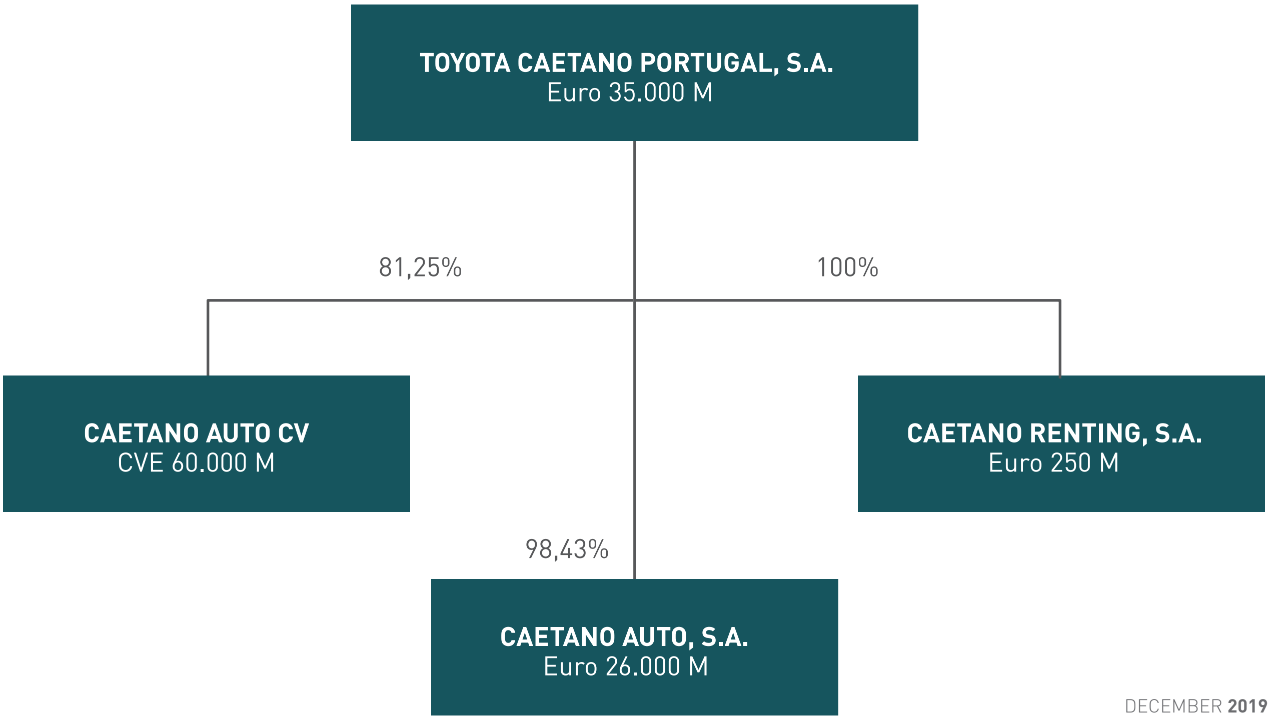
REPORT &ACCOUNTS

DECEMBER **2019**

Toyota Caetano Portugal, S.A.

INDEX

01. GENERAL


TOYOTA CAETANO PORTUGAL, S.A.
Euro 35.000 M
81,25%
100%
CAETANO AUTO CV
CVE 60.000 M
CAETANO RENTING, S.A.
Euro 250 M
98,43%
CAETANO AUTO, S.A.
Euro 26.000 M
DECEMBER 2019

GENERAL INFORMATION

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Carregado

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Established in 4th July 1946

V.A.T. PT 500 239 037

Registered on Trade Conservatory Nr. 500239037

Share Capital: EUR 35 000 000

Total Share Capital quoted in "Bolsa de Valores de Lisboa"

CORPORATE BODIES

GENERAL MEETING BOARD

Chairman
Jorge Manuel Coutinho Franco da Quinta

Vice Chairman
António José da Cruz Espinheira Rio

Secretary
Alírio Ferreira dos Santos

Secretary
João António Ferreira de Araújo Sequeira

BOARD OF DIRECTORS

Chairman & CEO
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Member
Maria Angelina Martins Caetano Ramos

Member
Salvador Acácio Martins Caetano

Member
Miguel Pedro Caetano Ramos

Member
Matthew Peter Harrison

Member
Katsutoshi Nishimoto

Member
Rui Manuel Machado de Noronha Mendes

Alternate
Masaru Shimada

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José Domingos da Silva Fernandes

Member
Alberto Luis Lema Mandim

Member
Daniel Broekhuizen

Alternate
Maria Lívia Fernandes Alves

Alternate
Akito Takami

STATUTORY AUDITOR

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. represented by José Miguel Dantas Maio Marques or António Joaquim Brochado Correia

Alternate
Joaquim Miguel de Azevedo Barroso

02.
MANAGEMENT REPORT

PRESIDENT'S MESSAGE

After a year of strong growth, 2019 would certainly be full of challenges. Indeed, to keep the substantial progress on all fronts requires commitment, innovation and a continuous adaptation to the market cycles. I am always pleased to testify that, year after year, we embrace those challenges, actively searching new opportunities and the constant assertation of the brands Toyota and Lexus in Portugal.

The market is increasingly demanding and our capacity of being one step ahead is constantly tested. For several years, we have a Customer better informed than ever. We have a Customer who comes to us with a deep knowledge of models, characteristics, prices, advantages and disadvantages of each car or service. We have the most challenging Customer ever, for those buying a car, a commercial or even a forklift, it's no longer the most obvious step, forcing us to rethink business models and to test new solutions of mobility which respond to their current needs.

It's because of him, that we work daily to build solid relationships and trust, which add value to all the steps of a commercial relationship. It's for him that we continue to create new mobility solutions, digital ones that are appropriate for the new patterns of consumption.

2019 was a year of political consistency and relative socio-economic stability, while keeping the trust levels of Portuguese citizens similar in relation to the 2018. However, in a volatile and changing world, it's necessary be aware. The maintenance of macroeconomics stability is essential to preserve trust in Portugal and its citizens. The lack of a financial system pact to avoid instability in the sector, as well as the lack of alignment of the financial and environmental policies are issues which we care about. It is urgent to keep starting constructive discussions to help the automobile sector growth, avoiding an increase in taxes and incentivizing the purchase of cleaner environmental friendly vehicles, extending even to other energy-efficient solutions, like hybrids, which started the line of sustainable mobility.

If we speak about environment, we speak about Toyota. Historically, the brand has been pioneering and it always took international environmental protocols seriously, which aim at reducing the emissions of greenhouse gases, in a context of sustainable development.

It has been able to be on the front line for many years, thanks to those concerns and thanks to the interpretation of the market signals, by anticipating them. The investment in an electrical car range has become winner and responsible for society changes. Since 2014, the brand is leading in the electrical car sales. Toyota sold in 2019, in Portugal, 6593 hybrids vehicles, in a total of 9645 passenger cars. This increase of 12.4% versus 2018 comes to confirm the Toyota's leadership and vanguard.

Toyota is also a pioneer of hydrogen technology. In the past 20 years, it has done successive tests, under demanding conditions. Toyota Mirai was the first sedan car with a fuel cell of serial production in the world and it should reach to the Portuguese market in 2021.

In the urban mobility area, 2019 was also defined by the launch of the H2. City Gold, the new electrical bus with Toyota's fuel cell system, which resulted from a partnership between CaetanoBus – Grupo Salvador Caetano's company – and Toyota Motor Europe. This vehicle uses the same Toyota Mirai's fuel cell, as a step closer to hydrogen society, but this time in urban transports.

The Toyota's efforts for a decarbonized society are evident. It's the case of the Environmental Challenge 2050, which establishes numerous goals to cover the most significant environmental impacts of the brand. Toyota Caetano Portugal also bought green certified electricity from its supplier, contributing to the global goal of the brand in Europe. Another example of success is One Toyota, One Tree program, which counts, since 2005, more than 155 000 trees in Portugal.

Continuing to import Toyota's best practices, 2019 was the year in which we continued to implement BRiT – Best Retailer in Town. All the dealer network was involved in this process which is, more than a program of improvement of our services, a philosophy and a way of being Toyota, with the focus on Co-workers, who are our main ambassadors, and in the Customer, being the center of everything. It is because of him that we work every day, with the prospect of keeping him dazzled. This is also an extension of Toyota Way and a reaffirmation of sustainability of business as a fundamental principle. Our leaders play a key role here, because only a strong, well-established and with the focus on People leadership will allow us to go further beyond.

In terms of the automobile market, this year was more demanding than 2018. The ACAP's - Associação do Comércio Automóvel de Portugal – report stated a drop of 3.9% in passenger car sales in the national market, as well as a decrease in new car registrations. Toyota and Lexus weren't an exception.

Regarding Toyota's commercial activity, 11 166 vehicles have been marketed. In terms of Lexus, 509 vehicles have been sold.

Concerning industrial activity, in 2019, 2393 units of Toyota Land Cruiser 70 were produced. This model, 100% intended to export to South Africa's market, has been a won bet, with a sustainable growth, year after year. In addition, this year a partnership between Toyota Caetano Portugal and CaetanoBus was also signed, Grupo Salvador Caetano's company, to produce chassis to electrical and hydrogen buses.

Concerning Industrial Equipment, North and South Divisions introduced 1083 units in the market, among forklift, counterbalance and warehouse equipment.

With so many challenges we cannot forget the external recognition of the work that is being done. Toyota was judged 5 stars' brand for 2020 in Portugal, which can give greater inspiration on the path to the daily improvement of our work of the brand representation.

And like in every other moment of balance, we must thank our Co-workers, Customers and partners, who represent our brands with the love and passion of whom does of them the face of proximity and trust.

José Ramos
(President & CEO Toyota Caetano Portugal)

MANAGEMENT REPORT

INTRODUCTION

According to the provisions of Article 245(1)(a) of the Securities Code, we have prepared the management report and the profit application proposal presented below, as well as the corresponding Notes, in compliance with the provisions of Article 447 of the Commercial Companies Code. For each of the Companies included in Toyota Caetano Portugal's scope of consolidation, a list of the main events that occurred during the period under review and their impact on the financial statements will be presented.

Important Note: This management report could not be disclosed without mentioning that is was elaborated in a moment prefacing the most recent events related with WHO's (World Health Organization) declaration of COVID-19 pandemic. So being, most of the perspectives presented in this report are outdated, as they were defined in a moment where a normal 2020 economic cycle was forecasted. The real impact of this problematic situation cannot yet be clearly seen/quantified but for sure it will bring strong negative economic consequences to the whole world and of course to all our activities. However, our expectations in overcoming this inevitable crisis, rely in the confidence given by more than 70 years of a well succeeded history always based in wise decisions along with the usual effort and strong dedication of all our co-workers. A strong balance along with a solid raised credibility near all our business partners, give us the certainty of a natural recovery in a troubled future.

TOYOTA CAETANO PORTUGAL, S.A.

INDUSTRIAL ACTIVITY

Ovar's Manufacturing Unit

In 2019, Ovar Plant produced a total of 2.393 vehicles of Land Cruiser 70's model in its main activity of vehicle assembly. Despite the verified breach in the 2nd semester, the final amount exceeded the Budget's expectation, with a growth of 12% and confirmed the trend of growth since the beginning of the project (2015).

In 2019 was made a compaction of LC70's logistics process, through the reorganization of material storage and flow redefinition for the production. This operation permitted to release approximately 4.000 m2 to allocate new projects.

The 2nd Semester was marked by the participation in the assembling of the Fuel Cell Bus'1st prototype together with CaetanoBus and Toyota Motor Europe, whose presentation was made at the biggest buses' world fair, Busworld Bruxels 2019.

In PPO/PDI activity, 5.577 units were transform/prepared, an increase of 48% confronting the same period of the last year. It should be noted that 2019, was the 1st full year of management of the new and used car parking by Ovar Plant, being this the main reason to the increase.

PRODUCTION	2019	2018	2017	2016	2015
Toyota's Physical Units	2.393	2.114	1.913	1.823	1.629
Transformed/prepared Physical Units	5.577	3.776	3.469	3.773	4.353
Co-workers Total	197	194	177	186	206

We still emphasize the following events occurred during 2019:

- Participation in "Exo-Suit Trial", project headed by TME (Toyota Motor Europe) with the goal of improve ergonomically the workplaces;
- Participation in 30th QCC World Convention in Japan, with the winning team of QCC Local Convention;
- Successful completion of the audit process 1st and 2nd Phase, certifying our Health and Safety Management System at Work, according to the rule ISO 45001:2018;
- Host company of Face to Face of Ergonomic, headed by TME;
- Celebration of Co-worker's Day, with dynamic activities to fortify team spirit.

Perspectives

In 2020 we expect, once again, an increase on the production volumes of LC70's Activity (2 563 units), as well as the operationalization on the field of some projects in progress.

COMMERCIAL ACTIVITY

Passenger Market Framework

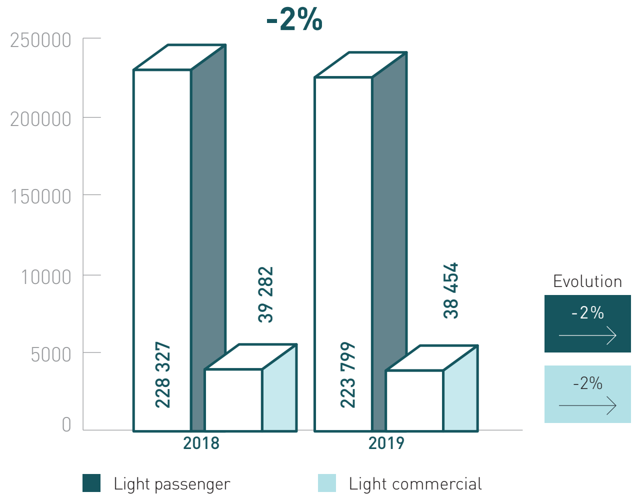
2019 broke the rising trend verified in the previous years, with the total market declining 2%.

Passenger and commercial vehicles registered a drop of 2.0 % and 2.1% respectively when compared to 2018.

Highlighting, as evidence elements of market performance:

1. The Portuguese economy pursue a growth trajectory of the activity, though slowing down;
2. After the cusp of crisis in 2012, the automobile market has registered successive growths in the last 6 years reaching now a "stagnation level";
3. The rent-a-car market growth that we saw in previous years, has created used vehicles stock which by returning into the market, cannibalize new car sales.

MARKET EVOLUTION



Source: ACAP

Toyota Vehicles

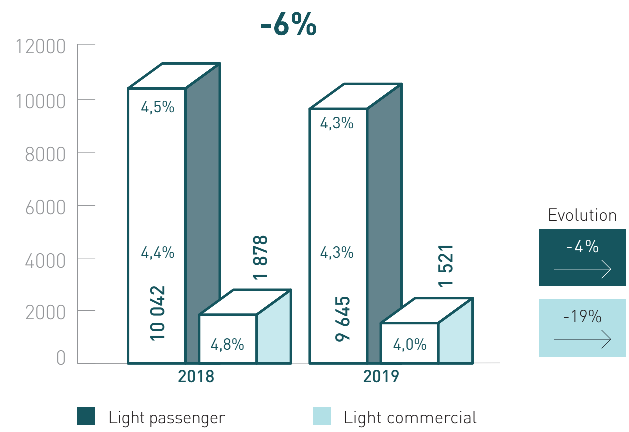
In 2019, Toyota presented total sales of 11.166 units, leading to a drop of 6% where compared with the last year.

These sales result in a quota of 4.3% of the total market in 2019 (-0,2 p.p. vs. 2018):

In **Passenger Cars**, Toyota present a breach of 4%, with a quota of 4.3% (-0,1p.p. vs 2018).

These results are due to the negative impact of Auri's volume flow in the first months of the year, replaced by the new Corolla, as well as the discontinuation of Diesel motorization (Toyota was the first Brand to abandon the Diesel vehicles in passenger cars) which has been presenting a substantial breach in a search, with meaning in business sector.

TOYOTA EVOLUTION: 2018 *vs* 2019



Source: ACAP

The upside, it continues to get a strong performance of hybrid vehicles which registered a growth of +12.3% versus 2018, it represented approximately 60% of passenger cars sales, being Toyota the brand with the biggest volume of electrical vehicles sales.

In **Light Commercial Vehicles**, Toyota presents a drop of 19%, with a market quota of 4.0% (-0.8 p.p. vs 2018).

The majority of this decrease is justified by the discontinuation of Diesel models derived from tourism – Yaris Bizz and Auris Bizz, as well as smaller volume of public sales.

It should be noted the strong competitive pressure felt in B (commercial vehicles) & C (small family vehicles) Segment caused by aggressive promotional campaigns throughout the year.

For 2020, the defined priorities and global goals are:

- Capitalize the most representative models in terms of sales – Yaris, Corolla, RAV4 and C-HR – in the case of Yaris, supported by the release of the New Model forecasted for the 2nd semester, and the RAV4 highlighting the release of the new Hybrid Plug-in motorization, which will have differentiator arguments, especially in business market;
- Continue to invest in appearance and value of the brand through the innovative Hybrid technology;
- Continue to optimize the commercial range, with the important release of the new Proace City model, part of the biggest segment of the commercial vehicles market – Little Van's segment.

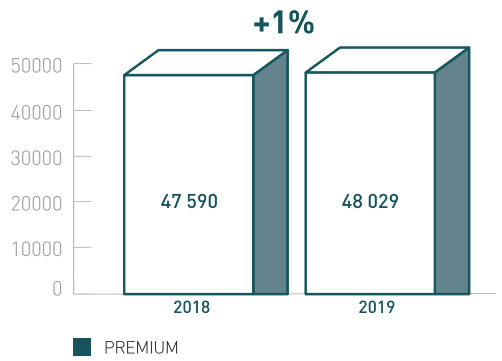
Premium Market Framework

The Premium Market registered a positive evolution versus last year, presenting a growth of 1% and involving a total of 48.029 marketed units.

This growth is justified by the accounting of the Tesla's registrations, previously unknown, since the company started having the Official Brand Representative status by IMT and for that reason their sales started being disclosed by ACAP.

The Premium Market represents approximately 21% of the whole passenger market.

PREMIUM MARKET EVOLUTION



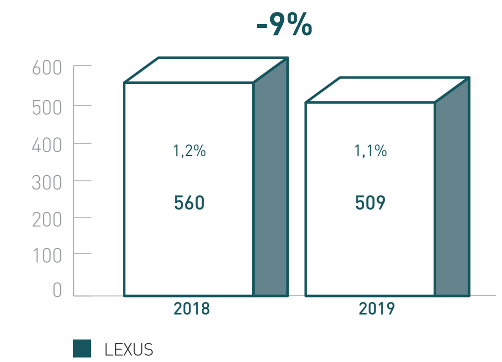
Source: ACAP

LEXUS VEHICLES

In a complex competitive environment, with an intense commercial aggressiveness of competitors in the C-Premium and D-Premium segments, the Lexus brand, which is composed by hybrid vehicles, interrupted the growth path verified in the last 6 years, presenting a decrease of 9%.

In 2019, Lexus registered 509 license plates, in form of a 1.1% quota in the premium market (-0.1 p.p.).

LEXUS EVOLUTION: 2018 vs 2019



Source: ACAP

For 2020, the defined global goals are:

- Reinforce the innovation position, by leveraging in the large and exclusive offer of hybrid vehicles with an advanced design, taking advantage of general context of the reducing presence of Diesel motorization;
- Capitalize the growth of the Dealer Network, launched in 2019, which will count with new sale and assistance points;
- Successfully launch the first fully electrical model – UX300e – that by the current tax context will allow the Brand to have unprecedented arguments to approach the business market;
- Guarantee the performance consistency of used vehicles sales, in order to increase the brand presence, as well as the chain of associated value to this activity.

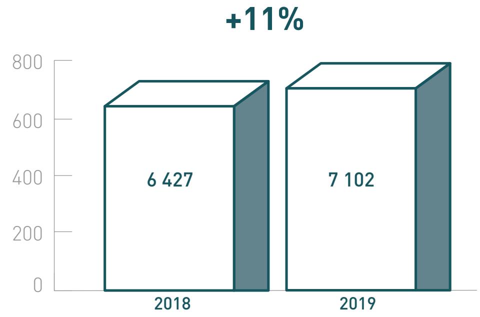
Toyota and Lexus Hybrid Electrical Vehicles Sales Evolution

In 2019, there was again a growth of 11% in the Toyota and Lexus Hybrids performance versus 2018. Electrical vehicles now represented 70% (+9.3p.p. vs 2018) of Toyota and Lexus passenger cars sales.

This performance was caused by a large and refreshed offer of hybrid vehicles, with a total of 16 models – 7 Toyota and 9 Lexus – and the focus on disclosure and promotion of the benefits of hybrid technology.

For 2020, the continuation of hybrid and electrical vehicles sales growth at a quite higher rate than the market's growth is expected.

TOYOTA & LEXUS HYBRIDS 2018 VS 2019



Source: ACAP

Perspectives

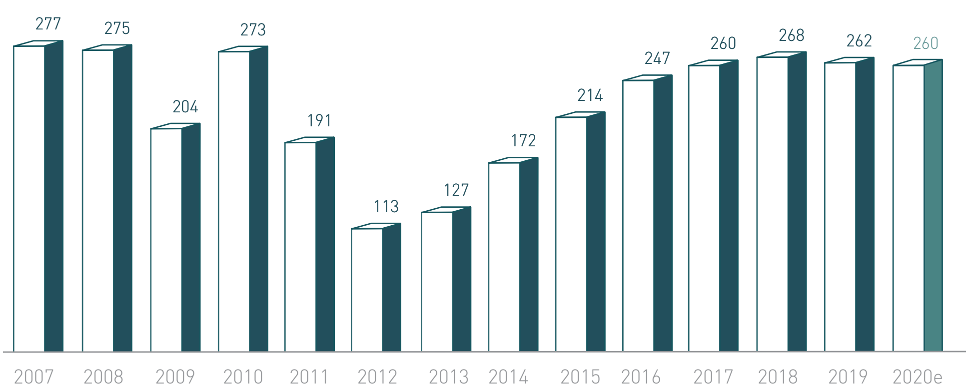
According to the tabs published in the last Economic Report Card in December of 2019, the portuguese economy should pursue a growing path of the activity in the next years, albeit slowing down.

BANCO DE PORTUGAL'S TABS 2019- 2021
RATE OF CHANGE, IN PERCENT

	BE DECEMBER 2019		
	2019	2020	2021
GDP	2,0	1,7	1,6
Private Consumption	2,3	2,1	1,9
Public Consumption	0,5	0,8	0,8
GFCF	7,3	5,4	4,8
Domestic Demand	3,1	2,6	2,2
Exports	2,8	2,6	2,8
Imports	5,4	4,6	4,2
HIPC	0,3	0,9	1,2

Confronting this framework, the Market forecast for 2020 is relatively stable, standing approximately at 260.000 units:

AUTOMOBILE MARKET EVOLUTIONS
IN THOUSANDS



In consideration of this conditions, the goal to 2020 is a growth of 3% compared with 2019, representing 12.065 units, Toyota and Lexus.

AFTER-SALES

During 2019, the global billing Division of After-sales totalize over 38.6 million euros. This amount included "Warranty Extension" and "Full Care" services, whose billing corresponded to 1.7 million euros this year. 3.8 million euros have been billed in parts for warranty.

The commercial activity of parts (genuine & national incorporation), which excludes accessories, warranties and services, totalize an amount of 29.6 million euros. This amount translates into a growth of 4.3% versus 2018, "still" in a context of decrease of operating fleet.

The billing of accessories (which includes merchandising) totalize an amount of 3.4 million euros. This amount is 3.6% under what the billing was in 2018. However, the incorporation of merchandising and accessories for each new vehicle sold presents a growth of 3.1% (295€ in 2019 versus 286€ in 2018).

In 2019 TCAP kept the focus on a customer-oriented (360º) service of excellence, in order to guarantee the development of the after-sales activity.

We emphasize some undertaken initiatives, which contributed to the results of the year:

- **Introduction of 7 years of warranty for all Toyota and Lexus range.**
- Implementation of the Value Chain 2021 Management strategy, based in 10 projects which cover the most relevant components of business and the Chain Value opportunities such as, Used Vehicles, Insurances, Accessories, Fleets, Financing, Service and Parts.

  This strategy was designed to perform creating payback in the business, and with a direct impact in the consolidated margin. It imposes a 360° vision of the various areas of business, and it provides a long-term relationship with Customers.
- Continuous development of the 5+ Service (Oldest Toyota's retention program), with the introduction of the specialized service for Hybrid vehicles.
- Launch of maintenance contracts for the new RAV4, Corolla and Camry models.
- Renovation of the Toyota Hybrid Service Program, with a new plan of communication and marketing activities strengthening the innovative choice, the trust in our professionals and low costs of maintenance.
- Revitalization of the "Trade Pro" Program (sale of parts via counter), with the extension to new experimental dealers, as well as the adoption of a new uniform for the dealers. The goal is to increase the mobile sales of genuine parts with independent garages.

INDUSTRIAL MACHINERY

Toyota Industrial Equipment

	MARKET			TOYOTA SALES + BT				
	2018	2019	RANGE	2018		2019		RANGE
			%	QT	QUOTA	QT	QUOTA	%
Forklifts Counterbalanced	1.841	1.988	8%	302	16,4%	459	23,1%	52,0%
Storage Equipment	2.818	2.924	4%	437	15,5%	624	21,3%	42,8%
MMC TOTAL	**4.659**	**4.912**	**5%**	**739**	**15,9%**	**1.083**	**22,0%**	**46,5%**

Source: Wits

MARKET

The market of **Cargo-handling Machines** registered a growth of 5% in 2019.

Regarding Toyota 1083 requests were made in 2019, which in a total market of 4912 units, corresponds to a market quota of 22%.

Toyota Sales Performance by segment

In relation to the **Counterbalanced Forklifts** segment, a growth of 52% versus last year was registered, raising our market quota to 23.1%.

In the **Storage Equipment** segment, the same tendency was verified, registering a growth of 42.8% versus last year, by placing our market quota at 21.3%.

It's necessary to emphasize that the growth in both segments was caused by a better performance of our sales teams, as the total range was 46.5%, substantially higher than the market growth of 5%.

Perspectives

Taking the current situation into account, as well as, the forecasts of economic growth slowdown for 2020, we anticipate that the market could contract (about 10%).

In relation to Toyota's performance, it envisions a challenging year yet again, as the aggressiveness of competing brands has been reinforced considerably.

Our goal is to differentiate from competitors, maintaining a good assistance service, adapting according to the necessities and by creating and presenting innovative offers and solutions so that we can conquer new costumers and strengthen our performance and results.

CAETANO AUTO, S.A.

The business volume of last year at Caetano Auto was over 238 million euros, surpassing the 234 million of the previous year, registering a growth close to 2%.

Nonetheless, Caetano Auto keeps the focus on continuous improvement, allowing interesting measurable paybacks to be achieved, such as the above-mentioned in relation to the business volume, but also at containing expenses, by leveraging the Company to profitability.

In terms of depreciation and amortization, these continue to influence negatively and significantly the results obtained, representing now more than 6 million euros. This amount results from the owned real estate and the substantial growth of this line caused by the increase of a new rent-a-car activity in 2019 which must be considered jointly with the positive variation of service provision.

From real state it must also be reported the alienation of the buildings, in 2019, in Vila Real de Santo António, Algarve and Celão, in Viseu, both were rated for a long time in Investment Properties waiting for the alienation opportunity.

For everything that was already exposed, the 2019 financial year was a period where it was possible to increase the company's strength, keeping a positive level of results and as a result contributing for the consolidated results assessed by Grupo Toyota Caetano Portugal.

CAETANO AUTO CV, S.A.

BUSINESS ENVIRONMENT INDICATORS*

Business Environment in General: In general, the rhythm of economic growth in Cape Verde kept accelerating in the fourth trimester of 2019, registering the highest amount of the last seven (7) consecutive trimesters. So, the economic environment is favourable.

Sale stores: The trust indicator kept the downward trend of the last trimesters, evolving adversely versus the homologous trimester, with the economic environment in the sector being unfavourable. During the 4th trimester of 2019, the out-of-stock situations and the shortfall in demand were the main constraints of the sector.

Tourism: during the 4th trimester of 2019, the trust indicator in Cape Verde reversed the downward trend of the last trimester, standing above average range, the economic environment was favourable. The businessmen pointed the shortfall in demand as the main obstacle of the sector in the 4th trimester of 2019.

Construction: The indicator kept the upward trend of the last trimesters, registering the highest amount of the last forty-five (45) consecutive trimesters, evolving favourably versus the homologous trimester. The businessmen pointed the shortfall of demand and the difficulties in obtaining bank credit as the main constraints of the sector in the 4th trimester of 2019.

Transports and Auxiliary Services for Transports: This indicator developed positively versus the homologous trimester, standing above average range. The sectors situation is favourable. According to the businessmen, the competitors and financial difficulties were the main constraints of the sector in the 4th trimester of 2019.

*Source (Manufacturing Survey NSI CV 4th Trim. 2019)

COMMERCIAL ACTIVITY

Vehicles

BRAND	2019	2018	RANGE 2019 / 2018	
			QUANTITY	%
Toyota	435	417	18	4,31%

In comparison with the same period of last year, Caetano Auto CV, S.A. marketed 18 more units, a growth equivalent to 4.31% in new vehicles.

Positive remark to the reduction on the dependence of sales of two specific models, Hiace and Hilux. These two models in 2018 were responsible by an applicable sale of 73.86% of the year sales. However, in 2019 the sales volume of the same models corresponded to only 59.44% of the year sales.

This portrays a better distribution of the sales volume by model, generating, a smaller dependency and susceptibility to external events, which could influence the whole business.

After sales

SALES	2019	2018	RANGE 2019 / 2018	
			AMOUNT	%
Parts/Accessories	175.407.718	166.359.554	9.048.164	5,44%
Workshop (Labour)	44.519.492	43.623.083	896.409	2,05%
Total	219.927.210	209.982.637	9.944.573	4,74%

(Values in CVE)

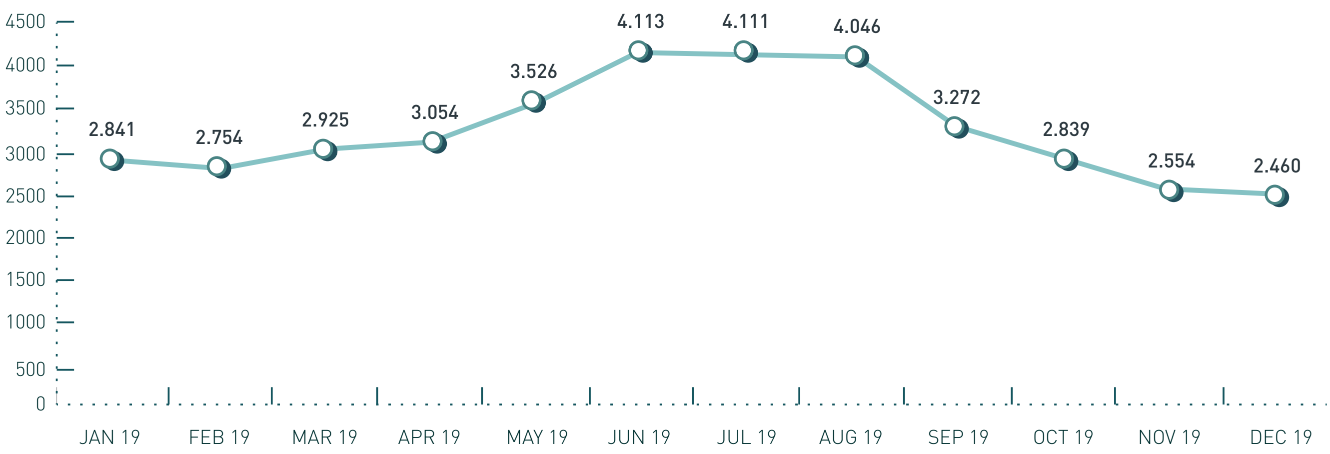
In relation to After Sales, it is possible to determine a slight increase in commercialized amounts versus the homologous period of last year although the collision during the first four-month period of the year had suffered a significant drop. However, during the year we reversed this drop and managed to recover the results.

Perspectives

Being the Government the biggest economy promoter and 2020, 2021 being election years, there will probably be a decrease in the acquisitions by the Government of Cape Verde (direct effect) and a decrease in the consumption by non-permanent staff as well (indirect effect). Despite this being a major non-beneficial situation, we expect a growth of 5% in the sales of new vehicles in the 2020 year of operation. In terms of after sales a growth of 15% regarding the current year is also expected. This growth of the after sales business will be part of a strategy search and captivation of costumers with out of warranty vehicles that usually refrain from doing services at brand Dealers.

CAETANO RENTING, S.A.

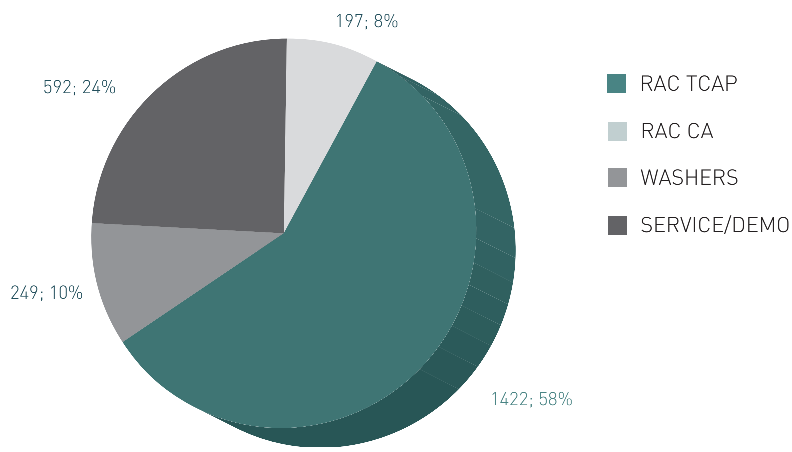
We concluded the financial year of 2019 with a fleet of 2.460, which represents a decrease of approximately 16.78%, when compared to the same period of last year. This decrease has to do with a reduction of vehicles coming from the partnership with Caetano Auto.



However, the provision of vehicles for the rent-a-car business continues to grow, since the purchases for this segment, increased approximately 22.63%, compared to last year, with this, this segment is the one with more weight in our activity. As always, we continue with the renting of Industrial machines, which equate to 24% of the total operational fleet.

As consequence of the fleet's reduction a reduction of the business volume was verified, it fell approximately 18.91%, compared to 2018, having reached 8.33 M Euros.

In spite of the drop of the business volume the Company, thanks to a suitable management, maintained their profitability levels contributing positively to the consolidated results assessed by Grupo Toyota Caetano Portugal.



Perspectives

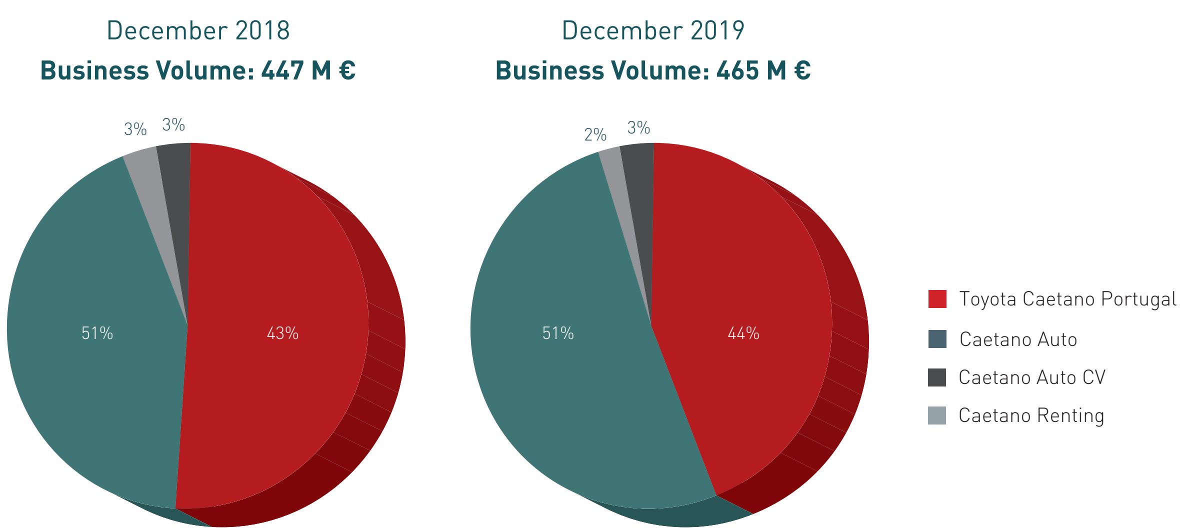
Having verified the pointed perspectives in the management report of 2018 with the consequent drop of activity in 2019, as result of a shift in mobilities strategies on Caetano Auto, SA. part, we can now express that 2020 will present really similar activity volumes to 2019, with a final profitability also keeping levels of this financial year.

FINANCIAL ACTIVITY

Consolidated Analysis

During 2019, concerning the automobile sector's performance, despite the small drop that was registered versus 2018, the significant growth of alternative energy based-vehicles sales is to be noted.

In this context, the Group reports a business volume of 465 million €, about 18 million € higher (+4.1%) versus what was achieved during the homologous period. The verified increase reflected the continuous growth of sales in the Hybrid technology vehicles segment, making Toyota's brand the national market's leader.



