member of the Reditus SGPS Board of Directors since July 2009 and has held the position of Chief Executive Officer (CEO) since July 2012. He is Chairman of the Reditus SGPS Board of Directors since October 31, 2014. He holds positions of responsibility at AHS Investimentos SGPS, SA. He has previously held management positions with Explorer Investments SGPS, Argos Soditic, S.A., Apamilux Imagem Corporativa, S.A., Anodil, S.A., Comporcer, Mckinsey & Company, Royal Dutch / Shell and Aprofabril, S.A. He graduated in Civil Engineering from the Instituto Superior Técnico in Lisbon and has a Master's degree in Business Administration from the Universidade Nova de Lisboa.

José António da Costa Limão Gatta has been a member of the Reditus Board of Directors since 2000. He is the President of ELAO SGPS (since 1998) and Giessen Beteiligungs KG (since 1995). He has held executive and management positions with Nemotek Technologie S.A. (2010-2013), Caléo S.A. (1997-2010), Scorpion Group Ltd (1994-2008), Giessen Management GmbH (1988-1995), Coors Ceramics Europe Ltd. (1986-1987), General Electric Ceramics Inc (1984-1986), 3M Electrical Laboratories GmbH (1980-1984). He started his career in 1978 at ITT Europe-Int'l Telecommunications Centre as a Software Engineer. He graduated in Electrical Engineering from the Military Academy in Lisbon and is a member of the Order of Engineers..

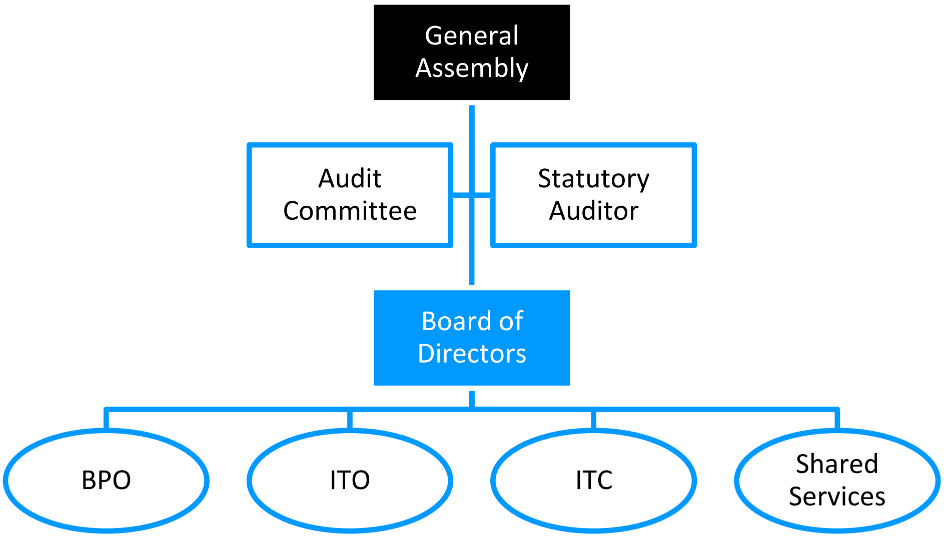
Helder Filipe Ribeiro Matos Pereira has been a member of the Reditus SGPS Board of Directors since December 5th 2012 and holds the position of Chief Finance Officer (CFO). He was Executive Director of Construtora do Tâmega SGPS and Construtora do Tâmega, S.A., Projecol, S.A. and its branches, General Manager of Finertec SGPS and a director and manager of its branches, Adviser to the Chairman of the Board of Brandia SGPS, CFO / Corporate Controller at Netjets Europe (NTA, S.A. and Executive Jet, S.A.) and Audit Manager at Ernst & Young. He holds a degree in Management and Business Administration with specialization in Financial Management from the Instituto Superior de Gestão (ISEG) in Lisbon, with a post-graduate degree in Executive Management at the Economic Science and Enterpreneurship Post-Graduation School of the Universidade Católica Portuguesa

Fernando Manuel Cardoso Malheiro da Fonseca Santos has been a member of the Reditus Board of Directors since 2000. He was recently a member of the Board of Directors of Geocapital- Investimentos Estratégicos, S.A., BAO - Banco Ocidental de África, S.A. and of Moza Banco S.A.. Before his collaboration with the Reditus Group, he held the positions of Chairman of the Audit Comittee at Crédito Predial Português (1992-1993), Director of several holding companies (1988-1992) and of the ANOP (1976), Adviser to the Secretary of State for Social Communication in the Presidency of the Council of Ministers (1976). He practised law in Luanda (1972-1975) and at the IPE (Instituto de Participações do Estado) (1977-1987) in Lisbon. He has a Law degree from the Faculty of Law at Lisbon University.

20. Family, professional or regular and significant commercial relationships of the members, as applicable, of the Board of Directors, the General and Supervisory Board and Executive Board of Directors with shareholders to whom qualifying holdings exceeding 2% of the voting rights are attributed.

Do not exist. One of the shareholders with qualifying holdings is also a Board member.

21. Organisation charts or functional maps showing the division of responsibilities between the different company bodies, commissions and/or departments of the company, including information about delegation of responsibilities, in particular with regard to delegation of the day-to-day administration of the company.



Within the framework of the corporate governance models authorized by the Portuguese Companies Code, Reditus has adopted the one-tier model that integrates as company bodies the General Assembly, the Board of Directors, the Audit Committee and the Statutory Auditor.

The Reditus Group is structured in four business units: BPO, IT Consulting, IT Outsourcing and Shared Services.

Shared services include the functional areas of support to Group management: Marketing and Communication, Accounting, Treasury, Payables and Receivables, Revenue Assurance, Risk, Legal, Purchasing and Logistics, Human Resources, IT, Quality, Investor Relations, and Planning and Management Control.

The management of each business activity is ensured in accordance with the principles of management autonomy and with the criteria and guidelines that are derived from the annual budget for each area, which is reviewed and approved annually by the respective areas and by the Reditus Board of Directors. The strategic, operational and investment guidelines for the various businesses are defined in the Annual Budget, and its control is ensured on a permanent basis, within the framework of a management control system conducted by the Directors of the Group.

Reditus SGPS, S.A. is the holding company of the Group and is responsible for the strategic development and overall management of the different business areas.

Corporate Bodies and Other Committees - Competences

General Assembly – is the highest-level body of the Company and is comprised of all shareholders. This corporate body meets at least once a year to approve the annual report and accounts, the proposal for the application of results and the report of the Compensation Committee, and also to assess the performance of the Board of Directors and the Audit Committee.

Board of Directors - is the body responsible for managing the activities of the Company, under the terms established in the Portuguese Companies Code and in the Articles of Incorporation, namely undertaking to:

- Acquire, mortgage and dispose of any titles, or fixed and non-fixed assets, whenever it is considered advantageous for Reditus;
- Obtain loans and perform any other credit operations in the interest of Reditus, under the terms and conditions it deems appropriate;
- Grant Powers of Attorney on behalf of Reditus, with powers of any scope or extent;
- Establish objectives and management policies for the Company and for the Group;
- Delegate powers in its members, under the terms established in the Articles of Incorporation;
- Designate the Company Secretary and the respective delegate;
- Recruit staff, establish their contractual conditions and exercise the respective disciplinary authority;
- Represent Reditus in and out of court, as plaintiff or defendant, propose legal actions and acknowledge, desist or acquiesce in them, and commit to arbitration agreements;
- Open, move and cancel any Reditus bank accounts, deposit and withdraw money, issue, accept, draw and endorse checks, bills of exchange and promissory notes, invoice statements, and any other debt securities;
- Decide on the participation in the capital of other companies or on the involvement in other businesses;
- Manage the business of Reditus and perform all acts and operations with regard to the corporate object, that do not fall within the scope of competencies allocated to other corporate bodies.

The Board of Directors may delegate the day-to-day management of the company to one or more directors, or to an Executive Board consisting of two to five directors, with the Board of

Directors remaining responsible for selecting the Chairman of the Executive Board (Article 13, paragraph 2 of the Articles of Incorporation).

The Board of Directors shall meet whenever convened by its Chairman or any other two Directors, and can only adopt resolutions when the majority of its members are present or represented (Article 13, paragraph 7 of the Articles of Incorporation).

At its first meeting, the Board of Directors shall elect from among its members the respective Chairman, and if so choses, up to two Deputy Chairmen (Article 13, paragraph 8 of the Articles of Incorporation).

Any Director may be represented by another Director, at any Board meeting, upon presentation of a representations letter to the Chairman (Article 13, paragraph 9 of the Articles of Incorporation).

The table below indicates the composition of the Board of Directors as well as the responsibilities and areas of its members during the Fiscal Year 2018:

Members	Responsibilities	Areas
Francisco Santana Ramos	Chairman/ CEO	Board coordination, oversight of the Commercial activities and the International Management, coordination of the Executive Board, until 2017/7/5, in accordance with the applicable regulations.
Helder Matos Pereira	Board Member/CFO	Financial, HR, Management Planning and Control, CRM, Revenue Assurance, Assets
José António Gatta	Board Member	Monitoring and assessment of corporate management
Fernando Fonseca Santos	Board Member	Monitoring and assessment of corporate management

Pursuant to article 407, paragraph 4 of the Portuguese Companies Code, the responsibilities that may not be reassigned by the Board of Directors are as follows:

a) Co-optation of Board Members;

b) Requests to convene the General Assembly;

c) Preparation of Annual Reports and Accounts;

d) Issue of pledges and personal or real guarantees by the Company;

e) Change of Headquarters and Capital Increases;

f) Resolutions on mergers, de-mergers or modifications to the Corporate Structure.

Audit Committee - is the body responsible for overseeing the business of the company in accordance with Article 16 of the Reditus Articles of Incorporation, with particular responsibility for:

- Overseeing the management of the company and ensure the observance of the law and of the Articles of Incorporation;

- Verifying the accuracy of the financial reporting documentation prepared by the Board of Directors and overseeing the respective audit;
- Preparing annually a report on its oversight activities, and issuing a statement of opinion on the annual report, the accounts and the proposals presented by the Board;
- Overseeing the process of preparation and dissemination of financial information;
- Monitoring the effectiveness of the risk management and control systems;
- Proposing to the General Assembly the appointment of the Statutory Auditor;
- Supervising and evaluating the performance of the External Auditor;
- Convening the General Assembly whenever the respective Chairman fails in his duties to do so;
- Receiving any communication of irregularities presented by shareholders, employees of the company or others.