The Group remains with the objective of maintaining a reference position for the Toyota and Lexus brands in the automobile market. In order to do this, in the beginning of the year a series of strategies aimed at obtaining a level of operational results considered adequate for the normal development of the activity were put in practice. By the end of 2019, an E.B.I.T.D.A. of about 43 million €, about 900 thousand € higher than what was registered during the homologous period of 2018, was obtained.

Result from the development of the partnership with Toyota Financial Services implementing a new way to operationalize the activity between Distributor and the dealer network so that the average collection period was reduced, with significant consequences in the reduction of bank debt. This process, because of its gradual implementation throughout 2019, still hasn't produced palpable results at the financial result level, of which appeared as negative in about 2 million €, around 400 thousand € lower versus the registered in 2018.

The degree of financial autonomy of the Group of 46%, reflects the continuous policy of appropriate management of the capital structure.

With the intent of summarizing the evolution of the activity and performance of the Grupo Toyota Caetano Portugal, bellow follows a framework of comparative indicators in the monetary unit of thousands of €.

	DEC/18	DEC/19	VARIATION
Business volume	446.875	465.119	4,1%
Gross profit	81.214	93.726	15,4%
% (f) sales	18,2%	20,2%	
Supplies and external services	42.314	44.571	5,3%
% (f) sales	9,5%	9,6%	
Personnel costs	41.164	41.371	0,5%
% (f) sales	9,2%	8,9%	
E.B.I.T.D.A.	42.561	43.461	2,1%
% (f) sales	9,5%	9,3%	
Operating result	19.137	18.293	-4,4%
% (f) sales	4,3%	3,9%	
Financial outcome	-1.503	-1.947	-29,5%
% (f) sales	-0,3%	-0,4%	
Consolidated net profit	12.873	11.647	-9,5%
% (f) sales	2,9%	2,5%	
Net bank financing	73.929	31.540	-57,3%
Degree of financial autonomy	43,1%	46,0%	

Although the published statistics about the automobile market in Portugal for the first month of 2020, point towards a drop in the number of sold units, the Grupo Toyota Caetano Portugal, expects to go against that cycle during the current year. In order to do that, it counts with the expansion of electrical vehicles segment products offer, the entry into the small vans segment, as well as the important contribute from the new generation of "core model", Yaris, in order to be possible to maintain its market sustainability strategy.

RISK MANAGEMENT

Loans and advances to customers

Toyota Caetano's credit risk is mainly associated with loans to customers, related to its operating activity.

The main goal of Toyota Caetano's credit risk management is to ensure the effective collection of the operating receivables from its Customers, according to the negotiated payment terms.

In order to mitigate the credit risk resulting from the potential customer-related defaults on payments, the Group's companies exposed to this risk have:

- A specific Credit Risk analysis and monitoring department;
- Proactive credit management processes and procedures that are implemented and always supported by information systems;
- Hedging mechanisms (credit insurance, letters of credit, bank guarantees, etc.).

Interest Rate Risk

As a result of the relevant proportion of debt at variable rate in its Consolidated Balance Sheet, and of the subsequent interest payment cash flows, Toyota Caetano is exposed to interest rate risk.

Toyota Caetano has been using financial derivatives to hedge, at least partially, its exposure to interest rate variations.

Exchange Rate Risk

As a Group with geographically diversified commercial relationships, the exchange rate risk is mainly the result of commercial transactions, arising from the purchase and sale of products and services in a currency that is different from the functional currency of each company.

The exchange rate risk management policy seeks to minimise the volatility of the investments and operations denominated in foreign currencies, contributing toward reducing the sensitivity of the Group's results to exchange rate fluctuations. The Group's exchange rate management policy is focused on a case-by-case assessment of the opportunity to hedge this risk, taking into account, particularly, the specific circumstances of the currencies and countries in question.

Toyota Caetano has been using financial derivatives to hedge, at least partially, its exposure to exchange rate variations.

Liquidity Risk

The goal of Toyota Caetano's liquidity risk management is to ensure that the company has the ability to obtain, in a timely manner, the necessary funding to be able to undertake its business activities, implement its strategy and meet its payment obligations when due, while avoiding the need to obtain funding under unfavourable terms.

For this purpose, the Group's liquidity management involves the following aspects:

a) A consistent financial planning based on operating cash flow forecasts for different time horizons (weekly, monthly, annual and multi-annual);

b) The diversification of funding sources;

c) The diversification of the maturities of the debt issued in order to avoid excessive concentrations of debt repayments in short periods of time;

d) The arrangement of committed (and uncommitted) credit facilities, commercial paper programmes and other types of financial operations with relationship Banks, ensuring the right balance between satisfactory liquidity levels and adequate commitment fees.

For detailed information, please refer to the Corporate Governance Report.

OWN SHARES

The company did not purchase or sell any own shares during this fiscal year. On December 31st, 2019, the company did not hold any own shares.

NON-FINANCIAL REPORT

Quality, Environment and Kaizen

In line with the diagnosis performed to the needs of interested parties, Toyota Caetano Portugal, has been prioritizing over the years the implementation of policy of ethics and transparency, turning their sustainability strategy to life with a social and environmentally focused management.

During 2019, the implementation of a defined strategy, is mentioned in the main planned actions and in the results obtained:

- Within the scope of their Integrated Quality Management System, Environment, the accomplishment of internal and external audit (certifying entity – SGS) was highlighted, keeping the certifications according to the standards ISO 9001:2015 e ISO 14001:2015. The Division of Industrial-North Equipment performed the migration to the new standard ISO 45001, bringing the Health and Safety at Work into line with the Integrated Management System.
- Toyota Caetano Portugal has been reinforcing their strategy of the continuous improvement (Kaizen). Annually, the results of continuous improvement are recognized by the Administration to the Co-workers.
- To work with Toyota and Lexus electrical vehicles, gives us the opportunity of making the difference in our planet.

It's an opportunity to promote the change to carbon neutrality, in line with the goals of sustainable development (ODS). That is why Toyota Caetano Portugal continues committed in the implementation of their program "Toyota Environmental Challenge 2050", in coordination with Toyota Motor Europe.

- For the sixth year running, Toyota Caetano Portugal participated in the annual report on Sustainable Development "Carbon Disclosure Project (CDP) – Climate Change", promoting corporative transparency and the accounting of the carbon footprint of the organization. The achieved result in 2019, was B (Management), above European Average C (Awareness).
- For this CDP result, the strategy of massification of electrical vehicles in the national market really had its contribution, where we got an excellent ratio of 70% sales of hybrid and plug-in vehicles on the total of sales of light of passengers.
- One of the implemented improvements towards carbon neutrality, was the alteration of electrical energy consumption to green energy (from renewable resources), certified by EDP – Energias de Portugal.
- The campaigns of energy efficiency implemented in their building and procedures were also target of significant improvements. There were campaigns of energetical improvement with the progressive transformation of the buildings lighting to LED lighting, reducing substantially the consumption.

The Biodiversity is, closely, related with Climate Change, there are enough evidences demonstrating that the Climate Change can speed up the vanishing process of some species. Supporting their policy of social and environmental responsibility, a Protocol with Gaia's Municipal Council was signed – Parque Biológico – for technical monitoring of the Woods Ser Caetano.

This space intends to answer to the challenges of a greener and environmentally friendly society, and of which the Co-workers of Toyota Caetano Portugal will be able to enjoy.

The Program "A Toyota, A Tree" was also continued, since 2005 Toyota contributes so that Portugal becomes greener, offering to Nature a tree for each vehicle sold. This Program has been developed and grown in order to contribute even more and in a sustainable way to help with the recovery of burnt areas, common lands and arid regions, using a selection of certified plants and forest shrubs, in harmony with the biodiversity of the area to be planted.

We also subscribed the" Letter of Principle of the Business Council for Sustainable Development – Portugal", in line with the guiding principles of good business management, according to ethical, social, environmental, applicable quality standards in any context of the global economy. This way, we reinforce our commitment towards the ambition established by the Goals of Sustainable Development of the United Nations.

2020's Commitment

Continue the sustainable growth in electrical vehicles sales, for which we plot a goal of 74.1 % of penetration over the total passenger's vehicles sales.

Proceed with the daily thought of all Co-workers, focused on the Kaizen principle (continued improvement), where we aim for a goal of 1.5 ideas by Co-worker.

Continue to answer to international investors requests, about the transparency of the low carbon economy of Toyota Caetano Portugal, though the Carbon Disclosure Project (CDP) and keeping the "B level - Management".

Reinforce the implementation of integrated biodiversity programs in Ser Caetano Woods in the A Toyota, A Tree Campaign, with participation of numerous of our stakeholders.

Responding to the challenge issued by Toyota Material Handling Europe, the Industrial Equipment Division will participate in the Social and Sustainable Responsibility evaluation, by the EcoVadis Platform. This platform classifies the level of Social and Sustainable Responsibility of different Companies in order to connect the suppliers and international customers.

Obtain the Energy Certification in Industrial Equipment Division – North, by standard ISO 50001:2018, initiated in 2019 (1st phase) and foreseen to be finalized in June of 2020.

SOCIAL ISSUES RELATING TO WORKER'S REPORT

DPC Activity

The People Corporate Office was created in 2015 in order to make Toyota Caetano Portugal a better place to live, grow and work. An ongoing mission, which guides our daily ambition to build a better and more efficient Integrated People Management System, in line with the values, organizational culture and business goals.

2019 was the triggering year of the attraction strategy talent retention, which resulted in the launch of the A.R.T.E. Portal, whose mission is to Attract and Retain Exponential Talent. At a time where work should mainly be a source of personal and professional fulfilment, the definition of strategies that boost the attractiveness of said work is fundamental so that companies can continue their business and creating good experiences to the Customer, through human capital skills which can attract. We should continue promoting and reinforcing the value of our offer as employers, so that we attract the best People to work for Toyota and Lexus brands.

In this regard, the reception strategy of trainees – based on the Young Talent Program – was also a concern in 2019. Through the visual identity revision, the activation of a communication strategy in social media, the presence increase in education institution and job fairs, the trainees program conquered greater visibility and increased the applications number. The realization of the Open Day should be noted, it allowed young people to come to our facilities, where they will perform their internships, in a logic of closeness of the students to the business reality.

But speaking about the last year is inevitably talking about the reinvention of the Salvador Caetano Training. An attitude change, hand in hand with modern times and the innovation made us launch the digital @cademia Ser Caetano. This e-learning platform intends to bring all the advantages and opportunities of a real training center to the digital world, in an attractive, intuitive and easy access way. With contents adapted to each company and brand realities and with the digital convenience, serves the purpose of corporative alignment, through the dissemination of the key messages of the organization and the reinforcement of our values.

In terms of 2019's indicators, the Training of actives counted with 80 936 hours, in a total of 565 courses divided through retail areas, services and industry. The youth training had a total of 894 198 hours, in 43 courses and 770 trainees, spread over the 7 centres all around the country.

Our Culture has been the support to the CPD strategy, since their creation, by acting in a transversal way. 2019 was a year of strategic skills definition for each group works, according to our values, being their practical implementation scheduled, through the course of 2020, in the different processes of the Integrated People Management System.

It's one step closer to the goal of a continuous development of our Co-workers, with focus on our leaders and their adjustment to the current and future needs.

While not forgetting the Toyota family influences, the BRiT program - Best Retailer in Town was implemented for the first time in Portugal, which involved all the dealers in the Toyota national network. This program aims to improve our services and the experience of the Co-worker and Customer, with a 360 degrees' vision. Highlight for the EES – Employee Engagement Survey – which has the purpose of measuring and supporting one of BriT pillars, the Co-workers involvement. This survey evaluates the satisfaction and the commitment of the Co-worker in the organization and his level of recommendation. This process supposes the effort of everyone, and for that reason the results are shared and improvement plans are created.

In 2019 we made Ser Caetano Barometer, a study of the organizational climate which allowed us to understand the perception of our Co-workers versus the organization.

On the way to digital transformation, the dematerialization of the procedures is now a reality in almost all the People Management areas, which has made possible an easier access of Co-workers to the information and a greater promptness in procedures provision.

The Performance and Development Management System (GDD) covered all of the Toyota Caetano Portugal universe, in 2019, allowing the alignment of conditions and benefits, to guide the course of the Co-worker and to provide a broad vision of the paths that he can take.

The year ended with the redefinition of the strategy of Social Corporative Responsibility, in line with all the activities that are already practiced by the brands and fostering the positive impact that we have in communities we are in.

The ongoing implementation of good Kaizen techniques has to be noted, with the goal of inspiring a culture of ongoing improvement, that results of the suggestions of everyone who is part of the Organization.

During the last 5 years, many have been the challenges and the opportunities. We believe that only the continuity of this united strategy can flourish in attraction and retention of the best potential, integrating and developing our People.

Men and women equality

The gender equality promotion is a constant concern for Toyota Caetano Portugal, emphasizing the technical skill and attitude, regardless of gender, as well as respective set-offs. In a sector historically male, it's important to focus on the richness of gender diversity and we are committed to female recruitment for areas and roles where their representation is still reduced.

Non-discrimination

Attitudes and behaviours that promote discrimination are firmly repudiated by Toyota Caetano Portugal. That's why, we are in the market with an upright, honest attitude, with respect towards everyone, promoting a friendly and worthy work environment. At the same time, the organization is actively promoting equal opportunities and moral integrity for all stakeholders taking part in the business.

Respecting the Human Rights

With a meaningful inspiration by Toyota Way, in harmony with Ser Caetano's attitude, Toyota Caetano Portugal builds on its practice of defence of the Human Rights and respect for the People. Therefore, discriminatory behaviour, based on race, ethnicity, nationality, social origin, age, gender, ideology, politics opinion, religion or any kind of physical or social condition are not accepted. TCAP promotes the extension of this techniques as well, in relationships with stakeholders, namely with Co-workers, so that these are taken into their personal relationships.

Diversity

Toyota Caetano Portugal promotes diversity, from its Management until the Social Body. The renovation of the officers is a concern for the company, which recognizes the experience and the knowledge as needed and essential qualifications for performing functions. Only with these conditions we are able to have a sustainable strategy. Women also have an important role in this balance and have been increasingly taking leadership spots. In recruitment and in training the discussion and intergenerational learning is encouraged.

Based on these practices of gender diversity and sharing between generations, TCAP stands as a company prepared to face the challenges of a world increasingly global and inclusive.

TO WHOM IT MAY CONCERN

We hereby declare, under the terms and for the purposes of Article 245(1)(c) of the Securities Code that, as far as we are aware, the individual and consolidated statements of Toyota Caetano Portugal regarding 2019 were prepared in accordance with the relevant accounting standards, providing a true and fair view of the assets and liabilities, financial situation and results of this company and other companies included in its consolidation perimeter, and that the management report contains a faithful account of the business evolution, performance and position of this company and of the subsidiaries included in its consolidation perimeter, as well as a description of the main risks and uncertainties they face.

PROPOSED APPROPRIATION OF PROFITS

In accordance with Article 376(1)(b) of the Commercial Companies Code, we propose the following appropriation of profits for the year, in the amount of Euros 11.593.984,22, expressed in Toyota Caetano Portugal's individual financial statements:

a) For non-distributable reserves account for profits in financial holdings arising from the application of the equity method.

Eur 2.245.030,85

b) For dividends to be attributed to capital, €0.20 per share, which, for 35,000,000 shares, amounts to a total of

Eur 7.000.000,00

c) The remainder for the Retained Earnings account

Eur 2.348.953,37

OTHER SUBJECTS / ACKNOWLEDGEMENTS

This report wouldn´t be finished without expressing our recognition to people or entities that contributed in any way for the development of Company activities or for the results which were obtained, namely:

- To our Customers and Dealers for the trust revealed to our products and for distinction of their preference which continues to constitute the best incentive;
- To Bank entities for the collaboration and support that they always expressed in the monitoring of our activity;
- To remainder Governing Body for the collaboration demonstrated during all moments;
- To all the Co-workers who through their commitment continued to demonstrate their effort in the pursuit of the Company's goal.

Vila Nova de Gaia, March 17th 2020

BOARD OF DIRECTORS

José Reis da Silva Ramos – President

Maria Angelina Martins Caetano Ramos

Salvador Acácio Martins Caetano

Miguel Pedro Caetano Ramos

Matthew Peter Harrison

Katsutoshi Nishimoto

Rui Manuel Machado de Noronha Mendes

INFORMATION ABOUT THE PARTICIPATION OF ADMINISTRATION AND MONITORING BODIES OF TOYOTA CAETANO PORTUGAL, S.A.

(In terms of the article 447 of the Portuguese Commercial Companies Code and according to the paragraph c) of the article 9 and number 4 of article 14, both Regulation 5/2008 of CMVM)

In compliance of the article 447 of the Portuguese Commercial Companies, it is stated that, in 31st December 2019, the administration and monitoring member bodies of the Company did not previously own any shares or obligations.

It also stated that the administration and monitoring member bodies didn't perform any acquisitions, encumbrance or cessation of ownership with purpose shares or obligations of the Company during 2019's financial year.

It is also stated, up next, the transferable security of the Company held by other companies where the administration and monitoring member bodies exercise positions in social bodies:

- the stockholder Salvador Caetano Auto, SGPS, S.A. (of which **Mr. Salvador Acácio Martins Caetano** is the President of the Board of directors, **Mrs. Maria Angelina Martins Caetano Ramos** is the Vice-President of the Board of directors and **Mr. Miguel Pedro Caetano Ramos** is a Member of the Board of directors), acquired: on July 16th 2019, 9.250 shares with the price per unit of 2.76 €; on July 22th 2019, 623.626 shares with the price per unit of 2.80 €; on July 23th 2019, 6.585 shares with the price per unit of 2.80 €; on July 29th 2019, 30 shares with the price per unit of 2.70 €; on July 30th 2019, 5.000 shares with the price per unit of 2.80 €; on August 1st 2019, 900 shares with the price per unit of 2.80 €; on August 2nd 2019, 10.580 shares with the price per unit of 2.80 €; on August 9th 2019, 581 shares with the price per unit of 2.76 €; on August 12th 2019, 470 shares with the price per unit of 2.76 €; on 13th August 2019, 1.399 shares with the price per unit of 2.78 €; on August 14th 2019, 6.176 shares with the price per unit of 2.78 €; on August 15th 2019, 8.150 shares with the price per unit of 2.78 €; on 16th August 2019, 3.160 shares with the price per unit of 2.78 €; on August 19th 2019, 7.032 shares with the price per unit of 2.78 €; on August 20th 2019, 4.720 shares with the price per unit of 2.80 €; on August 30th 2019, 50 shares with the price per unit of 2.80 €; on September 2nd 2019, 87 shares with the price per unit of 2.80 €; on September 5th 2019, 650 shares with the price per unit of 2.80 €; on September 11th 2019, 1 share with the price per unit of 2.80 €; which on December 31st 2019 held 23.937.665 shares with the price per unit of 1 euro.

- the stockholder COVIM – Sociedade Agrícola, Silvícola e Imobiliária, S.A. didn't have movements (of which **Mrs. Maria Angelina Martins Caetano Ramos** is the President of the Board of directors, **Mr. José Reis da Silva Ramos** is partner of the President of the Board of directors), which on 31st December 2019 held 393.252 shares with the price per unit of 1 euro.

For this previous purpose at the end of number 1 of article 447 of the Portuguese Commercial Companies Code (in a control or group relationship with the company), it stated that:

- **Mr. José Reis da Silva Ramos**, President of the Board of directors, is the holder of:
  - 39.49%[1] of the social capital of Grupo Salvador Caetano, SGPS, S.A., company which is in a control relation with the Company;

- **Mrs. Maria Angelina Martins Caetano Ramos**, a Member of the Board of directors, is the holder of:
  - 39.49%[1] of the social capital of Grupo Salvador Caetano, SGPS, S.A., company which is in a control relation with the Company;

- **Mr. Salvador Acácio Martins Caetano**, a Member of the Board of directors, is the holder of:
  - 39.49%[1] of the social capital of Grupo Salvador Caetano, SGPS, S.A., company which is in a control relation with the Company;

- **Mr. Miguel Pedro Caetano Ramos**, a Member of the Board of directors, is the holder of:
  - 0.00223% of the social capital of Grupo Salvador Caetano, SGPS, S.A., company which is in a control relation with the Company.

[1] This percentage includes shares held by the partner

QUALIFIED PARTICIPATIONS

(In terms to the Regulation 5/2008 of CMVM)

On December 31st 2019, the stockholders with qualified participations in the company's capital are the following:

STOCKHOLDER	SHARES	% OF VOTING RIGHTS
Salvador Caetano - Auto - SGPS, S.A.	23.937.665	68,393
Toyota Motor Europe NV/SA	9.450.000	27,000

INDIVIDUAL ACCOUNTS

03.

FINANCIAL HIGHLIGHTS

(Amounts in Euros)

	DEC/19	DEC/18
SALES	361.725.495	363.662.703
CASH-FLOW	21.780.049	22.936.004
NET INCOME	11.593.984	12.786.759
NET FINANCIAL EXPENSES	1.868.571	2.060.032
PAYROLL EXPENSES	16.594.512	16.240.571
NET INVESTMENT	7.549.114	8.358.574
GROSS WORKING CAPITAL	97.660.241	89.552.755
GVA	29.996.659	30.991.581
UNITS SOLD	18.504	18.820
NUMBER OF EMPLOYEES	533	514

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

(Amounts in Euros)

ASSETS	NOTES	31/12/2019	31/12/2018
NON-CURRENT ASSETS			
Intangible assets	8	202.804	7.215
Tangible fixed assets	5	27.400.458	28.993.197
Investment properties	6	12.754.648	12.507.561
Goodwill	7	611.997	611.997
Financial investments - equity method	9	47.827.499	44.596.492
Other financial investments	10	19.600	59.504
Deferred tax assets	15	1.447.256	1.320.835
Total non-current assets		90.264.262	88.096.801
CURRENT ASSETS			
Inventories	11	75.326.451	61.082.260
Accounts receivable	12	72.522.678	110.786.784
Other accounts receivable	13	4.453.817	3.629.670
Corporate income tax receivable	15	253.616	0
Other current assets	14	499.118	2.835.539
Other financial investments	10	1.995.192	3.432.799
Cash and cash equivalents	4	9.465.441	15.003.395
Total current assets		164.516.312	196.770.447
		254.780.574	**284.867.248**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		35.000.000	35.000.000
Legal reserve		7.498.903	7.498.903
Adjustments to financial investments		8.437.143	5.810.898
Revaluation reserve		6.195.184	6.195.184
Other reserves		67.319.346	67.319.346
Retained earnings		5.279.796	1.788.817
Net income		11.593.984	12.786.759
Total equity	16	141.324.356	136.399.907
LIABILITIES: NON-CURRENT LIABILITIES:			
Loans	17	34.956.029	35.552.624
Pension Fund Defined benefit plan liabilities	21	6.150.000	5.560.983
Deferred tax liabilities	15	110.279	154.852
Total non-current liabilities		41.216.308	41.268.459
CURRENT LIABILITIES			
Loans	17	5.968.352	35.330.069
Accounts payable	18	33.586.141	35.020.440
Other accounts payable	19	13.078.051	12.712.158
Corporate income tax payable	15	0	1.945.972
Other current liabilities	20	19.607.366	21.751.226
Pension Fund Defined benefit plan liabilities	21	0	439.017
Total current liabilities		72.239.910	107.198.882
Total liabilities		113.456.218	148.467.341
Total equity + liabilities		**254.780.574**	**284.867.248**

Chartered Accountant: Alexandra Maria Pacheco Gama Junqueira
Board of Directors: José Reis da Silva Ramos - President; Maria Angelina Martins Caetano Ramos; Salvador Acácio Martins Caetano; Miguel Pedro Caetano Ramos; Katsutoshi Nishimoto; Matthew Peter Harrison; Rui Manuel Machado de Noronha Mendes

INCOME STATEMENT BY NATURE FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(Amounts in Euros)

	NOTES	31/12/2019	31/12/2018
Operational gains			
Sales and service rendered	23 & 24	361.725.495	363.662.703
Other gains	27	39.285.293	41.014.930
Variation in production	11	1.132.295	-3.364.205
Total operational gains		402.143.083	401.313.428
Operational expenses			
Cost of goods sold and raw material consumed	11	-306.011.719	-302.261.681
External supplies and services	25	-45.661.899	-45.929.839
Payroll expenses	26	-16.594.512	-16.240.571
Depreciations	5, 6 & 8	-8.699.177	-8.358.574
Impairment losses in inventories	22	-561.873	
Impairment losses in accounts receivable	22	-36.526	5.778
Other expenses	27	-10.123.588	-12.327.753
Total operational expenses		-387.689.296	-385.112.640
Operational income		14.453.787	16.200.787
Gains in financial investments - equity method	9	2.245.031	2.295.780
Interest expenses	28	-1.873.154	-2.243.373
Interest income	28	4.583	183.341
Income before taxes		14.830.247	16.436.536
Income tax for the year	15	-3.236.263	-3.649.777
Net income		11.593.984	12.786.759

Chartered Accountant: Alexandra Maria Pacheco Gama Junqueira
Board of Directors: José Reis da Silva Ramos - President; Maria Angelina Martins Caetano Ramos; Salvador Acácio Martins Caetano; Miguel Pedro Caetano Ramos; Katsutoshi Nishimoto; Matthew Peter Harrison; Rui Manuel Machado de Noronha Mendes

STATEMENT OF THE COMPREHENSIVE INCOME AT 31 DECEMBER 2019 AND 2018

(Amounts in Euros)

	31/12/2019	31/12/2018
Net profit for the period	11.593.984	12.786.759
Components of other consolidated comprehensive income, that could not be recycled by profit and loss		
Remeasurement (actuarial losses gross of tax) (Note 21)		
Deferred tax of actuarial losses (Note 15)		
Other changes in equity		
Comprehensive income	11.593.984	12.786.759

Chartered Accountant: Alexandra Maria Pacheco Gama Junqueira
Board of Directors: José Reis da Silva Ramos - President; Maria Angelina Martins Caetano Ramos; Salvador Acácio Martins Caetano; Miguel Pedro Caetano Ramos; Katsutoshi Nishimoto; Matthew Peter Harrison; Rui Manuel Machado de Noronha Mendes

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2018

(Amounts in Euros)

	NOTES	SHARE CAPITAL	LEGAL RESERVE	REVALUATION RESERVE	ADJUSTMENTS TO FINANCIAL INVESTMENTS	OTHER RESERVE	TOTAL RESERVES	RETAINED EARNINGS	NET INCOME	TOTAL EQUITY
Balance Sheet at 1 January 2018		**35.000.000**	**7.498.903**	**6.195.184**	**3.579.095**	**67.319.346**	**84.592.528**	**1.781.402**	**9.338.305**	**130.712.235**
Changes in period										
MEP							0			0
Allocation of profits					2.330.890		2.330.890	7.415	-2.338.305	0
Remeasurement (actuarial losses)							0			0
Other changes in equity	9				-99.087		-99.087			-99.087
		0	0	0	2.231.803	0	2.231.803	7.415	-2.338.305	-99.087
Net income									12.786.759	12.786.759
Total gains and losses									12.786.759	12.786.759
Transactions with shareholders in the period										0
Dividends	16								-7.000.000	-7.000.000
Other transactions										0
		0	0	0	0	0	0	0	-7.000.000	-7.000.000
Balance sheet at 31 December 2018		**35.000.000**	**7.498.903**	**6.195.184**	**5.810.898**	**67.319.346**	**86.824.331**	**1.788.817**	**12.786.759**	**136.399.907**
Balance Sheet at 1 January 2019		**35.000.000**	**7.498.903**	**6.195.184**	**5.810.898**	**67.319.346**	**86.824.331**	**1.788.817**	**12.786.759**	**136.399.907**
Changes in period										
MEP							0			0
Allocation of profits					2.295.780		2.295.780	3.490.979	-5.786.759	0
Remeasurement (actuarial losses)							0			0
Other changes in equity	9				330.465		330.465			330.465
		0	0	0	2.626.245	0	2.626.245	3.490.979	-5.786.759	330.465
Net income									11.593.984	11.593.984
Total gains and losses									11.593.984	11.593.984
Transactions with shareholders in the period										0
Dividends	16								-7.000.000	-7.000.000
Other transactions										0
		0	0	0	0	0	0	0	-7.000.000	-7.000.000
Balance sheet at 31 December 2019		**35.000.000**	**7.498.903**	**6.195.184**	**8.437.143**	**67.319.346**	**89.450.576**	**5.279.796**	**11.593.984**	**141.324.356**

Chartered Accountant: Alexandra Maria Pacheco Gama Junqueira
Board of Directors: José Reis da Silva Ramos - President; Maria Angelina Martins Caetano Ramos; Salvador Acácio Martins Caetano; Miguel Pedro Caetano Ramos; Katsutoshi Nishimoto; Matthew Peter Harrison; Rui Manuel Machado de Noronha Mendes

INDIVIDUAL CASH FLOW STATEMENT PERIOD ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

(Amounts in Euros)

STATEMENT OF CASH FLOWS ON OPERATING ACTIVITIES	NOTES	2019		2018	
Collections from customers		514.813.229		476.589.092	
Payments to suppliers		-434.778.449		-419.707.084	
Payments to personnel		-11.363.151		-8.446.124	
Operating flow			68.671.629		48.435.884
Payments of income tax			-6.919.904		-4.837.374
Other collections/Payments related to operating activities			-21.074.793		-23.662.739
Cash flow from operating activities			40.676.932		19.935.770
STATEMENT OF CASH FLOWS ON INVESTING ACTIVITIES					
Collections from:					
Investments	9	1.629.831			
Tangible fixed assets	5			99.702	
Investment properties	6			1.695.000	
Investment subsidy					
Interest and others					
Dividends	9		1.629.831		1.794.702
Payments to:					
Investments	9	-1.618.680			
Tangible fixed assets	5	-1.345.701		-2.252.938	
Investment properties	6	-404.473			
Intangible assets	8	-219.205	-3.588.059		-2.252.938
Cash flow from investing activities			-1.958.228		-458.236
FINANCING ACTIVITIES **STATEMENT OF CASH FLOWS ON FINANCING ACTIVITIES**					
Collections from:					
Loans	17	93.000.000	93.000.000	306.483.075	306.483.075
Payments to:					
Loans	17	-122.400.000		-310.983.075	
Lease down payments	17	-6.219.749		-5.478.163	
Interest and others		-1.620.851		-1.726.321	
Dividends	16	-7.016.060	-137.256.659	-6.995.076	-325.182.634
Cash flow from financing activities			-44.256.659		-18.699.559
CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of period	4		15.003.395		14.225.420
Cash and cash equivalents at end of period	4		9.465.441		15.003.395
Net flow in cash equivalents			-5.537.955		777.975

Chartered Accountant: Alexandra Maria Pacheco Gama Junqueira
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1. INTRODUCTION

Toyota Caetano Portugal, S.A. ("Toyota Caetano" or "the Company") was incorporated in 1946, with its headquarters in Vila Nova de Gaia, which mainly carries economic activities included in the automotive sector, namely the import, assembly and commercialization of light and heavy vehicles, import and sale of industrial equipment, as well as the corresponding technical assistance, the creation and operation of human resources training and development projects, as well as the management of their own properties, including their rental, and the rental of short or long--term vehicles, with or without a driver.

Its shares are listed in the Lisbon Stock Exchange Market since October 1987.

Toyota Caetano is the distributor of the brands Toyota and Lexus in Portugal and is the head of a group of companies ("Toyota Caetano Group").

As of 31 December, 2019, the companies of Toyota Caetano Group, their headquarters and abbreviations used, are as follows:

COMPANIES	HEADQUARTERS
With headquarters in Portugal:	
Toyota Caetano Portugal, S.A. ("Parent company")	Vila Nova de Gaia
Caetano - Auto, S.A. ("Caetano Auto")	Vila Nova de Gaia
Caetano Renting, S.A. ("Caetano Renting")	Vila Nova de Gaia
With headquarters in foreign countries:	
Caetano Auto CV, S.A. ("Caetano Auto CV")	Praia (Cape Verde)

During the period ended December 31, 2019, there was a change in the composition of the consolidation perimeter with the liquidation of Saltano in May, 2019.

The attached financial statements are stated in Euros (rounding by unit), as this is the functional currency used in the economic environment where the Group operates.

2. MAIN ACCOUNTING POLICIES

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

2.1 BASIS OF PRESENTATION

These financial statements relate to the financial statements of Toyota Caetano Portugal S.A. were prepared according to the IFRS – International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards (IAS), as issued by the International Accounting Standards Committee ("IASC"), and its respective interpretations - IFRIC and SIC, as issued, respectively, by the International Financial Reporting Interpretations Committee ("IFRIC") and by the Standing Interpretation Committee ("SIC"), that have been endorsed by the European Union, in force at the date of preparation of the financial statements.

The financial statements have been prepared on a going concern basis, based on the accounting and having as basis the principle of the historical cost and, in the case of some financial instruments, fair value.

First time adoption of the IFRS in the preparation of the financial statements occurred in 2016 so the transition date of the Portuguese Accounting Principles ("Accounting Standardization System" or "SNC") for these regulations was established on January 1, 2015, in accordance with the provisions of IFRS 1 - First-time adoption of international financial reporting standards ("IFRS 1").

2.2 ADOPTION OF NEW OR REVERSED IAS / IFRS

The following standards, interpretations, amendments and revisions endorsed by the European Union and mandatory in the fiscal years beginning on or after 1 January 2019, were adopted by the first time in the fiscal year ended at 31 December 2019:

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

   a) IFRS 16 (new), 'Leases'. This new standard replaces IAS 17 with a significant impact on the accounting by lessees who are now required to recognise a lease liability reflecting future lease payments and a "right-of--use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". The application of IFRS 16 may be retrospective or retrospective modified. As of IFRS 16, the necessary analysis and framing of the actual situations applicable to the date were made, and (i) considering the modified retrospective approach with the Asset equal to the Liability and (ii) considering, as a rule, the mandatory date and (iii) discount rates identical to those practiced in the market for other financing, it is concluded that the impact at the qualitative and quantitative level will not be significant in the financial statements of the Entity.

   b) IFRS 9 (amendment), 'Prepayment features with negative compensation' (effective for annual periods beginning on or after 1 January 2019). The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit or loss. This amendment did not have any impact in the Entity financial statements.

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

   d) IAS 28 (amendment), 'Long-term interests in Associates and Joint Ventures'. The amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investments in associates and joint ventures), that are not being measured through the equity method, are to be measured in accordance with IFRS 9 – 'Financial instruments'. The long-term investments in associates and joint ventures are subject to the expected credit loss impairment model, prior to being added, for impairment test purposes, to the whole investment in associates and joint ventures, when impairment indicators exist. This amendment is not applicable to the Entity financial statements.

   e) Annual Improvements 2015 – 2017. The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3 and IFRS 11. These improvements did not have any impact in the Entity financial statements.

   f) IFRIC 23 (new), 'Uncertainty over income tax treatment'. This is an interpretation of IAS 12 - 'Income tax', and refers to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of an income tax treatment by the tax authorities. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, and not under IAS 37 – 'Provisions, contingent liabilities and contingent assets', based on the expected value or the most probable value. The application of IFRIC 23 may be retrospective or retrospective modified. This interpretation did not have any impact in the Entity financial statements.

2. Standards (new and amendments) and interpretations that have been published and are mandatory for the accounting periods beginning on or after 1 January 2020, endorsed by the EU:

    a) IAS 1 and IAS 8 (amendment), 'Definition of material' (effective for annual periods beginning on or after January 1, 2020). This amendment is still subject to endorsement by the European Union. The amendment revises the concept of material. Includes clarifications as to obscured information, its effect being like the omission or distortion of information. The group should assess materiality considering the financial statements as a whole. There are also some clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need. It is not expected significant impact of future adoption of this amendment on the Entity financial statements.

    b) Conceptual framework, 'Amendments to references in other IFRS' (effective for annual periods beginning on or after January 1, 2020). As a result of the publication of the new Conceptual Framework, the IASB introduced changes to the text of various standards and interpretations, like: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of asset/liability and expense/income, in addition to some of the characteristics of financial information. These amendments are retrospective, except if impractical. It is not expected significant impact of future adoption of this amendment on the Entity financial statements.

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

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

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

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

2.2.1 ADOPTION OF IFRS 16 - 'LEASES'

In accordance with the transitional provisions of IFRS 16, the Group chose to apply the "modified retrospective" on the date of initial adoption (January 1, 2019); comparative of the Financial Statements values were not restated.

The new IFRS 16 standard eliminated the classification of leases between operating or financial leases for lessee entities, as provided for in IAS 17. Instead, it introduced a single accounting model, very similar to the treatment that was given to financial leases in the accounts of tenants.

This model establishes, for the lessee, the recognition of:

(i) assets and liabilities for all leases with a term of more than 12 months (with low value assets can be excluded regardless of the lease term) in the Statement of Financial Position; and

(ii) depreciation of leased assets and interest separately in the Income Statement.

The Entity adopted this new standard as of January 1, 2019, having applied the modified retrospective method, with assets equal to liabilities, so it did not restate the comparative accounts for the year 2018, with no impact on the Entity equity.

The operating leases refer to leasing contracts for the use of industrial equipment.

Regarding previous commitments with financial leases, in the transition, the book values of assets and liabilities per lease as at December 31, 2018 (16.473.981 and 18.982.693 euros, Notes 5 and 17, respectively) were assumed as right-of-use asset and liabilities for lease in accordance with IFRS 16 to January 1, 2019 financial statements at the time of transition.

2.3 MAIN ACCOUNTING POLICIES

The principal accounting policies used in the preparation of the accompanying financial statements are as follows:

a) Tangible fixed assets

Tangible fixed assets are recorded at deemed cost, which corresponds to its acquisition cost or its revalue acquisition cost in accordance with generally accepted accounting principles in Portugal until that date, net of accumulated depreciation and accumulated impairment losses.

Impairment losses verified on the realization value of tangible fixed assets are recorded in the year in which they are estimated, against the "Provisions and impairment losses" account in the income statement.

Depreciation is computed on straight line basis on an annual basis, accordingly with the following useful lives:

	YEARS
- Buildings and Other Constructions	20 - 50
- Machinery and Equipment	7 - 16
- Transport Equipment	4 - 6
- Administrative Equipment	3 - 14
- Other Tangible Assets	4 - 8

Expenses with maintenance and repair costs of tangible fixed assets are recorded as a cost in the year in which they occur. The repairs of significant amount that increase the estimated usage period of the assets are capitalized and depreciated according to the assets remaining useful life.

Tangible fixed assets in progress relate to tangible assets under construction/development, and are recorded at acquisition cost. These assets are transferred to tangible fixed assets and depreciated as from the date in which they are prepared for use and in the necessary conditions to operate according with the management.

Gains or losses resulting from the disposals and write-offs are determined by the difference between the amount received and the carrying amount of the asset and are recognized as income or expense in the income statement.

The Company classifies its Lease operations as a finance or operating lease, based on the substance of the transaction rather than its legal form. As of January 1, 2019, the Company adopted IFRS 16 with the registration of transport equipment under lease (optics of the lessor) under the item "Assets under right of use" included in the "Tangible fixed assets" of the Statement of financial position. These assets are recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of these assets comprises the initial costs and the initial measurement of liabilities related to leases due under lease contracts, less prepaid amounts and any incentives received. At the end of the lease, the Company reclassifies the tangible fixed assets leased to the item "Vehicles".

b) Intangible assets

Intangible assets are recorded at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Intangible assets are only recognized if it is likely that future economic benefits will flow to the Company, are controlled by the Company and if their cost can be reliably measured.

Research costs and expenses with new technical knowledge are recorded as costs in the statement of profit and loss when incurred.

Development costs are capitalized as an intangible asset if the Company has proven technical feasibility and ability to finish the development and to sell/use such assets and it is likely that those assets will generate future economic benefits. Development expenses which do not fulfil these requirements are recorded as an expense in the period in which they are incurred.

Internal expenses related to Software maintenance and development are recorded as costs in the statement of profit and loss, except in situations in which these expenses are directly related to projects from which it is likely that future economic benefits will flow to the Company. In such circumstances, these expenses are capitalized as intangible assets.

Intangible assets are depreciated on a straight-line basis over a period of three to five years.

The depreciation charge for each period of intangible assets shall be recognized in profit or loss in item "Depreciations and amortizations".

c) Investment properties

Investment properties which relate to real estate assets held to obtain income through its lease or for capital gain purposes, and not for use in production, external supplies and services or for administrative purposes, are recorded at its acquisition cost, being the respective fair value disclosed in the Notes to the financial statements (Note 6).

Whenever these assets fair value is lower than the respective acquisition cost, an impairment loss is recorded against the caption "Investment properties amortization" in the statement of profit and loss. As of the moment in which the recorded accumulated impairment losses no longer exist, they are immediately reversed against the caption "Other operating profits" in the statement of profit and loss until the limit of the amount that would have been determined, net of amortizations or depreciations, if no impairment losses would have ever been recognized in previous years.

Investment properties disclosed fair value is determined on an annual basis by an independent appraiser (Market, Cost, Profit and Use Method models) or internally.

d) Lease contracts (lessee's optics)

Accounting policy adopted as of January 1, 2019

<u>Identification</u>

The Company evaluates at the beginning date of each contract whether it corresponds to a lease contract or whether it contains a lease. In order to assess whether a contract assigns the right to control the use of an identifiable asset for a certain period of time, the Company evaluates whether, during the period of use of the asset, it cumulatively has:

- The right to obtain substantially all the economic benefits derived from the use of the identifiable asset; and
- The right to direct the use of the identifiable asset.

IFRS 16 distinguishes leases and service contracts considering whether an asset that is to be controlled is identified. The distinctions of operating leases (off balance sheet) and finance leases (included in the balance sheet) are eliminated at the lessee level and are replaced by a model in which an asset identified with a right to use and a corresponding liability is accounted for lease contracts, except for short-term (up to 12 months) and low-value contracts.

The "right to use" is initially measured at cost and subsequently at the net cost of depreciation and impairment, adjusted by remeasurement of the lease liability. The lease liability is initially measured based on the present value of the lease liabilities at the date. Subsequently, the lease liability is adjusted by the financial update of the aforementioned amount, as well as possible changes in the lease agreements.

Recognition

The Company recognizes a right to use an asset and a lease liability on the date the contract enters in force. The right to use an asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the beginning date, in addition to any initial direct costs incurred, as well as dismantling and removal estimate costs of the underlying asset (if applicable), less any incentives granted.

The right to use an asset is depreciated in twelfths using the straight-line method over its estimated useful life or during the lease term, whichever is the lower.

The right to use an asset is periodically subject to impairment tests and any detected losses are immediately recorded in the consolidated income statement for the year.

The lease liability is initially recognized at the present value of the instalments not yet paid at the date of the lease, discounted at the interest rate implicit in the lease, or, in the event that it is not possible to determine that rate, at the incremental interest rate of the lease. respective subsidiary. In most situations, the Company uses its incremental interest rate as the interest rate to be applied in the calculation referred to above.

The lease payments included in the measurement of the lease liability include the following components:

- fixed payments, less any incentives already received;
- variable payments, dependent only on a certain rate or index;
- amounts that are due under a residual value guarantee;
- exercise price of call options, if it is reasonably certain that the lessee will exercise them;
- payment of penalties for terminating the contract, if it is reasonably certain that the tenant will cancel the contract.

The lease liability is subsequently measured at amortized cost, using the effective interest rate method, being remeasured when: (i) changes in future payments arising from a change in the rate or index specified in the contract; (ii) a change in the Company's estimate of the amount to be paid as a residual value guarantee, or (iii) if the Company changes its assessment of the exercise of a call option, or of its extension or termination.

When the lease liability is remeasured, the value of the right to use an asset is adjusted by the same amount, except if the amount already recorded for the right to use is reduced to zero, in which case a gain or loss is recorded in income statement.

In short-term and low-value leases, the rents due are recognized as an expense in the income statement for the year to which they refer (Note 25). The commitments stated at the date of the statement of financial position with the payment of these leases are presented in Note 17.

Accounting policies adopted until December 31, 2018

Lease contracts are classified as (i) financial lease contracts, if all or a substantial part of the risks and benefits related to possession are transferred and as (ii) operational lease contracts if all or a substantial part of the risks and benefits related to possession are not transferred.

Classification as financial lease contracts or as operational lease contracts depends on the substance of the transaction and not on the form of the contract.

Tangible fixed assets acquired under financial lease contracts and the corresponding liabilities are recorded by the financial method. Under this method the cost of the fixed assets is recorded and reflected in the balance sheet in caption of tangible fixed assets and the corresponding liability determined in accordance with the contractual financial plan are recorded like obtained financing and reflected in the balance sheet. Lease down payments are constituted by interest expenses and by the amortization of capital in accordance with the contractual financial plan, with interests recognized as expenses in the statement of profit or loss for the year to which they relate and with the depreciation of the tangible fixed assets according to their estimated useful lives, according to Note 2.3. a), except when the lease term is shorter than the estimated useful lives.

For lease contracts considered as operational, the rents paid are recognized as an expense in the statement of profit or loss over the rental period (Note 25).

e) Inventories

Goods, raw, subsidiary and consumable materials are recognized at the initial moment of their acquisition at cost. Subsequently, these are valued at average acquisition cost, which is lower than market value.

Finished and intermediate goods and work in progress are stated at production cost, which is lower than market value. Production costs include incorporated raw materials, direct labour, production overheads and external services.

Accumulated impairment losses to reduce inventories value reflect the difference between their acquisition cost and net realizable or market value, which corresponds to the price shown on market statistics.

In the case of Inventories, impairment losses are calculated on the basis of market indicators and various indicators of inventory rotation.

f) Government Grants

Government subsidies are recognized at the respective fair value when there is a solid guarantee that they will be received and that the Company will be able to accomplish the conditions required to its concession.

The subsidies related to costs incurred are registered as a gain if there is a reasonable guaranty that they will be received, if the company has already incurred in the subsidiary costs and if they fulfil the conditions for their concession.

g) Impairment of assets

Non-current assets except Goodwill

Assets are assessed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount (defined as the highest of the net sale price and the use value, or as the net sale price for assets held for sale), an impairment loss is recognized in the statement of profit and loss under the caption "Provisions and impairment losses". The net selling price is the amount that would be obtained from the sale of an asset in a transaction between independent entities, less the cost of the disposal. The value in use is the present value of estimated future cash flows expected to arise from the continued use of an asset and its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs. The reversal of impairment losses recognized in previous years is recorded when it is concluded that the impairment losses recognized for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment losses previously recognized have been reversed. The reversal is recorded in the statement of profit or loss in the caption "Other operating income". However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment losses been recognized for that asset in prior years.

Goodwill

The value of Goodwill is not amortized, being tested for impairment purposes on an annual basis. The recoverable amount is determined as being the present value of estimated future cash flows that are expected to be generated by the continuous use of the asset. Impairment losses of Goodwill are recognized in the income statement in the caption "Provisions and Impairment Losses".

Goodwill impairment losses cannot be reversed.

h) Financial Expenses

Loan's related financial costs (interests, premiums, ancillary costs and lease interests) are recognized as financial costs in income statement of the period in which they are incurred, in accordance with the accrual principle and the effective interest rate method, except if those costs are directly related to the acquisition, construction or production of fixed assets. In this case, the referred costs are capitalized, being part of the asset cost. The capitalization of these costs begins after the beginning of the preparation of the construction or asset development activities and it is interrupted when the asset is ready to be used or when the project is suspended. Any financial income generated by loans that are directly related with a specific investment, are deducted to financial expenses elected for capitalization purposes.

i) Financial Assets

Accounting policy adopted as of January 1, 2019

Recognition

Purchases and sales of investments in financial assets are recorded on the date of the transaction, i.e., the date on which the Company undertakes to buy or sell the asset.

Classification

The classification of financial assets depends on the business model followed by the Company to manage its financial assets (receipt of cash flows or appropriation of fair value changes) and the contractual terms of the cash flows receivable.

Changes to the classification of financial assets can only be made when the business model is changed, except in the case of financial assets at fair value through other comprehensive income, which are equity instruments and, therefore, can never be reclassified to another category.

Financial assets may be classified according to the following measurement categories:

(i) Financial assets at amortised cost: includes financial assets that correspond only to the payment of nominal value and interest, and the business model followed by management is the receipt of contractual cash flows;

(ii) Financial assets at fair value through other comprehensive income: this category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity);

a) In the case of debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, when the business model followed by management is the receipt of contractual cash flows, either occasionally or a result of their sale;

b) In the case of equity instruments, this category includes the percentage of interest held in entities over which the Company does not exercise control, joint control or significant influence, and which the Company irrevocably chose, on the date of initial recognition, to designate at fair value through other comprehensive income;

(iii) Financial assets at fair value through profit or loss: includes assets that do not meet the criteria for classification as financial assets at amortised cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments that were not designated at fair value through other comprehensive income.

The classification of the Company's financial assets by category as of December 31, 2019, is shown in Note 29.

Measurement

The Company initially measures financial assets at fair value, plus transaction costs directly attributable to the acquisition of the financial asset, for financial assets that are not measured at fair value through profit or loss. Transaction costs of financial assets at fair value through profit or loss are recorded in the income statement when incurred.

Financial assets at amortised cost are subsequently measured in accordance with the effective interest rate method, minus impairment losses. Interest income on these financial assets is included in "Interest earned on assets at amortised cost" in financial income.

Financial assets at fair value through other comprehensive income, which are debt instruments, are subsequently measured at fair value through fair value changes recognised in other comprehensive income, except for variations related to the recognition of impairment, interest income and gains/(losses) due to foreign exchange differences, which are recognised in the income statement for the year. Financial assets at fair value through other comprehensive income are subject to impairment.

Financial assets at fair value through other comprehensive income which are equity instruments are measured at fair value on the date of initial registration and subsequently, and changes in fair value are recorded directly in other comprehensive income, in equity, and no future reclassifications will occur, even after derecognition of the investment. Dividends obtained from these investments are recognised as gains, in the income statement for the year, on the date they are attributed.

Impairment losses

The Company prospectively assesses the expected credit losses associated with the financial assets, which are debt instruments, classified at amortised cost and at fair value through other comprehensive income.

The applied impairment methodology takes into account the credit risk profile of the debtors, and different approaches are used depending on the nature of the debtors.

With respect to the accounts receivable under the "Accounts receivable" and "Other Accounts receivable" headings and Assets from contracts with customers, the Company uses the simplified approach allowed by IFRS 9, according to which expected credit losses are recognised since the initial recognition of the accounts receivable and throughout their maturity, considering a matrix of historical default for the maturity of the accounts receivable, adjusted via prospective estimates.

With respect to accounts receivable from related entities, which are not considered part of the financial investment of these entities, credit impairment is assessed according to the following criteria: i) if the account receivable is immediately payable ("on demand"); ii) if the account receivable has a low risk; or (iii) if it has a maturity of less than 12 months.

In cases where the amount receivable is immediately payable and the related entity is able to pay it, the probability of default is close to 0% and, therefore, the impairment is considered equal to zero. In cases where the account receivable is not immediately payable, the related entity's credit risk is assessed and if it is considered "low" or if the maturity is less than 12 months, then the Company only evaluates the probability of a default occurring for the cash flows that will mature in the next 12 months.

To all other situations and types of accounts receivable, the Company uses the general approach of the impairment model, evaluating on each reporting date whether there has been a significant increase in credit risk since the date on which the asset was initially recognised. If there is no increase in credit risk, the Company calculates an impairment corresponding to the amount equivalent to expected losses within a period of 12 months. If there is an increase in credit risk, the Company calculates an impairment corresponding to the amount equivalent to expected losses for all contractual flows until the maturity of the asset.

Derecognition of financial assets

The Company derecognises financial assets when, and only when, contractual rights to cash flows have expired or have been transferred and the Entity has substantially transferred all the risks and benefits pertaining to the ownership of the asset.

i) Investments

Investments held by the Company are classified as follows: 'Investments measured at fair value through profit and loss', 'Loans and receivables', 'Investments held to maturity' and 'Investments available for sale'. The classification depends on the subjacent intention of the investment acquisition.

Assets available for sale

These are all the remaining assets that are not classified as held to maturity or measured at fair value through profit and loss, being classified as non-current assets. This category is included in non-current assets, except if the Board of Directors has the intention of alienate the investment within a period inferior to 12 months starting from the Statement of financial position date.

At December 31, 2019 and 2018, Toyota Caetano did not have financial instruments registered in the items "Investments available for sale".

Fair Value of Financial Investments

To determine the fair value of a financial asset or liability, if such a market exists, the market price is applied (Level 1). A market is regarded as active if quoted prices are readily and regularly available from an exchange, broker or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Otherwise, which is the case of some financial assets and liabilities, valuation techniques that are generally accepted in the market are used based on market assumptions (e.g.: discounted cash flow models that incorporate interest rate curves and market volatility, which is the case of derivative financial instruments) (Level 2). On the other cases, valuation techniques are used, not based on observable market data (Level 3).

Investments are all initially recognized at fair value, including transaction costs, with the exception of investments recognized at fair value through profit or loss. In this case, investments are initially recognized at fair value, and the respective transaction costs are recognized directly in the income statement.

"Available for sale investments" and "investments at fair value through profit or loss" are kept at fair value at the balance sheet date, without deducting any transaction cost that could occur until the time of disposal.

Available for sale investments representative of share capital from unquoted companies are recognized at the acquisition, taking into account the existence or not of impairment losses. It is conviction of the Board that the fair value of these investments does not differ significantly from their acquisition cost.

Gains and losses arising from a change in the fair value of investments available for sale are recorded under equity caption "Fair value reserves" until the investment is sold or disposed, or until it is determined to be impaired. At that moment, the accumulated gains or losses previously recognized in equity are transferred to profit and loss statement for the period.

The fair value of the financial investments available for sale is based on the current market prices. If the market is not net (non-listed investments), the Company records the acquisition cost, having in consideration the existence or not of impairment losses.

The Company makes evaluations if it considers that at the statement of financial position date exists clear evidence that the financial asset might be in impairment. In case of stock instruments classified as available for sale, have a significant drop or extended of its fair value inferior to its cost, it indicates that an impairment situation is occurring. If there is any evidence of impairment in "investments available for sale", the accumulated losses – calculated by the difference between the acquisition cost and the fair value deducted from any impairment loss previously recognized in the statement of profit and loss – are retrieved from the equity and recognized in the statement of profit and loss.

All purchases and sales of investments are recorded on their trade date, which is on the date the Company assumes all risks and obligations related to the purchase or sale of the asset.

The investments are derecognized if the right to receive financial flows has expired or was transferred, and consequently, all associated risks and benefits have been transferred.

ii) Cash and cash equivalents

Cash and its equivalents include cash on hand, bank deposits, term deposits and other treasury applications which reach their maturity within less than three months and are subject to insignificant risks of change in value.

iii) Accounts receivables and Other Accounts receivables

These headings mainly include customer balances resulting from services rendered as part of the Company's activity and other balances related to operating activities. Balances are classified as current assets when they are estimated to be collected within a 12-month period. Balances are classified as non-current when they are estimated to be collected more than 12 months after the reporting date.

The "Accounts receivables" and "Other Accounts receivables" headings are initially recognised at fair value and are subsequently measured at amortised cost, minus impairment adjustments. Impairment losses in Accounts receivables and Other Accounts receivables are recorded in accordance with the principles described in the policy in Note 2.3.i. The identified impairment losses are recorded in the income statement in losses of impairment and other comprehensive income statement and are subsequently reversed by profit or loss.

j) Financial Liabilities

Financial liabilities are classified in two categories:

i) Financial liabilities at fair value through profit or loss; and

ii) Financial liabilities at amortised cost.

The "Financial liabilities at amortised cost" category includes liabilities recorded under "Loans obtained" (Note 17), "Accounts payable" (Note 18) and "Other Accounts payable" (Note 19). These liabilities are initially recognised at fair value, net of transaction costs, and subsequently measured at amortised cost according to the effective interest rate method.

Financial liabilities are derecognised when the underlying obligations are extinguished by payment, cancelled, or expire.

As of December 31, 2019, the Company has only recognised liabilities classified as "Financial liabilities at amortised cost."

Financial liabilities are derecognised when the underlying obligations are extinguished by payment, cancelled, or expire.

i) Loans obtained

Loans obtained are initially recognised at fair value, net of any transaction costs incurred. Loans are subsequently measured at amortised cost and the difference between the nominal value and the initial fair value recognised in the income statement and in the other comprehensive income statement throughout the term of the loan using the effective interest rate method.

Loans obtained are classified under current liabilities, unless the Company has an unconditional right to defer the payment of the liability for at least 12 months after the date of the financial report, in which case they are classified as non-current liabilities.

ii) Accounts payable

These headings usually include balances of suppliers of goods and services that the Company acquired in the normal course of its business. The items included in these will be classified as current liabilities if the payment is due within 12 months or less; otherwise, the accounts payable will be classified as non-current liabilities.

These financial liabilities are initially recognised at fair value. After their initial recognition, the liabilities shown under the "Accounts payable" heading are measured at amortised cost, using the effective interest rate method.

k) Post-Retirement Obligations (Pension Fund Defined benefit plan and Contribution Defined plan)

Toyota Caetano Portugal incorporated by public deed dated December 29, 1988 the Salvador Caetano Pension Fund, with subsequent updates in February 2, 1994, April 30, 1996, August 9, 1996, July 4, 2003, February 2, 2007, December 30, 2008, December 23, 2011 and December 31, 2013.

In order to estimate its liabilities for the payment of the mentioned responsibilities, the company obtains annually an actuarial calculation of the liabilities for past services in accordance with the "Current Unit Credit Method".

Recorded liabilities as of the statement of financial position date relate to the present value of future benefits adjusted for actuarial profits or losses and/or for liabilities for past services not recognized, net of the fair value of net assets within the pension fund (Note 21). The Entity recognized remeasurement in "Other reserves". The contribution to Define Contribution Plan are recognized in expenses for the year.

l) Contingent Assets and Liabilities

Contingent liabilities are defined by the company as (i) possible obligations from past events and which existence will only be confirmed by the occurrence or not of one or more uncertain future events not totally under Toyota Caetano's control or (ii) present obligations from past events not recognized because it is not expected that an output of resources that incorporate economic benefits will be necessary to settle the obligation or its amount cannot be reliably measured.

Contingent liabilities are not recorded in the financial statements, being disclosed in the respective Notes, unless the probability of a cash outflow is remote. In these situations, no disclosure is made.

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not totally under the company's control.

Contingent assets are not recorded in the financial statements but only disclosed when it is likely the existence of future economic benefits.

m) Income Taxes

In March 2007, the Company took the decision to apply to the Corporate Income Tax for the Group (RETGS) according to the articles 69th and 70th of Income Tax Code (CIRC) and beginning in 1st January 2007. In consequence, the parent company (Toyota Caetano Portugal, S.A.) shall book the income tax calculated in the Group Companies (Toyota Caetano Portugal, Caetano Auto and Caetano Renting) in order to determine the group income tax.

The Corporate Income Tax for the year is determined based on the net profit adjusted according to the fiscal regime applicable.

Deferred income taxes are computed using the statement of financial position liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes. The deferred tax assets and liabilities are computed on an annual basis using the tax rates that are expected to be in force at the time these temporary differences are reversed.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will arise in the future to allow their use or when there are temporary taxed differences that overcome temporary deductible differences at the time of its reversal. At the end of each year the Company reviews its recorded and unrecorded deferred tax assets which are reduced whenever their realization ceases to be likely, or recorded if it is likely that taxable profits will be generated in the future to enable them to be recovered.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity, situations in which the corresponding deferred tax is also recorded in equity captions.

n) Accrual basis

Revenues and expenses are recorded according to the accrual basis, by which they are recognized in the period to which they relate independently of when the amounts are received or paid. Differences between the amounts received and paid and corresponding income and expenses are recorded in the captions "accruals and deferrals" included in "Other current assets" and "Other current liabilities".

Income and expenses for which the actual amount is yet unknown are recorded based on the best estimate of the Board of Directors of the Company.

o) Revenue - contracts with customers

Revenue corresponds to the fair value of the amount received or receivable from transactions with customers in the normal course of business. Revenue is recorded net of any taxes, trade discounts and financial rebates.

In determining the value of revenue, the Company evaluates the performance obligations undertaken towards customers in each transaction, the price of the transaction to be affected by each performance obligation that is identified, and the existence of variable price conditions that may lead to future adjustments to the value of the recorded revenue, for which the Company makes its best estimate.

Revenue is recorded in the income statement when the control over the product or service is transferred to the customer, i.e., at the moment when the customer becomes able to manage the use of the product or service and to obtain all the remaining economic benefits associated with it.

The Company considers that, given the nature of the product or service that is associated with the performance obligations undertaken, the transfer of control occurs mostly on a specific date, but there may be transactions in which the transfer of control occurs continuously over the contractual period that has been previously established.

The amounts recorded in the item "Other current assets" with the amount of 20.000 euros constitute contracts assets within the scope of IFRS 15 (note 14).

The amounts recorded under the captions "Other creditors" and "Other current liabilities" in the amount of 276.584 euros and 7.270.846 euros, respectively, constitute contracts liabilities under IFRS 15 (notes 19 and 20).

p) Statement of financial position classification

All assets and liabilities, including assets and liabilities deferred tax, accomplishable or receivable in more than one year after the statement of financial position date are classified as "Non-current assets or liabilities".

q) Earnings per share

Basic:

The basic earnings per share is calculated by dividing the taxable income of the shareholders by the weighted average number of common shares issued during the period, excluding the common shares acquired by the company and held as treasury shares.

Diluted:

Diluted earnings per share are calculated by dividing the profit attributable to shareholders, adjusted for the dividends of convertible preferred shares, convertible debt interest and gains and expenses resulting from the conversion, by the weighted average number of common shares issued during the period plus the average number of shares common shares issued in converting potential dilutive common shares.

r) Segment information

In each year the Group identifies the most adequate business and geographic segments.

Information related to the identified operating segments is included in Note 24.

In that note we can find information by subsegments. For the subsegment of vehicles is presented by commercial and industry. For the subsegment of industrial equipment is present by commercial, services and rental

s) Balances and transactions expressed in foreign currencies

Assets and liabilities expressed in foreign currencies are converted to Euros at the prevailing exchange rates published by "Banco de Portugal". Favourable and unfavourable exchange differences, arising from changes between the exchange rates prevailing on the dates of the transactions and those in effect on the dates of payment, collection or as of the period, are recorded in the Income Statement.

t) Subsequent events

Events occurring after the statement of financial position date which provide additional information about conditions prevailing at the time of the statement of financial position ('adjusting events') are reflected in the financial statements. Events occurring after the statement of financial position date that provide information on post-statement of financial position conditions ('non-adjusting events'), when material, are disclosed in the Notes to the financial statements.

2.4 JUDGMENTS AND ESTIMATES

During the preparation of the consolidated financial statements, the Board of Directors of the Company based itself in the best knowledge and in the experience of past and/or present events considering some assumptions relating to future events.

Most significant accounting estimates included in attached financial statements as of December 31, 2019 and 2018 include:

a) Useful lives of tangible and intangible assets;

b) Registration of adjustments to the assets values (accounts receivable and inventories) and provisions;

c) Impairment tests performed to goodwill and sensibility tests (Note 7); and

d) Clearance of responsibilities with Pension complements (Note 21).

The underlying estimations and assumptions were determined based in the best knowledge existing at the date of approval of the financial statements of the events and transactions being carry out as well as in the experience of past and/or present events. Nevertheless, some situations may occur in subsequent periods which, not being predicted at the date of approval of the financial statements, were not consider in these estimations. The changes in the estimations that occur after the date of the financial statements shall be corrected in a foresight way. Due to this fact and to the uncertainty degree associated, the real results of the transactions may differ from the corresponding estimations. Changes to these estimates, which occur after publication of these consolidated financial statements, will be corrected in a prospective way, in accordance with IAS 8. The assumptions with the greatest impact on the estimates mentioned above are the discount rate used for the purposes of calculating the pension liabilities and the Goodwill impairment, and the mortality table used for the purposes of calculating the pension liabilities

The main significant judgments and estimations and assumptions relating to future events included in the preparation of the financial statements are described in the related notes to the financial statements.

2.5 FINANCIAL RISK MANAGEMENT POLICIES

The Company's activity is exposed to a variety of financial risks, such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. These risks arise from the unpredictability of financial markets that affect the capacity of projected cash flows and profits subject to a perspective of long-term ongoing. Management seeks to minimize potential adverse effects that derive from that uncertainty in its financial performance.

The financial risks management is controlled by Toyota Caetano financial department, according to the policies established by the Group Board of Directors. The Board of Directors has established the main principles of global risk management as well as specific policies for some areas, as interest rate risk and credit risk.

i) Exchange rate risk

As a Group with commercial interests geographically diversified, the exchange rate risk is mainly the result of transactions arising from the purchase and sale of products and services in a currency that is different from the functional currency of each company.

The exchange rate risk management policy seeks to minimize the volatility of the investments and operations denominated in foreign currencies, contributing to reduce the sensitivity of the Group's results to exchange rate fluctuations. The Group's exchange rate management policy is focused on a case-by-case assessment of the opportunity to hedge this risk, taking into account, particularly, the specific circumstances of the currencies and countries in question.

ii) Interest rate risk

As a result of the relevant proportion of debt at variable rate in its Consolidated Balance Sheet, and of the subsequent interest payment cash flows, Toyota Caetano is exposed to interest rate risk.

iii) Liquidity risk

The goal of Toyota Caetano's liquidity risk management is to ensure that the company has the ability to obtain, in a timely manner, the necessary funding to be able to undertake its business activities, implement its strategy and meet its payment obligations when due, while avoiding the need to obtain funding under unfavourable terms.

For this purpose, the Company's liquidity management involves the following aspects:

a) A consistent financial planning based on operating cash flow forecasts for different time horizons (weekly, monthly, annual and multi-annual);

b) The diversification of funding sources;

c) The diversification of the maturities of the debt issued in order to avoid excessive concentrations of debt repayments in short periods of time;

d) The arrangement of committed (and uncommitted) credit facilities, commercial paper programs and other types of financial operations with relationship Banks, ensuring the right balance between satisfactory liquidity levels and adequate commitment fees.

iv) Credit risk

The Company's credit risk results mainly from: i) the risk of recovery of monetary assets entrusted to third parties, and ii) the risk of recovery of loans granted to entities outside the Company. Credit risk is assessed at the initial moment and over time in order to monitor its evolution.

A significant portion of the amounts receivable from customers is dispersed among a large number of entities, a factor that contributes toward reducing the credit concentration risk. As a general rule, the Company's customers are not assigned a credit rating.

Credit risk is monitored by the Company's financial department, under the supervision of the Board of Directors, based on: i) the rating assigned by the credit insurance company, with which the Company has negotiated a credit insurance agreement; (ii) the debtors' corporate nature; iii) the type of transactions originating the accounts receivable; iv) the experience of past transactions; and (v) the credit limits established for each customer.

The Company considers the probability of default upon the initial recognition of the asset and, according to the occurrence of significant increases in credit risk continuously in each reporting period. In order to assess whether there has been a significant increase in credit risk, the Company compares the risk of default occurring by reference to the reporting date, with the risk of default assessed by reference to the date of initial recognition. Adequate and duly supported prospective information is considered. The following indicators are taken into account:

- Internal credit risk;
- External credit risk (where available);
- Current or expected adverse changes in the debtor's operating results;
- Significant increases in the credit risk of the debtor's other financial instruments;
- Significant changes in the value of collateral for liabilities, or in the quality of third-party guarantees;
- Significant changes in the debtor's expected performance and behaviour, including changes in the debtor's payment conditions at the level of the Company to which it belongs, as well as changes at the level of its operating results;

Macroeconomic information (such as market interest rates or growth rates) is incorporated into the domestic credit model.

Irrespective of the above analysis, a significant increase in credit risk is presumed to exist if a debtor is in default by more than 30 days from the contractual payment date.

Default is deemed to exist when the counterparty fails to make contractual payments within 90 days of the invoice due date. When financial assets are derecognised, the Company continues to take the necessary measures to recover the amounts owed. In cases of successful recovery, the recovered amounts are recognised in the income statement for the year.

Financial assets are derecognised when there is no real expectation of recovery. The Company classifies a loan or account receivable to be derecognised when the debtor fails to make contractual payments within 90 days.

Impairment of financial assets

a) Accounts receivable and Other Accounts receivable

The Company uses the simplified approach to calculate and record the expected credit losses required by IFRS 9, which allows using estimated impairment losses for all "Accounts receivable" and "Other Accounts receivable" balances. In order to measure expected credit losses, "Accounts receivable" and "Other Accounts receivable" were aggregated based on the shared credit risk characteristics, as well as on the days of delay. Impairment losses on December 31, 2018 are determined as follows; the expected credit losses include information from prospective estimates. Seniority of customer balances in Note 12.

b) Loans granted to related entities

The balances in "Loans granted to related parties" are considered to have a low credit risk and, therefore, impairment in credit losses recognised during the period are limited to expected credit losses estimated for 12 months. These financial assets are considered to have a "low credit risk" when they have a low uncollectibility risk and the debtor has a high capacity to meet its contractual cash flow liabilities in the short-term.

The main goal of Toyota Caetano's credit risk management is to ensure the effective collection of the operating receivables from its Customers, according to the negotiated payment terms.

In order to mitigate the credit risk that results from the potential customer-related defaults on payments, the Group's companies that are exposed to this risk have:

- A specific Credit Risk analysis and monitoring department;
- Proactive credit management processes and procedures that are implemented and always supported by information systems;
- Hedging mechanisms (credit insurance, letters of credit, etc.).

The credit quality of bank deposits on December 31, 2019 can be summarize as follow:

BANK DEPOSITS RATING	RATING AGENCIES	BANK DEPOSITS
A2	Moody's	59.201
A3	Moody's	49.318
Aa3	Moody's	10.868
B1	Moody's	429.382
B2	Moody's	130.744
Baa1	Moody's	2.918.830
Baa3	Moody's	5.371.790
	Others without rating	407.706
Total		**9.377.839**

The ratings presented correspond to ratings assigned by the rating agency Moody's.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISSTATEMENTS

During the year ended as of December 31, 2019, there were no changes in accounting policies and no material mistakes related with previous periods were identified.

4. CASH AND CASH EQUIVALENTS

As of 31 December 2019 and 31 December 2018 cash and cash equivalents detail was the following:

	DEC/19	DEC/18
Money	87.602	86.840
Bank Deposits at Immediate disposal	9.377.839	14.916.555
Total	**9.465.441**	**15.003.395**

5. TANGIBLE FIXED ASSETS

During 2019 and 2018 the movement in tangible fixed assets as well as in the accumulated depreciation were as follows:

DECEMBER 2019	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	MACHINERY AND EQUIPMENT	VEHICLES	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	ASSETS UNDER RIGHT OF USE	CONSTRUCTION IN PROGRESS	TOTAL
Gross:									
Initial balance	5.421.882	32.862.416	53.142.845	49.905.484	6.240.812	2.992.338	-	107.460	150.673.238
Effect of change in accounting policy - IFRS 16	-	-	-	(36.581.801)	-	-	36.581.801	-	-
Increases	-	186.861	396.324	1.275.025	21.021	35.875	5.628.537	497.927	8.041.570
Disposals	-	-	(96.521)	(3.427.056)	(832)	(312)	(1.063.388)	-	(4.588.109)
Transfers and Write-offs	-	-	-	-	-	-	-	(101.120)	(101.120)
Final balance	5.421.882	33.049.277	53.442.648	11.171.651	6.261.001	3.027.901	41.146.951	504.267	154.025.580
Depreciations:									
Initial balance	-	30.388.020	50.985.534	31.227.188	6.165.534	2.913.765	-	-	121.680.041
Effect of change in accounting policy - IFRS 16	-	-	-	(20.107.820)	-	-	20.107.820	-	-
Increases	-	419.873	700.798	715.075	37.736	20.633	6.464.559	-	8.358.675
Transfers, disposals and write-offs	-	-	(96.521)	(2.330.881)	(832)	(312)	(985.048)	-	(3.413.593)
Final balance	-	30.807.893	51.589.811	9.503.562	6.202.438	2.934.087	25.587.331	-	126.625.123
Net Value	**5.421.882**	**2.241.384**	**1.852.837**	**1.668.090**	**58.563**	**93.815**	**15.559.619**	**504.267**	**27.400.458**

DECEMBER 2018	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	MACHINERY AND EQUIPMENT	VEHICLES	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	CONSTRUCTION IN PROGRESS	TOTAL
Gross:								
Initial Balance	3.946.027	32.576.731	52.682.383	49.067.308	6.208.216	2.969.294	32.456	147.482.415
Increases	1.481.200	285.685	494.624	6.208.332	32.680	23.044	75.004	8.600.569
Disposals	(5.344)	-	(34.163)	(5.370.156)	(84)	-	-	(5.409.746)
Final balance	5.421.882	32.862.416	53.142.845	49.905.484	6.240.812	2.992.338	107.460	150.673.238
Depreciations:								
Initial balance	-	29.983.693	50.290.028	27.995.974	6.111.277	2.889.240	-	117.270.211
Increases	-	404.328	710.314	6.724.588	54.341	24.525	-	7.918.095
Transfers, disposals and write-offs	-	-	(14.808)	(3.493.374)	(84)	-	-	(3.508.266)
Final balance	-	30.388.020	50.985.534	31.227.188	6.165.534	2.913.765	-	121.680.041
Net Value	**5.421.882**	**2.474.396**	**2.157.311**	**18.678.297**	**75.279**	**78.573**	**107.460**	**28.993.197**

As at 31 December 2019 and 2018 the tangible fixed assets used under finance lease are resented as follows:

	DEC/19		
	ACQUISITION VALUE	DEPRECIATIONS	CURRENT VALUES
Assets under right of use Industrial equipment	41.146.951	(25.587.331)	15.559.619

	DEC/18		
	ACQUISITION VALUE	DEPRECIATIONS	CURRENT VALUES
Tangible fixed assets Industrial equipment	36.581.801	(20.107.820)	16.473.981

6. INVESTMENT PROPERTIES

As at 31 December 2019 and 31 of December of 2018, the caption "Investment properties" correspond to real estate assets detained by Toyota Caetano in order to obtain income through its lease or increase in value. These assets are measured at acquisition cost.

Gains associated to Investment properties are registered in the caption "Other Gains" and they ascended to 3.545.189 Euros in the period ended in 31 December 2019 (3.330.919 Euros in 31 December 2018) (Note 27).