The Audit Committee is the company's main interlocutor and the first recipient of reports from the Statutory Auditor, whose activity it monitors and supervises. This Committee indicates the Statutory Auditor, proposes the respective remuneration and ensures that they are provided, within the Company, with adequate conditions for the provision of their services.

The Audit Committee is responsible for proposing the termination of its activities to the General Assembly, should justifiable reasons occur.

The Audit Committee has its own rules of operation, which govern its organization and activities.

Statutory Auditor - the supervision of the company rests with the Audit Committee and a Statutory Auditor, in accordance with article 15 of the Reditus' Articles of Incorporation. The current Statutory Auditor of Reditus is Auren Auditores & Associados, SROC, SA, represented by Dr Víctor Manuel Leitão Ladeiro.

Committee on Risk Analysis, Sustainability, Internal and Financial Control - this committee has the following charter:

- Assist the Board of Directors with issues related to the establishment and follow-up of risk management and internal control systems, and evaluate the effectiveness of these systems;
- Assess and monitor risks and the sustainable development of the Reditus Group;
- Identify potential conflicts of interest related with the Company activity;
- Assist the Board of Directors in complying with the legal and regulatory rules of the securities market applicable to the Reditus or to the members of its Board of Directors, and continually assess the degree of compliance with these standards;

- Assist the Board of Directors with monitoring and supervising the financial and accounting policies of Reditus and with the disclosure of financial results, in conjunction with the activity developed by the Audit Committee and by the Statutory Auditor, arranging for and requesting the necessary information;
- Analyze the economic and financial situation, taking into account the current situation and future prospects with regard to aspects that are likely to influence and enhance the activity of the Reditus Group.

The Committee on Risk Analysis, Sustainability, Internal and Financial Control was composed of the following members on December 31st, 2017: Francisco Santana Ramos, Helder Matos Pereira and José António Gatta.

Appointments and Assessments Committee - this committee has the following scope:

- Identify potential candidates for Boards Members (in particular when it is necessary to fill a position left vacant) or for other senior positions;
- Propose to the Board of Directors the members to be appointed for the Executive Board;
- Determine the criteria for assessing the performance of the Executive Directors.
- Assess the performance of the members of the Executive Board, in order for the Remuneration Committee to establish the variable component of their remuneration;
- Communicate to the Remuneration Committee the performance assessment criteria considered in the Executive's assessment and the respective results;
- Analyze and present proposals and recommendations, in the name of the Board of Directors, regarding remuneration and other compensation for the members of the Board of Directors.

On December 31st, 2017 the Appointments and Assessments Committee consisted of the following members: Fernando Fonseca Santos and José António Gatta.

Corporate Governance and Social Responsibility Committee - this committee has the following competences:

- Keep the Board of Directors and the Executive Board informed and updated concerning legal and regulatory changes in terms of corporate governance;
- Follow-up on the application of corporate governance standards within the Reditus Group;
- Follow-up on the preparation of the Management Report, specifically with regard to the chapter dedicated to Corporate Governance;
- Submit a proposal to the Board of Directors concerning a Code of Conduct model, upon request or in case it is deemed appropriate;

- Promote the application of best practices in Corporate Governance, Social Responsibility and Sustainability within the Reditus Group;
- Assess the performance of the Executive Board Members and the existing Reditus' committees, including an auto-assessment, exclusively concerning the fulfillment and the application of the Corporate Governance standards;
- Promote corporate identity and culture.

On December 31st, 2018 the Corporate Governance and Social Responsibility Committee was composed of the following members: Fernando Fonseca Santos and José António Gatta.

Committee on International and Strategic Planning - this committee has the following duties:

- Assist the Board of Directors in establishing the organizational and operational structure of the Reditus Group;
- Assist the Board of Directors in establishing, implementing and evaluating the Group's strategy with regard to matters of (i) diversification of businesses and investments; (ii) preparation of strategic plans; (iii) policies for growth and internationalization of the Reditus Group;
- Propose to the Executive Board measures concerning the technical and administrative organization of the Company, as well as internal operating standards, particularly concerning staff and their remuneration.

On December 31st, 2018 the Committee on International and Strategic Planning consisted of the following members: Francisco Santana Ramos, Helder Matos Pereira and José António Gatta.

Operational Committee – this committee has the following duties:

- Monitor the execution of, and provide operational support for implementing the resolutions of the Board of Directors and the Executive Board, whenever requested;
- Coordinate the operational activities of the different companies of the Group, whether or not integrated in business units;
- Assist the Board of Directors and the Executive Board in establishing their operational procedures;
- Facilitate the Members of the Board and its Committees' access to information.

On December 31st, 2018 the Operational Committee consisted of the following members: Francisco Santana Ramos, Helder Matos Pereira and José António Gatta.

b) Operation

22. Availability and location where the Rules of Procedure can be consulted, as applicable, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors.

The Rules of Procedure for the Board of Directors, the Executive Board and the Audit Committee are available and may be consulted on the company's website: http://www.reditus.pt/pt-pt/investidores/governo-das-sociedades/estatutos-e-regulamentos .

23. Number of meetings held and attendance level of each member, as applicable, of the Board of Directors, the General and Supervisory Board and the Executive Board at the meetings held.

There were 9 meetings of the Board of Directors throughout the FY 2018 and the attendance of its members, either personally or through representation, reached 100%.

The management and supervisory bodies draft the minutes of their meetings, and attendees are able to have a summary of their interventions inscribed into the minutes.

24. Corporate bodies competent to carry out the performance assessment of the Executive Directors.

The Appointments and Assessments Committee conducts the performance assessment of the Executive Directors.

25. Predetermined criteria for assessing performance of the Executive Directors.

The pre-determined measurable criteria for performance assessment of the Executive Directors consider the actual growth of the company which is measured by a combined weighting of consolidated net profit, EBITDA and annual changes in the share price. These criteria take as reference the relevance of the areas of executive management that make up the duties of each Board Member, and the number of years in office.

26. Availability of each member, as applicable, of the Board of Directors, the General and Supervisory Board and Executive Board of Directors, showing the positions held simultaneously in other companies within and outside the group, and other relevant activities performed by the members of those bodies during the fiscal year.

Francisco José Martins Santana Ramos

a) Positions in companies of the Reditus Group:

- Chairman of the Board of Directors
  Reditus, Sociedade Gestora de Participações Sociais, S.A.
  Reditus Gestão, S.A
- Member of the Board of Directors
  ALL2IT Infocomunicações, S.A.
  Reditus Business Security, S.A.

Reditus Imobiliária, S.A.

Ogimatech, S.A.

Tora, S.A.

b) Positions in other companies:

- None.

Helder Filipe Ribeiro Matos Pereira

a) Positions in companies of the Reditus Group:

- Member of the Board of Directors

  Reditus, Sociedade Gestora de Participações Sociais, S.A.

  ALL2IT Infocomunicações, S.A.

  Reditus Gestão, S.A.

  Reditus Imobiliária, S.A.

  Reditus Business Solutions, S.A.

  Reditus Consulting, S.A.

  Reditus Business Products, SA

  Reditus Networks Innovation, Lda.

  SolidNetworks – Business Consulting, Lda.

b) Positions in other companies:

- Company Manager

  Reditus CIS – Consultancy, information & Security

  Portugal Rentals, Lda.

  EuroDingue, Lda.

  Silversnail, Lda.

  Tradecomp II, Lda.

José António da Costa Limão Gatta

a) Positions in companies of the Reditus Group:

- Member of the Board of Directors

  Reditus, Sociedade Gestora de Participações Sociais, S.A.

b) Positions in other companies:

- Chairman of the Board of Directors

  Elao, SGPS, S.A.

  Giessen Beteiligungs KG (Munique, Alemanha)

Fernando Manuel Cardoso Malheiro da Fonseca Santos

a) Positions in companies of the Reditus Group:

- <u>Chairman of the Board of Directors</u>
  ALL2IT Infocomunicações, S.A.
- <u>Member of the Board of Directors</u>

  Reditus, Sociedade Gestora de Participações Sociais, S.A.

b) Positions in other companies:

- None.

The executive directors expressed maximum availability for performing their duties and achievement of the established goals and this has been confirmed by their physical attendance at meetings of the Board of Directors and Executive Board, while in functions, and the work within the Reditus Group.

The non-executive directors have expressed the availability required for performing their duties and for achievement of the established goals. This availability has been confirmed by their physical attendance at meetings of the Board of Directors and the work performed within Reditus.

c) Committees within the Management or Supervisory bodies and Managing Directors

27. Identification of committees created within, as applicable, the Board of Directors, the General and Supervisory Board and the Executive Board and a location where the operating regulations can be viewed.

In accordance with the best practices of corporate governance and as a means to improve the operational efficiency of its Board of Directors, Reditus SGPS (holding company) has established five specialized committees for monitoring or assisting the Board of Directors and the Executive Board:

- Committee on Risk Analysis, Sustainability, Internal and Financial Control;
- Appointments and Assessments Committee;
- Committee on Corporate Governance and Social Responsibility;
- Committee on Strategic and International Planning;
- Operational Committee

Rules of Operation only exist for the Executive Board, which can be viewed at the company's website. The remaining five specialized committees do not have rules of operation.

28. Composition, if applicable, of the Executive Board and/or identification of Managing Director(s).

In the current term, the Board of Directors did not delegate its powers, or part of them to an Executive Committee.

29. Description of the responsibilities of each established committee and a summary of the activities conducted in their fulfilment.

The responsibilities of the Specialized Committees are described in paragraph 21 of this report.

III. SUPERVISION

(*Audit Committee, Supervisory Committee or General and Supervisory Board*)

a) Composition*

* throughout the reference year

30. Identification of the Supervisory Body corresponding to the adopted model.

The company has as its supervisory body the Audit Committee, having adopted the one-tier system from within the corporate governance models authorised by the Portuguese Companies Code.

31. Composition, as applicable, of the Audit Committee, the Supervisory Board, the General and Supervisory Board or the Committee for Financial Affairs, indicating the minimum and maximum statutory number of members, statutory term of office, number of permanent members, date of the first appointment and end of mandate date for each member and reference may be made to the paragraph in the report where this information is already provided pursuant to paragraph 17.

Pursuant to Article 15 of the Reditus' Articles of Incorporation, the Audit Committee consists of a chairman, two effective members and a substitute, elected by the General Assembly every three years.