In accordance with external appraisals done in the end of 2012, 2014, 2015, 2016, 2018 and 2019 by independent experts and in accordance with evaluation criteria usually accepted for real estate markets (Market Method, Cost Method, Return Method and Use Method), the fair value of those investment properties amounts to 61,4 million Euros, approximately (54,4 million Euros in 2018).

The Board of Directors is convinced that there is no significant change in the fair value of those investment properties in 2019 believing that are valid the appraisals done.

The detail of investment properties in 2019 and 2018:

	DEC/19			DEC/18		
BUILDINGS	CARRYING AMOUNT	FAIR VALUE	APPRAISAL	CARRYING AMOUNT	FAIR VALUE	APPRAISAL
Industrial facilities V.N. Gaia	2.584.894	8.692.000	Internal	2.802.242	8.692.000	Internal
Industrial facilities V.N. Gaia	225.720	788.000	Internal	237.553	788.000	Internal
Industrial facilities Carregado	4.951.364	23.120.000	Internal	4.989.846	19.218.000	Internal
Industrial warehouse V.N. Gaia	784.140	9.165.200	External	804.483	6.077.000	Internal
Commercial facilities Cascais	91.948	1.300.000	Internal	100.294	1.300.000	External
Commercial facilities Cascais	281.715	1.000.000	Internal	237.818	1.000.000	External
Commercial facilities Prior Velho	3.464.725	15.715.000	Internal	2.943.103	15.715.000	Internal
Commercial facilities Vila Franca Xira	370.142	1.648.000	Internal	392.221	1.648.000	Internal
	12.754.648	61.428.200		12.507.561	54.438.000	

During 2019 and 2018, the movements occurred in the investment properties as well as in the accumulated depreciation were as follows:

DEC/19

GROSS	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	CONSTRUCTION IN PROGRESS	TOTAL
Initial balance	8.884.303	30.126.572	-	39.010.875
Increases	-	58.753	420.502	479.255
Disposals	-	-	-	-
Transfers and write-offs	-	-	101.120	101.120
Final balance	8.884.303	30.185.325	521.622	39.591.250
DEPRECIATIONS:				
Initial balance	-	26.503.315	-	26.503.315
Increases	-	333.287	-	333.287
Transfers, disposals and write-offs	-	-	-	-
Final balance	-	26.836.602	-	26.836.602
Net value	**8.884.303**	**3.348.724**	**521.622**	**12.754.648**

DEC/18

GROSS	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	CONSTRUCTION IN PROGRESS	TOTAL
Initial balance	9.713.389	31.798.505	-	41.511.894
Increases	-	-	-	-
Disposals	(829.086)	(1.671.934)	-	(2.501.020)
Transfers and write-offs	-	-	-	-
Final balance	8.884.303	30.126.572	-	39.010.875
DEPRECIATIONS:				
Initial balance	-	26.956.819	-	26.956.819
Increases	-	358.166	-	358.166
Transfers, disposals and write-offs	-	(811.670)	-	(811.670)
Final balance	-	26.503.315	-	26.503.315
Net value	**8.884.303**	**3.623.258**	**-**	**12.507.561**

The movements that occurred in the period ended on December 31, 2019 are due to improvements in the Prior Velho facilities.

The movements in the period ended at 31 December, 2018 are due to the disposal of the commercial facility located in Lisbon, Loures and Leiria, with matrix Articles U-000791-A, U-007970-A, U-002013-A and U-002015-A respectively.

7. GOODWILL

During 2019, didn´t occur any changes to the Goodwill value.

The caption "Goodwill" is related with BT Activity (forklifts) resulting from Movicargo´s acquisition in 2008, whose activity was transferred to the parent company Toyota Caetano Portugal.

The Goodwill is not amortized, being tested annually for impairment.

For impairment test's purposes, the recoverable amount was determined in accordance with the Value in Use, through the discounted cash flows model and based on business plans carried out by people in charge, being approved by management. The discount rate used is considered to represent the risks inherent to the business.

In 31 December 2019, the main assumptions of the test are as follows:

INDUSTRIAL EQUIPMENT DIVISION	
Goodwill	611.997
Cash Flows Projection Period	5 years
Growth Rate (g) [(1)]	2,0%
Discount Rate [(2)]	6,25%

[1] Growth rate used to extrapolate cash flows beyond the period considered in the business plan
[2] Discount rate applied to projected cash flows

The Board, supported by the estimated discounted cash flows, concluded that on December 31, 2019, the net book value of assets, including goodwill (612 thousand of Euros), does not exceed its recoverable amount (42 million of Euros).

The projections of cash flows were based on historical performance and on expectations of improved efficiency. The management believe that a possible change (within a normal scenario) in key assumptions used in calculating the recoverable amount will not result in impairment losses.

8. INTANGIBLE ASSETS

During 2019 and 2018, the movements in intangible assets were as follows:

DEC/19

GROSS:	RESEARCH & DEVELOPMENT EXPENSES	SOFTWARE	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Initial balance	1.477.217	1.174.902	-	2.652.119
Increases	-	-	202.804	202.804
Disposals	-	-	-	-
Transfers and write-offs	-	-	-	-
Final balance	1.477.217	1.174.902	202.804	2.854.924

DEPRECIATIONS:				
Initial balance	1.477.217	1.167.687	-	2.644.904
Increases	-	7.215	-	7.215
Transfers, disposals and write-offs	-	-	-	-
Final balance	1.477.217	1.174.902	-	2.652.119
Net value	**-**	**-**	**202.804**	**202.804**

DEC/18

GROSS:	RESEARCH & DEVELOPMENT EXPENSES	SOFTWARE	TOTAL
Initial balance	1.477.217	1.174.902	2.652.119
Increases	-	-	-
Disposals	-	-	-
Transfers and write-offs	-	-	-
Final balance	1.477.217	1.174.902	2.625.119

DEPRECIATIONS:			
Initial balance	1.449.781	1.112.810	2.562.591
Increases	27.437	54.877	82.313
Transfers, disposals and write-offs	-	-	-
Final balance	1.477.217	1.167.687	2.644.904
Net value	**-**	**7.215**	**7.215**

9. FINANCIAL INVESTMENTS – EQUITY METHOD IN PROGRESS

In 31 December 2019 and 31 December 2018, the financial investments were as follows:

	CAETANO AUTO	CAETANO AUTO CV	CAETANO RENTING	SALTANO	EQUITY METHOD ADJUSTMENTS	TOTAL
Balance 31 December 2017	16.556.205	3.498.170	-	20.131.418	650.651	40.836.444
Acquisitions						
Disposal						
Gains/Losses	1.723.335	181.708		2.095.023	(140.932)	3.859.134
Dividends received						
Other capital movements					(99.087)	(99.087)
Others (actuarial losses)						
Balance 31 December 2018	18.279.540	3.679.878		22.226.440	410.632	44.596.492
Acquisitions	7.340		1.592.071	4.269		1.603.680
Disposal	-					
Gains/Losses	1.848.998	101.824	33.509	(11.416)	(653.667)	1.319.248
Dividends received	-					
Other capital movements					330.465	330.465
Others (actuarial losses)	-					
Others	20.569.910		1.627.258	(22.219.294)	(260)	(22.385)
Balance 31 December 2019	40.705.788	3.781.702	3.252.839	-	87.170	47.827.499

The gains and losses from group companies shown in Income Statement (2.295.780 Euros) include:

Gains in financial investments - Equity method	1.319.248
Intercompany margin deferral (Note 20)	925.783
	2.245.031

The share of capital held in Subsidiaries can be summarized as follows:

	CAETANO AUTO		CAETANO RENTING		CAETANO AUTO CV		SALTANO	
	DEC/19	DEC/18	DEC/19	DEC/18	DEC/19	DEC/18	DEC/19	DEC/18
Equity	41.353.967	39.475.532	3.252.839		4.654.947	4.529.610		22.230.970
Net income	1.878.435	3.721.623	33.509		125.337	223.668		2.095.488
% Direct	98,43%	46,31%	100,00%		81,24%	81,24%	0,00%	99,98%
% Indirect	98,43%	98,40%	100,00%		81,24%	81,24%	0,00%	99,98%

Subsidiaries' financial position and net income can be summarized as follows:

DEC/19	CAETANO AUTO	CAETANO AUTO CV	CAETANO RENTING
Assets			
Current	67.238.194	4.863.635	4.677.938
Non-Current	59.516.127	1.319.976	29.092.762
Liabilities			
Current	77.801.154	1.429.786	30.517.861
Non-Current	7.599.200	98.878	
Equity	41.353.967	4.654.947	3.252.839
Sales	238.232.286	14.208.584	42.935.941
Operational Income	2.796.927	212.638	362.206
Financial Income	-516.464		-338.547
Net Income	1.878.435	125.337	33.509

DEC/18	CAETANO AUTO	CAETANO AUTO CV	SALTANO
Assets			
Current	90.240.546	5.692.940	2.016.166
Non-Current	56.490.292	1.257.814	23.789.240
Liabilities			
Current	99.202.695	2.322.266	3.574.436
Non-Current	8.052.611	98.878	
Equity	39.475.532	4.529.610	22.230.970
Sales	234.877.024	14.733.922	
Operational Income	5.127.518	356.168	-26.429
Financial Income	31.019	-6.629	
Net Income	3.721.623	223.668	2.095.488

10. OTHER FINANCIAL ASSETS

During the period ended in December 31, 2019 and 2018 the movements in Other Financial Assets were as follows:

OTHER FINANCIAL ASSETS	DEC/19	DEC/18
Balance as per 1st January	3.492.302	3.492.302
Acquisitions during the period		
Other regularizations	-1.477.511	
Balance as per 31st December	2.014.792	3.492.302

Other Financial Assets can be summarized as follows:

OTHER FINANCIAL ASSETS	DEC/19	DEC/18
Non-Current		
Investments in small private companies	19.600	59.504
Current		
Loan to group companies (Note 30)	1.995.192	3.432.799
	2.014.792	3.492.302

The caption Investments in small companies regards to small investments already existing at Caetano Components that were transferred in result of the closing of the Company.

Both financial assets are measured at amortized cost less impairment losses.

The Board believes that the carrying amount of investments in small private companies is roughly near its fair value.

11. INVENTORIES

As of 31 December 2019 and 31 December 2018, inventories detail was the following:

	DEC/19	DEC/18
Goods	65.860.457	50.074.376
Raw materials	6.772.894	8.885.206
Finished and Intermediate goods	2.567.925	1.242.750
Work in progress	687.048	879.928
	75.888.324	61.082.260
Lost of impairments - Goods (Note 22)	(561.873)	
	75.326.451	61.082.260

The cost of goods sold and consumed as of 31 December 2019 and 31 December 2018 was as follows:

	DEC/19			DEC/18		
	GOODS	RAW MATERIALS	TOTAL	GOODS	RAW MATERIALS	TOTAL
Opening balances	50.074.376	8.885.206	58.959.582	45.144.905	10.413.228	55.558.133
Purchases	279.678.352	40.007.136	319.685.489	268.721.615	36.941.514	305.663.129
Closing balances	65.860.457	6.772.894	72.633.351	50.074.376	8.885.206	58.959.582
Total	263.892.271	42.119.448	306.011.719	263.792.144	38.469.536	302.261.680

The variation of production as of 31 December 2019 and 31 December 2018 was as follows:

	FINISHED AND INTERMEDIATE GOODS AND WORK IN PROGRESS	
	DEC/19	DEC/18
Opening balances	3.254.973	2.122.678
Closing balances	2.122.678	5.486.883
Total	1.132.295	(3.364.205)

12. ACCOUNTS RECEIVABLE

As of 31 December 2019 and 31 December 2018 Accounts Receivable detail was the following:

	NON-CURRENT ASSETS	
	DEC/19	DEC/18
Accounts receivable, current accounts	72.357.988	110.737.387
Accounts receivable, doubtful accounts	4.986.656	4.937.580
	77.344.644	**115.674.968**
Lost of impairments (Note 22)	(4.821.966)	(4.888.184)
	72.522.678	**110.786.784**

Accounts receivable aging

DEC/19	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Customers	60.616.479	1.946.993	351.891	1.813.908	64.729.272
Personnel	14			4.430	4.444
Independent dealers	7.596.637	20.771		6.864	7.624.272
Accounts receivable	**68.213.130**	**1.967.764**	**351.891**	**1.825.203**	**72.357.988**

DEC/18	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Customers	54.252.255	22.780.083	9.969.127	15.895.974	102.897.438
Personnel	4			11.102	11.106
Independent dealers	7.426.444	363.223	27.689	11.488	7.828.844
Accounts receivable	**61.678.702**	**23.143.306**	**9.996.816**	**15.918.563**	**110.737.387**

Debt maturity beyond date

DEC/19	NOT DUE	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Accounts receivable	16.957.792	5.549.183	263.595	96.903	218.615	23.086.088
Accounts receivable, related parties	20.124.375	25.511.667	1.736.955	290.247	1.608.655	49.271.899
Total	**37.082.167**	**31.060.850**	**2.000.550**	**387.150**	**1.827.271**	**72.357.988**

DEC/18	NOT DUE	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Accounts receivable	3.991.355	12.792.462	1.065.704	456.298	3.649.483	21.955.302
Accounts receivable, related parties	29.508.548	37.444.392	9.883.825	4.302.358	7.642.962	88.782.085
Total	**33.499.903**	**50.236.854**	**10.949.529**	**4.758.656**	**11.292.445**	**110.737.387**

Debt maturity considering impairment losses

DEC/19	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Doubtful accounts	24.731	147	0	4.961.778	4.986.656

DEC/18	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Doubtful accounts	1.196	1.196	1.196	4.933.994	4.937.580

13. OTHER ACCOUNTS RECEIVABLE

As of 31 December 2019 and 31 December 2018 Other Accounts Receivable detail was the following:

	CURRENT	
OTHER ACCOUNTS PAYABLE	DEC/19	DEC/18
Personnel	103.194	20.605
Down payments	21.070	18.621
Shareholders - RETGS (Note 30)	4.318.553	3.590.444
	4.453.817	3.629.670

14. OTHER CURRENT ASSETS

Other Current Assets detail at 31 December 2019 and 2018 is as follows:

	DEC/19	DEC/18
Debtors for accrued incomes		
Recover of sales campaigns	20.000	2.113.250
Recover of expenses	873	20.240
Renting	6.156	2.574
Others		67.743
	27.030	**2.203.806**
Deferrals		
Insurance	108.040	120.861
Expenses from commercial paper programs	130.459	125.116
Others	233.589	385.755
	472.088	**631.733**
Total	**499.119**	**2.835.539**

15. INCOME TAXES

Income Tax

The Company is subject to Corporate income (IRC) at the rate of 21% for the taxable income, plus local tax at the rate of 1,5% resulting in a tax rate, aggregated of a maximum of 22,5%.

In accordance with current legislation, the Company tax returns are subject to review and correction by the tax authorities during a period of four years, except when there are fiscal losses, fiscal benefits have been given, or is in course inspections or claims, situations here the periods are increased of suspended. Consequently, the tax returns since 2015 are still subject to review. The Board of Directors of Toyota Caetano believes that any corrections resulting from reviews/inspections by the tax authorities to the tax returns open to inspection, will not have a significant effect on the financial statements of this Company.

Under Article 88 of the Corporate Income Tax Code, companies based in Portugal are also subject to autonomous taxation on a set of expenses at the rates provided in the mentioned article. For fiscal years beginning on or after January 1, 2010, taxable income in excess of 1,5 Million Euros and 7,5 Million Euros, have an additional income tax of 3%, exceeding 7,5 Million Euros and up to 35 Million an additional Income tax of 5% and taxable profit calculated in excess of more than 35 Million Euros an additional Income of 7%.

In March 2007, the Company took the decision to apply to the Corporate Income Tax for the Group (RETGS) according to the articles 69th and 70th of Income Tax Code (CIRC) and beginning in 1st January 2007. In consequence, the parent company (Toyota Caetano Portugal, S.A.) shall book the income tax calculated in the Group Companies (Toyota Caetano Portugal, Caetano Auto and Caetano Renting) in order to determine the group income tax.

As of 31 December 2019 and 31 December 2018 Income tax detail was the following:

	DEC/19	DEC/18
Corporate income tax for the year (estimate)	-3.407.257	-3.653.324
Corporate income tax for the year (payments in advance) for the year	4.362.847	2.038.925
Corporate income tax for the year (RETGS)	701.974	-331.573
	253.616	**-1.945.972**

The current tax can be decomposed as follows:

	DEC/19	DEC/18
Income taxes in year	3.407.257	3.653.324
Deferred income taxes	-170.994	-3.547
	3.236.263	**3.649.777**

The reconciliation of the earnings before taxes of the years ended at 31 December, 2019 and 2018 can be analysed as follows:

	DEC/19	DEC/18
Income before taxes	**14.830.247**	**16.436.536**
National tax expenses	22,50%	22,50%
Theoretical tax expenses	**3.336.806**	**3.698.221**
Adjustments in Inventories and Impairment Losses	561.873	
Non-fiscal expenses	428.656	165.286
Penalties	3.614	1.828
Equity method	(2.245.031)	(2.295.780)
Accounting capital gains	(1.307.804)	(1.100.747)
50% fiscal capital gains	652.089	550.374
Fiscal benefits	(84.258)	(52.736)
Current tax	**2.696.271**	**2.878.000**
Additional income tax	71.426	79.515
Local tax	192.591	205.571
State tax	446.969	490.238
Effective tax expenses	**3.407.257**	**3.653.324**

Deferred Income Tax

Amounts and nature of the assets and liabilities for deferred taxes recorded in the financial statements as of 31 December 2019 and 2018 can be analysed as follows:

		REFLECTED IN INCOME STATEMENT		REFLECTED IN INCOME STATEMENT		
2019	INITIAL BALANCE	DECREASE	INCREASE	DECREASE	INCREASE	FINAL BALANCE
Deferred tax assets						
Provisions	191.440	-	-	126.421	-	65.019
Defined benefit plan liabilities	1.129.395	-	-	-	-	1.129.395
	1.320.835	**-**	**-**	**126.421**	**-**	**1.194.414**
Deferred tax liabilities						
40% of depreciation as a result of legal	37.937	-	-	-	(1.282)	36.656
Effect of the reinvestments of the gains infixed assets sales	116.915	-	-	-	(43.291)	73.624
	154.852	**-**	**-**	**-**	**(44.573)**	**110.279**

2018	INITIAL BALANCE	REFLECTED IN INCOME STATEMENT		REFLECTED IN INCOME STATEMENT		FINAL BALANCE
		DECREASE	INCREASE	DECREASE	INCREASE	
Deferred tax assets						
Provisions	191.440		-	-	-	191.440
Defined benefit plan liabilities	1.129.395	-	-	-	-	1.129.395
	1.320.835	**-**	**-**	**-**	**-**	**1.320.835**
Deferred tax liabilities						
40% of depreciation as a result of legal	41.483	-	(3.547)	-	-	37.937
Effect of the reinvestments of the gains infixed assets sales	116.915	-		-	-	116.915
	158.398	**-**	**(3.547)**	**-**	**-**	**154.852**

Under current legislation in Portugal the carry-forward of tax losses for the years still outstanding, is as follows:

i) Tax losses generated in 2014 and 2016: 12 years

ii) Tax losses generated after 2016: 5 years

16. EQUITY

Composition of Share Capital

As of 31 December 2019 and 2018, Toyota Caetano share capital was represented by 35.000.000 nominative shares, totally subscribed and realized, with a nominal value of 1 Euro.

The identification of corporate entities with more than 20% of issued capital was as follows:

- Salvador Caetano - Auto - SGPS, S.A. 68,39%
- Toyota Motor Europe NV/SA 27,00%

Dividends

In 2019 were distributed dividends in amount of 7.000.000 Euros as a result of application of net income of 2018.

The Board of Directors will propose that a dividend shall be paid in the amount of 7.000.000,00 Euros. This proposal must be approved in the next General Shareholders Meeting.

Legal reserve

The legal reserve is already fully incorporated under the commercial legislation (20% of the share capital), so it is no longer required that a minimum of 5% of annual net profit is destined for its endowment. This reserve is not available for distribution, except in case of dissolution of the Company, but may be used in share capital increases or used to absorb accumulated losses once other reserves have been exhausted.

Adjustments to financial assets

The amount considered in "Adjustments to financial assets" refers to the results not appropriated by the Equity Method not yet distributed and to the transition adjustments of the initial application of the Equity Method.

Revaluation reserves

The revaluation reserves cannot be distributed to the shareholders, except if they are completely depreciated and if the respective assets that were revaluated have been alienated.

The distributable amount in Equity, excluding Net Income is 72.599.142 Euros, includes in Other reserves and in Retained Earnings.

Proposal for the Allocation of the Profits

In accordance with the provisions laid down in article 376 (1-b) of the Código das Sociedades Comerciais (Commercial Companies Code), we propose the following allocation for 2019's profits obtained in the financial year, amounting to Euros 11.593.984,22 stated in the individual financial statements of Toyota Caetano Portugal:

a) To non-distributable reserves by profits recognized in investments in subsidiaries resulting from the application of the equity method. Eur 2.245.030,85

b) To dividends to be allocated to Share Capital, 0,20 Eur per share, which considering its 35.000.000 shares totals Eur 7.000.000,00

c) The remainder for the retained earnings account Eur 2.348.953,37

17. LOANS

As of 31 December 2019 and 2018, loans can be detailed as follows

	DEC/19			DEC/18		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Bank loans	-	-	-	10.000.000	-	10.000.000
Mutual loans	-	10.000.000	10.000.000	-	10.000.000	10.000.000
Commercial paper	-	-	-	19.400.000	-	19.400.000
Lease liability	5.968.352	12.456.029	18.424.381	5.930.069	13.052.624	18.982.693
Bond loan	-	12.500.000	12.500.000	-	12.500.000	12.500.000
	5.968.352	**34.956.029**	**40.924.381**	**35.330.069**	**35.552.624**	**70.882.693**

During 2019 the following movements occurred in of bank loans, overdrafts, other loans, Commercial Paper Programs and bond loan:

	OPENING BALANCES	INCREASES	DISPOSALS	OTHER MOVEMENTS *	FINAL BALANCES
Bank loans	10.000.000	10.000.000	20.000.000		0
Mutual loans	10.000.000		0		10.000.000
Commercial paper	19.400.000	83.000.000	102.400.000		0
Lease liability	18.982.693		6.219.749	5.661.437	18.424.381
Bond loan	12.500.000				12.500.000
	70.882.693	**93.000.000**	**128.619.749**	**5.661.437**	**40.924.381**

* With no impact in Statement of cash flows

As of December 31, 2019 and 2018, the detail of bank loans, overdrafts, other loans, Commercial Paper Programs and bond loan is as follows:

DEC/19	USED AMOUNT	LIMIT
Current		
Bank loan		12.000.000
Overdrafts		4.000.000
Confirming		4.350.000
Commercial paper		37.000.000
Lease liability	5.968.352	5.968.352
	5.968.352	63.318.352
Non-current		
Mutual loans	10.000.000	10.000.000
Lease liability	12.456.029	12.456.029
Bond loan	12.500.000	12.500.000
	34.956.029	34.956.029
	40.924.381	**98.274.381**

DEC/18	USED AMOUNT	LIMIT
Current		
Bank loan	10.000.000	12.000.000
Overdrafts		4.000.000
Confirming		10.000.000
Commercial paper	19.400.000	41.000.000
Lease liability	5.930.069	5.930.069
	35.330.069	72.930.069
Non-current		
Mutual loans	10.000.000	10.000.000
Lease liability	13.052.624	13.052.624
Bond loan	12.500.000	12.500.000
	35.552.624	35.552.624
	70.882.693	**108.482.693**

Despite the deadline of more than one year, commercial paper contracts are considered in the short-term as is considered that these contracts mature on the dates of the complaint.

The item "Lease liability" (current and non-current) include liabilities for leasing contracts, related to the purchase of equipment.

The detail of this caption, as well as the reimbursement plan can be summarized as follows:

		CURRENT	NON-CURRENT					
CONTRACT	LEASING	2020	2021	2022	2023	> 2023	TOTAL	TOTAL
Diverse	Industrial equipment							
	Capital	5.968.352	4.770.556	3.810.503	2.167.555	1.707.416	12.456.029	18.424.381

The maturity of the outstanding loans as per December 31, 2019 can be detailed as follows:

DEC/19	< 1 YEAR	1 - 3 YEARS	3 - 5 YEARS	> 5 YEARS	TOTAL
Mutual loans	-	10.000.000	-	-	10.000.000
Lease liability	5.968.352	8.581.058	3.610.631	264.340	18.424.381
Bond loan	-	-	12.500.000	-	12.500.000
Total	**5.968.352**	**18.581.058**	**16.110.631**	**264.340**	**40.924.381**

The interest payment plan are as follows:

INTEREST AGING	2020	2021	2022	2023	> 2023	TOTAL
Mutual loans	226.208	55.625	-	-	-	281.833
Lease liability	372.543	239.755	136.753	65.465	17.627	832.143
Bond loan	318.576	315.972	316.840	316.840	0	1.268.229

18. ACCOUNTS PAYABLE

As of 31 December 2019 and 2018 this caption was composed of current accounts with suppliers, which end at short-term.

19. OTHER ACCOUNTS PAYABLE

As of December 31, 2019 and 2018 the detail of other accounts payable was as follows:

	CURRENT	
OTHER ACCOUNTS PAYABLE	DEC/19	DEC/18
Personnel	-	117.814
Down payments	276.584	202.521
Public entities	12.780.925	12.375.913
Shareholders	20.194	15.542
Other accounts payable	348	368
	13.078.051	**12.712.158**

The caption for Public Entities at December 31, 2019 and 2018 is as follows:

	DEC/19	DEC/18
Income taxes withheld	189.457	156.484
Value added taxes	10.002.507	9.497.616
Employee's social contributions	262.492	230.685
Local taxes	177.019	207.376
Others	2.149.450	2.283.752
	12.780.925	**12.375.913**

20. OTHER CURRENT LIABILITIES

As of December 31, 2019 and 2018 the detail of other current liabilities was as follows:

	DEC/19	DEC/18
Creditors for accrued expenses		
Vacations pay and bonus	2.803.448	2.566.465
Sales campaigns	2.301.481	3.980.208
Interest	138.994	236.354
Anticipated costs related with sold vehicles	1.247.454	779.842
Insurance	209.460	155.822
Car tax related with disposed vehicles not registered	773.973	804.876
Warranty claims	70.282	5.729
Personnel	621.933	1.202.807
Publicity	65.473	81.482
Anticipated costs related with other supplies	306.374	347.238
Royalties	68.816	71.170
Others		
	8.607.689	10.231.993
Deferrals		
Maintenance vehicles contracts	7.270.846	6.994.534
Subsidies	26.449	28.653
Debtors interest	380	1.062
Signage to be charged to dealers	26.711	29.283
Intercompany margin deferral	3.413.697	4.339.479
Others	261.595	126.222
	10.999.677	11.519.232
	19.607.366	**21.751.225**

21. POST-RETIREMENT OBLIGATIONS

Toyota Caetano (together with other associated and related companies) incorporated, by public deed dated December 29, 1988, the Salvador Caetano Pension Fund, which was subsequently updated in February 2, 1994, December 29, 1995, April 30, 1996, August 9, 1996, July 4, 2003, December 23, 2002, July 4, 2003, February 2, 2007, December 30, 2008, December 23, 2011 and December 31, 2013.

The Pension Fund was set up to, while Toyota Caetano maintains the decision to make contributions to the referred fund, provide employees (beneficiaries), at their retirement date, the right to a pension complement, which is not subject to update and is based on a percentage of the salary, among other conditions setting up a defined benefit plan. To cover these liabilities, an Autonomous Fund (which is managed by BPI-Vida e Pensões, S.A.) is set up.

In sequence of a request to change the condition of that pension complement made near the "ISP - Instituto de Seguros de Portugal" the defined benefit plan as of January 1,2008, only the current retired workers and ex--employees with acquired rights, as well as for all the current employees with more than 50 years and more than 15 years of service of the company.

The actuarial presumptions used by the fund manager include the Mortality Table and disability TV 73/77 and SuisseRe 2001, respectively, as well as well as salary increase rate, pensions increase rate and average rate of return of 1%, 0% and 1% to 2019, respectively (1%, 0% and 1,57% to 2018).

The variation of the Fund responsibilities of the Company with the Defined benefit plan in 2019 and 2018 can be summarized as follows:

Responsibilities at January 1, 2018	**19.999.202**
Cost of the current services	32.116
Cost of interest	308.373
(Gains) and actuarial losses	831.146
Pension payment	-1.515.972
Transfers	
Change of assumptions	50.123
Responsibilities at December 31, 2018	**19.704.988**
Responsibilities at January 1, 2019	**19.704.988**
Cost of the current services	41.077
Cost of interest	297.694
(Gains) and actuarial losses	-291.844
Pension payment	-1.569.326
Transfers	-16.285
Change of assumptions	882.993
Responsibilities at December 31, 2019	**19.049.297**

The allocation during 2019 and 2018 to both plans (Defined benefit plan and Defined contribution plan) can be summarized as follows:

	DEFINED BENEFIT PLAN	DEFINED CONTRIBUTION PLAN	TOTAL
Fund's value at January 1, 2018	16.215.733	5.212.254	21.427.987
Contributions		91.364	91.364
Contributions of reserve account		238.503	238.503
Interest	247.838		247.838
Real recovery of the plan assets	408.437	127.169	535.606
Pension payment (benefit payments)	-1.601.268	-29.650	-1.630.918
Transfers between members			0
Used amounts from the CD account (reserve account)		-238.503	-238.503
Others		-492	-492
Fund's value 31 December de 2018	15.270.740	5.400.645	20.671.385
Fund's value 31 December de 2019	15.270.740	5.400.645	20.671.385
Contributions	439.017	312.053	751.070
Contributions of reserve account			0
Interest	228.076	437.169	665.245
Real recovery of the plan assets	971.616		971.616
Pension payment (benefit payments)	-1.527.738	-79.707	-1.607.445
Transfers between members	-16.285	-9.331	-25.616
Used amounts from the CD account (reserve account)			0
Others			0
Fund's value 31 December de 2019	15.365.426	6.060.829	21.426.255

At 31 December 2019 and 2018, the Pension Fund's portfolio that covers the defined benefit plan was as follows:

PORTFOLIO	% DEC/19	VALUE DEC/19	% DEC/18	VALUE DEC/18
Stocks	11,6%	1.782.389	10,5%	1.603.428
Bonds with fixed rate	32,4%	4.978.398	28,4%	4.336.890
Bonds with variable rate	3,5%	537.790	7,7%	1.175.847
Real estate	41,4%	6.361.286	39,4%	6.016.672
Cash	4,8%	737.540	7,0%	1.068.952
Other assets	6,4%	968.022	7,0%	1.068.952
Total	**100,0%**	**15.365.426**	**100,0%**	**15.270.740**

The evolution of the pension fund's value and Toyota Caetano Portugal's responsibilities related with the defined benefit plan are as follows:

DEFINED BENEFIT PLAN	2019	2018
Responsibility's Values	19.049.297	19.704.988
Fund Value	15.365.426	15.270.740

The Toyota Caetano Portugal responsibilities shown above was safeguarded through the creation of an accrual of costs for about 6,1 million Euros (6 million Euros in 31 December 2018) reflected in the Balance sheet caption of Pension Fund Liabilities.

22. PROVISIONS AND IMPAIRMENTS

During 2019 and 2018, the following movements occurred in impairments:

DEC/19	OPENING BALANCES	INCREASES	DISPOSALS	WRITE-OFFS	FINAL BALANCES
Doubtful accounts receivable	4.888.184	38.203	-102.745	-1.677	4.821.966
Inventories		561.873			561.873
Total	**4.888.184**	**600.077**	**-102.745**	**-1.677**	**5.383.839**

DEC/18	OPENING BALANCES	INCREASES	DISPOSALS	WRITE-OFFS	FINAL BALANCES
Doubtful accounts receivable	5.412.762	14.029	-518.801	-19.807	4.888.184

23. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKETS

Sales and services rendered by geographic markets, in 2019 and 2018, was as follows:

	NATIONAL MARKET 2019	NATIONAL MARKET 2018	VAR (%)	EXTERNAL MARKET 2019	EXTERNAL MARKET 2018	VAR (%)	TOTAL 2019	TOTAL 2018	VAR (%)
Light vehicles	248.107.893	250.403.447	-1%	51.102.285	54.817.823	-7%	299.210.178	305.221.270	-2%
Heavy vehicles	0			468.208	619.623	-24%	468.208	619.623	-24%
Industrial vehicles	17.096.658	14.693.731	16%	298.465	143.728	108%	17.395.123	14.837.459	17%
Spare parts and accessories	39.346.565	40.062.640	-2%	594.885	604.396	-2%	39.941.450	40.667.036	-2%
Others	4.704.215	2.308.686	104%	6.322	8.629	-27%	4.710.537	2.317.315	103%
	309.255.330	**307.468.503**	**1%**	**52.470.165**	**56.194.199**	**-7%**	**361.725.495**	**363.662.703**	**-1%**

Given the nature of the Company's business, revenue is all recorded "point in time".

24. SEGMENTS INFORMATION

For the periods ended December 31, 2019 and 2018, the reporting by segments is as follows:

DEC/19	NATIONAL						EXTERNAL					TOTAL
	VEHICLES		INDUSTRIAL EQUIPMENT			OTHERS	VEHICLES		INDUSTRIAL EQUIPMENT			
	INDUSTRY	COMMERCIAL	COMMERCIAL	SERVICES	RENTAL		INDUSTRY	COMMERCIAL	COMMERCIAL	SERVICES	RENTAL	
PROFITS												
External sales	56.023	286.606.472	17.067.666	5.525.169			45.748.629	6.373.610	327.457	20.468		361.725.495
Supplementary income					13.430.762						8.809	13.439.571
INCOME												
Operational income	11.725	10.409.727	1.317.830	2.781.549	863.984		-1.072.459	93.234	30.265	12.888	5.044	14.453.787
Financial income	157	1.619.350	36.596	16.126	39.885		136.628	18.764	976	61	27	1.868.570
Gains in subsidiaries						2.245.031						2.245.031
Net income	11.567	5.554.114	1.281.234	2.765.423	824.098	2.245.031	-1.209.087	74.471	29.289	12.827	5.017	11.593.984
OTHER INFORMATION												
Total assets	21.084.296	155.176.501	6.506.966	1.994.475	22.190.837	47.827.499						254.780.574
Total liabilities	181.153	84.675.908	229.289	315.299	28.054.570							113.456.218
Investments in subsidiaries (1)						47.827.499						47.827.499
Capital Expenditure (2)	843.984	552.285	0	115.716	6.037.129							7.549.114
Depreciation (3)	709.129	1.291.994	68.172	66.157	6.563.725							8.699.177

DEC/18	NATIONAL						EXTERNAL					TOTAL
	VEHICLES		INDUSTRIAL EQUIPMENT			OTHERS	VEHICLES		INDUSTRIAL EQUIPMENT			
	INDUSTRY	COMMERCIAL	COMMERCIAL	SERVICES	RENTAL		INDUSTRY	COMMERCIAL	COMMERCIAL	SERVICES	RENTAL	
PROFITS												
External sales	91.034	287.576.751	14.693.731	5.106.987			47.360.202	8.665.039	143.728	25.230		363.662.703
Supplementary income					13.131.887						7.425	13.139.312
INCOME												
Operational income	7.028	10.703.776	1.249.953	3.047.468	815.433		20.613	319.055	21.041	13.706	2.715	16.200.787
Financial income	144	1.769.288	39.036	17.072	42.674		163.443	27.796	466	89	23	2.060.031
Gains in subsidiaries						2.295.780						2.295.780
Net income	5.108	6.628.466	898.375	2.248.241	573.307	2.295.780	-105.965	216.084	15.265	10.102	1.998	12.786.759
OTHER INFORMATION												
Total assets	27.453.036	181.302.262	6.966.555	1.971.803	24.284.451	44.596.491						286.574.598
Total liabilities	4.846.028	112.139.635	1.725.531	266.613	25.983.753							144.961.560
Investments in subsidiaries (1)						44.596.491						44.596.491
Capital Expenditure (2)	554.690	168.200	0	118.859	4.167.989							5.009.739
Depreciation (3)	717.605	1.634.661	71.145	66.098	5.869.066							8.358.574

(1) By Equity Method
(2) Capital expenditure: (Net tangible, intangible and investment properties variation)+(year depreciation)
(3) From the year

25. SUPPLIES

At 31 December 2019 and 2018, supply expenses were as follows:

	DEC/19	DEC/18
Subcontracts	220.805	94.068
Specialized services	29.780.834	29.436.135
Professional services	3.587.094	4.194.923
Advertising	20.150.757	19.085.799
Vigilance and security	419.925	366.239
Professional fees	918.540	836.133
Commissions	115.917	263.141
Repairs and maintenance	1.021.386	1.229.425
Others	3.567.215	3.460.476
Materials	8.852.105	9.614.420
Tools and utensils	96.467	90.616
Books and technical documentation	383.710	327.024
Office supplies	172.724	154.948
Gifts	33.614	17.326
Others	8.165.590	9.024.506
Energy and fluids	1.139.862	1.186.811
Electricity	481.009	584.292
Fuel	607.574	550.426
Water	51.279	52.094
Others		
Travel and transportation	3.037.180	2.905.103
Traveling expenses	1.516.990	1.467.352
Personnel transportation	105.424	97.287
Transportation of materials	1.414.766	1.340.465
Others		
Other supplies	2.631.114	2.693.301
Rent	525.209	500.423
Communications	452.373	419.661
Insurance	863.297	892.539
Royalties	379.216	446.094
Notaries	2.366	9.353
Cleaning and comfort	408.653	425.232
	45.661.899	**45.929.839**

26. PAYROLL AND AVERAGE NUMBER OF PERSONNEL

At 31 December 2019 and 2018, payroll expenses were as follows:

	DEC/19	DEC/18
Payroll - management	404.728	397.465
Payroll - other personnel	10.428.305	9.879.359
Benefit plans	876.351	613.728
Termination indemnities	238.470	389.555
Social Security contributions	2.697.516	3.082.327
Workmen's insurance	271.826	244.860
Others	1.677.316	1.633.276
	16.594.512	**16.240.571**

During the years ended as of December 31, 2019 and 2018, the average number of personnel was as follows:

ITEMS	DEC/19	DEC/18
Employees	364	362
Production personnel	156	149
	520	**511**

27. OTHER OPERATING EXPENSES AND OTHER GAINS

As of 31 December, 2019 and 2018, the captions "Other Expenses" and "Other Gains" were as follows:

OTHER GAINS	DEC/19	DEC/18
Lease equipment	13.439.571	13.139.312
Rents charged (Note 6)	3.545.189	3.330.919
Subsidies	3.128.618	2.839.935
Advertising expenses and sales promotion recovered	555.141	4.327.131
Gains on inventories	67.648	70.456
Gains on fixed assets	1.453.036	1.823.358
Investment subsidies	2.204	472.707
Obtained cash discounts	5.755	8.682
Other	17.088.131	15.002.429
	39.285.293	**41.014.930**

The caption Other refers provided services and warranties' recovery.