At the General Shareholders' Meeting held on May 31st, 2017, the following individuals were elected to Audit Committee for the three-year period 2017-2019: Dr António Pedro Valente da Silva Coelho, Chairman, Dr Luis Manuel Cunha Dias Miguel, Member, Dr Luis Henriques de Lancastre de Lima Raposo, member and Dr José António Baptista Marques Pereira, Substitute.

Later, in August and September 2017 the Chairman Dr António Pedro Valente da Silva Coelho, the Member Dr Luis Manuel Cunha Dias Miguel and the Substitute Dr José António Baptista Marques Pereira, tendered their resignations.

The vacancies were filled with a new election by the shareholders at a General Assembly held on November 30th, 2017, at which the following individuals were elected for the remaining of the three-year period (2017-2019): Dr Armando Jorge de Carvalho Costa e Silva, Chairman, Eng

Nuno Miguel Pereira Domingues de Figueiredo Carvalhosa, Member and Dr Jerónimo Manuel Cabral Kokpe de Figueiredo Túlio, Substitute.

Later on, in April 2018, the Member, Eng. Nuno Miguel Pereira Domingues de Figueiredo Carvalhosa, and the substitute Dr. Jerónimo Manuel Cabral Kokpe de Figueiredo Túlio, tendered their resignations.

The vacancies were filled with a new election by the shareholders at a General Meeting held on May 29th, 2018, at which the following individuals were elected until the end of the three-year period (2017-2019): Dr. Nuno Manuel Tavares Belo of Eça Braamcamp, Member and Dr. Diogo Maria D 'Orey Manoel, Substitute.

Thus, as of December 31st, 2018, the Audit Committee was constituted as follows:

- Chairman: Dr. Armando Jorge de Carvalho Costa e Silva;
- Members: Dr. Luis Henriques de Lancastre de Lima Raposo e Dr. Nuno Manuel Tavares Belo de Eça Braamcamp.
- Substitute: Dr. Diogo Maria D' Orey Manoel.

The following is the date of the respective first appointments and date of the term of office:

Member	1st Appointment	Term
Armando Jorge de Carvalho Costa e Silva	2017	2019
Luis Henriques de Lancastre de Lima Raposo	2017	2019
Nuno Manuel Tavares Belo de Eça Braamcamp	2018	2019
Diogo Maria D' Orey Manoel	2018	2019

32. Identification, as applicable, of the members of the Audit Committee, the Supervisory Board, the General and Supervisory Board or the Committee for Financial Affairs, who consider themselves independent pursuant to Article 414, paragraph 5 CSC and reference may be made to the paragraph in the report where this information is already provided pursuant to paragraph 18.

Every member of the Audit Committee is subject to the rules of incompatibility foreseen in Article 414-A, paragraph 1 of the Portuguese Companies Code.

33. Professional qualifications as applicable of each member of the Audit Committee, the Supervisory Board, the General and Supervisory Board or the Committee for Financial Affairs, and other relevant professional information, and reference may be made to the paragraph in the report where this information is already provided, pursuant to paragraph 21.

The members of the Audit Committee have the following academic qualifications and professional experience:

Armando Jorge de Carvalho Costa e Silva Chairman of Reditus' Audit Committee, is presently advisor to the Board of *TAP – Transportes Aéreos Portugueses, SGPS, SA* for Corporate

Governance matters. He has previously been responsible for Legal Affairs, Human Resources, Purchasing and Quality at *Construtora do Tâmega, SGPS, SA,* where he headed the restructuring and debt renegotiation process leading to PER approval for several group companies, being later appointed to the Board as a Non-Executive Director. He was formerly also Board Member at *Rádio Televisão Portuguesa, SA* and *Imprensa Nacional – Casa da Moeda, SA*. He has been a Legal Advisor to diferente public and private entities, namely Chief of Staff to the Prime Minister's Deputy.

Luis Henriques de Lancastre de Lima Raposo Member of Reditus' Audit Committee, is presently Managing Director of *LLR Contact Consultadoria Lda* and involved in consulting for wholesale at *Grupo Pão de Acúçar* and *Grupo Jerónimo Martins*, and Retail at *BMG Nice Man Expo*, was formerly Board Advisor to *Grupo Web Lab Tecnologias de Informação S.A.*, Board Member at *Construlink Tecnologias de Informação S.A*. (presently *Gatewit*), and *DataScout Tecnologias de Informação S.A.,* Managing Director of *Planeta Brasil Import e Export Vestuario Lda*, *Icook-Organização de Eventos Lda*, and Deputy Managing Director at *Leitão e Irmão - Joalheiros da Coroa*. He has a degree in Business Management and Organization.

Nuno Manuel Tavares Belo de Eça Braamcamp is a member of the Audit Committee of Reditus. Graduated in Law and Political Sciences in 1983 by the Universidade Clássica de Lisboa. In 1985 initiates the frequency of the Forensic Medicine Course at the Instituto de Medicina Legal of Lisbon. Lawyer since 1984, he was Executive Director of Siapa SA, real estate management from 1996 to 2002, manager of Moleiro & Braamcamp Lda., In the area of transportation in the 90's, managing partner of a limited Liability company that acted in the field of musical production between 1995 and 1998. He was president of the Board of Directors of the Lisbon Volleyball Association for 6 terms, between 1992 and 2006, member of the Portuguese Volleyball Federation's governing body, between 1998 and 2002, and consultant to the Portuguese Sports Confederation in 2001. He was also Member of the Board of a School for two terms

Diogo Maria d'Orey Manoel has a degree in Law from the Université de Pau et des Pays de l'Adour and from the Universidade Classica de Lisboa. Lawyer registered with the Portuguese Bar Association since 1986. He was the manager of the family business group, headed by "A.T. - Exploration Agro Pecuária, Ldª "and Director of the" Central Portuguese Agriculture Association ", was founding partner and Director of" Robcork - Valorização de Produtos de Cortiça, SA " until 2011 and member of" Banque Franco Portugaise" between 1990 and 1992. Presently, and since 2014, works as a lawyer in the law firm "Barros Sobral Gomes & Associados".

b) Operation

34. Availability and location where the operating regulations can be consulted, as applicable, of the Board of Directors, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs and reference may be made to the paragraph in the report where this information is already provided pursuant to paragraph 22.

The Rules of Operation for the Audit Committee can be consulted on the company's website.

35. Number of meetings held and attendance level of each member, as applicable, of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Affairs and reference may be made to the paragraph in the report where this information is already provided pursuant to paragraph 23.

Meetings of the Audit Committee are convened and run by its chairman and are held every three months. In addition to the regular meetings, the Audit Committee may meet whenever convened by its Chairman or by its other two members.

The Audit Committee members attended all convened meetings.

36. Availability of each member as applicable, of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Affairs, showing the positions held simultaneously in other companies within and outside the group and other relevant activities performed by the members of those bodies during the fiscal year and reference may be made to the paragraph in the report where this information is already provided, pursuant to paragraph 26.

Information on positions held by the Audit Committee members is available in point 33.

The Supervisory Board members demonstrated to have the availability required for the performance of their duties and to achieve the established goals. This availability has been confirmed by their attendance at meetings of the Audit Committee and the work performed within Reditus.

c) Responsibilities and Roles

37. Description of procedures and criteria applicable to the intervention by the supervisory body for purposes of hiring additional services to the external auditor.

According to Article 420, nr. 2, subheading b) of the Portuguese Companies Code, it is the Audit Committee who proposes to the Shareholders in General Assembly the election of the Statutory Auditor.

Services, apart from the audit services, rendered to the Company by the Statutory Auditor and by any related entity, or which integrates the same business partnership, are subject to previous approval from the Audit Committee.

The Board of Directors presents a proposal to the Audit Committee with the basis for hiring the aforementioned services from the Auditor, and the Audit Committee must express its authorization, before the corresponding contract is entered between the Company and the Statutory Auditor.

The Audit Committee appraises the proposal of the Board of Directors considering the independence of the Statutory Auditor in the fulfilment of its professional duties and the Auditor's competences for rendering such services, namely its experience and its knowledge of the Company.

Additionally, although it is admissible to contract services different from audit services with the Statutory Auditor, this shall always be considered as an exception. During the FY 2017, no additional services were contracted with the Statutory Auditor.

38. Other roles of the supervisory bodies and if applicable of the Committee for Financial Affairs.

The responsibilities of the Audit Committee are detailed in paragraph 21 of this report.

The Statutory Auditor oversees the implementation of the remuneration policies and systems, the efficiency and operation of the internal control mechanisms and is required to report any significant shortcomings to the company's Audit Committee. The Statutory Auditor also verifies the report Corporate Governance, pursuant to the applicable law.

IV. STATUTORY AUDITOR

39. Identification of the Statutory Auditor and the Partner who represents it.

The independent auditing firm of *Auren Auditores & Associados – SROC, SA*, represented by Dr Victor Manuel Leitão Ladeiro, is the Statutory Auditor for the Company and also ensures the *External Auditor* functions.

40. Consecutive number of years in which the Statutory Auditor provides services for the company and/or group.

The Statutory Auditor has been providing services since his nomination on May 31st, 2017, for the three-year period 2017-2019.

41. Description of other services provided by the Statutory Auditor to the Company.

Auren Auditores & Associados – SROC, SA did not provide any services other than Statutory Audit to the Company.

V. EXTERNAL AUDITOR

42. Identification of the appointed External Auditor pursuant to Article 8 and statutory auditor partner who represents him in the fulfilment of these duties as well as the respective CMVM (Portuguese Securities Market Commission) registration number.

The External Auditor of Reditus and at the same time Statutory Auditor, is Auren Auditores & Associados - SROC, SA registered in the Order of Certified Public Accountants under No. 123 and registered with the CMVM (Portuguese Securities Market Commission) under No. 20161441, represented by Dr Victor Manuel Leitão Ladeiro.

43. Consecutive number of years in which the External Auditor and his responsible Partner provide services for the company and/or the group.

The external auditor has been providing services to the Group's Subsidiary companies for 13 consecutive years.

44. Policy and frequency of rotation of the External Auditor and responsible Partner who represents it in the fulfillment of such duties.

Following the entry into force on January 1st, 2016 of the new Statute of the Order of Statutor Auditors, approved by the Law no. 140/2015, dated September 7th, and the Legal Regime of Audit Supervision, approved by the Law No 148/2015, dated September 9th, resulting from the Directive 2014/56/EU of the European Parliament and of the Council dated April 16th, 2014, amending Directive 2006/43/EC concerning specific requirements for the statutory audit of annual and consolidated accounts of public interest entities, and ensuring the partial fulfillment of Regulation (EU) no. 537/2014 of the European Parliament and of the Council dated April 16th, 2014, the rotation of the external auditor has been taken in consideration for the appointment of the corporate bodies for the 2017-2019 mandate, with the first time election of Auren Auditores & Associados, SROC, SA as Statutory Auditors and External Auditor.

45. Definition of the entity in charge of the assessment of the External Auditor, and frequency of such assessment.

The Audit Committee assesses annually the External Auditor's performance and, should relevant causes occur, proposes his termination to the General Assembly.

46. Identification of tasks, other than auditing, performed by the external auditor for the company and/or companies with which it is in a controlling relationship, as well as internal procedures for the approval of contracting such services, stating the reasons for such contracts.

During the FY2018 no tasks, other than auditing, were carried out by the External Auditor.

47. Annual remuneration paid by the company, and/or by legal entities in a controlling relationship, or from the group to the auditor and other natural or legal persons belonging to the same network, together with details of the proportion for the following services (for purposes of this information, the network concept derives from the European Commission Recommendation No. C (2002) 1873, dated May 16th):

Auditors	Services	31 Dec 2017	31 Dec 2018
Auren Auditores & Associados, SROC*	Revisão legal de contas	50,000	50,000
BDO & Associados, SROC*	Revisão legal de contas	50,400	45,660
Total		**100,400**	**95,660**

***** A BDO & Associados, SROC, SA performs statutory audit services for the individual Reditus Group's companies and Auren Auditores & Associados, SROC performs statutory audit services for Reditus SGPS individually, as well as for the consolidated Reditus Group.

C. INTERNAL ORGANIZATION

I. Articles of Incorporation

48. Applicable rules for amendment of the articles of incorporation (Article 245 -A, paragraph 1, subparagraph h).

There are no rules for amending the articles of incorporation other than those deriving from the relevant applicable law.

II. Reporting irregularities

49. Means and policy on reporting irregularities, which may have occurred in the company.

Reditus Group shareholders, members of the corporate bodies, employees, service providers, clients and suppliers may report any irregularities identified, which they are aware of, or have strong suspicions of, in order to prevent or stop irregularities which may cause serious damage to Reditus.

The communication of irregular practices is addressed to the Audit Committed, which choses a person from within the Internal Audit Unit as responsible to manage the communications received. This communication must be made in writing, sent to the electronic address *irregularidades@reditus.pt,* and contain all the elements and information that the author disposes of and deems necessary for the evaluation.

Besides the referred email address, Reditus employees also dispose of another, direct and confidential channel, through the *Reditus Intranet*, where they can report to the Internal Audit Unit any financial or accounting irregularities.

Any complaint addressed to the Internal Audit Committee will be maintained strictly confidential and the originator of the complaint will remain anonymous.

The person in charge of the Internal Audit Unit shall evaluate the situation described and decide on, or propose, to the Audit Committee and to the Executive Board the corrective measures which, according to each specific case, are deemed as appropriate.

III. Internal Control and Risk Management

50. Individuals, bodies or committees responsible for internal audit and/or implementation of internal control systems.

Taking into account current market conditions, the Reditus Board of Directors has been paying increasing attention to the development and improvement of the mechanisms and procedures of internal control and risk management, in strategic, operational, economic and financial terms, in order to better manage the risk inherent to the Reditus Group's operations and ensure the effective operation of the internal control systems.

Within this framework and given the evolution of good Corporate Governance practices in compliance with the rules and recommendations issued by the CMVM (Portuguese Securities Market Commission), the Board of Directors approved at a meeting held on May 31st, 2011, the creation of a Committee for Risk Analysis, Sustainability, Financial and Internal Control.

The Reditus Group is subject to a wide range of risks that can have a negative impact on its activity. All these risks are properly identified, assessed and monitored, and it is the responsibility of the different departments within the company to manage them, with special emphasis on the Risk Committee and the on the Committee for Risk Analysis, Sustainability, Financial and Internal Control.
The Risk Committee (integrated into the Financial Department of the Group) has the mission of effective detection of risks related to the company's operations.

This Committee reports to Dr Helder Matos Pereira, Group CFO and is responsible for reporting on these matters to the Committee for Risk Analysis, Sustainability, Financial and Internal Control.

The Risk Committee has developed and improved the efficiency of its risk management model, fostering the communication channels between the various business areas, the Unit itself and the Committee for Risk Analysis, Sustainability, Financial and Internal Control, in order to anticipate and identify risks, thus enabling their timely management.

In a first phase the person in charge of the project identifies the typical risks associated with their business namely: (i) excessive concentration of projects in a small number of clients; (ii) the establishment of unbalanced ceilings and investments in terms of services to be provided and operational requirements; (iii) strict contractual penalties for delays or breaches of established goals with clients, delays on delivery dates agreed with the clients, extension of payment terms, and other burdensome conditions; (iii) quick obsolesce of custom-developed IT solutions, (iv) lack of understanding of, or mismatch with client needs, or with market requirements.

In a second phase, the Committee assesses operational risks and identifies risks of a financial nature, namely credit, foreign currency and cash-flow risks.

All investments or new business of a certain dimension are subject to prior approval by the Committee for Risk Analysis, Sustainability, Financial and Internal Control.

It is worth mentioning that the Risk Committee, in coordination with the Committee for Risk Analysis, Sustainability, Financial and Internal Control, ensures the match and the control of the risks associated with potential transactions, with the strategy and risk profile pre-established for Reditus.

It is the responsibility of the Committee for Risk Analysis, Sustainability, Financial and Internal Control, together with the Risk Committee, to perform the different actions required for monitoring and evaluating the efficiency of the mechanisms and internal control procedures, as well as to implement improvements in these mechanisms and procedures, paying attention to its suitability to the strategy outlined in the risk management model.

Within this framework, the Commission and the Risk Committee are basically governed by the following principles:

- Identification of operational risks arising from the Group's operations;
- Identification of risks which have financial impact on the Group;
- Assessment of the implementation level of internal controls;
- Establishment, together with the various departments, of corrective measures for the mechanisms and procedures of internal control and risk management;
- Monitoring and assessment of the information processing system;
- Compliance of business operations with the strategy outlined for the Group.

The Risk Committee has a methodology for qualifying projects, through the analysis of certain parameters for identification and assessment of the consequences and of the probability of risk occurrence, for each potential transaction.

This methodology has enabled to anticipate and mitigate any negative impacts resulting from the occurrence of certain situations in identified risks.

The External Auditor verifies the efficiency and operation of the internal control mechanisms within the framework of his work of statutory auditing, and reports any significant shortcomings to the Audit Committee.

51. Demonstration, including by means of an organization chart, of the relationships of hierarchical and/or functional dependence relating to other bodies or committees of the company.

The Board of Directors and the Audit Committee acknowledge the importance of the systems of risk management and internal control for the Company, fostering the human and technological conditions required for the establishment of an adequate control environment, commensurate with the risks of the activities.

The Board of Directors ensures, through the Risk Committee, the creation and operation of internal control and risk management systems. The Audit Committee supervises the effectiveness of those systems and assesses them in their meetings.

Both the management and the supervisory bodies have access to the reports and opinions issued by the Risk Committee, assessing the functioning and adequacy of the implemented internal control and risk management systems to the company's needs.

52. Existence of other working areas with expertise in risk control.

There are no other operational areas responsible for risk control, other than those identified in paragraph 50.

53. Identification and description of the main types of risks (economic, financial and legal) to which the company is exposed in the course of its activities.

The Reditus Group is exposed to various risks arising from its activities and the following are the main risk factors, with relevance and impact on the business:

Counterpart credit risk - the counterpart credit risk results primarily from the possibility of client default, either because of temporary liquidity problems, or of long-term systemic difficulties.

The management policy for counterpart credit risk consists in the analysis of the technical capabilities and financial exposure of each counterpart. Considering the nature and robustness of the Clients that make up the large majority of the Group's Client portfolio, the risk of counterparty default is significantly mitigated.

Risk associated with interest rates - the interest rate risk arises mostly from loans that are indexed to a benchmark interest rate.

The management of risks associated with interest rates is conducted through sensitivity analysis to changes in interest rates, namely to Euribor.

Foreign exchange risk - the foreign exchange risk is associated with of the Reditus Group's operations abroad.

Currently, the largest exposure to foreign exchange risk results from fluctuations between the U.S. Dollar and the Euro, stemming from operations in Africa. The general policy calls for Reditus to enter major contracts denominated in euros, thus minimizing the impact of currency fluctuations.

Risks of legal nature - the main legal risks are linked to potential problems with clients and employees. These risks are managed through the internal control system, which has a methodology for qualifying projects through the analysis of certain parameters for assessment of the impact and probability of occurrence of risks for each potential business. The internal legal department reviews all contracts and other legal instruments, in order to mitigate potential future risks.

54. Description of the identification, assessment, monitoring, control and risk management processes.

This information is provided in paragraph 50.

55. Main elements of the internal control and risk management systems implemented in the company, in relation to the financial reporting process (Article 245-A, paragraph 1, subheading m)).

It is the responsibility of the Board to ensure proper disclosure of financial information, which faithfully represents the situation of the Group at any time, in compliance with the regulations issued by the regulatory entities applicable at any time.

The annual financial information is disclosed only after being reviewed by the Statutory Auditor and by the Audit Committee. The annual financial information, as well as the information relating to the interim periods is disclosed only after authorized by the Board of Directors, which conducts the corresponding preliminary validation tests.

The Audit Committee supervises the preparation and disclosure of the financial information; within this scope, the Audit Committee has held periodic process review meetings with the Board members, the Statutory Auditor and the staff responsible for accounting, planning and management control.

IV. Investor Relations

56. Service responsible for investor support, its composition, duties, information provided by these services and contacts.

Reditus has an Office of Investor Relations, responsible for the adequate interface with shareholders, financial analysts and regulatory authorities of the capital markets, namely the CMVM (Portuguese Securities Market Commission) and Euronext Lisbon.

It is this department's responsibility to promote an ongoing and permanent contact with the market, complying with the principle of shareholder equality and preventing differences in the access to information by investors, providing in accordance with the law any information requested, or that may somehow contribute to a greater transparency and participation in the life of the Company.