OTHER EXPENSES	DEC/19	DEC/18
Tax	597.688	630.805
Bad debts	-	353.307
Losses on inventories	29.268	66.554
Cash discount granted	7.560	5.562
Losses on other financial investments	1.815	
Losses on fixed assets	61.795	171.531
Donations	5.898	4.500
Other	9.419.566	11.095.493
	10.123.588	**12.327.753**

The caption Other Expenses includes trade incentives and bonuses granted to dealers.

28. FINANCIAL INCOME AND EXPENSES

As of 31 December, 2019 and 2018, the captions "Financial Income" and "Financial Expenses" were as follows:

INTEREST AND SIMILAR INCOME	DEC/19	DEC/18
Interest	51	73
Other	4.532	183.268
	4.583	**183.341**

INTEREST AND SIMILAR EXPENSES	DEC/19	DEC/18
Interest	1.322.167	1.517.914
Other	550.987	725.459
	1.873.154	**2.243.373**

29. FINANCIAL ASSETS AND LIABILITIES

We present below a summary table of the Company's financial instruments as of December 31, 2019 and 2018:

FINANCIAL ASSETS AND LIABILITIES		FINANCIAL ASSETS		FINANCIAL LIABILITIES	
	NOTE	DEC/19	DEC/18	DEC/19	DEC/18
Other financial investments	10	2.014.792	3.492.302		
Accounts receivable	12	72.522.678	110.786.784		
Other accounts receivable	13	4.453.817	3.629.670		
Loans	17			40.924.381	70.882.693
Other accounts payable	19			297.125	336.245
Accounts payable	18			33.586.141	35.020.440
Other current liabilities	20			16.803.918	19.184.760
Cash and cash equivalents	4	9.465.441	15.003.395		

Financial assets and liabilities at fair value

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE	NOTE	FINANCIAL ASSETS DEC/19	FINANCIAL ASSETS DEC/18
Other financial investments	10	2.014.792	3.492.302

30. RELATED PARTIES

Due and payable balances with Group and Associated companies, which, as of 31 December 2019 and 2018, were recorded in the captions "Accounts receivable", "Accounts payable", "Other financial investments" and "Shareholders", as follows:

	DEC/19	DEC/18
Accounts Receivable	40.843.653	78.824.686
Accounts Payable	-2.050.826	-1.321.795
Shareholders		
RETGS's Companies (Note 13)		
Saltano, SGPS, S.A.		139.134
Caetano Renting, S.A.	-577.627	-501.835
Caetano Auto, S.A.	4.896.180	3.953.145
	4.318.553	3.590.444
Other Financial Investments (Note 10)		
Saltano, SGPS, S.A.		3.432.799
Caetano Auto, S.A.		1.995.192

Accounts Receivable and Accounts Payable (Notes 12 and 18)

Balances and transactions details between Toyota Caetano Portugal and Related Parties can be summarized as follows:

2019	COMMERCIAL DEBT		PRODUCTS		FIXED ASSETS		SERVICES		OTHERS	
	RECEIVABLE	PAYABLE	SALES	PURCHASES	ACQUISITIONS	DISPOSALS	RENDERED	OBTAINED	EXPENSES	GAINS
Caetano Auto, S.A.	39.241.901	-993.783	-151.379.592	580.513	0	-2.159.880	0	6.320.462	10.740.717	-2.090.962
Caetano Renting, S.A.	723.158	-1.057.043	-9.237.624	23.331.616	0	-56.349	0	901.811	321.182	-174.290
Caetano Auto CV, S.A.	518.595	0	-6.433.280	0	0	0	0	0	0	-369.749

2018	COMMERCIAL DEBT		PRODUCTS		FIXED ASSETS		SERVICES		OTHERS	
	RECEIVABLE	PAYABLE	SALES	PURCHASES	ACQUISITIONS	DISPOSALS	RENDERED	OBTAINED	EXPENSES	GAINS
Caetano Auto, S.A.	74.871.686	-1.321.740	-160.336.778	469.699	0	-2.277.574	0	6.863.145	11.762.310	-1.703.483
Caetano Renting, S.A.	1.813.072	-55	-9.658.093	14.954.154	0	-134.115	0	83.536	987.519	-411.997
Caetano Auto CV, S.A.	2.139.613	0	-8.792.313	0	0	0	0	0	0	-523.499
Saltano - Investimentos e Gestão, SGPS, S.A.	27	0	0	0	0	0	0	0	0	-22

Intercompany balances and transactions related with accounts receivable and payable were as follows:

OTHER RELATED COMPANIES	COMMERCIAL DEBT		PRODUCTS		FIXED ASSETS		SERVICES		OTHERS	
	RECEIVABLE	PAYABLE	SALES	PURCHASES	ACQUISITIONS	DISPOSALS	RENDERED	OBTAINED	EXPENSES	GAINS
Amorim, Brito & Sardinha, Lda	738	0	0	0	0	0	0	0	0	-7.200,00
Atlântica - Companhia Portuguesa de Pesca, S.A.	5.173	0	0	0	0	0	0	0	0	0
Caetano Active, S.A.	675	0	-676	0	0	0	0	0	0	-322
Caetano Aeronautic, S.A.	137.013	0	-2.096	0	0	-6.000	0	210.938	0	-685.061
Caetano Baviera - Comércio de Automóveis, S.A.	28.220	-4.398	-10.366	1.418	0	0	0	5.350	1.684	-235.740
Caetano City e Active (Norte), S.A.	716.446	-62.466	-3.282.101	983	0	-153.757	0	113.747	136.519	-1.514
Caetano Drive, Sport e Urban, S.A.	2.346	0	-2.070	0	0	0	0	0	0	-6.217
Caetano Energy, S.A.	309	0	-2.400	0	0	0	0	0	0	-3.389
Caetano Formula Cádiz, SLU	374	0	0	0	0	0	0	0	0	-374
Caetano Formula East África, S.A.	0	0	-35	0	0	0	0	0	0	-2.490
Caetano Formula Galicia, SLU	0	0	0	0	0	0	0	0	0	-130
Caetano Fórmula West África, S.A.	143	0	0	0	0	0	0	0	0	-270
Caetano Fórmula, S.A.	2.567	0	-3.673	0	0	0	0	0	0	-6.117
Caetano Mobility, SGPS, S.A.	57	0	0	0	0	0	0	0	0	-46
Caetano Motors Cádiz, SLU	220	0	0	0	0	0	0	0	0	-220
Caetano Motors, S.A.	2.960	0	-4.225	0	0	0	0	0	0	-3.648
Caetano Move África, S.A.	21	0	0	0	0	0	0	0	0	-261
Caetano Parts, Lda.	1.810	-221	-1.236	455	0	0	0	741	0	-2.662
Caetano Power, S.A.	1.174	0	-3.146	0	0	0	0	0	0	-2.287
Caetano Retail España, S.A.U.	124.316	0	0	0	0	0	0	0	0	-126.185
Caetano Retail, SGPS, S.A.	168.172	0	-605	0	0	0	0	0	0	-304.996
Caetano Squadra África, S.A.	21	0	0	0	0	0	0	0	0	-60
Caetano Star, S.A.	10.372	-60	-1.285	0	0	0	0	49	-795	-19.108
Caetano Technik, S.A.	1.032	0	-1.108	0	0	0	0	0	0	-1.795
CaetanoBus - Fabricação de Carroçarias, S.A.	2.639.534	-287.391	-97.038	1.350	0	-150	0	95.634	3.793	-2.447.559
Caetsu Publicidade, S.A.	7.745	-1.247.660	-12.928	0	0	0	0	3.559.300	0	-10.621
Carplus - Comércio de Automóveis, S.A.	1.381	0	0	0	0	0	0	0	0	-17.138
Choice Car, S.A.	5.237	0	0	0	0	0	0	16.014	0	-40.684
COCIGA - Construções Civis de Gaia, S.A.	4.235	-134.104	0	0	606.082	0	0	112.014	19.440	-11.473
Covim - Soc. Agrícola, Silvícola e Imobiliária, S.A.	0	0	0	0	0	0	0	2.000	0	0
Finlog - Aluguer e Comércio de Automóveis, S.A.	106.248	-49.213	-446.101	977.366	0	0	0	617.044	79.046	-106.376
Fundação Salvador Caetano	10	0	0	0	0	0	0	0	0	-224
Grupo Salvador Caetano, (SGPS), S.A.	0	0	0	0	0	0	0	4.150	0	-34
Guérin - Rent-a-Car (Dois), Lda.	444.867	-2.761	-73.854	0	0	0	0	2.321	0	-378.260

OTHER RELATED COMPANIES	COMMERCIAL DEBT		PRODUCTS		FIXED ASSETS		SERVICES		OTHERS	
	RECEIVABLE	PAYABLE	SALES	PURCHASES	ACQUISITIONS	DISPOSALS	RENDERED	OBTAINED	EXPENSES	GAINS
Guérin - Rent-a-Car SLU	2.432	0	0	0	0	0	0	0	0	-2.432
Hyundai Portugal, S.A.	2.495	0	0	0	0	0	0	0	0	-51.416
Lidera Soluciones, S.L.	4.262	0	0	0	0	0	0	0	0	-5.061
Lusilectra - Veículos e Equipamentos, S.A.	74.528	-18.556	-84.317	20.586	71.245	0	0	126.896	6.740	-58.449
MDS Auto - Mediação de Seguros, S.A.	1.827	0	0	0	0	0	0	0	0	-2.498
Movicargo - Movimentação Industrial, Lda.	2.661	-316.544	0	875.365	0	0	0	608.243	63.082	-15.336
P.O.A.L. - Pavimentações e Obras Acessórias, S.A.	17.806	0	0	0	0	0	0	0	0	0
Portianga - Comércio Internacional e Participações, S.A.	337.727	-324.941	-407.819	0	0	0	0	274.710	0	-87.931
RARCON - Arquitectura e Consultadoria e Mediação Imobiliária, S.A.	0	-59.697	-17.943	0	54.087	0	0	147.756	0	-256
Rigor - Consultoria e Gestão, S.A.	86.835	-767.511	0	0	32.826	0	0	2.159.816	22.508	-256.077
Robert Hudson, LTD	0	0	-834	0	0	0	0	0	0	0
Salvador Caetano Auto África, (SGPS), S.A.	39	0	0	0	0	0	0	0	0	-91
Salvador Caetano Auto, (SGPS), S.A.	21	0	0	0	0	0	0	0	0	-94
Salvador Caetano Equipamentos, S.A.	10	0	0	0	0	0	0	0	0	-9
SIMOGA - Sociedade Imobiliária de Gaia, S.A.	1.374	0	0	0	0	0	0	0	0	0
Sózó Portugal, S.A.	8.528	0	0	0	0	0	0	0	0	-22.430
Toyota Motor Corporation	332.366	-4.404.755	0	42.819.077	0	0	0	136.758	341.267	-165.556
Toyota Motor Europe, NV/SA	3.501.528	-15.848.490	-45.547.690	220.102.773	30.000	0	0	535.174	139.104	-4.151.909
Turispaiva - Sociedade Turística Paivense, S.A.	369	0	0	0	0	0	0	0	0	-3.600
VAS África (SGPS), S.A.	21	0	0	0	0	0	0	0	0	-34

31. CONTINGENT ASSETS AND LIABILITIES

As of 31 December, 2019 and 2018, Toyota Caetano had assumed the following financial commitments:

RESPONSIBILITIES	DEC/19	DEC/18
Security guarantee	4.000.000	4.000.000
Other guaranties	1.668.010	1.692.296
	5.668.010	**5.692.296**

The financial commitments classified Security Guarantee include guarantee on imports provided to Customs Agency.

As a result of loans amounting to 15 million Euros Toyota Caetano granted the respective financial institutions mortgages on properties valued at the time of the referred loans, approximately 23,4 million Euros.

Litigation in progress:

The judicial claim presented by a former agent, that was pending a decision of the appeal presented in Supreme Court, was concluded without any, as was expected by the Board of Directors, responsibility to the Company.

End-of-life vehicles

In September 2000, the European Commission voted on a directive regarding end-of-life vehicles and the responsibility of Producers/Distributors for dismantling and recycling them.

Producers/Distributors will have to bear at least a significant part of the cost of the take back of vehicles put on the market as of July 1, 2002 and from January 1, 2007 for vehicles put on the market.

This legislation will impact Toyota vehicles sold in Portugal. Toyota Caetano and Toyota are closely monitoring the development of Portuguese National Legislation in order to access the impact on their financial statements.

Is our conviction in face of the studies already done into the Portuguese market, and taking notice on the possible valorisation of the residues from the end-of-life vehicles dismantling, that the effective impact of this legislation in the Company accounts will be reduced or null.

Meanwhile and according to the legislation introduced (Dec./Law 196/2003), the Company contracted with "ValorCar – Sociedade de Gestão de Veículos em Fim de Vida, Lda" - a licensed entity for the management of an integrated system of ELV - the transfer of the responsibilities in this process.

Information related to environmental area

The company adopts the necessary measures relating to the environment, aiming to fulfil current applicable legislation.

The Toyota Caetano Board of Directors does not estimate that there are risks related to the environmental protection and improvement, not having received any infraction related to this matter during 2019.

32. EARNINGS PER SHARE

The earnings per share for the year ended as of December 31, 2019 and 2018 were computed based on the following amounts:

	DEC/19	DEC/18
Net income	11.593.984	12.786.759
Number shares	35.000.000	35.000.000
Earnings per share (basic and diluted)	0,33	0,37
Comprehensive income	11.593.984	12.786.759
Number shares	35.000.000	35.000.000
Comprehensive income (basic and diluted)	0,33	0,37

33. REMUNERATION OF BOARD MEMBERS

The remuneration of the board members in Toyota Caetano Portugal, S.A. during the years 2019 and 2018, was as follows:

BOARD MEMBERS	DEC/19	DEC/18
Board of Directors	464.940	384.724
Board of Auditors	8.520	8.400

34. REMUNERATION OF STATUTORY AUDITOR

The remuneration of the Statutory Auditor, PricewatherhouseCoopers & Associados – S.R.O.C., Lda. for 2019 and 2018, was as follows:

	DEC/19	DEC/18
Total fees related statutory audit	25.000	25.000
Total fees for limited accounts review	3.000	3.000
Total fees for other services of fiability assurance	1.000	1.000
	29.000	**29.000**

35. SUBSEQUENT EVENTS

Since the end of 2019, we could not disclose this attachment without clarifying that it was prepared before the declaration by the WHO of the State of Pandemic.

Aware of the economic and financial reflexes that will be experienced in Portugal from March 2020, which will have inherently negative effects on the activity / profitability of the Company during economic exercise 2020 and not being possible at this moment to quantify it, it is important to mention that are available unused bank credit lines of over 50 M€, thus ensuring, in our view, the continuity of operations for at least a 12-month period.

36. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors on 17th March 2020.

According to the Portuguese Commercial Companies Code, it is possible the amendment of these Financial Statements, after their approval by the Board of Directors

Chartered Accountant

Alexandra Maria Pacheco Gama Junqueira

Board of Directors

José Reis da Silva Ramos - Chairman
Maria Angelina Martins Caetano Ramos
Salvador Acácio Martins Caetano
Miguel Pedro Caetano Ramos
Katsutoshi Nishimoto
Matthew Peter Harrison
Rui Manuel Machado de Noronha Mendes

04.
CONSOLIDATED ACCOUNTS

CONSOLIDATED FINANCIAL HIGHLIGHTS
(Amounts in Euros)

	DEC/19	DEC/18
TURNOVER	465.118.555	446.874.810
CASH-FLOW	43.434.675	41.700.225
INTEREST AND OTHERS	1.946.586	1.502.881
PERSONNEL EXPENSES	41.370.929	41.164.197
NET INVESTMENT	22.137.091	36.210.335
NUMBER OF EMPLOYEES	1.537	1.529
NET INCOME WITH NON-CONTROLLING INTEREST	11.646.599	12.872.564
NET INCOME WITHOUT NON-CONTROLLING INTEREST	11.593.984	12.786.760
DEGREE OF AUTONOMY	46,00%	43,08%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019 AND 2018

(Amounts in Euros)

ASSETS	NOTES	31/12/2019	31/12/2018
NON-CURRENT ASSETS:			
Goodwill	8	611.997	611.997
Intangible assets	5	465.385	360.364
Tangible fixed assets	6	110.019.605	112.792.692
Investment properties	7	13.676.728	14.330.714
Instruments at fair value through capital	9	3.923.974	3.633.413
Deferred tax assets	14	2.611.486	2.834.930
Accounts receivable	11	608.975	494.293
Total non-current assets		131.918.150	135.058.403
CURRENT ASSETS:			
Inventories	10	105.470.028	99.059.426
Accounts receivable	11	54.236.551	56.709.522
Other debtors	12	2.538.178	5.818.605
Income tax receivable	21	262.011	-
Other current assets	13	3.380.652	6.331.380
Cash and cash equivalents	15	12.693.644	17.075.155
Total current assets		178.581.064	184.994.088
Total assets		**310.499.214**	**320.052.491**
SHAREHOLDERS' EQUITY & LIABILITIES			
EQUITY			
Share capital		35.000.000	35.000.000
Legal reserve		7.498.903	7.498.903
Revaluation reserves		6.195.184	6.195.184
Translation reserves		(1.695.238)	(1.695.238)
Fair value reserves - Instruments at fair value through capital		883.196	552.731
Other reserves		81.848.327	76.061.568
Net income		11.593.984	12.786.759
	16	141.324.356	136.399.907
Non-controlling interests	17	1.514.227	1.473.222
Total equity		142.838.583	137.873.129
LIABILITIES: NON-CURRENT LIABILITIES:			
Loans	18	36.880.225	38.465.142
Pension Fund defined benefit plan liabilities	23	9.476.000	8.886.983
Provisions	24	944.772	881.547
Deferred tax liabilities	14	1.500.361	1.602.616
Total non-current liabilities		48.801.358	49.836.288
CURRENT LIABILITIES:			
Loans	18	7.353.166	52.538.913
Accounts payable	19	38.236.935	39.907.558
Other creditors	20	51.854.470	14.783.849
Income tax payable	21	-	1.939.181
Other current liabilities	22	21.414.702	22.734.556
Pension Fund defined benefit plan liabilities	23	-	439.017
Total current liabilities		118.859.273	132.343.074
Total liabilities		167.660.631	182.179.362
Total liabilities and shareholder' equity		**310.499.214**	**320.052.491**

The notes to the financial statements integrate this statement for the period ending at 31 December 2019.
Chartered Accountant: Alexandra Maria Pacheco Gama Junqueira
Board of Directors: José Reis da Silva Ramos - President; Maria Angelina Martins Caetano Ramos; Salvador Acácio Martins Caetano; Miguel Pedro Caetano Ramos; Katsutoshi Nishimoto; Matthew Peter Harrison; Rui Manuel Machado de Noronha Mendes

CONSOLIDATED CASH FLOWS STATEMENT AT 31 DECEMBER 2019 AND 2018

(Amounts in Euros)

	NOTES	31/12/2019	31/12/2018
Operating Income:			
Sales	28	430.412.161	418.479.481
Services rendered	28	34.706.394	28.395.329
Other operating income	31	41.542.049	50.584.045
Variation of products	10	1.132.517	(3.397.773)
		507.793.121	494.061.082
Operating expenses:			
Cost of sales	10	(372.525.191)	(362.262.995)
External supplies and services	29	(44.570.681)	(42.314.240)
Payroll expenses	30	(41.370.929)	(41.164.197)
Depreciations and amortizations	5, 6 & 7	(25.168.581)	(23.423.309)
Impairment losses in inventories	24	(1.445.801)	(849.544)
Impairment losses in accounts receivable	24	(784.560)	(113.138)
Other provisions and Impairment losses	24	(217.780)	(495.968)
Other operating expenses	31	(3.416.913)	(4.300.431)
		(489.500.436)	(474.923.822)
Operational Income		18.292.685	19.137.260
Expense and financial losses	32	(1.971.661)	(1.856.395)
Income and financial gains	32	25.075	353.513
Profit before taxation		16.346.099	17.634.378
Income tax for the year	25	(4.699.500)	(4.761.815)
Net profit for the period		11.646.599	12.872.563
Net profit for the period attributable to:			
Equity holders of the parent		11.593.984	12.786.759
Non-controlling interests		52.615	85.804
		11.646.599	12.872.563
Earnings per share:			
Basic	26	0,333	0,368
Diluted	26	0,333	0,368

The notes to the financial statements integrate this statement for the period ending at 31 December 2019.

Chartered Accountant: Alexandra Maria Pacheco Gama Junqueira
Board of Directors: José Reis da Silva Ramos - President; Maria Angelina Martins Caetano Ramos; Salvador Acácio Martins Caetano; Miguel Pedro Caetano Ramos; Katsutoshi Nishimoto; Matthew Peter Harrison; Rui Manuel Machado de Noronha Mendes

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT 31 DECEMBER 2019 AND 2018

(Amounts in Euros)

	NOTES	SHARE CAPITAL	LEGAL RESERVE	REVALUATION RESERVES	TRANSLATION RESERVES	FAIR VALUE RESERVES	OTHER RESERVES	TOTAL RESERVES	NET PROFIT	SUBTOTAL	NON--CONTROLLING INTERESTS	TOTAL
Balances at 31 of December 2017		**35.000.000**	**7.498.903**	**6.195.184**	**(1.695.238)**	**651.818**	**73.723.263**	**86.373.930**	**9.338.305**	**130.712.235**	**1.387.418**	**132.099.653**
Changes in the period:												
Application of the consolidated net income 2017		-	-	-	-	-	9.338.305	9.338.305	(9.338.305)	-	-	-
Fair value changes of Instruments at fair value through capital	9	-	-	-	-	(99.087)	-	(99.087)	-	(99.087)	-	(99.087)
Consolidated net profit for the period		-	-	-	-	-	-	-	12.786.759	12.786.759	85.804	12.872.563
Transactions with equity holders												
Distributed dividends	16	-	-	-	-	-	(7.000.000)	(7.000.000)	-	(7.000.000)	-	(7.000.000)
Balances at 31 of December 2018		**35.000.000**	**7.498.903**	**6.195.184**	**(1.695.238)**	**552.731**	**76.061.568**	**88.613.148**	**12.786.759**	**136.399.907**	**1.473.222**	**137.873.129**
Balances at 31 of December 2018		**35.000.000**	**7.498.903**	**6.195.184**	**(1.695.238)**	**552.731**	**76.061.568**	**88.613.148**	**12.786.759**	**136.399.907**	**1.473.222**	**137.873.129**
Changes in the period:												
Application of the consolidated net income 2018		-	-	-	-	-	12.786.759	12.786.759	(12.786.759)	-	-	-
Fair value changes of Instruments at fair value through capital	9	-	-	-	-	330.465	-	330.465	-	330.465	-	330.465
Consolidated net profit for the period		-	-	-	-	-	-	-	11.593.984	11.593.984	52.615	11.646.599
Transactions with equity holders												
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	(11.610)	(11.610)
Distributed dividends	16	-	-	-	-	-	(7.000.000)	(7.000.000)	-	(7.000.000)		(7.000.000)
Balances at 31 of December 2019		**35.000.000**	**7.498.903**	**6.195.184**	**(1.695.238)**	**883.196**	**81.848.327**	**94.730.372**	**11.593.984**	**141.324.356**	**1.514.227**	**142.838.583**

The notes to the financial statements integrate this statement for the period ending at 31 December 2019.

Chartered Accountant: Alexandra Maria Pacheco Gama Junqueira
Board of Directors: José Reis da Silva Ramos - President; Maria Angelina Martins Caetano Ramos; Salvador Acácio Martins Caetano; Miguel Pedro Caetano Ramos; Katsutoshi Nishimoto; Matthew Peter Harrison; Rui Manuel Machado de Noronha Mendes

CONSOLIDATED STATEMENT OF THE COMPREHENSIVE INCOME AT 31 DECEMBER 2019 AND 2018

(Amounts in Euros)

	31/12/2019	31/12/2018
Consolidated net profit for the period, including non-controlling interests	11.646.599	12.872.563
Components of other consolidated comprehensive income, that could not be recycled by profit and loss:		
Instruments at fair value through capital changes (Note 9)	330.465	(99.087)
Consolidated comprehensive income	11.977.064	12.773.476
Attributable to:		
Equity holders of the parent company	11.924.449	12.687.672
Non-controlling interests	52.615	85.804

The notes to the financial statements integrate this statement for the period ending at 31 December 2019.

Chartered Accountant: Alexandra Maria Pacheco Gama Junqueira
Board of Directors: José Reis da Silva Ramos - President; Maria Angelina Martins Caetano Ramos; Salvador Acácio Martins Caetano; Miguel Pedro Caetano Ramos; Katsutoshi Nishimoto; Matthew Peter Harrison; Rui Manuel Machado de Noronha Mendes

CONSOLIDATED CASH FLOWS STATEMENT AT 31 DECEMBER 2019 AND 2018

(Amounts in Euros)

OPERATING ACTIVITIES	2019		2018	
Collections from Customers	570.499.446		545.543.957	
Payments to Suppliers	(471.202.261)		(460.040.730)	
Payments to Employees	(35.993.325)		(32.573.673)	
Operating Flow		**63.303.859**		**52.929.555**
Payments of Income Tax		(7.050.561)		(5.093.294)
Other Collections/Payments Related to Operating Activities		(12.797.985)		(24.889.329)
Cash Flow from Operating Activities		**43.455.313**		**22.946.932**
INVESTING ACTIVITIES				
Collections from:				
Investments Properties	284.000		2.220.000	
Tangible Fixed Assets	3.140.426		672.382	
Interest and Other income	28.499		12.554	
Dividends	-	**3.452.925**	339.700	**3.244.636**
Payments to:				
Investments Properties	(444.769)		(20.775)	
Tangible Fixed Assets	(4.007.343)		(4.793.391)	
Intangible Assets	(289.371)	**(4.741.483)**	(153.701)	**(4.967.867)**
Cash Flow from Investment Activities		**(1.288.557)**		**(1.723.231)**
FINANCING ACTIVITIES				
Collections from:				
Loans	93.162.682		306.483.075	
Leases	434.563	**93.597.245**	-	**306.483.075**
Payments to:				
Loans	(122.400.000)		(310.983.075)	
Leases	(8.405.927)		(7.731.336)	
Interest and Other costs	(2.465.234)		(2.189.704)	
Dividends	(7.016.060)	**(140.287.220)**	(6.995.076)	**(327.899.191)**
Cash Flow from Financing Activities		**(46.689.975)**		**(21.416.116)**
CASH				
Cash and Cash Equivalents at Beginning of Period (Note 15)		17.075.155		17.267.570
Changes in perimeter (Note 4)		(20.974)		-
Cash and Cash Equivalents at End of Period (Note 15)		12.530.961		17.075.155
Net Flow in Cash Equivalents		**(4.523.220)**		**(192.415)**

The annex integrates this Consolidated Cash Flows Statement at 31 December 2019.

Chartered Accountant: Alexandra Maria Pacheco Gama Junqueira
Board of Directors: José Reis da Silva Ramos - President; Maria Angelina Martins Caetano Ramos; Salvador Acácio Martins Caetano; Miguel Pedro Caetano Ramos; Katsutoshi Nishimoto; Matthew Peter Harrison; Rui Manuel Machado de Noronha Mendes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(Amounts in Euros)

1. INTRODUCTION

Toyota Caetano Portugal, S.A. ("Toyota Caetano" or "Company") was incorporated in 1946, has its headquarters in Vila Nova de Gaia, and is the Parent Company of a Group of companies ("Toyota Caetano Group" or "Group"), which mainly develop economic activities included in the automotive sector, namely the import, assembly and commercialization of vehicles, bus and coach industry, sale and rental of industrial equipment forklifts, sale of vehicles parts, as well as the corresponding technical assistance, creation and operation of training projects and development of human resources, as well the management and rental of own properties, and rental of short or long-term vehicles, with or without driver.

Toyota Caetano Portugal, S.A., belongs to the Salvador Caetano Group (led by Grupo Salvador Caetano S.G.P.S., S.A.), being held directly by Salvador Caetano Auto, S.G.P.S., S.A., since the end of the year of 2016.

Toyota Caetano is the distributor of the brands Toyota, Lexus and BT in Portugal and is the head of a group of companies ("Toyota Caetano Group").

As of December 31, 2019, the companies of Toyota Caetano Group, their headquarters and abbreviations used, are as follows:

COMPANIES	HEADQUARTERS
With headquarters in Portugal:	
Toyota Caetano Portugal, S.A.	Vila Nova de Gaia
Caetano - Auto, S.A.	Vila Nova de Gaia
Caetano Renting, S.A.	Vila Nova de Gaia
With headquarters in foreign countries:	
Caetano Auto CV, S.A.	Praia (Cape Verde)

During the period ended December 31, 2019, there was a change in the composition of the consolidation perimeter with the liquidation of Saltano in May, 2019.

Toyota Caetano shares are listed in Euronext Lisbon since October 1987.

The attached financial statements are stated in Euros (rounding by unit), as this is the functional currency used in the economic environment where the Group operates. Foreign operations and transactions are included in the consolidated financial statements in accordance with the policy described in Note 2.2 b).

2. MAIN ACCOUNTING POLICIES

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

2.1 BASIS OF PRESENTATION

These financial statements relate to the consolidated financial statements of Toyota Caetano Group and were prepared according to the IFRS – International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards (IAS), as issued by the International Accounting Standards Committee ("IASC"), and its respective interpretations - IFRIC and SIC, as issued, respectively, by the International Financial Reporting Interpretations Committee ("IFRIC") and by the Standing Interpretation Committee ("SIC"), that have been endorsed by the European Union, being effective for the annual periods beginning on or after January 1, 2019.

The accompanying consolidated financial statements have been prepared on a going concern basis and having as basis the principle of the historical cost and, in the case of some financial instruments, fair value, based on the accounting records of the companies included in consolidation (Note 4).

- The impact of the adoption of the new standards, amendments to standards and interpretations that became effective as of January 1, 2019, that have been endorsed by the European Union:

(i) Standards:

- **IFRS 16** (new), 'Leases'. This new standard replaces IAS 17 – 'Leases' with a significant impact on the accounting by lessees who are now required to recognize a lease liability reflecting future lease payments and a "right-of--use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". The application of IFRS 16 may be retrospective or retrospective modified. The adoption of this new standard did have an impact of 787.570 as of December 31, 2019 in Asset and Liability on the Group's consolidated financial statements, being the Group considered (i) the retrospective approach modified with the Asset equal to the Liability and (ii) considering the period, as a rule, the mandatory date and (iii) discount rates similar to those practiced in the market for other financing.
- **IFRS 9** (amendment), 'Prepayment features with negative compensation'. The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit or loss. This amendment did not have any impact in the Group financial statements.
- **IAS 19** (amendment), 'Plan amendment, curtailment or settlement'. This amendment requires an entity to: i) use updated assumptions to determine the current service cost and net interest for the remaining period after amendment, reduction or settlement of the plan; and ii) recognize in the income statement as part of the cost of past services, or as a gain or loss in the settlement, any reduction in the excess of coverage, even if the excess of coverage had not been previously recognized, due to the impact of the asset ceiling. The impact on asset ceiling is recognized in Other Comprehensive Income, not being allowed to recycle it through profit for the year. This amendment did not have any impact in the Group financial statements.
- **IAS 28** (amendment), 'Long-term interests in Associates and Joint Ventures'. The amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investments in associates and joint ventures), that are not being measured through the equity method, are to be measured in accordance with IFRS 9 – 'Financial instruments'. The long-term investments in associates and joint ventures are subject to the expected credit loss impairment model, prior to being added, for impairment test purposes, to the whole investment in associates and joint ventures, when impairment indicators exist. This amendment is not applicable to the Group financial statements.
- **Annual Improvements 2015 – 2017.** The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3 and IFRS 11. These improvements did not have any impact in the Group financial statements.

(ii) Interpretations:

- **IFRIC 23** (new), 'Uncertainty over income tax treatment'. This is an interpretation of IAS 12 - 'Income tax' and refers to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of an income tax treatment by the tax authorities. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, and not under IAS 37 – 'Provisions, contingent liabilities and contingent assets', based on the expected value or the most probable value. The application of IFRIC 23 may be retrospective or retrospective modified. This interpretation did not have any impact in the Group financial statements.

- Standards amendments that are mandatory for the accounting periods beginning on or after January 1, 2020 and were already endorsed by the European Union:

(i) Standards:

- **IAS 1 and IAS 8** (amendment), 'Definition of material' (effective for annual periods beginning on or after January 1, 2020). This amendment is still subject to endorsement by the European Union. The amendment revises the concept of material. Includes clarifications as to obscured information, its effect being like the omission or distortion of information. The group should assess materiality considering the financial statements as a whole. There are also some clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need. It is not expected significant impact of future adoption of this amendment on the Group financial statements.

(ii) Interpretations:

- **Conceptual framework**, 'Amendments to references in other IFRS' (effective for annual periods beginning on or after January 1, 2020). As a result of the publication of the new Conceptual Framework, the IASB introduced changes to the text of various standards and interpretations, like: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of asset/liability and expense/income, in addition to some of the characteristics of financial information. These amendments are retrospective, except if impractical. It is not expected significant impact of future adoption of this amendment on the Group financial statements.

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

(i) Standards:

- **IFRS 3** (amendment), 'Definition of a business (effective for annual periods beginning on or after January 1, 2020). This amendment is still subject to endorsement by the European Union. The amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition include an input, as well as a substantial process that jointly generate outputs. Outputs are now defined as goods and services rendered to customers, that generate investment income and other income, and exclude returns as lower costs and other economic benefits for shareholders. Optional 'concentration tests' for the assessment if one transaction is the acquisition of an asset or a business combination, are allowed. It is not expected significant impact of future adoption of this amendment on the Group financial statements.
- **IFRS 9, IAS 39 and IFRS 7** (amendment), 'Interest rate benchmark reform' (effective for annual periods beginning on or after January 1, 2020). These amendments are still subject to endorsement by the European Union. These amendments are part of the first phase of IASB 'IBOR reform' project and provide certain reliefs in connection with interest rate benchmark reform. The relief relate to hedge accounting, in terms of: i) risk components; ii) 'highly probable' requirement; iii) prospective assessment; iv) retrospective effectiveness test (for IAS 39 adopters); and v) recycling of the cash flow hedging reserve, with the objective that interest rate benchmark reform does not cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. It is not expected significant impact of future adoption of this amendment on the Group financial statements.
- **IFRS 17** (new), 'Insurance contracts' (effective for annual periods beginning on or after January 1, 2021). This standard is still subject to endorsement by the European Union. This new standard replaces IFRS 4 and applies to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or "premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective application. This standard is not applicable to the Group financial statements.

2.1.1 ADOPTION OF IFRS 16 - "LEASES"

In accordance with the transitional provisions of IFRS 16, the Group chose to apply the "modified retrospective" on the date of initial adoption (January 1, 2019); comparative of the Financial Statements values were not restated.

The new IFRS 16 standard eliminated the classification of leases between operating or financial leases for lessee entities, as provided for in IAS 17. Instead, it introduced a single accounting model, very similar to the treatment that was given to financial leases in the accounts of tenants.

This model establishes, for the lessee, the recognition of:

(i) assets and liabilities for all leases with a term of more than 12 months (with low value assets can be excluded regardless of the lease term) in the Statement of Financial Position; and

(ii) depreciation of leased assets and interest separately in the Income Statement.

The Group adopted this new standard as of January 1, 2019, having applied the modified retrospective method, with assets equal to liabilities, so it did not restate the comparative accounts for the year 2018, with no impact on the company's equity at the Group Company at the time of transition.

The Group's operating leases relate mainly to stand rental contracts. Regarding previous commitments with operating leases, on the transition, the Group recognized on January 1, 2019, in its Statement of Financial Position, rights of use in the amount of 2.084.991 euros and liabilities for lease in the same amount.