Reditus offers a wide range of information through its website: www.reditus.pt. The aim is to open the company to investors, analysts and the general public, providing permanent access to relevant and updated information. Information pertaining to the company's activities, as well as information specifically aimed at investors, may thus be viewed on-line and is available in Portuguese and English, though the site’s "Investors" section. The available information includes the Presentation of Results, Privileged Information and other reports for the CMVM, Accounts and Reporting, the Financial Calendar, the Shareholder structure, the Corporate Bodies and the stock market performance of Reditus’ shares.

Information may be requested by phone, or through the website (www.reditus.pt).

Given the company's dimension, the Investor Relations office is composed only by the representative for market relations, who may be contacted at:

Adress:

Estrada do Seminário, 2 Edifício Reditus 2614-522 Alfragide
Telephone - (+351) 214 124 100
Fax - (+351) 214 124 198
E-mail - accionistas@reditus.pt
Website - www.reditus.pt

57. Company's Representative for Market Relations.

José Andrade e Sousa
Telephone - (+351) 214 124 100
Fax - (+351) 214 124 199
Cell phone - (+351) 913 880 114
E-mail - accionistas@reditus.pt

58. Information about the number of, and the response time to, requests for information received during the year, or outstanding from previous years.

Requests for information addressed to the Office were responded within a maximum of two working days.

V. Website

59. Address(es).

Reditus' website is available at www.reditus.pt

60. The location of information about the firm, the public company status, the headquarters and other items, as mentioned in Article 171 of the Portuguese Companies Code.

In the Reditus website, within the <<Investors>> tab, a <<Corporate Governance>> tab exists, which contains information concerning the corporation, its public company status, its headquarters, and other items indicated in Article 171 of the Portuguese Companies Code.

61. Location where the Articles of Incorporation and working regulations of the bodies and/or committees are posted.

In the Reditus website within the <<Investors>> tab, a <<Corporate Governance>> tab exists, which contains the <<Articles of incorporation and Regulations>> tab, and inside this last tab the Articles of Incorporation, as well as the following regulations, can be found:

- Board of Directors Regulations;
- Executive Board Regulations;
- Audit Committee Regulations.

62. Location for information on the identity of the members of the corporate bodies, the representative for market relations, the Investor Support Office or equivalent structure, their roles and contact information.

In the Reditus website within the <<Investors>> tab, there is a <<Corporate Bodies>> tab containing the composition of the corporate bodies.

On the other hand, in the Reditus website within the <<Investors >> tab, there is an <<Investor Support Office>> tab containing the information posted regarding the identity of the representative for market relations, as well as contact information and roles.

63. Location of financial statements, which should be accessible for at least five years, as well as the half-year calendar of corporate events, disclosed at the beginning of each semester, including among others, General Assemblies, disclosure of yearly, half-year and, if applicable, quarterly accounts.

In the Reditus website, in the tab identified as ‹‹Investors››, there is a tab regarding ‹‹Report and Accounts››, where accounting documentation, which will remain accessible during ten years, are disclosed.

On the other hand, in the Reditus website within the <<Investors>> tab, there is an <<Events Calendar>> tab where information is posted regarding the bi-annual calendar of corporate events.

64. Location where the General Assembly convening notice is posted along with all the corresponding preparatory and subsequent information.

In the Reditus website within the <<Investors>> tab, there is a <<Proposals and Convening Notices for General Meetings>> tab where the convening notice, the proposed resolutions and the minutes of the General Assembly meetings are posted.

65. Location of historical records containing the resolutions passed at the company's General Assemblies, the share capital represented and the voting results, covering the previous three years.

In the Reditus website within the <<Investors>> tab, there is a <<Proposals and Convening Notices for General Assemblies>> tab, containing the historical record of convening notices, agendas and resolutions passed at General Assemblies, as well as information on the share capital represented and the voting results for the respective meetings, covering the previous ten years.

D. REMUNERATION

I. Determining Responsibility

66. Guidelines regarding the responsibility for determining the remuneration of company officers, members of the Executive Board or Managing Director, and Company Directors.

The Reditus’ General Assembly appoints the members of the Remuneration Committee, which is responsible for establishing remunerations and for presenting the annual declaration on remunerations policies of the management and supervisory bodies members. The Remuneration Committee is in charge of presenting and proposing to shareholders the principles of the remuneration policy of the corporate bodies and of establishing the corresponding remunerations. Furthermore, the proposed declaration is object of evaluation and decision by the shareholders at the annual General Assembly.

The aforementioned declaration on remuneration policies includes all of the company's Directors (as per the provisions of paragraph 3 of article 248-B of the Portuguese Securities Code), since it is the understanding of the Reditus' Board of Directors that it only extends to the members of the company's management and supervisory bodies.

II. Remuneration Committee

67. Composition of the Remuneration Committee, including names of natural or legal persons hired to provide support and a statement on the independence of each member and advisors.

The Remuneration Committee is composed by the Chairman and Vice-Chairman of the General Assembly, respectively Dr Pedro Miguel Patrício Raposo e Dr Duarte Maria de Almeida e Vasconcelos Calheiros and by Dr José Maria Franco 0'Neill all of whom are independent from the Board of Directors.

The Remuneration Committee works with full autonomy, not having hired any natural or legal persons to assist in carrying out its duties.

68. Knowledge and experience of the members of the Remuneration Committee on remuneration policy.

The members of the Remuneration Committee have the adequate and necessary knowledge to reflect, handle and decide on all subjects concerning remuneration policies.

All members of the Remuneration Committee have academic degrees and extensive professional experience, performing duties as members of management bodies in several entities, including financial institutions, public-listed companies, law firms, hence consolidating relevant practical knowledge regarding remuneration policies, performance evaluation systems and related matters.

III. Remuneration Structure

69. Description of the remuneration policy of the management and supervisory bodies pursuant to Article 2 of Law No. 28/2009 of June 19.

According to Article 18, paragraph 1 of the Articles of Incorporation, the members of the Board of Directors' remuneration is established by a Remuneration Committee composed of three members elected every three years by the General Assembly.

At the General Assembly held in May 2018 the criteria applied for establishing the remuneration of members of the Board of Directors for the FY 2018 were approved. These criteria include a combination of relevance of each Board Member’s executive duties and the number of years of effective exercise of those roles in the company.

Regarding the variable remuneration of the members of the Executive Board, this is established by the combined weighing of consolidated net result, EBITDA and the annual increase in the price of shares, while the percentage of overall profits allocated to the Board Members’ remuneration must not exceed ten percent, according to the provisions of Article 18, paragraph 3 of the Articles of Incorporation.

The non-executive Directors have not been remunerated during the FY 2018.

The members of the Audit Committee are not remunerated for their functions.

The company's articles of incorporation provide for, in Article 18, paragraph 3, that the salaries of members of the Board of Directors may be either fixed or partially include a percentage of the profits for the Fiscal Year, while the percentage of overall profits allocated to the Directors must not exceed ten percent.

Reditus does not have any incentive program with share options.

It is the Remuneration Committee's concern that bonuses for the Board of Directors take into account not only the fiscal year's performance, but also adequate sustainability of profits in subsequent fiscal years.

The members the Board of Directors have not entered into any contracts, with the company or with third parties, in view of mitigating the risk inherent in fluctuations of the remuneration established by the Company.

Reditus does not provide for any compensation in case of dismissal or resignation of Board Members.

70. Information on how remuneration is structured in a way to match the interests of members of the Board of Directors with the long-term interests of the company as well as on how performance assessment is based and discourages excessive risks.

Variable remuneration of the Executive Board members, when in functions, is determined by the Remunerations Committee and is aimed at aligning the variable component part of each Executive’s remuneration with the corresponding Company's performance for the fiscal year, which is measured considering the relationship between the consolidated net result, the EBITDA and the annual evolution of shares quotation, and is also related to the responsibilities and to the performance of each individual Director.

Variable remuneration depends on the positive performance of the Company, and the variable remuneration limits (10% of the net result) aims mainly at discouraging excessive risk-taking, stimulating the pursuit of an adequate risk management strategy.

71. Reference, if applicable, to the existence of a variable remuneration component and information about possible impact of performance assessment on thiscomponent.

The variable component of the Executive Board members' remuneration is determined by the Remunerations Committee, aiming to align the variable component part of Executive's remuneration with the Company's performance, which is measured considering the relation between the consolidated net result, the EBITDA and the annual evolution of shares quotation, and is also related to the responsibility and performance of each individual Executive. The performance evaluation thus impacts this remuneration component. An adequate balance between the fixed and variable components of such remunerations is also ensured.

72. Payment deferral of the variable remuneration component, mentioning the period of deferral.

Reditus implemented the procedures required for adopting a policy of deferring payment of the variable remuneration component, as can be verified in the last statements on the remuneration policy by the members of the Board of Directors and the Supervisory bodies of Reditus.

However there has been so far no deferral on the payment of the aforementioned variable remunerations since, for the past 5 fiscal years, the conditions on which payments were dependent have not been fulfilled.

73. Criteria that underlie the allocation of variable remuneration in shares as well as on the maintenance, by executive directors of these shares, on any eventual signing of contracts relating to these shares, namely hedging contracts or of risk transfer, the respective ceiling and its relationship to the amount of the total annual remuneration.

The Company does not have in place any remuneration measures, which allow for the allocation of shares and/or any other incentive mechanism comprising shares.

The members the Board of Directors have not entered into any contracts, with the company or with third parties, in view of mitigating the risk inherent in fluctuations of the remuneration established by the Company.

74. Criteria that underlie the allocation of variable remuneration in options and showing the deferral period and the exercise / strike price.

The Company does not have in effect any remuneration measures allowing for the allocation of rights to purchase stock options.

75. Main parameters and grounds for any annual bonus system and any other non-cash benefits.

This information is provided in paragraph 69.

76. Main characteristics of complementary pension or early retirement systems for board members and the date that they were approved by the general meeting of shareholders, in individual terms.

There are no pensions schemes or early retirement programs for Board Members.

IV. Remuneration Disclosure

77. Indication of the annual remuneration earned on aggregate and individually by members of the company's board of directors, from the company including fixed and variable remuneration and regarding this, mentioning the different underlying components.

Pursuant to Law No. 28/2010 of June 19th, below follows the remuneration received by individual members of the Board of Directors:

Executives	230.000
Francisco Santana Ramos	120.000
Helder Matos Pereira	110.000
Non-Executives	**0**
José António Gatta	0
Fernando Fonseca Santos	0

In 2018 no variable remuneration component was paid to the Board of Directors.