Regarding previous commitments with financial leases, in the transition, the book values of assets and liabilities per lease as at December 31, 2018 (43.395.132 and 52.538.913 euros, respectively) were assumed as right-of-use asset and liabilities for lease in accordance with IFRS 16 to January 1, 2019.

The impact of the adoption of the new IFRS 16 standard on the opening balances on January 1, 2019 was as follows:

	31/12/2018	IFRS	01/01/2019
Non-Current Assets			
Tangible fixed assets	43.395.132	2.084.991	45.480.123
Current Liabilities			
Loans - Leases	52.538.913	2.084.991	54.623.904

The impact of the adoption of the new IFRS 16 standard in the statement of financial position, in the income statement, in the statement of the comprehensive income and in the cash flows statement at December 31, 2019 is presented as follows:

	31/12/2019 (WITHOUT IFRS EFFECT)	IFRS	31/12/2019
Statement of Financial Position			
Non-Current Assets			
Tangible fixed assets	109.232.035	787.570	110.019.605
Current Liabilities			
Loans - Leases	6.565.596	787.570	7.353.166
Income Statement			
External supplies and services	45.868.103	(1.297.422)	44.570.681
Depreciations and amortizations	23.871.159	1.297.422	25.168.581

	31/12/2019 (WITHOUT IFRS EFFECT)	IFRS	31/12/2019
Cash flows Statement			
Operating activities			
Payments to suppliers	(472.499.683)	1.297.422	(471.202.261)
Financing activities			
Payments to:			
Leases	-	(1.297.422)	(1.297.422)

2.2 CONSOLIDATION PRINCIPLES

Consolidation principles used by the Group were as follows:

a) Investments in Group companies

Investments in companies in which the Group is exposed, or has voting rights, to variable returns as a result of their involvement in these companies and has the ability to affect those returns through the power of these companies (definition of control used by the Group), were included in the consolidated financial statements by the full consolidation method. Equity and net results corresponding to third parties participations in those companies are recorded separately in the consolidated statement of financial position and in the consolidated income statement under the caption "Non-controlling interests". Fully consolidated companies are listed in Note 4.

When losses attributable to minority shareholders exceed non-controlling interests in shareholder's equity, the Group absorbs the excess, in proportion to the percentage held.

For business combinations, earlier than 2010, it was adopted the purchase method to account for subsidiary's acquisitions. The acquisition cost corresponds to the fair value, determined at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed. The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially recognized at fair value on the acquisition date, irrespective of the existence of non-controlling interests. The surplus in the cost of acquisition relating to the fair value of the parcel of the Group of the assets identifiable acquired are registered as Goodwill. If the cost of acquisition is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the Consolidated Income Statement.

For business combinations that have occurred on or after January 1, 2010, the Group has applied IFRS 3 Revised. According to the referred standard, the purchase method continues to be considered on business combinations, with the following significant changes:

(i) the amounts that compose the purchase price are valued at fair value, being given the option to, on a transaction to transaction basis, measure non-controlling interests by the proportion of the acquired company's net assets or at the fair value of the assets and liabilities acquired;

(ii) the costs related to the acquisition are recognized as expenses.

Whenever the Group already holds a previously acquired investment on the date of acquisition of control, the fair value of that investment contributes to the determination of goodwill or badwill.

It was also applied since January 1, 2010 the IAS 27 reviewed, meanwhile replaced for this purpose by IFRS 10, which requires that all transactions with non-controlling interests to be recognized on Equity, when there is no change on the control of the entity. Also, it isn't recognized goodwill or any profit or loss. When there is a loss of control on the entity, any remaining interest is remeasured at fair value, with a gain or loss being recognized on the consolidated income statement.

The results of Group companies acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or until the date of their disposal.

Adjustments to the financial statements of Toyota Caetano companies are performed, whenever necessary, in order to adapt accounting policies to those used by the Group. Intercompany balances and transactions, and dividends distributed between Group companies have been eliminated in the consolidation process.

Whenever the Group has, in substance, control over other entities created for a specific purpose, even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method.

b) Conversion of financial statements of foreign entities

Assets and liabilities in the financial statements of foreign entities are translated to Euros using the exchange rates in force at the statement of financial position date, and gains and losses as well as cash flows are translated to Euros using the average exchange rates for the year. Exchange rate differences originated after January 1, 2004 are recorded in equity under the caption "Translation reserves". The accumulated exchange differences generated before January 1, 2004 (IFRS transition date) were written-off against the caption "Other reserves".

Whenever a foreign entity is disposed, the accumulated exchange rate differences are recorded in the financial statements as a profit or loss in the disposal.

In 2019 and 2018, the exchange rates used to convert the foreign subsidiary's accounts was 0,009069, as a result of the parity in the Euros/CVE quotation.

2.3 MAIN ACCOUNTING POLICIES

The main accounting policies used by Toyota Caetano Group in the preparation of the consolidated financial statements were as follows:

a) Tangible Fixed Assets

Tangible fixed assets acquired until January 1, 2004 (IFRS transition date) are recorded at deemed cost, which corresponds to its acquisition cost or its revalue acquisition cost in accordance with generally accepted accounting principles in Portugal (and in the subsidiaries countries) until that date, net of accumulated depreciation and accumulated impairment losses.

Tangible fixed assets acquired after that date is recorded at acquisition cost, net of accumulated depreciation and accumulated impairment losses.

The impairment losses detected in the tangible fixed assets realization value are registered in the year in which they are estimated by counterpart of the item "Impairment losses" of the income statement.

Depreciation is computed on straight-line basis as from the date the asset is first used according to the following expected useful lives:

	YEARS
- Buildings and other constructions	20 - 50
- Machinery and equipment	7 - 16
- Vehicles	4 - 5
- Tools and utensils	4 - 14
- Administrative equipment	3 - 14
- Other tangible assets	4 - 8

Expenses with maintenance and repair costs of tangible fixed assets are recorded as a cost in the year in which they occur. The repairs of significant amount that increase the estimated usage period of the assets are capitalized and depreciated according to the assets remaining useful life.

Tangible fixed assets in progress relate to tangible assets under construction/development are recorded at acquisition cost deducted of impairment losses. These assets are transferred to tangible fixed assets and depreciated as from the date in which they are prepared for use and in the necessary conditions to operate according with the management.

Gains or losses arising from the disposal or write-off of tangible fixed assets are computed as the difference between the selling price and the net book value at the date of disposal/write-off are recorded in the statement of profit and loss as "Other operating income" or "Other operating expenses".

From the lessor's perspective, the Group classifies its Lease operations as a finance or operating lease, based on the substance of the transaction instead of its legal form. When the lease is classified as operational, the transport equipment assigned under a lease is recognized in the item "Tangible fixed assets" in the Statement of financial position. These assets are recorded at cost less accumulated depreciation and accumulated impairment losses. At the end of the lease period, the Group sells the vehicles, reclassifying them as inventories (Note 10), until the moment of disposal.

b) Intangible assets

Intangible assets are recorded at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Intangible assets are only recognized if it is likely that future economic benefits will flow to the Group, are controlled by the Group and if their cost can be reliably measured.

Research costs and expenses with new technical knowledge are recorded as expenses in the income statement when incurred.

Development costs are capitalized as an intangible asset if the Group has proven technical feasibility and ability to finish the development and to sell/use such assets and it is likely that those assets will generate future economic benefits. Development expenses which do not fulfil these requirements are recorded as an expense in the period in which they are incurred.

Internal expenses related to software maintenance and development are recorded as expenses in the income statement, except in situations in which these expenses are directly related to projects from which it is likely that future economic benefits will flow to the Group. In such circumstances, these expenses are capitalized as intangible assets.

Intangible assets are amortized on a straight-line basis over a period of three to five years.

The amortization charge for each period of intangible assets shall be recognized in profit or loss in item "Depreciations and amortizations".

c) Investment properties

Investment properties which relate to real estate assets held to obtain income through its lease or for capital gain purposes, and not for use in production, external supplies and services or for administrative purposes, are recorded at its acquisition cost, being the respective fair value disclosed in the Notes to the financial statements (Note 7).

Whenever these assets fair value is lower than the respective acquisition cost, an impairment loss is recorded against the caption "Impairment losses" in the income statement. As of the moment in which the recorded accumulated impairment losses no longer exist, they are immediately reversed against the caption "Impairment losses" in the income statement until the limit of the amount that would have been determined, net of amortizations or depreciations, if no impairment losses would have ever been recognized in previous years.

Investment properties disclosed fair value is determined on an annual basis by an independent appraiser (Market, Cost and Profit Method models).

d) Lease contracts (lessee's optics)

Accounting policy adopted as of January 1, 2019:

Lease identification

The Group evaluates at the beginning date of each contract whether it corresponds to a lease contract or whether it contains a lease. In order to assess whether a contract assigns the right to control the use of an identifiable asset for a certain period of time, the Group evaluates whether, during the period of use of the asset, it cumulatively has:

- The right to obtain substantially all the economic benefits derived from the use of the identifiable asset; and
- The right to direct the use of the identifiable asset.

IFRS 16 distinguishes leases and service contracts considering whether is identified an asset that is to be controlled. For all lease contracts is recorded an asset identified with a right to use, and a liability corresponding to the liability for the rents payable, except for short-term (up to 12 months) and low value assets.

The "right to use" is initially measured at cost and subsequently at the net cost of depreciation and impairment, adjusted by remeasurement of the lease liability. The lease liability is initially measured based on the present value of the lease liabilities at the date. Subsequently, the lease liability is adjusted by the financial update of the said amount, as well as the possible changes in the lease agreements.

Recognition

The Group recognizes a right to use an asset and a lease liability on the date the contract enters into force. The right to use an asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the beginning date, in addition to any initial direct costs incurred, as well as dismantling and removal estimate costs of the underlying asset (if applicable), less any incentives granted.

The right to use an asset is depreciated in twelfths using the straight-line method over its estimated useful life or during the lease term, whichever is the lower.

The right to use an asset is subject to impairment tests when there are signs of loss of value, and any losses detected are recorded immediately in the consolidated income statement for the year.

The lease liability is initially recognized at the present value of rents not yet paid at the date of the lease, discounted at the interest rate implicit in the lease, or, in the event that it is not possible to determine that rate, at the incremental interest rate of the respective subsidiary. In most situations, the Group uses its incremental interest rate as the interest rate to be applied in the calculation referred to above.

The lease payments included in the measurement of the lease liability include the following components:

- fixed payments, less any incentives already received;
- variable payments, dependent only on a certain rate or index;
- amounts that are due under a residual value guarantee;
- exercise price of call options, if it is reasonably certain that the lessee will exercise them;
- payment of penalties for terminating the contract, if it is reasonably certain that the tenant will cancel the contract.

The lease liability is subsequently measured at amortized cost, using the effective interest rate method, being remeasured when: (i) changes in future payments arising from a change in the rate or index specified in the contract; (ii) a change in the Group's estimate of the amount to be paid as a residual value guarantee, or (iii) if the Group changes its assessment of the exercise of a call option, or of its extension or termination.

When the lease liability is remeasured, the value of the right to use an asset is adjusted by the same amount, except if the amount already recorded for the right to use is reduced to zero. In this case a gain or loss is recorded in consolidated income statement.

In short-term leases and low-value assets, the rents due are recognized on a straight-line basis as an expense in the consolidated income statement over the period of the lease. The commitments at the date of the statement of financial position with the payment of these leases are presented in Note 34.

Accounting policy adopted until December 31, 2018:

Lease contracts are classified as (i) financial lease contracts, if all or a substantial part of the risks and benefits related to possession are transferred and as (ii) operational lease contracts if all or a substantial part of the risks and benefits related to possession are not transferred.

Classification as financial lease contracts or as operational lease contracts depends on the substance of the transaction and not on the form of the contract.

Tangible fixed assets acquired under financial lease contracts, as well as the corresponding liabilities are recorded according to the financial method and, consequently, the cost of the fixed asset is recorded in tangible fixed assets captions and the corresponding responsibility as leasing captions. Lease down payments are composed by interest expenses and by the amortization of capital, with interests recognized as expenses during the lease term considering a constant periodic interest rate on the remaining balance of the liability, and with a depreciation of the tangible fixed assets according to Note 2.3.a), except when the lease term is shorter than the estimated useful lives.

e) Inventories

Goods, raw, subsidiary and consumable materials are recognized at the initial moment of their acquisition at cost. Subsequently, these are valued at average acquisition cost, which is lower than market value.

Finished and intermediate goods as well as work in progress are stated at production cost, which is lower than market value. Production costs include the cost with raw materials, direct labour, production overheads and external services. The cost of finished and intermediate products, as well as products and work in progress, corresponds to their cost of production, which includes the cost of raw materials incorporated in production, labour and general manufacturing costs, based on the normal level of production. The difference in charges capitalized and recognized as these types of inventories between the beginning and the end of the year is recognized as a variation of products in the income statement.

Accumulated impairment losses to reduce inventories value reflect the difference between their acquisition cost and net realizable or market value, which corresponds to the price shown on market statistics.

f) Government or Other public entities subsidies

Government subsidies are recognized at the respective fair value when there is a solid guarantee that they will be received and that the Group will be able to accomplish the conditions required to its concession.

Non-Repayable Subsidies

The subsidies related to costs incurred are registered as a gain if there is a reasonable guaranty that they will be received, if the Group has already incurred in the subsidiary costs and if they fulfil the conditions for their concession.

g) Impairment of assets

Non-current assets except Goodwill

Assets are assessed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount (defined as the highest of the net sale price and the use value, or as the net sale price for assets held for sale), an impairment loss is recognized in the income statement under the caption "Impairment losses". The net selling price is the amount that would be obtained from the sale of an asset in a transaction between independent entities, less the cost of the disposal. The value in use is the present value of estimated future cash flows expected to arise from the continued use of an asset and its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recognized in previous years is recorded when it is concluded that the impairment losses recognized for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment losses previously recognized have been reversed. The reversal is recorded in the income statement in the caption "Impairment losses". However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment losses been recognized for that asset in previous years.

Goodwill

The value of Goodwill is not amortized, being tested for impairment purposes on an annual basis. The recoverable amount is determined as being the present value of estimated future cash flows that are expected to be generated by the continuous use of the asset. Impairment losses of Goodwill are recognized in the income statement in the caption "Impairment Losses".

Goodwill impairment losses cannot be reversed.

h) Financial expenses

Loan's related financial costs are recognized as financial expenses in income statement of the period in which they are incurred, in accordance with the accrual principle and the effective interest rate method, except if those costs are directly related to the acquisition, construction or production of fixed assets. In this case, the referred costs are capitalized, being part of the asset cost. The capitalization of these costs begins after the beginning of the preparation of the construction or asset development activities and it is interrupted when the asset is ready to be used or when the project is suspended. Any financial income generated by loans that are directly related with a specific investment, are deducted to financial expenses elected for capitalization purposes.

i) Provisions

Provisions are recognized when and only when the Group has a present obligation (legal or constructive) resulting from a past event, whenever it is probable that, for the resolution of that obligation, there will be an outflow of resources and the amount of the obligation may be reasonably estimated. Provisions are reviewed at the date of each statement of financial position and are adjusted to reflect the best estimate of their fair value at that date (Note 24).

j) Financial assets

Recognition

Purchases and sales of investments in financial assets are recorded on the date of the transaction, i.e., the date on which the Group undertakes to buy or sell the asset.

Classification

The classification of financial assets depends on the business model followed by the Group to manage its financial assets (receipt of cash flows or appropriation of fair value changes) and the contractual terms of the cash flows receivable (whether only capital plus interest is included or whether it includes other variables).

Changes to the classification of financial assets can only be made when the business model is changed, except in the case of financial assets at fair value through other comprehensive income, which are equity instruments and, therefore, can never be reclassified to another category.

Financial assets may be classified according to the following measurement categories:

(i) Financial assets at amortised cost: includes financial assets that correspond only to the payment of nominal value and interest, and the business model followed by management is the receipt of contractual cash flows;

(ii) Financial assets at fair value through other comprehensive income: this category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity);

   a) In the case of debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, when the business model followed by management is the receipt of contractual cash flows, either occasionally or a result of their sale;

   b) In the case of equity instruments, this category includes the percentage of interest held in entities over which the Group does not exercise control, joint control or significant influence, and which the Group irrevocably chose, on the date of initial recognition, to designate at fair value through capital for referring to investments that are not held for trading;

(iii) Financial assets at fair value through profit or loss: includes assets that do not meet the criteria for classification as financial assets at amortised cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments that were not designated at fair value through other comprehensive income.

The classification of the Group's financial assets by category is shown in Note 33.

Measurement

The Group initially measures financial assets at fair value, plus transaction costs directly attributable to the acquisition of the financial asset, for financial assets that are not measured at fair value through profit or loss. Transaction costs of financial assets at fair value through profit or loss are recorded in the income statement when incurred.

Financial assets at amortised cost are subsequently measured in accordance with the effective interest rate method, less impairment losses. Interest income on these financial assets is included in "Interest earned on assets at amortised cost" in financial gains.

Financial assets at fair value through other comprehensive income, which are debt instruments, are subsequently measured at fair value through fair value changes recognised in other comprehensive income, except for variations related to the recognition of impairment, interest income and gains/(losses) due to foreign exchange differences, which are recognised in the income statement for the year. Financial assets at fair value through other comprehensive income are subject to impairment.

Financial assets at fair value through other comprehensive income which are equity instruments are measured at fair value on the date of initial registration and subsequently, and changes in fair value are recorded directly in other comprehensive income, in equity, and no future reclassifications will occur, even after derecognition of the investment. Dividends obtained from these investments are recognised as gains, in the income statement for the year, on the date they are attributed.

Impairment losses

The Group prospectively assesses the expected credit losses associated with the financial assets, which are debt instruments, classified at amortised cost and at fair value through other comprehensive income.

The applied impairment methodology considers the credit risk profile of the debtors, and different approaches are used depending on the nature of the debtors.

With respect to the accounts receivable under the "Accounts receivable" and "Other debtors" headings and Assets from contracts with customers, the Group uses the simplified approach allowed by IFRS 9, according to which expected credit losses are recognised since the initial recognition of the accounts receivable and throughout their maturity, considering a matrix of historical default for the maturity of the accounts receivable, adjusted via prospective estimates.

With respect to accounts receivable from related entities, which are not considered part of the financial investment of these entities, credit impairment is assessed according to the following criteria: i) if the account receivable is immediately payable ("on demand"); ii) if the account receivable has an insignificant risk; or (iii) if it has a maturity of less than 12 months.

In cases where the amount receivable is immediately payable and the related entity is able to pay it, the probability of default is close to 0% and, therefore, the impairment is considered equal to zero. In cases where the account receivable is not immediately payable, the related entity's credit risk is assessed and if it is considered "low" or if the maturity is less than 12 months, then the Group only evaluates the probability of a default occurring for the cash flows that will mature in the next 12 months.

To all other situations and types of accounts receivable, the Group uses the general approach of the impairment model, evaluating on each reporting date whether there has been a significant increase in credit risk since the date on which the asset was initially recognised. If there is no increase in credit risk, the Group calculates an impairment corresponding to the amount equivalent to expected losses within a period of 12 months. If there is an increase in credit risk, the Group calculates an impairment corresponding to the amount equivalent to expected losses for all contractual flows until the maturity of the asset.

Instruments at fair value through capital

These are the financial assets that correspond to capital instruments of other entities over which the group does not have control or significant influence, and that the Board of Directors has decided to designate as fair value through capital, as they refer to investments in entities for the future growth of the business.

This category is included in non-current assets, except if the Board of Directors has the intention of alienate the investment within a period inferior to 12 months starting from the statement of financial position date.

At December 31, 2019, Toyota Caetano Group held shares of Cimóvel - Real Estate Investment Fund (Note 9).

Derecognition of financial assets

The Group derecognises financial assets when, and only when, contractual rights to cash flows have expired or have been transferred and the Entity has substantially transferred all the risks and benefits pertaining to the ownership of the asset.

Fair Value of Financial Investments

To determine the fair value of a financial asset or liability, if such a market exists, the market price is applied (Level 1). A market is regarded as active if quoted prices are readily and regularly available from an exchange, broker or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Otherwise, which is the case of some financial assets and liabilities, valuation techniques that are generally accepted in the market are used based on market assumptions (e.g.: discounted cash flow models that incorporate interest rate curves and market volatility, which is the case of derivative financial instruments) – Level 2. On the other cases, valuation techniques are used, not based on observable market data – Level 3.

Investments are all initially recognized at fair value, including transaction costs, except for investments recognized at fair value through profit or loss. In this case, investments are initially recognized at fair value, and the respective transaction costs are recognized directly in the income statement.

"Instruments at fair value through capital'" is kept at fair value at the statement of financial position date, without deducting any transaction cost that could occur until the time of disposal.

Gains and losses arising from a change in the fair value of instruments at fair value through capital are recorded under equity caption "Fair value reserves" until the investment is sold or disposed, or until it is determined to be impaired. At that moment, the accumulated gains or losses previously recognized in equity are transferred to income statement for the period.

All purchases and sales of investments are recorded on their trade date, which is on the date the Group assumes all risks and obligations related to the purchase or sale of the asset.

The fair value of the instruments at fair value through capital is based on the current market prices. If the market is not net (non-listed investments), the Group records the acquisition cost, having in consideration the existence or not of impairment losses. The Board of Directors believes that the fair value of these investments is not very different from the acquisition cost. The fair value of the listed investments is calculated based on the stock market closed value at statement of financial position date.

The Group makes evaluations if it considers that at the statement of financial position date exists clear evidence that the financial asset might be in impairment. In case of capital instruments classified as instruments at fair value through capital, have a significant drop or extended of its fair value inferior to its cost, it indicates that an impairment situation is occurring. If there is any evidence of impairment in "Instruments at fair value through capital", the accumulated losses – calculated by the difference between the acquisition cost and the fair value deducted from any impairment loss previously recognized in the statement of profit and loss – are retrieved from the equity and recognized in the income statement.

The investments are derecognized if the right to receive financial flows has expired or was transferred, and consequently, all associated risks and benefits have been transferred.

Cash and cash equivalents

The amounts included under "Cash and cash equivalents" correspond to cash values, bank deposits, time deposits and other cash investments, which mature less than three months and can be immediately mobilized with insignificant risk of change in value.

Bank overdrafts are presented in the consolidated statement of financial position, in current liabilities, under the item "Loans", and are considered in the preparation of the cash flows statement, as cash and cash equivalents.

Accounts receivables and Other debtors

These headings mainly include customer balances resulting from services rendered as part of the Group's activity and other balances related to operating activities. Balances are classified as current assets when they are estimated to be collected within a 12-month period. Balances are classified as non-current when they are estimated to be collected more than 12 months after the reporting date.

The "Accounts receivable" and "Other debtors" are initially recognized at fair value and are subsequently measured at amortized cost, less impairment adjustments. Impairment losses in Accounts receivable and Other debtors are recorded in accordance with the principles described in "Impairment losses". The identified impairment losses are recorded in the income statement in "Impairment losses in accounts receivable" and are subsequently reversed by profit or loss.

k) Financial liabilities

Financial liabilities are classified in two categories:

(i) Financial liabilities at fair value through profit or loss; and

(ii) Financial liabilities at amortized cost.

The "Financial liabilities at amortized cost" category includes liabilities recorded under "Loans" (Note 18), "accounts payable" (Note 19) and "Other creditors" (Note 20). These liabilities are initially recognized at fair value, net of transaction costs, and subsequently measured at amortized cost according to the effective interest rate method.

Financial liabilities are derecognized when the underlying obligations are extinguished by payment, cancelled, or expire.

As of December 31, 2019 and 2018, the Group has only recognized liabilities classified as "Financial liabilities at amortized cost."

Financial liabilities are derecognized when the underlying obligations are extinguished by payment, cancelled, or expire.

Loans

Loans obtained are initially recognized at fair value, net of any transaction costs incurred. Loans are subsequently measured at amortized cost and the difference between the nominal value and the initial fair value recognized in the income statement and in the income statement throughout the term of the loan using the effective interest rate method.

Loans obtained are classified under current liabilities, unless the Group has an unconditional right to defer the payment of the liability for at least 12 months after the date of the financial report, in which case they are classified as non-current liabilities.

Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accrual basis.

Accounts payable and Other creditors

These headings usually include balances of goods and services suppliers that the Group acquired in the normal course of its business. The items included in these will be classified as current liabilities if the payment is due within 12 months or less; otherwise, the "Accounts payable" will be classified as non-current liabilities.

These financial liabilities are initially recognized at fair value. After their initial recognition, the liabilities shown under the "Accounts payable" heading are measured at amortized cost, using the effective interest rate method.

Accounts payable and Other creditors not bearing interests are measured at cost, less impairment losses so that they reflect the respective net realizable value. These amounts are not discounted because its effect in the financial actualization is not considered relevant.

l) Pension Fund (Defined benefit plans and Defined contributions plan)

Defined benefit plan

In order to estimate its liabilities for the payment of the mentioned responsibilities, the Group obtains annually an actuarial calculation of the liabilities for past services in accordance with the "Current Unit Credit Method".

Recorded liabilities as of the statement of financial position date represent the present value of future benefits net of the fair value of net assets within the pension fund (Note 23).

The Group recognized remeasurement in "Other reserves", not being recycled for results.

Defined contributions plan

Contributions to the Defined Contribution Plan are recorded as an expense for the year.

m) Contingent assets and liabilities

Contingent liabilities are defined by the Group as (i) possible obligations from past events and which existence will only be confirmed by the occurrence or not of one or more uncertain future events not totally under Group's control or (ii) present obligations from past events not recognized because it is not expected that an output of resources that incorporate economic benefits will be necessary to settle the obligation or its amount cannot be reliably measured.

Contingent liabilities are not recorded in the consolidated financial statements, being disclosed in the respective Notes, unless the probability of a cash outflow is remote. In these situations, no disclosure is made.

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not totally under the Group's control.

Contingent assets are not recorded in the consolidated financial statements but only disclosed when it is likely the existence of future economic benefits.

n) Income taxes

Taxes on income for the year are calculated based on the Special Taxation of Groups of Companies ("RETGS"), which includes companies of Toyota Caetano Group based in Portugal: Toyota Caetano Portugal, Caetano Renting and Caetano Auto.

The only subsidiary with headquarters in a foreign country (Caetano Auto Cabo Verde) is taxed on an individual basis and in accordance with the applicable legislation.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are not recognized when temporary differences arise from Goodwill or from initial recognition of assets and liabilities other than in a business combination. Deferred tax assets and liabilities are calculated and annually reviewed using the tax rates in place or announced and thereby expected to apply at the time the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each balance sheet date, a review is made of the deferred tax assets recognized, which are reduced whenever their future use is no longer likely.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity, situations in which the corresponding deferred tax is also recorded in equity captions.

o) Accrual basis

Income and expenses are recorded according to the accrual basis, by which they are recognized in the period to which they relate independently of when the amounts are received or paid. Differences between the amounts received and paid and corresponding income and expenses are recorded in the captions accruals and deferrals included in "Other current assets" and "Other current liabilities".

Income and expenses for which the actual amount is yet unknown are recorded based on the best estimate of the Board of Directors of the Group companies.

p) Revenue from contracts with customers

Revenue corresponds to the fair value of the amount received or receivable from transactions with customers in the normal course of business. Revenue is recorded net of any taxes, trade discounts and financial rebates.

In determining the value of revenue, the Group evaluates the performance obligations undertaken towards customers in each transaction, the price of the transaction to be affected by each performance obligation that is identified, and the existence of variable price conditions that may lead to future adjustments to the value of the recorded revenue, for which the Group makes its best estimate.

Revenue is recorded in the income statement when the control over the product or service is transferred to the customer, i.e., at the moment when the customer becomes able to manage the use of the product or service and to obtain all the remaining economic benefits associated with it.

The Group considers that, given the nature of the product or service that is associated with the performance obligations undertaken, the transfer of control occurs mostly on a specific date, but there may be transactions in which the transfer of control occurs continuously over the contractual period that has been previously established.

Revenue of the Toyota Caetano Portugal Group is comprised of the revenue arising from the activities mentioned in Note 1.

The amounts recorded in the item "Other current assets" with the amount of 620.339 euros constitute contracts assets within the scope of IFRS 15 (note 13). The amounts recorded under the captions "Other creditors" and "Other current liabilities" in the amount of 1.063.582 euros and 18.749 euros, respectively, constitute contracts liabilities under IFRS 15 (notes 20 and 22).

q) Statement of financial position classification

All assets and liabilities, including assets and liabilities deferred tax, accomplishable or receivable in more than one year after the statement of financial position date are classified as "Non-current assets or liabilities".

r) Balances and transactions expressed in foreign currency

Assets and liabilities stated in foreign currency were translated into Euros using applicable exchange rates as of statement of financial position date. Exchange differences, favourable and unfavourable, resulting from differences between applicable exchange rates as of the date of the transactions and those applicable as of the date of cash collection, payments or as of statement of financial position date, were recorded as gains and losses in the consolidated income statement.

s) Earnings per share policy

Basic:

The basic earnings per share is calculated by dividing the taxable income of the shareholders by the weighted average number of common shares issued during the period, excluding the common shares acquired by the company and held as treasury shares.

Diluted:

Diluted earnings per share are calculated by dividing the profit attributable to shareholders, adjusted for the dividends of convertible preferred shares, convertible debt interest and gains and expenses resulting from the conversion, by the weighted average number of common shares issued during the period plus the average number of shares common shares issued in converting potential dilutive common shares.

t) Segment information

In each year, the Group identifies the most adequate business segments. They are defined according to the functional organization chart of the group, and according with the management information organization.

In accordance with IFRS 8, an operating segment is a Group component:

(i) that engages in business activities from which it may earn revenues and incur expenses;

(ii) whose operating results are reviewed regularly by the entity's chief operating decision maker in order to make decisions about resources to be allocated to the segment and assess its performance; and

(iii) for which distinct financial information is available.

Information related to the identified operating segments (vehicles and industrial equipment) is included in Note 27. In that note, information is also given by geography and subsegments. For the segment of motor vehicles were added the subsegments, industry, trade, services and rental. For the industrial equipment segment, the machinery, services and rental sub-segment was added.

u) Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the financial statements. Events after the balance sheet date that are non-adjusting events, are disclosed in the notes when material.

2.4 JUDGMENTS AND ESTIMATES

During the preparation of the consolidated financial statements, the Board of Directors of the Group based itself in the best knowledge and in the experience of past and/or present events considering some assumptions relating to future events.

Most significant accounting estimates included in attached financial statements as of December 31, 2019 and 2018 include:

a) Useful lives of tangible and intangible assets;

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

c) Impairment tests performed to goodwill and sensibility tests (Note 8);

d) Discharge of the fair value of derivative financial instruments;

e) Clearance of responsibilities with Pension complements (Note 23); and

f) Assumptions related to lease contracts.

The underlying estimations and assumptions were determined based in the best knowledge existing at the date of approval of the financial statements of the events and transactions being carry out as well as in the experience of past and/or present events. Nevertheless, some situations may occur in subsequent periods which, not being predicted at the date of approval of the financial statements, were not consider in these estimations. The changes in the estimations that occur after the date of the financial statements shall be corrected in a foresight way. Due to this fact and to the uncertainty degree associated, the real results of the transactions may differ from the corresponding estimations. Changes to these estimates, which occur after publication of these consolidated financial statements, will be corrected in a prospective way, in accordance with IAS 8.

The assumptions with the greatest impact on the estimates referred to above are those of the discount rate, for the purposes of calculating the liability for pension fund and goodwill impairment and mortality tables for the purposes of calculating pension liability.

The main significant judgments and estimates relating to future events included in the preparation of the financial statements are described in the related notes to the financial statements.

Considering the exemption provided for in IAS 12 in a) of paragraph 15 due to the lack of certainty about the tax and accounting treatment to be given to the subject in question. It is taken into account that when the position of the Tax Administration becomes public and/or the IASB publishes the amendment to IAS 12, there may be changes to the accounting treatment adopted in the first application of IFRS 16.

In addition, relevant judgments are also made in determining the incremental interest rate as well as in the period to be considered for determining the lease liability and right to use.

The Group carries out sensitivity tests in order to assess the risk inherent in these judgments and estimates.

2.5 FINANCIAL RISK MANAGEMENT POLICIES

The Group's activity is exposed to a variety of financial risks, such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. These risks arise from the unpredictability of financial markets that affect the capacity of projected cash flows and profits subject to a perspective of long-term ongoing. Management seeks to minimize potential adverse effects that derive from that uncertainty in its financial performance.

The financial risks management is controlled by Toyota Caetano financial department, according to the policies established by the Group Board of Directors. The Board of Directors has established the main principles of global risk management as well as specific policies for some areas, as interest rate risk and credit risk.

(i) Foreign currency risk

The Group operates internationally and has a subsidiary operating in Cape Verde. The group selects a functional currency for each subsidiary (Cape Verde Escudo, for the subsidiary Caetano Auto Cabo Verde, S.A.), corresponding to the currency of the economic environment and the ones that better represents its cash flows composition. Foreign currency risk arises mainly from future commercial transactions, as a result of purchases and sales of products and services in a different currency than the functional currency used by each Company.

The Group foreign currency risk management hedge policies are decided casuistically, considering the foreign currency and country specific circumstances (as of December 31, 2019 and 2018, this situation is not applicable to any of the Group Subsidiaries).

Foreign currency risk related to the foreign subsidiaries financial statements translation, also named translation risk, presents the impact on net equity of the Holding Company, due to the translation of foreign subsidiaries financial statements.

As mentioned in Note 2.2 b), assets and liabilities of foreign subsidiaries are translated into Euros using the exchange rates at statement of financial position date, and gains and losses of these entities are translated into Euros using the average exchange rate of the year. Resulting exchange differences are recorded in equity caption "Translation reserves".

The Group's assets and liabilities amounts (expressed in Euros) recorded in a different currency from Euro can be summarized as follows:

	ASSETS		LIABILITIES	
	DEC-19	DEC-18	DEC-19	DEC-18
Cape Verde Escudo (CVE)	6.183.612	6.950.754	1.528.665	2.421.144
Great Britain Pounds (GBP)	-	-	31	38.096
Japanese Yen (JPY)	-	-	399.992	666.606

The sensitivity of the Group to foreign exchange rate changes can be summarized as follows:

		2019		2018	
	VARIATION	NET INCOME	EQUITY	NET INCOME	EQUITY
Great Britain Pounds (GBP)	5%	(2)	-	(1.906)	-
Japanese yen (JPY)	5%	(20.000)	-	(33.330)	-

(ii) Price risk

The group is exposed to the changing in raw material's prices used on production processes, namely auto parts. However, considering that the acquisition of those raw materials is not in accordance with a price quoted on an exchange market or formed on a volatile market, the price risk is not considered as being significant.

During 2019 and 2018, the Group has been exposed to the risk of variation of instruments at fair value through capital prices. At December 31, 2019 and 2018, the referred caption is composed only by shares of the closed property investment fund Cimóvel – Fundo de Investimento Imobiliário Fechado (Real Estate Investment Fund). Due to the fact that the referred asset is classified as an instrument at fair value through capital, the effect of change in its fair value is recognized in accordance with the principles described on the note 2.3. j).

The Group's sensitivity to price variations in instruments at fair value through capital can be summarized as follows (increases/(decreases)):

		2019		2018	
	VARIATION	NET INCOME	EQUITY	NET INCOME	EQUITY
CIMÓVEL FUND	10%	-	389.714	-	356.668
CIMÓVEL FUND	-10%	-	(389.714)	-	(356.668)

(iii) Interest rate risk

Toyota Caetano debt is indexed to variable interest rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group's results and shareholders´ equity mitigated due to the effect of the following factors: (i) possible correlation between the market interest rate levels and economic growth, having a positive effect on the other lines of the Group's consolidated results (particularly operational), thus partially offsetting the increased financial costs ("natural hedge") and (ii) the availability of consolidated liquidity or cash, also remunerated at variable rates.

Toyota Caetano Board of Directors approves the terms and conditions of the funding, analysing the debt structure, the inherent risks and the different options available in the market, particularly considering the type of interest rates (fixed/variable) and, permanently monitoring conditions and alternatives existing in the market, and decides upon the contracting of occasional interest rate hedging derivative financial instruments.

Interest rate risk sensitivity analysis

The sensitivity analyses presented below was based on exposure to changes in interest rates for financial instruments at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the following:

(i) Interest rate is superior in 0,25 p.p. than the supported interest rate.

(ii) Calculation was made using the Group's debt at the end of the year.

(iii) Spreads maintenance throughout the year.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated.

Group's sensitivity to changes in interest rates is summarized as follows (increases/(decreases)):

		2019		2018	
	VARIATION	NET INCOME	EQUITY	NET INCOME	EQUITY
Guaranteed account	0,25 p.p.	-	-	25.000	-
Bank overdrafts	0,25 p.p.	407	-	2.309	-
Commercial Paper	0,25 p.p.	-	-	48.500	-
Long-term Bank Loan	0,25 p.p.	25.000	-	25.000	-
Bond Loan	0,25 p.p.	31.250	-	31.250	-
Total		**56.657**	**-**	**132.059**	**-**
Guaranteed account	(0,25 p.p.)	-	-	(25.000)	-
Bank overdrafts	(0,25 p.p.)	(407)	-	(2.309)	-
Commercial Paper	(0,25 p.p.)	-	-	(48.500)	-
Long-term Bank Loan	(0,25 p.p.)	(25.000)	-	(25.000)	-
Bond Loan	(0,25 p.p.)	(31.250)	-	(31.250)	-
Total		**(56.657)**	**-**	**(132.059)**	**-**

(iv) Liquidity risk

Liquidity risk is defined as the risk that the Group could not be able to settle or meet its obligations on time or at a reasonable price.