The fixed remuneration paid to the Executive Board members during the fiscal year ended on December 31st, 2018 amounted to 230,000 euros.

78. Amounts paid, for any reason whatsoever by other companies in a control or group relationship or which are subject to common control.

O valor das remunerações pagas aos Órgãos de Administração foram pagos pela Reditus Business Solutions, SA.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonuses and/or profit sharing were granted.

Remuneration paid in the form of profit sharing and/or bonus payments are described in paragraph 69 and are part of the variable component as bonuses, taking into account the directors' performance, in view of the proposed goals. For the past 5 fiscal years, the conditions on which depended the payment of variable remuneration, have not been fulfilled.

80. Compensation paid or owed to former executive directors regarding the termination of their duties during the year.

No compensation has been paid or was due to former Executive Board Members regarding termination of service during the 2018 fiscal year.

81. Indication of the annual remuneration earned on aggregate and individually by members of the company's supervisory board of directors pursuant to Law No. 28/2009 of June 19.

The members of the Audit Committee do not receive any remuneration for their functions.

82. Details of the Chairman of the General Assembly's remuneration, in the reference year.

The Chairman of the General Assembly does not receive any remuneration for his/her functions.

V. Agreements with Implied Remuneration

83.Contractual limitations provided for any compensation to be paid upon dismissal without just cause of a director, and its relationship with the variable component of the remuneration.
There are no contractual limitations for compensation to be paid to a Board Member upon dismissal without just cause, this matter being subject to the relevant laws.

84. Reference to the existence and description with details of the amounts involved, of agreements between the company and members of the board of directors and officers, as per paragraph 3 of Article 248.-B of the Portuguese Securities Code, providing for compensation in case of dismissal without just cause or termination of employment following a change of company control. (Article 245-A, paragraph 1, subheadingl)).

There are no agreements between the Company and members of the Board of Directors and Officers, in the sense of Article 248-B, paragraph 3 of the Portuguese Securities Code, providing for compensation in case of resignation, dismissal without just cause or termination of employment following a change in control of the Company.

VI. Allocation of shares plans or stock options

85. Plan name and its recipients.

The Company does not have in effect any remuneration measures, which allow for the allocation of shares and/or of any other incentive program with shares.

86. Plan details (terms of allocation, clauses forbidding transfer of shares, criteria on the share price and the exercise price of the options, the period during which the options may be exercised, types of shares or options to be allocated, existence of incentives for purchasing shares and/or exercise options).

Not applicable.

87. Option rights allocated for purchasing shares ('stock options') that benefit employees and collaborators of the company.

Not applicable.

88. Control mechanisms provided for any system of employee participation in the capital to the extent that voting rights are not exercised directly by them (Article 245-A, paragraph 1, subparagraph e).

Not applicable.

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for purposes of monitoring transactions with related parties (for this purpose pls. refer to the concept resulting from IAS 24).

Transactions of significant importance with qualified shareholders, or any related entities, pursuant to Article 20 of the Portuguese Securities Code, are submitted to preliminary approval of the Audit Committee. This body establishes the necessary procedures and criteria for the definition of the relevance of such transactions, which are described in paragraph 91.

90. Indication of the transactions, which were subject to control in the referenceyear.

During FY 2018 there were no transactions between the company and qualified shareholders, or any related entities pursuant to Article 20 of the Securities Code, which were subject to control by the Audit Committee.

91. Description of the applicable procedures and criteria for intervention by the supervisory body for the purpose of preliminary assessment of the transactions to take place between the company and qualified shareholders or entities that have any relationship with them, pursuant to Article 20 of the Portuguese Securities Code.

The transactions of significant importance with qualified shareholders or any related entities, pursuant to Article 20 of the Portuguese Securities Code, are submitted for preliminary approval by the Audit Committee.

Transactions considered to be significantly important are those that are not part of the current activities of the company or of its qualified shareholders, or entities with which they are in one of the situations listed in Article 20 of the Portuguese Securities Code.

In turn and in view of the provisions of Article 246, paragraph 3, subheading c) of the Portuguese Securities Code, are further considered as transactions with significant importance those that significantly affect the financial position or the performance of the company.

All transactions between, on the one hand the Company, and on the other the qualified shareholders or entities with which they are in one of the situations listed in Article 20 of the Portuguese Securities Code, are identified in the Notes to the Consolidated Financial Statements of the Annual Report and Accounts.

II. Elements Relating to the Transactions

92. Indicação do local dos documentos de prestação de contas onde está disponível informação sobre os negócios com partes relacionadas, de acordo com a IAS 24, ou, alternativamente, reprodução dessa informação.

The main elements of businesses with related parties, pursuant to IAS 24, including the transactions and operations between the Company and the qualified shareholders and related entities, are described in the Annexes to the financial statements of the 2018 Report and Accounts.

PART II - EVALUATION OF CORPORATE GOVERNANCE

1. 1. Name of the Corporate Governance Code adopted

The Corporate Governance Code to which the company is subject or has decided to voluntarily submit should be indicated, pursuant to and for the purposes of Article 2 of this Regulation.

The location where the texts of the corporate governance codes are available to the public to which the issuer is subject (Article 245-A, paragraph 1, subheading p)) should be indicated.

Within the framework of the corporate governance models authorised by the Portuguese Companies Code, Reditus has adopted the one-tier model that integrates as company bodies the General Assembly, the Board of Directors, the Audit Committee and the Statutory Auditor.

The texts of the corporate governance rules are available on the company website and were also made public through the CMVM's (Portuguese Securities Market Commission) website.

2. 2. Analysis of compliance with the adopted Corporate Governance Code

Reditus believes that, notwithstanding the failure to fully comply with the recommendations of CMVM, as explained in detail in the table below, the extent of adoption of the recommendations is quite broad and thorough.

The table below lists the CMVM's recommendations laid down in that code, specifying whether they were or were not fully adopted and the location in this report where these are described in greater detail.

Recommendation	Information on adoption	Description in the report
I. VOTING AND COMPANY CONTROL		
I.1. Companies should encourage their shareholders to attend and vote at general meetings, namely by not setting an excessively high number of shares required to have the right to one vote and implementing the essential means to exercise the right to vote by mail and electronically.	**Partially adopted** The exercise of one's voting rights by electronic means is not provided because the Company believes, taking into account its shareholder structure and low distribution of shares that the participation of its shareholders in general meetings through votes submitted by mail and the mechanisms of representation is completely assured.	**Paragraph 12**
I.2. Companies should not adopt mechanisms, which hinder the approval of	**Adopted**	**Paragraphs 14**

resolutions by its shareholders, namely setting a higher resolution quorum than provided by law.		**and 48**
I.3. Companies should not establish mechanisms, which have the effect of causing discrepancy between the right to receive dividends or to subscribe new securities and the voting rights for each common share, unless properly substantiated in the light of the long-term interests of shareholders.	**Adopted**	**Paragraph 12**
I.4. The Articles of Incorporation which provide for limiting the number of votes that may be held or exercised by a single shareholder, individually or together with other shareholders, shall also provide that at least every five years it will be subject to determination by the general meeting the amendment or keeping that statutory provision - without super quorum requirements compared to the one legally in effect - and that in said resolution, all votes issued are counted without said limitation in force.	**Not applicable** This recommendation is not applicable since the Articles of Incorporation do not provide for a limitation on the number of votes that may be held or exercised by a single shareholder, whether individually or together with other shareholders.	**Paragraph 12**
I.5. Measures which have the effect of requiring payments or assuming charges by the company in the event of change of control or change in the composition of the Board and which appear likely to impair the free transferability of shares and the free assessment by the shareholders of the performance of members of the Board should not be adopted.	**Adopted**	**Paragraph 4**
II. SUPERVISION, MANAGEMENT AND AUDITING **II.1. SUPERVISION AND MANAGEMENT**		
II.1.1. Within the limits established by law and unless the company is of small size, the board of directors shall delegate the daily management of the company and the delegated duties should be identified in the Annual Report on Corporate Governance.	**Not applicable** Given the small number of Directors, the Board of Directors did not delegate powers to the Executive Committee.	**Paragraph 21**

II.1.2. The Board of Directors should ensure that the company acts in accordance with its goals and should not delegate its duties, namely with regard to: i) defining the strategy and general policies of the company; ii) defining the corporate structure of the group; iii) decisions that must be considered strategic due to the amounts, risks or their special features.	**Adopted**	**Paragraph 21**
II.1.3. The General and Supervisory Board, in addition to exercising the supervisory powers that are entrusted to it, must assume full responsibility to the corporate governance level by which the statutory provision or by equivalent means, the obligation of this body to comment on the strategy and major company policies must be established, setting the corporate structure of the group and the decisions that must be considered strategic due to the amounts or risks. This body should also assess compliance with the strategic plan and the implementation of key company policies.	**Not Applicable** This recommendation is not applicable due to the corporate governance model adopted by Reditus.	**Paragraph 15**
II.1.4. Unless the company is of small size, the Board of Directors and the General and Supervisory Board, according to the model adopted, shall create such committees that may be required to: a) Ensure a competent and independent assessment of the performance of executive directors and their overall performance as well as of other existing committees; b) Reflect on system structure and governance practices adopted, check its effectiveness and propose to the relevant bodies measures to be implemented towards their improvement.	**Adopted**	**Paragraph 21**
II.1.5. The Board of Directors or the General and Supervisory Board, depending on the model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks actually	**Adopted**	**Paragraphs 50 to 55**

incurred are consistent with those goals.		
II.1.6. The Board of Directors must include number of non-executive members to ensure effective capacity for monitoring, supervision and assessment of activities of the other members of the board.	**Adopted**	**Paragraph 18**
II.1.7. Among the non-executive directors there should be a balanced proportion of independent members, taking into account the governance model adopted, the size of the company, its shareholder structure and the respective free float. The independence of the members of the General and Supervisory Board and the members of the Audit Committee is assessed in accordance with applicable law and as to the other members of the Board of Directors, a person is considered independent when he/she is not associated with any specific interest group in the company nor under any circumstance likely of affecting his/her capacity of unbiased analysis or decision, namely by virtue of: **a.** Having been an employee of the company or a company with which he/she is in a control or group relationship, in the past three years; **b.** Having in the past three years provided services or established significant business relationship with the company or company with which he/she is in a control or group relationship, either directly or as a partner, director, manager or officer of a legal entity; **c.** Being a beneficiary of remuneration paid by the company or by a company with which he/she is in a control or group relationship, besides the remuneration arising from the exercise of the duties of a director; **d.** Living in a common law marriage or being a spouse, relative or kin in line of	**Not Adopted**	**Paragraph 18**

descent to the third degree, including in a collateral line, of board members or natural persons who are directly or indirectly qualified shareholders; **e.** Hold a qualified holding or representative of a shareholder holding qualifying holdings.		
II.1.8. The directors performing executive duties shall, when requested by other Board Members, provide in a timely and appropriate manner, the information requested.	**Adopted**	**Paragraph 21**
II.1.9. The chairman of the board of executive directors or Executive Board shall provide, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Commission for Financial Affairs, the convening notices and minutes of the respective meetings..	**Not Applicable** The company did not have during the year 2018 Executive Committee.	**Paragraph 21**
II.1.10. If the Chairman of the Board of Directors has executive duties, this body should appoint from among its members, an independent director to ensure the coordination of the works of other non-executive members and the conditions so that these may make decisions in an independent and informed manner or find an equivalent mechanism to ensure such coordination.	**Parcialmente Adotada** Partially Adopted The Board of Directors appointed his member, Mr. José Gatta, although not considered independent, to ensure the coordination of the work of other non-executive and executive directors..	**Paragraph 21**
II.2. SUPERVISION		
II.2.1. Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee or the Commission for Financial Affairs should be independent in accordance with the applicable legal criterion and be adequately capable to exercise the respective duties.	**Adopted** The Chairman of the Audit Committee, Dr Armando Jorge de Carvalho Costa e Silva is independent and qualified for these functions.	**Paragraph 32**
II.2.2. The supervisory body should be the main partner of the external auditor and	**Adopted**	**Paragraphs 32**

the first recipient of his reports, and be responsible namely to propose the respective remuneration and to ensure that within the company, the appropriate conditions for provision of services are provided.		**and 33**
II.2.3. The supervisory board shall assess the external auditor annually and propose to the competent body his dismissal or termination of the provision of services contract whenever there is just cause for this purpose.	**Adopted**	**Paragraph 45**
II.2.4. The supervisory body must assess the operation of internal control and risk management systems and propose any adjustments that may be required.	**Adopted**	**Paragraph 21**
II.2.5. The Audit Committee, the General and Supervisory Board, and the Supervisory Board must rule on the work plans and the resources for internal audit services and the services that ensure compliance with the rules applicable to the company (compliance services) and should receive the reports conducted by these services at least when matters at issue are related to accountability or resolution of conflicts of interest and to the detection of potential wrongdoings.	**Adopted**	**Paragraph 51**
II.3. REMUNERATIONS SETTING		
II.3.1. All members of the Remuneration Committee or equivalent should be independent of the executive members of the board of directors and include at least one member with knowledge and experience in matters of remuneration policy.	**Adopted**	**Paragraphs 67 and 68**
II.3.2. Any natural or legal person who provides or has provided in the past three years, services to any entity within the facilities of the board of directors, the actual company's management or who has a current relationship with the company or consultants for the company should not be hired to assist the	**Adopted**	**Paragraph 67**

Remuneration Committee in performing its functions. This recommendation also applies to any natural or legal person who is in a relationship by virtue of an employment contract or provision of services.		
II.3.3. The declaration on the board and supervisory bodies members remunerations policy referred by article 2 of Law 28/2009, June 19, should contain, additionally: **a)** Identification and explanation of the criteria for determining the remuneration to be paid to members of the corporate bodies; **b)** Information on the potential maximum amount in individual terms and the potential maximum amount in aggregate terms, to be paid to members of corporate bodies and identification of the circumstances under which these maximum amounts may be due; **d)** Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of directors.	**Partially Adopted** The statement on the remuneration policy for the management and supervision bodies of Reditus submitted to the last Annual General Meeting of Reditus does not specifically contain an indication of the potential amounts required by subparagraph b) of this Recommendation.	**Paragraph 69**
II. 3.4. The proposal concerning approval of plans for the allocation of shares and/or purchase of stock options or based on variations in the share prices to members of corporate bodies must be submitted to the General Meeting. The proposal should contain all the necessary elements for a correct assessment of the plan.	**Not applicable**	**Paragraph 85**
II. 3.5. The proposal concerning approval of any system of retirement benefits established for members of the corporate bodies must be submitted to the General Meeting. The proposal should contain all the elements necessary for a proper assessment of the system.	**Not applicable**	**Paragraph 76**
III. REMUNERATIONS		

III.1. The remuneration of executive members of the board of directors must be based on actual performance and discourage excessive risk-taking.	**Adopted**	**Paragraphs 69 and 70**
III.2. The remuneration of non-executive members of the board of directors and the remuneration of the members of the supervisory board shall not include any component whose amount depends on the performance of the company or of its value.	**Adopted**	**Paragraphs 69 and 70**
III.3. The variable component of remuneration should be reasonable in relation to the fixed component of remuneration and ceilings should be set for all components.	**Not Adopted** The company has not determined maximum ceilings for all remuneration components	**Paragraph 69**
III.4. A significant portion of the variable remuneration should be deferred for a period of no less than three years, and the right to receive it should depend on the continued positive performance of the company during that period	**Not applicable** To date, there isn't any payment deferral of said variable remuneration. However, for the past 5 years, Reditus has implemented the necessary procedures for the adoption of a payment deferral policy of the remuneration variable component, with no practical effect since, in these fiscal years the conditions on which payment was dependent were not fulfilled.	**Paragraph 72**
III.5. The members of the Board of Directors should not enter into any contracts with the company or third parties, which have the effect of mitigating the risk inherent in the fluctuation of their remuneration set by the Company.	**Adopted**	**Paragraph 73**
III.6. Until the end of their mandate, executive directors must hold the company's shares that they have obtained by virtue of variable remuneration schemes, up to twice the amount of the total annual remuneration, except those that must be sold in order to pay for capital-gain taxes of said shares.	**Not applicable** The Company does not have any allocation of shares plans.	**Paragraph 73**

III.7. When the variable remuneration includes stock options; the start of the exercise period must be deferred for a period of no less than three years.	**Not aplicable**	**Paragraph 74**
III.8. When the dismissal of a board member is not due to serious breach of his duties nor to unfitness for the normal exercise of his duties, but still attributable to poor performance, the company should be endowed with adequate and necessary legal instruments so that any damages or compensation, beyond the legally due, cannot be demanded.	**Not Adopted** There aren't any contractual limitations for compensation to be paid upon dismissal without just cause of a director, thus the laws on the matter are applicable.	**Paragraph 83**
IV. AUDITING		
IV.1. The external auditor must, within the scope of his duties, verify the implementation of remuneration policies and systems of the corporate bodies, the efficiency and operation of the internal control mechanisms and report any shortcomings to the company's supervisory board.	**Adopted**	**Paragraphs 38 and 50**
IV.2. The company or any entities maintaining a controlling relationship with it should not hire the external auditor, or any entities, which are in the same group or are part of the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - they should not amount to more than 30% of the total value of services rendered to the company.	**Adopted**	**Paragraphs 46 and 47**
IV.3. The companies should promote the rotation of auditors after two or three terms depending on if these are of four or three years respectively. Its continuance beyond this period must be based on a specific opinion by the supervisory board, which specifically considers the conditions of auditor independence and the benefits and costs of replacement.	**Adopted**	**Paragraph 44**

V. CONFLICT OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES		
V.1. Transactions between the company and qualified shareholders or entities that are in a relationship with them, pursuant to Article 20 of the Portuguese Securities Code shall be carried out under normal market conditions.	**Adopted**	**Paragraph 92**
V.2. The supervisory or monitoring body must establish procedures and criteria required to define the relevant importance level of transactions with qualified shareholders – or with entities in any of the relationships provided for in paragraph 1 of Article 20 of the Portuguese Securities Code – the transactions of significant importance being <u>dependent on prior approval of said body</u>.	**Adopted**	**Paragraph 89**
VI. INFORMATION		
VI.1. Companies should provide through its web sites in Portuguese and English, access to information about its evolution and its current reality in economic, financial and governance terms.	**Adopted**	**Paragraphs 59 to 65**
VI.2. Companies should ensure the existence of an investor support office and permanent contact with the market, responding to requests from investors in a timely manner and a registry of requests submitted and the handling that was given should be maintaine.	**Adopted**	**Paragraphs 56 to 58**

3. Other information

The company should provide any additional elements or information that, if not found expressed in the preceding paragraphs, are relevant to understanding the model and governance practices adopted.

Reditus does not have any elements or additional information relevant to understanding the model and governance practices adopted.

PART III - DIVERSITY POLICY REGARDING ITS MANAGEMENT AND SUPERVISORY BODIES

The company, in compliance with legal and regulatory rules, namely Law 62/2017, of August 1st, will endeavor to elect, on the next General Shareholders' Meeting, a person of the feminine gender to replace a person of the masculine gender already elected after the entry into force of the referred Law, thus complying with the rule of proportionality of genders in the management and supervisory bodies.

PART IV – AUDIT REPORTS

Legal Certification and Audit Report of Consolidated Accounts

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AUREN AUDITORES & ASSOCIADOS, SROC, S.A.
Inscrição O.R.O.C. n.º 153 Registo C.M.V.M. n.º 20161461 Matrícula C.R.C. Lisboa n.º 12772 Capital € 75.000 NIF/VAT: 503 373 885

STATUTORY AUDITOR'S REPORT

(FREE TRANSLATION FROM THE ORIGINAL IN PORTUGUESE. IN CASE OF DOUBT THE PORTUGUESE VERSION WILL ALWAYS PREVAIL)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Reditus, Sociedade Gestora de Participações Sociais, S.A.** (the Group), comprised by the consolidated statement of financial position, as at December 31, 2018 (showing a total of million euros 171.328.300 in assets, and a total equity of million euros 26.716.402, including a loss of euros 3.812.965), the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statements of changes in shareholders equity and the consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of **Reditus, Sociedade Gestora de Participações Sociais, S.A.** as at 31 December 2018, the consolidated performance of the operations and their cash flows for the full year ended, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

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

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

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AUREN AUDITORES

Material uncertainty related to going concern

At the date of our report there is a material uncertainty regarding the assumption of continuity used in the preparation of the financial statements due to the continued delay in the repatriation of African currencies that has limited the Entity's treasury liquidity, conditioning the timely fulfilment of its obligations towards third parties.