The existence of liquidity in the Group requires the definition of some parameters for the efficient and secure management of liquidity, enabling maximization of the return obtained and minimization of the opportunity costs relating to the liquidity.

Toyota Caetano Group liquidity risk management has a threefold objective:

(i) Liquidity, which is to ensure permanent access in the most efficient way to sufficient funds to cover current payments on the respective maturity dates, as well as any unexpected requests for funds;

(ii) Safety, which is the minimization of the probability of default in the repayment of any application in funds; and

(iii) Financial Efficiency, which is ensuring that the Companies maximize the value/minimize the opportunity cost of holding excess liquidity in the short-term.

All excess liquidity is applied in short-term debt amortization, according to economic and financial reasonableness criteria.

In the following table, it is presented the maturity of each financial liability, with non-discounted values, taking into consideration the most pessimistic scenario (the shortest period on which the liability falls due):

2019	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 4 YEARS	MORE THAN 4 YEARS	TOTAL
Loans	7.353.166	15.311.768	6.553.059	15.015.398	44.233.391
Accounts Payable	38.236.935	-	-	-	38.236.935
Other Creditors	51.854.470	-	-	-	51.854.470
	97.444.571	**15.311.768**	**6.553.059**	**15.015.398**	**134.324.796**

2018	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 4 YEARS	MORE THAN 4 YEARS	TOTAL
Loans	52.538.913	6.028.237	17.553.607	14.883.298	91.004.055
Accounts Payable	39.907.558	-	-	-	39.907.558
Other Creditors	14.783.849	-	-	-	14.783.849
	107.230.320	**6.028.237**	**17.553.607**	**14.883.298**	**145.695.462**

As of December 31, 2019 and 2018, the Group presents a net debt of 31.539.747 Euros and 73.928.900 Euros, respectively, divided between current and non-current loans (Note 18) and cash and cash equivalents (Note 15), agreed with the different financial institutions.

(v) Capital Risk

The main objective of the Board of Directors is to assure the continuity of the operations, providing an adequate remuneration to shareholders and the correspondent benefits to the rest of the stakeholders of the Group. For the prosecution of this objective it is fundamental that a careful management of funds invested in the business is assured, trying to keep an optimal capital structure, in order to achieve the desired reduction of the cost of capital. With the purpose of maintaining or adjusting an adequate capital structure, the Board can propose to the shareholders the measures considered necessary.

The Group tries to maintain a level of equity considered adequate to the business characteristics, in order to assure continuity and expansion of the business. The capital structure balance is monitored through the financial leverage ratio (defined as net debt/ (net debt + equity)).

	2019	2018
Debt	44.233.391	91.004.055
Cash and cash equivalents	(12.693.644)	(17.075.155)
Net Debt	31.539.747	73.928.900
Equity	142.838.583	137.873.129
Leverage ratio	18,09%	34,90%

The gearing remains between acceptable levels, as established by management.

(vi) Credit risk

The Group credit risk results mainly from:

(i) the risk of recovery of monetary assets entrusted to third parties, and

(ii) the risk of recovery of loans granted to entities outside the group. Credit risk is assessed at the initial moment and over time in order to monitor its evolution.

A significant portion of the amounts receivable from customers is dispersed among a large number of entities, a factor that contributes toward reducing the credit concentration risk. As a general rule, the Group customers are not assigned a credit rating.

Credit risk is monitored by the Group financial department, under the supervision of the Board of Directors, based on: i) the rating assigned by the credit insurance company, with which the Group has negotiated a credit insurance agreement; (ii) the debtors' corporate nature; iii) the type of transactions originating the accounts receivable; iv) the experience of past transactions; and (v) the credit limits established for each customer.

The Group considers the probability of default upon the initial recognition of the asset and, according to the occurrence of significant increases in credit risk continuously in each reporting period. In order to assess whether there has been a significant increase in credit risk, the Group compares the risk of default occurring by reference to the reporting date, with the risk of default assessed by reference to the date of initial recognition. Adequate and duly supported prospective information is considered. The following indicators are considered:

- Internal credit risk;
- External credit risk (when available);
- Current or expected adverse changes in the debtor's operating results;
- Significant increases in the credit risk of the debtor's other financial instruments;
- Significant changes in the value of collateral for liabilities, or in the quality of third-party guarantees;
- Significant changes in the debtor's expected performance and behaviour, including changes in the debtor's payment conditions at the level of the Group to which it belongs, as well as changes at the level of its operating results.

Macroeconomic information (such as market interest rates or growth rates) is incorporated into the domestic credit model.

Irrespective of the above analysis, a significant increase in credit risk is presumed to exist if a debtor is in default by more than 30 days from the contractual payment date.

Default is deemed to exist when the counterparty fails to make contractual payments within 90 days of the invoice due date. When financial assets are derecognized, the Group continues to take the necessary measures to recover the amounts owed. In cases of successful recovery, the recovered amounts are recognized in the income statement for the year.

Financial assets are derecognized when there is no real expectation of recovery. The Group classifies a loan or account receivable to be derecognized when the debtor fails to make contractual payments within 30 days.

Impairment of financial assets

a) Accounts receivable and other debtors

The Group uses the simplified approach to calculate and record the expected credit losses required by IFRS 9, which allows using estimated impairment losses for all "Accounts receivable" and "Other debtors". In order to measure expected credit losses, "Accounts receivable" and "Other debtors" were aggregated based on the shared credit risk characteristics, as well as on the days of delay. Impairment losses on December 31, 2019 are determined as follows; the expected credit losses include information from prospective estimates. Accounts receivable ageing balances in Note 11.

b) Loans granted to related entities

The balances in "Loans granted to related parties" are considered to have a low credit risk and, therefore, impairment in credit losses recognized during the period are limited to expected credit losses estimated for 12 months. These financial assets are considered to have a "low credit risk" when they have a low irrecoverable risk and the debtor has a high capacity to meet its contractual cash flow liabilities in the short-term.

Regarding independent dealership customers, the Group requires guarantees "on first demand", whose amounts, as of December 31, 2019 and 2018 were of, approximately, 9.114.110 Euros, and whenever these amounts are exceeded, these supplies are suspended.

The impairments for accounts receivable are calculated considering (a) the client risk profile, (b) the average receipt time and (c) the client financial situation. The movements of these adjustments for the years ending at December 31, 2019 and 2018 are stated in Note 24.

As of December 31, 2019 and 2018, the Group considers that there is no need for additional impairment losses, besides the amounts registered on those dates and stated, briefly, in Note 24. The amount related to the accounts receivable and other debtors in financial statements, which is net of impairment losses, represents the maximum exposure of the Group to credit risk.

c) Cash equivalents

The following table presents, as of December 31, 2019 and 2018, the credit quality of bank deposits:

2019

DEPOSITS LONG-TERM RATING	RATING AGENCY DE RATING	VALUE
A2	Moody's	59.201
A3	Moody's	181.963
Aa3	Moody's	10.868
B1	Moody's	485.101
B2	Moody's	181.648
B3	Moody's	517.954
Baa1	Moody's	3.008.670
Baa2	Moody's	68.385
Baa3	Moody's	6.520.472
	Others without rating assigned	1.536.614
Total		**12.570.877**

2018

DEPOSITS LONG-TERM RATING	RATING AGENCY	VALUE
A1	Moody's	10.320
A2	Moody's	50.302
A3	Moody's	600.772
Aa3	Moody's	8.684
B3	Moody's	406.506
Ba1	Moody's	1.976.845
Ba3	Moody's	6.856.596
Baa1	Moody's	632.651
Baa2	Moody's	4.324.673
Caa1	Moody's	846.168
	Others without rating assigned	1.233.879
Total		**16.947.398**

The ratings presented correspond to ratings assigned by the Rating Agency Moody's.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISSTATETEMENTS

In addition to the adoption of IFRS 16, as mentioned in note 2.1.3., there were no changes in accounting policies and no material mistakes related with previous periods were identified.

4. GROUP COMPANIES INCLUDED IN CONSOLIDATION

The affiliated companies included in consolidation by the full consolidation method and share of capital held as of December 31, 2019 and 2018, are as follows:

COMPANIES	EFFECTIVE PERCENTAGE HELD	
	2019	2018
Toyota Caetano Portugal, S.A.	Parent Company	
Saltano - Investimentos e Gestão (SGPS), S.A.	-	99,98%
Caetano Auto CV, S.A.	81,24%	81,24%
Caetano Renting, S.A.	100,00%	99,98%
Caetano - Auto, S.A.	98,43%	98,40%

These subsidiaries were included in the consolidated financial statements using the full consolidation method, as established in IFRS 10 – "Consolidated Financial Statements" (subsidiary control through the major voting rights and exposure to variable returns in relevant activities).

Changes in the consolidation perimeter

During the year ended December 31, 2019, there was a change in the composition of the consolidation perimeter with the liquidation of Saltano in May, 2019. During the previous year there was any change in the composition of the consolidation perimeter.

5. INTANGIBLE ASSETS

During the year ended as December 31, 2019 and 2018, the movement in intangible assets, as well as in the respective accumulated amortization and accumulated impairment losses, was as follows:

2019	RESEARCH AND DEVELOPMENT EXPENSES	INDUSTRIAL PROPERTY	GOODWILL	COMPUTER PROGRAMS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Gross Assets:						
Opening Balances	1.477.217	551.031	81.485	2.150.170	-	4.259.903
Additions	-	64.965	-	5.200	202.804	272.969
Changes in Perimeter	-	-	-	(500)	-	(500)
Ending Balances	1.477.217	615.996	81.485	2.154.870	202.804	4.532.372
Accumulated Amortization and Impairment losses:						
Opening Balances	1.477.217	198.131	81.485	2.142.706	-	3.899.539
Amortizations	-	159.907	-	8.041	-	167.948
Changes in Perimeter	-	-	-	(500)	-	(500)
Ending Balances	1.477.217	358.038	81.485	2.150.247	-	4.066.987
Net Intangible Assets	**-**	**257.958**	**-**	**4.623**	**202.804**	**465.385**

2018	RESEARCH AND DEVELOPMENT EXPENSES	INDUSTRIAL PROPERTY	GOODWILL	COMPUTER PROGRAMS	TOTAL
Gross Assets:					
Opening Balances	1.477.217	399.378	81.485	2.150.170	4.108.250
Additions	-	153.701	-	-	153.701
Disposals and Write-offs	-	(2.048)	-	-	(2.048)
Ending Balances	1.477.217	551.031	81.485	2.150.170	4.259.903
Accumulated Amortization and Impairment losses:					
Opening Balances	1.449.781	76.558	81.485	2.087.579	3.695.403
Amortizations	27.436	122.491	-	55.127	205.054
Disposals and Write-offs	-	(918)	-	-	(918)
Ending Balances	1.477.217	198.131	81.485	2.142.706	3.899.539
Net Intangible Assets	**-**	**352.900**	**-**	**7.464**	**360.364**

6. TANGIBLE FIXED ASSETS

During the years ended as of December 31, 2019 and 2018, the movement in tangible fixed assets, as well as in the respective accumulated depreciation and accumulated impairment losses, was as follows:

2019	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	TANGIBLE ASSETS IN PROGRESS	RIGHT-OF-USE ASSETS	TOTAL
Gross Assets:									
Opening Balances	18.920.052	90.552.569	61.802.798	99.627.898	8.421.472	4.506.599	1.132.876	-	284.964.264
Accounting policies changes	(1.805.867)	(5.406.201)	(103.432)	(57.225.580)	-	-	-	66.626.071	2.084.991
Additions	81.621	1.441.169	857.538	44.416.374	537.451	290.829	1.034.796	5.628.537	54.288.315
Disposals and Write-offs	-	-	(96.521)	(6.246.037)	(8.398)	(312)	-	(1.063.388)	(7.414.656)
Inventories transfer	-	-	-	(42.118.294)	-	-	-	-	(42.118.294)
Transfer and reclassifications	-	1.025.082	-	-	-	-	(1.025.417)	-	(335)
Ending Balances	17.195.806	87.612.619	62.460.383	38.454.361	8.950.525	4.797.116	1.142.255	71.191.220	291.804.285
Accumulated Depreciation and Impairment losses:									
Opening Balances	-	62.859.307	57.207.267	40.521.279	7.338.174	4.245.545	-	-	172.171.572
Accounting policies changes	-	(914.486)	(2.694)	(20.228.768)	-	-	-	21.145.948	-
Depreciations	-	2.121.987	1.030.943	10.010.948	198.940	80.235	-	11.119.904	24.562.957
Disposals and Write-offs	-	-	(96.522)	(2.493.765)	(8.398)	(253)	-	(985.049)	(3.583.987)
Inventories transfer	-	-	-	(11.365.862)	-	-	-	-	(11.365.862)
Ending Balances	-	64.066.808	58.138.994	16.443.832	7.528.716	4.325.527	-	31.280.803	181.784.680
Net Tangible Fixed Assets	**17.195.806**	**23.545.811**	**4.321.389**	**22.010.529**	**1.421.809**	**471.589**	**1.142.255**	**39.910.417**	**110.019.605**

2018	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	TANGIBLE ASSETS IN PROGRESS	TOTAL
Gross Assets:								
Opening Balances	16.443.805	89.685.756	61.157.213	80.675.357	8.409.708	4.451.433	291.742	261.115.014
Additions	2.549.082	1.508.970	1.270.847	62.788.359	254.092	60.398	1.028.377	69.460.125
Disposals and Write-offs	(72.835)	(823.060)	(625.262)	(5.905.222)	(242.328)	(5.232)	(6.340)	(7.680.279)
Transfers	-	180.903	-	(37.930.596)	-	-	(180.903)	(37.930.596)
Ending Balances	18.920.052	90.552.569	61.802.798	99.627.898	8.421.472	4.506.599	1.132.876	284.964.264
Accumulated Depreciation and Impairment losses:								
Opening Balances	-	61.197.250	56.632.165	33.601.857	7.678.403	4.183.729	-	163.293.404
Depreciations	-	2.170.390	1.011.765	19.607.743	(111.369)	66.036	-	22.744.565
Disposals and Write-offs	-	(508.333)	(436.663)	(3.521.393)	(228.860)	(4.220)	-	(4.699.469)
Transfers	-	-	-	(9.166.928)	-	-	-	(9.166.928)
Ending Balances	-	62.859.307	57.207.267	40.521.279	7.338.174	4.245.545	-	172.171.572
Net Tangible Fixed Assets	**18.920.052**	**27.693.262**	**4.595.531**	**59.106.619**	**1.083.298**	**261.054**	**1.132.876**	**112.792.692**

The additions registered in 2018 in "Land" and "Buildings and Other Constructions" are mainly due related to the acquisition of lands in Vila Nova de Gaia and Gondomar and facilities in Maia. The disposals and write-offs refers to the sale of buildings in Loures and Leiria.

The movements registered in item "Transport Equipment" mainly refer to vehicles and forklifts that are being used by the Group as well as being rented, under operating lease, to clients.

As of December 31, 2019, and 2018, the assets acquired through leases are presented as follows:

	DEC/19			DEC/18		
FIXED TANGIBLE ASSETS ACQUIRED THROUGH FINANCIAL LEASES	GROSS ASSETS	ACCUMULATED DEPRECIATION	NET TANGIBLE ASSETS	GROSS ASSETS	ACCUMULATED DEPRECIATION	NET TANGIBLE ASSETS
Santarém Stand	1.400.000	320.250	1.079.750	1.400.000	294.000	1.106.000
Santarém collision	235.000	14.688	220.312	235.000	11.163	223.837
Carnaxide	3.246.231	628.957	2.617.274	3.246.231	568.090	2.678.141
Santa Maria da Feira	670.950	27.258	643.692	670.950	14.677	656.273
Caldas da Rainha	936.837	35.131	901.706	936.837	17.566	919.271
Maia collision	723.050	30.568	692.482	723.050	8.991	714.059
Workshop Equipment	103.432	9.158	94.274	103.433	2.694	100.739
Industrial Equipment	41.146.951	25.587.331	15.559.619	36.581.801	20.107.820	16.473.981
Transport Equipment	20.643.779	3.330.040	17.313.740	15.086.222	1.978.655	13.107.567
TOTAL	**69.106.230**	**29.983.381**	**39.122.849**	**58.983.524**	**23.003.656**	**35.979.868**

7. INVESTMENT PROPERTIES

As of December 31, 2019 and 2018, the caption "Investment properties" refers to real estate's assets held to obtain gains through its rental or for capital gain purposes. These real estate assets are recorded at acquisition cost.

Rentals related to "Investment properties" amounted to 2.988.558 Euros in the year ended as of December 31, 2019 (2.820.267 Euros as of 31, December 2018).

Additionally, in accordance with appraisals with reference to 2019, the fair value of those investment properties amounts to, approximately, 54 million Euros.

Management believes that a possible change (within a scenario of normal) in the main assumptions used in calculating the fair value will not result in impairment losses, beyond from losses recognized in previous years.

The real estate assets recorded in the caption "Investment properties" as of December 31, 2019 and 2018 are made up as follows:

LOCATION	2019 NET ACCOUNTING VALUE	2019 FAIR VALUE	2019 APPRAISAL	2018 NET ACCOUNTING VALUE	2018 FAIR VALUE	2018 APPRAISAL
Vila Nova de Gaia - Av. da República	121.972	1.192.400	Internal	84.202	1.192.400	Internal
Braga - Av. da Liberdade	-	2.330.000	External	-	1.355.000	Internal
Porto - Rua do Campo Alegre	757.734	3.315.000	Internal	795.350	3.315.000	External
Viseu - Teivas	711.644	1.841.000	External	762.388	896.000	Internal
Caldas da Rainha - Rua Dr. Miguel Bombarda	17.531	85.000	Internal	17.531	85.000	Internal
Viseu - Quinta do Cano	1.704.237	1.625.750	Internal	1.713.586	1.625.750	Internal
Amadora - Rua Elias Garcia	174.100	149.000	Internal	177.559	149.000	Internal
Portalegre - Zona Industrial	173.533	173.000	Internal	178.674	173.000	Internal
Portimão - Cabeço do Mocho	524.781	550.000	Internal	424.782	550.000	Internal
Vila Real de Santo António - Rua de Angola	-	-	-	23.911	83.000	Internal
Rio Maior	107.000	107.000	Internal	107.000	107.000	Internal
S João de Lourosa - Viseu	-	-	-	452.472	487.030	Internal
Castelo Branco - Repair Shop	719.734	1.100.000	Internal	759.135	1.100.000	External
Teivas	118.344	72.800	External	-	-	-
Vila Nova de Gaia - Av. Vasco da Gama (A and B Buildings)	2.584.894	8.692.000	Internal	2.802.242	8.692.000	Internal
Vila Nova de Gaia - Av. Vasco da Gama (G Building)	784.140	9.165.200	External	804.483	6.077.000	Internal
Carregado - Quinta da Boa Água / Quinta do Peixoto	4.951.364	23.120.000	Internal	4.989.846	19.218.000	Internal
Vila Nova de Gaia - Rua das Pereiras	225.721	788.000	Internal	237.553	788.000	Internal
	13.676.728	54.306.150		14.330.714	45.893.180	

The investment properties fair value disclosed in December 31, 2019 and December 31, 2018 was determined on an annual basis by an independent appraiser (the fair value was determined by the average of the evaluations by Market Method, Cost Method and Return Method).

In accordance to the classification of the evaluation methods mentioned above, and related with the fair value hierarchy (IFRS 13), they are classified as follows:

- Market Method – Level 2 (fair value determined based on observable market data)

- Cost Method and Return Method – Level 3 (fair value determined based on non-observable market data, developed to reflect assumptions to be used by independent appraisers.

Additionally, as a result of all internal assessments prepared by the Group for the remaining properties and given the nonexistence of major works in 2019, the absence of relevant claims in 2018 and the lack of properties in areas of accelerated degradation, is convinced the administration of that there has been no significant change to the fair value of these properties in 2019, believing they are still valid and current values of the last external evaluation carried out in late 2012, 2013, 2014, 2016, 2017 and 2018.

The rentals obtained related to the investment properties above mentioned are disclosed in Note 31.

The movement in the caption "Investment properties" as of December 31, 2019 and 2018 was as follows:

2019	LAND	BUILDINGS	TOTAL
GROSS ASSETS:			
Opening Balances	9.305.659	35.408.776	44.714.435
Additions	-	40.294	40.294
Disposals and Write-offs	(210.443)	(197.187)	(407.630)
Transfer	(100.000)	335	(99.665)
Ending Balances	8.995.216	35.252.218	44.247.434
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES:			
Opening Balances	-	30.383.721	30.383.721
Depreciations	-	437.677	437.677
Disposals and Write-offs	-	(150.692)	(150.692)
Transfer	-	(100.000)	(100.000)
Ending Balances	-	30.570.706	30.570.706
Net value	**8.995.216**	**4.681.512**	**13.676.728**

2018	LAND	BUILDINGS	TOTAL
GROSS ASSETS:			
Opening Balances	10.135.964	36.926.442	47.062.406
Additions	-	20.775	20.775
Disposals and Write-offs	(830.305)	(1.538.441)	(2.368.746)
Ending Balances	9.305.659	35.408.776	44.714.435
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES:			
Opening Balances	-	30.699.208	30.699.208
Depreciations	-	473.690	473.690
Disposals and Write-offs	-	(789.177)	(789.177)
Ending Balances	-	30.383.721	30.383.721
Net value	**9.305.659**	**5.025.055**	**14.330.714**

As of 2018, the disposals and write-offs mainly refer to Land of Buildings in Azóia, Infante Santo, Óbidos and Castro Daire.

The accumulated impairment losses recorded in 2019 and 2018 amounts to 2.680.809 and 2.780.809 Euros, respectively.

8. GOODWILL

As of December 31, 2019 and 2018 there were not any movements in item "Goodwill".

The item "Goodwill" is totally related to the amount calculated in the acquisition of the affiliate Movicargo whose business was transferred to the parent Toyota Caetano Portugal, S.A.

The Goodwill is not amortized. Impairment tests are made annually to the Goodwill.

For impairment analysis, the recoverable amount was determined based on the value in use, according to the discounted cash flows model, based on business plans developed by the people in charge and approved by the Board of Directors and using discount rates that reflect the risks inherent of the business.

As of December 31, 2019, the method and main assumptions used were as follows:

	BT INDUSTRIAL EQUIPMENT DIVISION - SOUTH
Goodwill	611.997
Period	Projected cash flows for 5 years
Growth rate (g) (1)	2,0%
Discount rate (2)	6,25%

1 Growth rate used to extrapolate cash flows beyond the period considered in the business plan
2 Discount rates applied to projected cash flows

The Management, supported by the estimated discounted cash flows discounted, concluded that on December 31, 2019, the net book value of assets, including goodwill (0,6 million Euros), does not exceed its recoverable amount (38 million Euros).

The projections of cash flows were based on historical performance and on expectations of improved efficiency. The management believe that a possible change (within a normal scenario) in key assumptions used in calculating the recoverable amount will not result in impairment losses.

9. INSTRUMENTS AT FAIR VALUE THROUGH CAPITAL

As of December 31, 2019, and 2018 the movements in item "instruments at fair value through capital' were as follows:

	2019	2018
Instruments at fair value through capital		
Fair value at January 1	3.633.413	3.732.500
Disposals during the year	(39.904)	-
Increase/(decrease) in fair value	330.465	(99.087)
Fair value at December 31	3.923.974	3.633.413

As of December 31, 2019, "Instruments at fair value through capital" include the amount of 3.897.142 Euros (3.566.677 Euros December 31, 2018) corresponding to 580.476 shares of Cimóvel - Real Estate Investment Fund (9,098%), which are recorded at its fair value (the acquisition cost of those shares ascended to 3.013.947 Euros and accumulated change in fair value to 883.196 Euros). The remaining "Instruments at fair value through capital'" refer to small investments in non-listed companies. The Board of Directors consider that the net accounting value is similar to its fair value.

Additionally, the impact in equity and impairment losses in 2019 and 2018 from recording "Instruments at fair value through capital'" at fair value can be summarized as follows:

	2019	2018
Fair value variation	330.465	(99.087)
Effect on equity	330.465	(99.087)

10. INVENTORIES

As of December 31, 2019 and 2018, this caption breakdown is as follows:

	2019	2018
Raw and subsidiary Materials	6.772.894	8.885.206
Production in Process	763.239	932.748
Finished and semi-finished Products	2.567.925	1.242.750
Merchandise	98.814.645	90.219.827
	108.918.703	101.280.531
Accumulated impairment losses in inventories (Note 24)	(3.448.675)	(2.221.105)
	105.470.028	**99.059.426**

During the years ended as of December 31, 2019 and 2018, cost of sales was as follows:

	DEC/19			DEC/18		
	MERCHANDISE	RAW AND SUBSIDIARY MATERIALS	TOTAL	MERCHANDISE	RAW AND SUBSIDIARY MATERIALS	TOTAL
Opening Balances	90.219.827	8.885.206	99.105.033	81.473.495	10.413.228	91.886.723
Net Purchases	296.852.381	40.037.022	336.889.403	294.586.733	36.963.974	331.550.707
Transfers	42.118.294	-	42.118.294	37.930.598	-	37.930.598
Ending Balances	(98.814.645)	(6.772.894)	(105.587.539)	(90.219.827)	(8.885.206)	(99.105.033)
Total	**330.375.857**	**42.149.334**	**372.525.191**	**323.770.999**	**38.491.996**	**362.262.995**

During the years ended as of December 31, 2019 and 2018, the variation of products was computed as follows:

	DEC/19			DEC/18		
	FINISHED AND SEMI-FINISHED PRODUCTS	PRODUCTION IN PROCESS	TOTAL	FINISHED AND SEMI-FINISHED PRODUCTS	PRODUCTION IN PROCESS	TOTAL
Ending Balances	2.567.925	763.239	3.331.164	1.242.750	932.748	2.175.498
Inventories adjustments	7.052	(30.201)	(23.149)	14.448	(19.818)	(5.370)
Opening Balances	(1.242.750)	(932.748)	(2.175.498)	(4.432.510)	(1.135.391)	(5.567.901)
Total	**(1.332.227)**	**199.710**	**1.132.517**	**3.175.312**	**222.461**	**(3.397.773)**

11. ACCOUNTS RECEIVABLE

As of December 31, 2019 and 2018, the detail of this caption was as follows:

	CURRENT ASSETS		NON-CURRENT ASSETS	
	2019	2018	2019	2018
Customers, current accounts	52.716.981	56.648.436	608.975	494.293
Doubtful Accounts Receivable	10.978.343	8.838.044	-	-
	63.695.324	65.486.480	608.975	494.293
Accumulated impairment losses in accounts receivable (Note 24)	(9.458.773)	(8.776.958)	-	-
	54.236.551	**56.709.522**	**608.975**	**494.293**

Accounts receivable from customers recorded as non-current assets corresponds to the customers of the affiliated company Caetano Auto, S.A. that are being paid under formal agreements (whose terms of payment may vary between 1 to 7 years, and which bear interests).

Accounts receivable ageing

2019	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Accounts receivable	36.836.276	2.029.986	2.110.790	4.720.187	45.697.240
Employees	14	-	-	4.430	4.444
Independent Dealers	7.596.637	20.771	-	6.864	7.624.272
Total	**44.432.927**	**2.050.757**	**2.110.790**	**4.731.481**	**53.325.956**

2018	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Accounts receivable	31.284.576	5.780.752	2.176.100	9.791.002	49.032.430
Employees	77.032	780	2.732	200.911	281.455
Independent Dealers	7.426.444	363.223	27.689	11.488	7.828.844
Total	**38.788.052**	**6.144.755**	**2.206.521**	**10.003.401**	**57.142.729**

Accounts receivable ageing considering impairment losses

2019	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Doubtful Accounts Receivable	116.219	102.497	26.244	10.733.383	10.978.343
Total	**116.219**	**102.497**	**26.244**	**10.733.383**	**10.978.343**

2018	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Doubtful Accounts Receivable	14.123	2.275	1.378	8.820.268	8.838.044
Total	**14.123**	**2.275**	**1.378**	**8.820.268**	**8.838.044**

Accounts receivable ageing against maturity

2019	NOT DUE	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Accounts receivable	20.137.752	24.124.247	1.732.833	1.280.080	6.051.043	53.325.956
Total	**20.137.752**	**24.124.247**	**1.732.833**	**1.280.080**	**6.051.043**	**53.325.956**

2018	NOT DUE	- 60 DAYS	60-90 DAYS	90-120 DAYS	+ 120 DAYS	TOTAL
Accounts receivable	15.507.326	28.100.550	2.700.057	1.283.518	9.551.278	57.142.729
Total	**15.507.326**	**28.100.550**	**2.700.057**	**1.283.518**	**9.551.278**	**57.142.729**

The amounts presented in the consolidated Statement of financial position are net of accumulated impairment losses to doubtful accounts receivable estimated by the Group, in accordance with its experience based on its evaluation of the economic environment at the statement of financial position date. Credit risk concentration is limited, because the customers' basis is wider and not relational. Thus, the Board of Directors understands that the accounting values of accounts receivable are similar to their respective fair value.

12. OTHER DEBTORS

As of December 31, 2019 and 2018, the detail of this caption was as follows:

	CURRENT ASSETS	
	2019	**2018**
Down Payments to Suppliers	36.402	18.621
Public entities (VAT)	-	3.051.511
Other debtors	2.501.776	2.748.473
	2.538.178	**5.818.605**

The caption "Other debtors" includes, as of December 31, 2019 and 2018, the amount of, approximately, 800.000 Euros to be received from Salvador Caetano Auto Africa, S.G.P.S., S.A.

Finally, this caption also caption includes, as of December 31, 2019, the amount of, approximately, 649.625 Euros to be received from Salvador Caetano Foundation (618.000 Euros at December 31, 2018).

13. OTHER CURRENT ASSETS

As of December 31, 2019 and 2018, the detail of this caption was as follows:

	2019	**2018**
Accrued Income		
Rappel	1.095.844	1.374.158
Commission	620.339	508.148
Fleet programs	435.273	2.366.089
Warranty claims	80.066	159.112
Assignment of staff	31.173	27.842
Fee's	2.795	22.699
Others	357.586	583.031
	2.623.076	5.041.079
Deferred expenses		
Insurance	164.588	178.892
Interest	130.459	125.116
Rentals	6.154	128.636
Others	456.375	857.657
	757.576	1.290.301
Total	**3.380.652**	**6.331.380**

14. DEFERRED TAXES

The detail of deferred tax assets and liabilities recorded in the accompanying consolidated financial statements as of December 31, 2019 and 2018 is as follows:

DEC/19	2018	PROFIT AND LOSS IMPACT	2019
Deferred tax assets:			
Provisions not accepted for tax purpose	296.439	56.474	352.913
Defined Benefit Plan Liabilities	1.611.745	-	1.611.745
Write-off of tangible assets/inventories	926.746	(279.918)	646.828
	2.834.930	(223.444)	2.611.486
Deferred tax liabilities:			
Depreciation as a result of legal and free revaluation of fixed assets	(590.517)	58.965	(531.552)
Effect of the reinvestments of the surplus in fixed assets sales	(113.367)	43.290	(70.077)
Fair value of fixed assets	(898.732)	-	(898.732)
	(1.602.616)	102.255	(1.500.361)
Net effect (Note 25)		(121.189)	

DEC/18	2017	PROFIT AND LOSS IMPACT	2018
Deferred tax assets:			
Provisions not accepted for tax purpose	212.335	84.104	296.439
Defined Benefit Plan Liabilities	1.611.745	-	1.611.745
Write-off of tangible assets/inventories	489.298	437.448	926.746
	2.313.378	521.552	2.834.930
Deferred tax liabilities:			
Depreciation as a result of legal and free revaluation of fixed assets	(619.498)	28.981	(590.517)
Effect of the reinvestments of the surplus in fixed assets sales	(116.914)	3.547	(113.367)
Fair value of fixed assets	(898.732)	-	(898.732)
	(1.635.144)	32.528	(1.602.616)
Net effect (Note 25)		554.080	

As of December 31, 2019 and 2018 there was no tax losses.

As of December 31, 2019 and 2018 tax rates used to compute current and deferred tax assets and liabilities were as follows:

	TAX RATES	
	2019	2018
Country of origin of affiliate:		
Portugal	22,5% - 21%	22,5% - 21%
Cape Verde	25,5%	25,5%

Toyota Caetano Group companies with head office in Portugal, are taxed according to the Corporate Income Tax (CIT) in accordance with the Special Taxation Regimen for Groups of Companies ("Regime Especial de Tributação de Grupos de Sociedades - RETGS") as established by articles 69 and 70 of the CIT.

In accordance with the applicable legislation, the income tax returns of Toyota Caetano and other Group companies with headquarters in Portugal are subject to review and correction by the tax authorities for a period of four years. Therefore, the tax declarations since the year of 2016 and 2019 are still subject to review. Statements regarding the Social Security may be revised over a period of five years. The Board of Directors believe that the corrections that may arise from such reviews/inspections will not have a significant impact in the accompanying consolidated financial statements.

Under the terms of article 88 of the Corporate Income Tax Code, the companies with headquarters in Portugal are additionally subject to an income tax over a set of expenses at the rates foreseen in the above-mentioned article.

15. CASH AND CASH EQUIVALENTS

As of December 31, 2019, and 2018 cash and cash equivalents detail was the following:

	2019	2018
Cash	122.767	127.757
Bank Deposits	12.570.877	16.947.398
Bank Overdrafts	(162.683)	-
	12.530.961	**17.075.155**

16. EQUITY

Share Capital

As of December 31, 2019 and 2018, the Company's share capital, fully subscribed and paid for, consisted of 35.000.000 bearer shares, with a nominal value of 1 Euro each.

The entities with over 20% of subscribed capital are as follows:

- Salvador Caetano - Auto - SGPS, S.A. 65,99%
- Toyota Motor Europe NV/SA 27,00%

During 2018 Salvador Caetano - Auto - S.G.P.S., S.A. bought 320.611 shares with a nominal value of 1 Euro each, fully subscribed and representing 0,91% of the share capital. During 2019 Salvador Caetano - Auto - S.G.P.S., S.A. bought 839.813 shares with a nominal value of 1 Euro each, fully subscribed and representing 2,3995% of the share capital.

Dividends

According to the General shareholders meeting deliberation, as of April 12, 2019, was paid to shareholders a dividend of 0,20 Euros per share (7.000.000 Euros).

Legal reserve

Commercial legislation establishes that at least 5% of the net profit of each year must be appropriated to a legal reserve until this reserve equals the statutory minimum requirement of 20% of the share capital. This reserve is not available for distribution, except in case of dissolution of the Company, but may be used in share capital increases or used to absorb accumulated losses once other reserves have been exhausted.

Revaluation reserves

The revaluation reserves cannot be distributed to the shareholders, except if they are completely depreciated and if the respective assets that were revaluated have been alienated.

Translation reserves

The translation reserves reflect the currency variations during the passage of the financial statements of affiliated companies in a currency other than Euro and cannot be distributed or used to absorb losses.

Fair value reserves

The fair value reserves reflect the fair value variations of the instruments at fair value through capital and cannot be distributed or used to absorb losses (Note 9).

Other Reserves

Refer to reserves with nature of free reserve that can be distributable according to the commercial legislation.

According to the Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of Toyota Caetano Portugal, presented according to the Normas Contabilísticas e de Relato Financeiro (NCRF, Portuguese GAAP).