As disclosed at note 14. *Clients of the notes to the consolidated financial statements,* at December 31, 2018, the Group's assets included balances receivable from two Angolan public entities, with significant seniority, amounting to approximately 60 million euros.

In view of the context of Angolan economy, the Group has been negotiating the settlement of part of that amount in debt through the protocol of the convention for credit risk coverage to the export of goods and services signed between Portugal and Angola, with the commercial contract being prioritized and included in this plafond, with credit insurance coverage of COSEC - Companhia de Seguro de Créditos, S.A.

The execution of this process implied the previous fulfilment of several conditions, such as the registration of the project in the "Public Investment Program" of the Republic of Angola, budgetary approval and coverage by sovereign guarantee from the Angolan Ministry of Finance to the Portuguese State.

This material uncertainty related to the group going concern is disclose in note 2.1 of the Notes to the consolidated financial statements, where the board of directors recognizes the conditions and events that led to it, as well as specific measures that are already under way and the future events, which they believe will allow to rebalance their cash flow, as well as realize assets and settle liabilities, under their normal activity.

Thus, considering the audit evidence gathered about the favorable evolution of the measures in progress, our opinion is not modified with respect to the adequate use of the assumption of continuity in the preparation of the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be a key audit matters to be communicated in our report:

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Reditus, Sociedade Gestora de Participações Sociais, S.A
Consolidated auditor's report

3

Key Audit Matter	Summary of the Audit Approach
1. Goodwill impairment	
Disclosures related to Goodwill's evaluation presented in notes 2.7 and 4 of the notes to the consolidated financial statements. As disclosed in note 9, on December 31, 2018, the net book value of goodwill amounted to about 41.5 million euros, representing 24% of the total assets. As Goodwill impairment testing is carried out annually, or in case of impairment evidence, the Group resorted to an independent entity to perform an evaluation report. This study was carried out based on a set of estimates and assumptions of economic and market forecasts made by Management. Thus, the verification of the calculations and assumptions underlying the Goodwill's impairment assessments constitutes a relevant audit matter.	The audit procedures we have carried out included, among others, the following: -Obtaining an independent evaluation report of the Goodwill: -Verification as to the qualifications, competence and independence of the entity that carried out the report; - Understanding the impairment model used; - Validation and critical analysis of the calculations and assumptions used to estimate the average cost of capital rate; - Confirmation that the value obtained in the evaluation report of Goodwill is higher than the amount booked in the consolidated financial statements at December 31, 2018; - -Assessment of the adequacy of the disclosures made in the consolidated financial statements.
2. Revenue recognition	
As disclosed at notes 2.20 and 4. of the notes to the consolidated financial statements, the revenue recognition associated with multiannual projects requires analyses and estimates by the management about the stage of completion of projects in progress as at the date of financial information. Since this type of project represent a significant part of the group's activity, analysis and validation of its progress is a relevant audit matter.	We analysed the revenue recognition policy adopted by the group, considering the applicable regulations. The audit procedures we have carried out included, among others, the following: - Analysis of internal control procedures in place relating to the process of revenue recognition; - Critical analysis of the estimates and assumptions made by management related to billing and expenses incurred by on-going contracts; - Performing of substantive analytical procedures and tests to the figures used to make the accounting entries; -Assessment of the adequacy of the disclosures made in the consolidated financial statements.

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3. International Exposure	
As disclosed in the consolidated annual report, the group develops its activity in several countries. In 2018, the operations outside of Portugal (primarily in the African market) represented around 54% of the consolidated revenue. As mentioned in annex note 3, the international exposure increases the group's currency and liquidity risks. The receivables on Angolan public entities with currency repatriation difficulties amounted to around 60 million euros (35% of the consolidated net assets), by which we consider this area a relevant audit matter.	The audit procedures we have carried out included, among others, the following: -Validation of the degree of exposure to high-risk countries, in terms of currency risk and liquidity risk; - Analysis of all documentation and elements exchanged between the entities involved in order to evaluate the ongoing projects; -Validation of currency conversion made in the financial statements of the subsidiaries of such geographies; -Analysis of the Treasury plan for 2019 and following years; -Assessment of the adequacy of the disclosures made in the consolidated financial statements.
4. Group audit - components audited by other auditors	
The statutory audits of the subsidiaries of Reditus, SGPS, SA, as mentioned in note 5 of the annex of consolidated financial statements are carried out by another statutory auditors (ROCs), for what we consider this situation a relevant audit matters.	As recommended by ISA 600 "Auditing Groups", we must obtain sufficient and appropriate audit evidence on the financial statements of the Group., for what we carry out various audit procedures, among which -Setting up of a Group audit plan, with working instructions for the Group's audit; -Several meetings with the ROC of the subsidiaries at the beginning, during and after the communication of the relevant matters, obtaining clarifications and consulted the working papers; -Obtaining the "Certificações Legais de Contas" issued by the ROC; and -Assessment of the adequacy of the disclosures made in the consolidated financial statements.

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Responsibilities of management and supervisory body for the consolidated financial statements

Management is responsible for:

- The preparation of the consolidated financial statements, which fairly present the financial position of all entities included the Group, the financial performance and the cash flow of the Group in accordance with the International Financial Reporting Standards IFRS), as adopted by the European Union;
- The preparation of the Management Report, including the Corporate Governance Report, in accordance with the applicable law and regulations;
- Design and maintenance of an appropriate system of internal control that enables the preparation of consolidated financial statements which are free from material misstatement, whether due to fraud or error;
- The adoption of appropriate accounting policies and criteria; and
- The assessment of the Group's ability to continue as a going concern, disclosing when applicable, the events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The Audit Committee is responsible for overseeing the process of preparation and disclosure of the Group´s financial information.

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

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

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient 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 Audit Committee, 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;
- Of the matters we have communicated to those in charge of governance, including the Audit Committee, we determine which ones were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;
- Confirm to the Audit Committee that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information contained in the Management report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article Nº 451 of the Portuguese Company Law.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

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

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On the Corporate Governance Report

In compliance with paragraph 4 of article Nº 451 of the Portuguese Company Law, it is our understanding that the Corporate Governance Report includes all the requirements of article 245º-A of the " Código dos Valores Mobiliários, and no material inaccuracies have found in the information disclosed therein, complying with the items c), d), f), h), i) and m) of the referred article.

Non-financial statements set forth in article 508-G of the Portuguese Company Law

In compliance with paragraph 6 of article Nº 451 of the Portuguese Company Law, we hereby inform that the Group include in its management report the non-financial statement set forth in article Nº 508-G of the Portuguese Company Law.

Additional information required in article Nº 10 of the Regulation (EU) 537/2014

In accordance with article Nº 10 of Regulation (EU) 537/2014 of the European Parliament and the Council, of April 16, 2014, and in addition to the key matters referred to above, we also provide the following information:

- We were first appointed auditors of Reditus, Sociedade Gestora de Participações Sociais, S.A. at the shareholders General Meeting of May 31, 2017 to the present.
- The management has confirmed to us it has no knowledge of any fraud or suspicions of fraud, with material effect in the financial statements. We have maintained professional skepticism throughout the audit and determined overall responses to address the risks of material misstatement due to fraud in the consolidated financial statement. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- We confirm that our audit opinion is consistent with the additional report, that was prepared by us and issued to the Group's Audit Committee in April 30, 2019.
- We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article Nº 77 of the by-laws of the Institute of Statutory Auditors ("Estatuto da Ordem dos Revisores Oficiais de Contas"), and that we remain independent of the Group in conducting the audit.

April 30, 2019
Auren Auditores & Associados, SROC, S.A.
(registered in CMVM nº 8158)

Represented by:

Victor Manuel Leitão Ladeiro
(R.O.C. 651)

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Audit Committee Report and Opinion

Introduction

In compliance with legal and statutory provisions, the Audit Committee of Reditus SGPS, S.A. hereby submits the report of its activities in the FY 2018 and the opinion about the Management Report and other consolidated accounting documents of Reditus SGPS, S.A. submitted by the Board of Directors.

Supervision of the Company

The Audit Committee, during the fiscal year under review, in compliance with their supervisory duties, monitored the company's management and development of their transactions.

The Audit Committee, as part of its activity, in strict compliance with its legal obligations, assessed the accounting policies and valuation criteria used in preparation of financial information, which it deemed appropriate and also monitored the risk management system and effectiveness of the internal control system, not having had constraints whatsoever in conducting their activity. The Audit Committee has always received from the Board of Directors the collaboration requested, as well as from those employees in charge of accounting, treasury and legal services.

The Audit Committee also monitored the activity of the Statutory Auditor, supervising the work carried out and its findings, in order to safeguard his independence and to assess his performance.

The Audit Committee examined the Consolidated Management Report and the Consolidated Financial Statements for the year ended December 31st, 2018 which include the consolidated statements of financial position, consolidated profit and loss statement, consolidated statements of comprehensive income, cash flows and changes in equity and corresponding notes, the fiscal year ended on that date, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

The Audit Committee also reviewed the Report on Corporate Governance for the FY 2018, prepared by the Board of Directors, which is annexed to the Management Report, verifying that it was prepared in compliance with Regulation 4 /2013 (Governance of Listed Companies) as issued by the CMVM (Portuguese Securities Market Commission) and that it includes, among others, the elements listed in Article 245-A of the Portuguese Securities Code.

Lastly, it analyzed and agreed with the Legal Certification of Accounts and Audit Reports on these consolidated financial statements, prepared by the Statutory Auditor.

Declaration of compliance

Under Article 245, paragraph 1, subheading c) of the Portuguese Securities Code, the members of the Audit Committee declare that, to the best of their knowledge, the information contained in the Management Report and other documents of accountability was prepared in accordance with applicable accounting standards, providing a true and fair view of the assets and liabilities, financial position and profits and cash flows of the Company and the companies included in the consolidation scope. Also it is their understanding that the Management Report accurately reflects the development of transactions, performance and position of the Company and the companies included in the consolidation scope and contains a description of the main risks and uncertainties they face.

Opinion

In view of the foregoing, the Supervisory Board is of the opinion that the conditions are met for the General Assembly of Reditus, SGPS, S.A., to approve the Management Report and the Consolidated Accounts for the 2018 Fiscal Year.

Alfragide, April 30th 2019

The Audit Committee,

Dr. Armando Jorge de Carvalho Costa e Silva – President

Dr. Luís Henriques de Lancastre de Lima Raposo – Member

Dr. Nuno Manuel Tavares Belo de Eça Braamcamp – Member

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REDITUS
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