17. NON-CONTROLLING INTERESTS

Movements in this caption during the year ended as of December 31, 2019 and 2018 were as follows:

	2019	2018
Opening Balances as of January 1	1.473.222	1.387.418
Non-controlling interests acquisition	(11.610)	-
Net profit attributable to non-controlling interests	52.615	85.804
	1.514.227	**1.473.222**

As of December 31, 2019 and 2018, the decomposition of the mentioned value by subsidiary company is as follows:

2019	% NCI	NON-CONTROLLING INTERESTS	NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS
Caetano Auto CV	18,76%	863.200	25.093
Caetano Auto	1,57%	651.027	27.522
		1.514.227	**52.615**

2018	% NCI	NON-CONTROLLING INTERESTS	NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS
Saltano SGPS	0,02%	4.030	(5)
Caetano Auto CV	18,76%	838.107	25.855
Caetano Renting	0,02%	464	(117)
Caetano Auto	1,60%	630.621	60.071
		1.473.222	85.804

The resume of financial information related to each subsidiary that is consolidated is presented below:

	CAETANO AUTO		CAETANO AUTO CV	
CAPTION	DEC/19	DEC/18	DEC/19	DEC/18
Non - Current Assets	59.516.127	56.490.292	1.319.976	1.257.814
Current Assets	67.238.194	90.240.546	4.863.635	5.692.940
Total assets	126.754.321	146.730.838	6.183.611	6.950.754
Non - Current Liabilities	7.599.200	8.052.611	98.878	98.878
Current Liabilities	77.801.154	99.202.695	1.527.813	2.322.266
Equity	41.353.967	39.475.532	4.556.920	4.529.610
Revenues	238.232.286	234.877.024	14.208.584	14.733.922
Operating Results	2.627.412	5.127.518	212.638	356.168
Financial Results	13.287	31.019	-	(6.629)
Taxes	(762.264)	(1.436.915)	(185.328)	(125.871)
Net Income	1.878.435	3.721.623	27.310	223.668

	CAETANO RENTING		SALTANO	
CAPTION	DEC/19	DEC/18	DEC/19	DEC/18
Non - Current Assets	29.092.762	34.435.165	-	23.789.240
Current Assets	4.677.938	5.875.043	-	2.016.167
Total assets	33.770.700	40.310.208	-	25.805.406
Non - Current Liabilities	-	529.369	-	-
Current Liabilities	30.517.861	36.561.509	-	3.574.436
Equity	3.252.839	3.219.329	-	22.230.970
Revenues	42.935.941	42.240.170	-	-
Operating Results	362.206	477.981	-	2.089.542
Financial Results	(338.547)	(308.190)	-	-
Taxes	9.851	6.916	-	5.946
Net Income	33.509	176.707	-	2.095.488

18. LOANS

As of December 31, 2019 and 2018 the caption "Loans" was as follows:

	2019			2018		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Bank Loan	-	10.000.000	10.000.000	29.400.000	10.000.000	39.400.000
Bank Overdrafts	162.681	-	162.681	923.669	-	923.669
Car Financing	-	-	-	2.499.961	-	2.499.961
Bond Loan	-	12.500.000	12.500.000	-	12.500.000	12.500.000
Leases	7.190.485	14.380.225	21.570.710	19.715.283	15.965.142	35.680.425
	7.353.166	**36.880.225**	**44.233.391**	**52.538.913**	**38.465.142**	**91.004.055**

The movements in bank loans, overdrafts, commercial paper programs and bond loan, during the periods ended December 31, 2019 and 2018 were as follows:

2019	OPENING BALANCES	INCREASE	ACCOUNTING POLICIES CHANGES IFRS 16	DECREASE	OTHER VARIATIONS (*)	ENDING BALANCE
Bank Loan	10.000.000	-	-	-	-	10.000.000
Bank Overdrafts	923.669	162.681	-	-	(923.669)	162.681
Car Financing	2.499.961	-	-	-	(2.499.961)	-
Guaranteed account	10.000.000	10.000.000	-	20.000.000	-	-
Confirming	-	-	-	-	-	-
Commercial paper	19.400.000	83.000.000	-	102.400.000	-	-
Bond Loan	12.500.000	-	-	-	-	12.500.000
Leases	35.680.425	434.568	2.084.991	8.405.927	(8.223.348)	21.570.710
	91.004.055	**93.597.249**	**2.084.991**	**130.805.927**	**(11.646.972)**	**44.233.391**

(*) Without impact on consolidated cash flows statement

2018	OPENING BALANCES	INCREASE	ACCOUNTING POLICIES CHANGES IFRS 16	DECREASE	OTHER VARIATIONS (*)	ENDING BALANCE
Bank Loan	17.000.000	-	-	7.000.000	-	10.000.000
Bank Overdrafts	529.851	-	-	-	393.818	923.669
Car Financing	-	-	-	-	2.499.961	2.499.961
Guaranteed account	5.000.000	37.000.000	-	32.000.000	-	10.000.000
Confirming	-	19.883.075	-	19.883.075	-	-
Commercial paper	34.400.000	237.100.000	-	252.100.000	-	19.400.000
Bond Loan	-	12.500.000	-	-	-	12.500.000
Leases	23.008.943	-	-	7.731.336	20.402.818	35.680.425
	79.938.794	**306.483.075**	**-**	**318.714.411**	**23.296.597**	**91.004.055**

(*) Without impact on consolidated cash flows statement

As of December 31, 2019 and 2018, the detail of bank loans, overdrafts, commercial paper programs and bond loan, as well as its conditions, were as follows:

2019 DESCRIPTION/BENEFICIARY COMPANY	USED AMOUNT	LIMIT	BEGINNING DATE	DATE-LIMIT
Non-current				
Mutual Loans				
Toyota Caetano Portugal	10.000.000	10.000.000	11/03/2016	5 years
Bond Loan				
Toyota Caetano Portugal	12.500.000	12.500.000	09/08/2018	5 years
	22.500.000	22.500.000		
Current				
Guaranteed account	-	12.000.000		
Bank Overdrafts	162.681	5.500.000		
Confirming	-	4.350.000		
Commercial Paper:				
Toyota Caetano Portugal	-	14.000.000	27/02/2017(*)	3 years
Toyota Caetano Portugal	-	10.000.000	18/08/2015	5 years
Toyota Caetano Portugal	-	4.000.000	17/07/2017	5 years
Toyota Caetano Portugal	-	5.000.000	10/11/2016	5 years
Toyota Caetano Portugal	-	4.000.000	24/02/2018	1 year
	162.681	58.850.000		
	22.662.681	**81.350.000**		

(*) with amortization of 2 million euros per year

2018 DESCRIPTION/BENEFICIARY COMPANY	USED AMOUNT	LIMIT	BEGINNING DATE	DATE-LIMIT
Non-current				
Mutual Loans				
Toyota Caetano Portugal	10.000.000	10.000.000	11/03/2016	5 years
Bond Loan				
Toyota Caetano Portugal	12.500.000	12.500.000	09/08/2018	5 years
	22.500.000	22.500.000		
Current				
Guaranteed account	10.000.000	12.000.000		
Bank Overdrafts	923.669	5.500.000		
Confirming	-	10.000.000		
Car financing	2.499.961	13.500.000		
Commercial Paper:				
Toyota Caetano Portugal	15.400.000	18.000.000	27/02/2017(*)	3 years
Toyota Caetano Portugal	-	10.000.000	18/08/2015	5 years
Toyota Caetano Portugal	4.000.000	4.000.000	17/07/2017	5 years
Toyota Caetano Portugal	-	5.000.000	10/11/2016	5 years
Toyota Caetano Portugal	-	4.000.000	24/02/2019	1 year
	32.823.630	82.000.000		
	55.323.630	**104.500.000**		

(*) with amortization of 2 million euros per year

Then we detail the amount related to loans obtained or contracted credit lines for which real guarantees were granted for mortgages on real estate (Note 36):

- Commercial Paper: 14.000.000

Interests relating to the financial instruments mentioned above are indexed to Euribor (floor zero), plus a spread which varies between 0,85% and 2,75%.

The Group and its affiliates have available credit facilities as of December 31, 2019 amounting to approximately 81 Million Euros, which can be used in future operational activities and to fulfil financial commitments. There are no restrictions on the use of these facilities. This amount is applied in several financial institutions and there is no excessive concentration in any of them.

The item "Leases" (current and non-current) is related to the Group's responsibilities as lessee with respect to the right to use facilities and equipment.

The detail of this caption, as well as the reimbursement plan can be summarized as follows:

		CURRENT	NON-CURRENT					
CONTRACT	LEASES	12M	12-24M	24-36M	36-48M	>48M	TOTAL	TOTAL
2028278	Commercial facilities							
	Capital	98.632	119.047	-	-	-	119.047	217.679
	Interests	1.294	551	-	-	-	551	1.845
5653	Commercial facilities							
	Capital	24.995	25.385	25.781	26.184	316.791	394.141	419.136
	Interests	6.320	5.929	5.533	5.131	26.912	43.505	49.825
626064	Commercial facilities							
	Capital	178.402	184.747	191.318	198.122	145.117	719.304	897.706
	Interests	27.974	21.629	15.058	8.253	1.373	46.313	74.287
2032103	Commercial facilities							
	Capital	9.295	9.805	44.383	-	-	54.188	63.483
	Interests	2.997	2.487	650	-	-	3.137	6.134
30000343	Commercial facilities							
	Capital	42.431	43.288	44.161	45.053	346.074	478.576	521.007
	Interests	10.033	9.176	8.302	7.411	24.808	49.697	59.730
2017554	Commercial facilities							
	Capital	46.658	142.212	-	-	-	142.212	188.870
	Interests	4.190	1.399	-	-	-	1.399	5.589
105149	Commercial facilities							
	Capital	34.150	16.729	-	-	-	16.729	50.879
	Interests	1.104	148	-	-	-	148	1.252
Cimóvel	Properties							
	Capital	769.447	-	-	-	-	-	769.447
	Interests	-	-	-	-	-	-	-
Various	Properties							
	Capital	18.122	-	-	-	-	-	18.122
	Interests	-	-	-	-	-	-	-
Various	Industrial Equipment							
	Capital	5.968.352	4.770.555	3.810.502	2.167.555	1.707.416	12.456.028	18.424.380
	Interests	372.543	239.755	136.753	65.465	17.627	459.600	832.143
	Total Capital	**7.190.485**	**5.311.768**	**4.116.145**	**2.436.914**	**2.515.398**	**14.380.225**	**21.570.710**
	Total Interests	**426.455**	**281.074**	**166.296**	**86.260**	**70.720**	**604.350**	**1.030.805**

Liabilities by Maturity:

Loans

2019	12M	12-24M	24-36M	36-48M	>48M	TOTAL
Mutual Loans	-	10.000.000	-	-	-	10.000.000
Bank Overdrafts	-	-	-	-	12.500.000	12.500.000
Bond Loan	162.681	-	-	-	-	162.681
Leases	7.190.485	5.311.768	4.116.145	2.436.914	2.515.398	21.570.710
Total Loans	**7.353.166**	**15.311.768**	**4.116.145**	**2.436.914**	**15.015.398**	**44.233.391**

2018	12M	12-24M	24-36M	36-48M	>48M	TOTAL
Mutual Loans	-	-	10.000.000		-	10.000.000
Guaranteed account	10.000.000	-	-	-	-	10.000.000
Bank Overdrafts	923.669	-	-	-	-	923.669
Car Financing	2.499.961	-	-	-	-	2.499.961
Commercial Paper	19.400.000	-	-	-	-	19.400.000
Bond Loan	-	-	-	-	12.500.000	12.500.000
Leases	19.715.283	6.028.237	4.455.494	3.098.113	2.383.298	35.680.425
Total Loans	**52.538.913**	**6.028.237**	**14.455.494**	**3.098.113**	**14.883.298**	**91.004.055**

Interests

2019	12M	12-24M	24-36M	36-48M	>48M	TOTAL
Mutual Loans	226.208	55.625	-	-	-	281.833
Bond Loan	426.455	281.074	166.296	86.260	70.720	1.030.805
Leases	318.576	315.972	316.840	316.840	-	1.268.229
Total interests	**971.240**	**652.671**	**483.137**	**403.100**	**70.720**	**2.580.868**

2018	12M	12-24M	24-36M	36-48M	>48M	TOTAL
Mutual Loans	220.521	221.125	54.375	-	-	496.021
Bond Loan	316.840	318.576	315.972	316.840	316.840	1.585.068
Leases	693.240	340.184	202.951	101.852	96.820	1.435.047
Total interests	**1.230.601**	**879.885**	**573.298**	**418.692**	**413.660**	**3.516.136**

19. ACCOUNTS PAYABLE

As of December 31, 2019 and 2018 this caption was composed of current accounts with suppliers, which end at short-term.

The Group, relating to financial risk management, has implemented policies to ensure that all liabilities are paid for within the defined payment period.

20. OTHER CREDITORS

As of December 31, 2019 and 2018 the detail of other creditors was as follows:

	CURRENT LIABILITIES	
	2019	2018
Income Taxes withheld	412.651	376.634
Value Added Taxes	11.686.476	9.438.099
Vehicles Tax	2.149.151	2.275.238
Custom Duties	-	381
Employee's social contributions	708.501	682.841
Taxes of local Authorities	177.019	207.376
Others	6.723	14.364
Public Entities - Subtotal	15.140.521	12.994.933
Shareholders	20.194	15.542
Advances from Customers	1.063.582	736.091
Other Creditors	35.630.173	1.037.283
Other Creditors - Subtotal	36.713.949	1.788.916
	51.854.470	**14.783.849**

There are no debts related to public entities (State and Social Security).

21. INCOME TAX (STATEMENT OF FINANCIAL POSITION)

As of December 31,2019 and 2018 the caption public entities can be summarized as follows:

	2019	2018
Current Assets		
Public Entities:	-	-
Income Tax Receivable	262.011	-
	262.011	**-**
Current Liabilities		
Public Entities:		
Income Tax Payable	-	1.939.181
	-	**1.939.181**

The aforementioned value in 2019 of estimated tax are related to Special Taxation Regimen for Groups of Companies ("RETGS") (1.9 million euros in 2018).

22. OTHER CURRENT LIABILITIES

As of December 31, 2019 and 2018 the caption "Other Current Liabilities" was as follows:

	2019	2018
Accrued Cost		
Vacation pay and bonus	6.049.904	5.993.832
Advertising Campaigns	1.392.856	3.594.310
Commission	1.020.731	967.344
Accrual for Vehicles Tax	773.973	804.876
Advance External Supplies and Services	600.851	489.929
Supply costs	541.486	363.377
Rappel charges attributable to fleet managers	448.447	486.430
Specialization cost assigned to vehicles sold	440.852	779.842
Insurance	280.273	220.314
Interest	139.720	236.354
Municipal Property Tax	116.000	126.000
Royalties	68.816	71.170
Others	1.607.063	2.505.080
	13.480.972	16.638.858
Deferred Income		
Vehicle maintenance contracts	7.511.764	5.844.505
Advertising recovery	26.711	29.283
Subsidy granted	26.449	28.653
Interest Charged to Customers	20.256	16.832
Others	348.550	176.425
	7.933.730	6.095.698
Total	**21.414.702**	**22.734.556**

23. PENSION FUND

Toyota Caetano (together with other associated and related companies) incorporated by public deed dated December 29, 1988, the Salvador Caetano Pension Fund, which was subsequently updated in February 2, 1994, in April 30,1996, in August 9, 1996, in July 4, 2003, in February 2, 2007, in December 30, 2008, December 23, 2011 and in December 31, 2013.

As of December 31, 2019, the following companies of Toyota Caetano Group were associates of the Salvador Caetano Pension Fund:

- Toyota Caetano Portugal, S.A.
- Caetano Auto – Comércio de Automóveis, S.A.
- Caetano Renting, S.A.

The Pension Fund was set up to, while Toyota Caetano Group maintains the decision to make contributions to the referred fund, provide employees (beneficiaries), at their retirement date, the right to a pension complement, which is not subject to update and is based on a percentage of the salary, among other conditions. To cover these responsibilities, it was constituted an Independent Fund (managed by BPI Vida e Pensões, S.A.).

However, following a request to change the functioning of these compensations, requested from the ISP - Instituto de Seguros de Portugal, this Defined Benefit Plan started to cover, as of January 1, 2008, only current retired workers, former employees of the Group with "deferred pensions" and the current employees and staff of the Group over 50 years of age and at least 15 years of service to the Group.

The actuarial presumptions used by the fund manager include, the Mortality Table and disability TV 73/77 and SuisseRe 2001, respectively, as well as well as salary increase rate, pensions increase rate and discount rate of 1%, 0% and 1,57%, respectively. In 2017, the salary increase rate, pensions increase rate and discount rate were 1%, 0% and 1,6%, respectively.

The movement of the Fund responsibilities of the Group with the Defined benefit plan in 2019 and 2018 can be summarized as follows:

Liability at 1/1/2018	35.024.830
Current services cost	74.424
Interest cost	541.905
Actuarial (gains)/losses	(446.442)
Pension payments	(2.460.403)
Others	84.524
Liability at 31/12/2018	32.818.838
Liability at 1/1/2019	32.818.838
Current services cost	90.168
Interest cost	496.745
Actuarial (gains)/losses	(38.844)
Pension payments	(2.538.353)
Transfers	(68.227)
Others	1.513.976
Liability at 31/12/2019	32.274.303

The allocation of this amount during 2019 and 2018 to both plans (Defined benefit plan and Defined contribution plan) can be summarized as follows:

	DEFINED BENEFIT PLAN	DEFINED CONTRIBUTION PLAN	TOTAL
Value of the Fund at 31 December 2017	**27.510.086**	**12.745.110**	**40.255.196**
Contributions	-	126.481	126.481
Contributions of Reserve Account	-	589.461	589.461
Real recovery of the plan assets	555.556	321.859	877.415
Interests	421.669	-	421.669
Pension payments	(2.538.219)	(326.869)	(2.865.088)
Transfers to other associate member account	(23.369)	-	(23.369)
Use of reserve account	-	(589.461)	(589.461)
Others	-	(494)	(494)
Value of the Fund at 31 December 2018	**25.925.723**	**12.866.087**	**38.791.810**
Contributions	442.599	315.726	758.325
Real recovery of the plan assets	1.628.053	437.169	2.065.222
Interests	388.523	592.661	981.184
Pension payments	(2.551.542)	(462.199)	(3.013.741)
Transfers to other associate member account	-	(9.331)	(9.331)
Plan liquidation	(68.227)	-	(68.227)
Value of the Fund at 31 December 2019	**25.765.129**	**13.740.113**	**39.505.242**

As of December 31, 2019 and 2018, the breakdown of the asset portfolio of the Fund that covers the defined benefit plan was as follows:

ASSET PORTFOLIO	PORTFOLIO WEIGHT	VALUE DEC-19	PORTFOLIO WEIGHT	VALUE DEC-18
Stocks	11,60%	2.988.754	10,53%	2.729.978
Bonds	35,80%	9.223.916	36,11%	9.361.779
Real Estate	41,40%	10.666.763	39,44%	10.225.105
Cash	4,80%	1.236.726	7,04%	1.825.171
Other Assets	6,40%	1.648.968	6,88%	1.783.690
Total	**100,00%**	**25.765.127**	**100%**	**25.925.723**

At December 31, 2019, the investments with an individual weight greater than 5% of the total portfolio of assets in the Fund that covers the defined benefit plan was as follows:

ASSET	PORTFOLIO WEIGHT	VALUE
Cimóvel - Fundo de Investimento Imobiliário Fechado	41,40%	10.666.763

The evolution of the Group's responsibilities in the defined benefit plan and the assets of the Fund allocated can be summarized as follows:

DEFINED BENEFIT PLAN	2019	2018	2017	2016	2015	2014	2013
Responsibility amount	32.274.303	32.818.838	35.024.830	35.367.964	33.997.681	33.574.520	29.059.458
Amount of defined benefit plan pension Fund	25.765.129	25.925.723	27.510.086	27.541.632	28.297.093	29.075.997	28.855.219

The net obligations of Toyota Caetano Portugal Group evidenced above is safeguarded through a provision recorded in the amount of 9.476.000 Euros, reflected in the statement of financial position, in the item Pension Fund Liabilities.

24. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions during the years ended as of December 31, 2019 and 2018 were as follows:

2019	OPENING BALANCES	INCREASES	DECREASES	OTHER REGULARIZATIONS	ENDING BALANCES
Accumulated impairment losses in investments	2.780.809	-	-	(100.000)	2.680.809
Accumulated impairment losses in accounts receivable (Note 11)	8.776.958	786.236	(1.676)	(102.745)	9.458.773
Accumulated impairment losses in inventories (Note 10)	2.221.105	1.446.195	(394)	(218.231)	3.448.675
Provisions	881.547	217.780	-	(154.555)	944.772

2018	OPENING BALANCES	INCREASES	DECREASES	OTHER REGULARIZATIONS	ENDING BALANCES
Accumulated impairment losses in investments	2.780.809	-	-	-	2.780.809
Accumulated impairment losses in accounts receivable (Note 11)	9.184.332	303.056	(189.918)	(520.512)	8.776.958
Accumulated impairment losses in inventories (Note 10)	1.452.410	1.002.950	(153.406)	(80.849)	2.221.105
Provisions	514.525	695.982	(200.014)	(128.946)	881.547

The variation observed in the caption impairment losses is related essentially with write-off of impairments in accounts receivable.

25. INCOME TAX (INCOME STATEMENT)

The income tax for the year ended as of December 31, 2019 and 2018 was as follows:

	2019	2018
Income Tax	4.578.311	5.315.895
Deferred income taxes (Note 14)	121.189	(554.080)
	4.699.500	**4.761.815**

Then is presented the decomposition of current income tax expense (see additional information in note 25):

TOTAL INCOME TAX	2019	2018
Insufficient taxes estimation	300.036	-
Excess taxes estimation	(72.411)	-
Tax Refunds	(65.940)	(439)
Current taxes estimation (Note 20)	4.416.627	5.316.334
Deferred income taxes (Note 14)	121.188	(554.080)
	4.699.500	**4.761.815**

The reconciliation of the earnings before taxes of the years ended at December 31, 2019 and 2018 can be summarized as follows:

	2019	2018
Profit before taxation	16.346.099	17.634.378
Tax on profit	22,50%	22,50%
Theoretical tax charge	**3.677.872**	**3.967.735**
Accounting surplus	(357.933)	(560.569)
Fiscally surplus	136.939	123.498
Non-deductible expenses	550.301	233.459
Fair value adjustments	(69.398)	20.808
Fiscally adjustments	3.899	(2.742)
Depreciation not taxed	8.609	79.255
Non-deductible provisions	14.041	119.494
Others	(330.384)	404.901
Effective Tax	3.633.946	4.385.839
Additional Income tax	782.681	930.495
Excess/Insufficient tax	227.625	-
Tax Refunds	(65.940)	(439)
Income tax	4.578.312	5.315.895
Deferred income taxes	121.188	(554.080)
Effective tax charge	**4.699.500**	**4.761.815**
Effective tax rate	**28,75%**	**27,00%**

26. EARNINGS PER SHARE

The earnings per share for the year ended as of December 31, 2019 and 2018 were computed based on the following amounts:

	2019	2018
Net Income		
Basic	11.646.599	12.872.563
Diluted	11.646.599	12.872.563
Number of shares	35.000.000	35.000.000
Earnings per share (basic and diluted)	0,333	0,368

During 2019 and 2018 there were no changes in the number of shares outstanding.

27. SEGMENT INFORMATION

The main information relating to the business segments existing on December, 2019 and 2018, prepared according to the same accounting policies and criteria adopted in the preparation of the consolidated financial statements, is as follows:

	NATIONAL								FOREIGN						
	VEHICLES				INDUSTRIAL EQUIPMENT				VEHICLES		INDUSTRIAL EQUIPMENT			ELIMINATIONS	CONSOLIDATED
2019	INDUSTRY	COMMERCIAL	SERVICES	RENTAL	MACHINES	SERVICES	RENTAL	OTHERS	INDUSTRY	COMMERCIAL	MACHINES	SERVICES	RENTAL		
PROFIT															
Turnover	56.023	501.202.755	22.805.053	40.991.948	18.153.358	5.525.169	15.374.754	-	45.748.629	21.004.430	327.457	20.468	8.809	(192.681.857)	478.536.997
Income															
Operational income	11.725	12.517.164	287.311	263.907	1.317.830	2.781.549	936.752	(10.868)	(1.072.459)	309.240	30.265	12.888	5.044	902.338	18.292.685
Financial Income	(157)	(1.354.312)	(30.809)	(313.017)	(36.596)	(16.126)	(39.885)	(59)	(136.628)	(19.125)	(976)	(61)	(27)	1.193	(1.946.586)
Net income with non-controlling interests	11.567	6.903.988	187.317	(41.238)	1.281.234	2.765.423	898.846	(11.059)	(1.209.087)	202.003	29.289	12.827	5.017	610.473	11.646.599
Total consolidated assets	21.084.296	269.032.313	12.312.177	29.780.351	6.506.966	1.994.475	26.181.186	46.189.847	-	6.327.927	-	-	-	(108.910.323)	310.499.214
Total consolidated liabilities	182.631	162.150.079	8.290.436	29.458.817	231.160	317.871	29.342.534	15.808	-	1.625.840	-	-	-	(63.954.544)	167.660.631
Capital expenses	843.984	8.665.679	880.486	4.326.108	-	115.716	6.959.346	1.679	-	241.356	-	-	-	28.485	22.062.839
Depreciations	709.129	6.411.249	587.469	9.752.931	68.172	66.157	7.401.522	1.120	-	175.760	-	-	-	(442.604)	24.730.905

	NATIONAL								FOREIGN						
	VEHICLES				INDUSTRIAL EQUIPMENT				VEHICLES		INDUSTRIAL EQUIPMENT			ELIMINATIONS	CONSOLIDATED
2018	INDUSTRY	COMMERCIAL	SERVICES	RENTAL	MACHINES	SERVICES	RENTAL	OTHERS	INDUSTRY	COMMERCIAL	MACHINES	SERVICES	RENTAL		
PROFIT															
Turnover	91.034	504.474.453	16.653.015	40.375.828	15.629.416	5.106.987	14.996.228	-	47.360.202	24.438.265	143.728	25.230	7.425	(209.287.689)	460.014.122
Income															
Operational income	406	14.635.439	356.046	390.730	1.249.953	3.047.468	892.980	(25.190)	20.613	697.473	21.041	13.706	2.715	(2.166.120)	19.137.260
Financial Income	6.478	(923.543)	9.212	(298.487)	(39.036)	(17.072)	(42.674)	32	(163.443)	(33.849)	(466)	(89)	(23)	78	(1.502.882)
Net income with non-controlling interests	5.108	10.176.502	263.516	98.037	898.375	2.248.241	651.976	(19.566)	(105.965)	456.220	15.265	10.102	1.998	(1.827.246)	12.872.563
Total consolidated assets	27.259.333	315.453.824	10.389.523	36.815.461	6.917.401	1.957.891	27.607.851	64.562.015	-	7.600.021	-	-	-	(178.510.829)	320.052.491
Total consolidated liabilities	4.910.963	212.773.662	7.594.391	36.648.681	1.748.652	270.185	26.774.122	3.600.849	-	2.895.736	-	-	-	(115.037.879)	182.179.362
Capital expenses	554.690	13.076.575	859.235	18.474.895	-	118.859	5.030.494	2.988	-	149.936	-	-	-	(399.455)	37.868.217
Depreciations	717.605	1.686.726	2.135.840	11.968.684	71.145	66.098	6.231.665	630	-	176.023	-	-	-	(104.798)	22.949.618

The line "Turnover" includes Sales, Service Rendered and the amount of about 13.418.442Euros (13.101.962 Euros as of December 31, 2018) related to equipment rentals accounted in Other Operating Income (Note 31).

The column "Eliminations" mainly includes the elimination of transactions between Group companies included in consolidation, mainly belonging to Vehicles segment.

There is no revenue associated with transactions between the motor vehicle segment and the industrial equipment segment.

28. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKETS

The detail of sales and services rendered by geographic markets, during the years ended as of December 31, 2019 and 2018, was as follows:

	2019		2018	
MARKET	AMOUNT	%	AMOUNT	%
National	404.451.607	86,96%	383.699.911	85,86%
Belgium	45.616.883	9,81%	47.145.133	10,55%
African Countries with Official Portuguese Language	14.474.159	3,11%	15.493.747	3,47%
Spain	103.130	0,02%	59.068	0,01%
United Kingdom	11.369	0,00%	37.108	0,01%
Germany	6.500	0,00%	8.667	0,00%
Others	454.907	0,10%	431.176	0,10%
	465.118.555	**100,00%**	**446.874.810**	**100,00%**

Given the nature of the Group's business, revenue is all recorded "point in time" with the exception of a total of 8.232.175 euros related to the services rendered by the subsidiary Caetano Renting whose revenue is recognized "over the time".

As of 2019, Finance and Insurance became part of the Group's current activity, which until then was considered as supplementary income.

29. EXTERNAL SUPPLIES AND SERVICES

As of December 31, 2019 and 2018, the caption "External supplies and services" was as follows:

	2019	2018
Subcontracts	**1.752.945**	**1.777.920**
Specialized Services	**22.340.537**	**19.193.567**
Professional Services	5.831.829	6.693.830
Advertising	12.524.056	8.138.044
Vigilance and Security	527.153	469.186
Professional Fees	1.011.418	928.391
Commissions	269.353	514.766
Repairs and Maintenance	2.176.728	2.449.350
Materials	**996.574**	**858.248**
Utilities	**3.266.686**	**3.394.927**
Travel and transportation	**3.725.795**	**3.528.700**
Traveling expenses	1.972.728	1.905.850
Personnel transportation	106.624	99.112
Transportation of materials	1.646.443	1.523.738
Other supplies	**12.488.144**	**13.560.878**
Short-term and low-value leases	1.356.723	2.465.913
Communication	712.508	716.925
Insurance	1.575.926	1.510.749
Royalties	379.216	446.094
Notaries	31.193	25.650
Cleaning and confort	928.778	843.864
Other services	7.503.800	7.551.683
	44.570.681	**42.314.240**

30. PAYROLL EXPENSES

Payroll expenses are decomposed as follows:

	2019	2018
Payroll Management	714.825	582.204
Payroll Personnel	28.181.804	27.941.095
Pensions Benefits Plan	1.299.548	836.970
Indemnities	413.884	715.082
Social Security Contribution	6.942.503	7.275.895
Workmen´s Insurance	430.026	470.425
Others	3.388.339	3.342.526
	41.370.929	**41.164.197**

During 2019 and 2018, the average number of personnel was as follows:

PERSONNEL	2019	2018
Employees	1.084	1.074
Workers	453	455
	1.537	**1.529**

31. OTHER OPERATING INCOME AND EXPENSES

As of December 31, 2019 and 2018, the caption "Other operating income" was as follows:

OTHER OPERATING INCOME	2019	2018
Lease Equipment	13.418.442	13.101.962
Guarantees recovered (Toyota)	9.216.974	12.387.595
Rents charged	4.344.359	3.937.061
Work for the Company	3.804.290	3.525.438
Subsidies	3.202.058	2.883.793
Advertising expenses and sales promotion recovered	2.478.772	4.085.723
Services provided	2.196.422	1.960.062
Expenses recovered	2.170.939	1.925.722
Gains in the disposal Tangible Fixed Assets	366.171	1.480.795
Commissions	101.410	4.999.858
Others	242.212	296.036
	41.542.049	**50.584.045**

From the table presented above, we have:

- Recovery of guarantees and other operational expenses – it includes essentially Toyota Motor Europe guarantees and other charges to concessionaires;
- Services provided – refers mainly to administrative fees charged to companies outside the Toyota Caetano perimeter;
- Expenses recovery – it contains mainly revenues related with social services (canteen and staff training) charged to companies outside the Toyota Caetano perimeter.

As of December 31, 2019 and 2018, the caption "Other operating expenses" was as follows:

OTHER OPERATING EXPENSES	2019	2018
Taxes	1.332.581	1.143.367
Corrections to previous years	346.677	21.241
Losses in other non-financial investments	61.486	170.258
Fines and penalties	34.345	501.021
Losses in Inventories	33.035	73.600
Subscriptions	26.628	27.866
Bad debts	14.180	384.280
Prompt payment discounts granted	9.539	6.515
Donations	7.743	332.580
Losses in other investments	1.815	-
Others	1.548.884	1.639.703
	3.416.913	**4.300.431**

32. FINANCIAL INCOME AND EXPENSES

Consolidated net financial results as of December 31, 2019 and 2018 were as follows:

EXPENSES AND LOSSES	2019	2018
Interest	1.758.306	1.691.988
Other Financial Expenses	213.355	164.407
	1.971.661	**1.856.395**

INCOME AND GAINS	2019	2018
Interest	25.075	13.813
Dividends	-	339.700
	25.075	**353.513**

33. FINANCIAL ASSETS AND LIABILITIES

We summarize in the table below a resume of financial instruments of Toyota Caetano Group as of December 31, 2019 and 2018:

	NOTE	FINANCIAL ASSETS AT AMORTISED COST		FINANCIAL LIABILITIES AT AMORTISED COST	
		2019	2018	2019	2018
Instruments at fair value through capital	9	3.923.974	3.633.413	-	-
Accounts Receivable	11	54.845.526	57.203.815	-	-
Other Debtors - Current	12	2.501.776	2.748.473	-	-
Other Debtors - Non-Current	12	-	-	-	-
Other Current Assets	13	2.623.076	5.041.079	-	-
Bank Loan	18	-	-	10.000.000	39.400.000
Bond Loan	18	-	-	12.500.000	12.500.000
Leases	18	-	-	21.570.710	35.680.425
Bank Overdrafts	18	-	-	162.681	923.669
Car Financing	18	-	-	-	2.499.961
Other Creditors - Current	20	-	-	35.650.367	1.052.827
Accounts Payable	19	-	-	38.236.935	39.907.558
Other Current Liabilities	22	-	-	7.431.068	10.645.026
Cash and Cash Equivalents	15	12.693.644	17.075.155	-	-
		76.587.996	**85.701.935**	**125.551.761**	**142.609.466**

Financial Instruments at Fair Value

	NOTE	ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME 2019	2018
Instruments at fair value through capital	9	3.923.974	3.633.413
		3.923.974	**3.633.413**

Classification and Measurement

	INSTRUMENTS AT FAIR VALUE THROUGH CAPITAL	
	AT FAIR VALUE	AT COST
Cimóvel Fund	3.897.142	-
Others	-	26.832

According to the paragraph 93 of IFRS 13, we provide below, the disclosure of classification and measurement of financial instruments' fair value, by hierarchy level:

a) Level 1 – quoted prices – Instruments at fair value through capital: 3.897.142 Euros (3.566.677 Euros in 2018);

b) Level 2 - inputs different from quoted prices included on level 1 that are observable for the asset or liability, both directly (prices), or indirectly – negotiation derivatives (swap);

c) Level 3 - inputs for the asset or liability that are not based on observable market data.

Impact on the Income Statement and Equity

	IMPACT ON EQUITY	
	2019	2018
Instruments at fair value through capital	330.465	(99.087)
	330.465	**(99.087)**

34. OPERATIONAL LEASE

During the period of 2019 and 2018, the minimum payments for operational leases were as follows:

	31/12/2018	PRACTICAL EXPEDIENT IFRS 16 < 1 YEAR	UNWINDING EFFECT	OTHER VARIATIONS	01/01/2019
Minimum payments of operational lease	3.538.155	1.026.096	79.238	347.830	2.084.991
	3.538.155	**1.026.096**	**79.238**	**347.830**	**2.084.991**

35. RELATED PARTIES

Balances and transactions between the Parent Company and its affiliates, which are related entities to the Parent Company, were eliminated in the consolidation process, so they will not be disclosed in this Note. Balances and transactions details between the Group and the related parties (through Salvador Caetano Group, S.G.P.S, S.A.) can be summarized as follows:

2019	COMMERCIAL DEBTS		PRODUCTS		FIXED ASSETS		SERVICES		OTHERS	
COMPANY	RECEIVABLE	PAYABLE	SALES	PURCHASES	PURCHASES	RECEIVABLE	PAYABLE	SALES	SALES	PURCHASES
Amorim Brito & Sardinha, Lda.	738	-	-	-	-	-	-	-	-	7.200
Atlântica - Companhia Portuguesa de Pesca, S.A.	5.173	-	-	-	-	-	-	-	-	-
Auto Partner Imobiliária, S.A.	1.595	23.900	-	-	-	-	-	33.940	-	-
Cabo Verde Rent-a-Car, Lda.	199.553	41.767	441.171	391.764	-	-	675	229.454	-	-
Caetano Active, S.A.	3.414	-	1.487	-	-	-	12.035	2.110	-	322
Caetano Aeronautic, S.A.	140.142	85	2.096	-	-	6.000	32.841	210.938	-	685.531
Caetano Baviera - Comércio de Automóveis, S.A.	212.295	113.048	165.555	559.952	-	-	45.438	68.593	1.684	235.740
Caetano City, S.A.	716.938	62.835	3.282.334	26.183	-	153.757	623	114.732	136.519	2.307
Caetano Drive, Sport e Urban, S.A.	11.659	107.496	(26.471)	73.548	-	-	(343)	368.582	-	6.217
Caetano Energy, S.A.	30.375	(265)	1.409	11.220	-	-	18.206	(794)	-	3.389
Caetano Fórmula, S.A.	21.173	271.302	(13.738)	732.155	-	-	(7.729)	(20.095)	-	6.117
Caetano Fórmula Cádiz, S.L.	374	-	-	-	-	-	-	-	-	374
Caetano Fórmula East África, S.A.	-	-	35	-	-	-	-	-	-	2.490
Caetano Fórmula Galicia, S.L.U.	-	-	-	-	-	-	-	-	-	130
Caetano Fórmula West África, S.A.	143	-	-	-	-	-	-	-	-	270
Caetano Mobility, S.A.	57	-	-	-	-	-	-	-	-	46
Caetano Motors, S.A.	101.091	238	(23.419)	-	-	-	(11.454)	32.500	-	3.648
Caetano Motors Cádiz, S.L.	220	-	-	-	-	-	-	-	-	220
Caetano Move África, S.A.	21	-	-	-	-	-	-	-	-	261
Caetano One CV, Lda.	21.606	2.553	43.975	40.428	31.939	-	37.322	2.191	-	42.066
Caetano Parts, Lda.	57.353	1.437.752	1.645.259	5.239.857	-	-	1.409	14.329	-	2.662
Caetano Power, S.A.	37.712	817	(29.460)	70.174	-	-	(10.897)	(10.035)	-	2.287
Caetano Retail (SGPS), S.A.	168.360	11.007	763	-	-	-	76	18.046	-	304.996
Caetano Retail España, S.A.U.	124.316	-	-	-	-	-	-	-	-	126.185
Caetano Squadra África, S.A.	21	-	-	-	-	-	-	-	-	60
Caetano Star, S.A.	24.054	288	1.285	-	-	-	-	617	(795)	19.108
Caetano Technik, Lda.	6.864	12.452	(23.533)	25.810	-	-	(13.331)	3.528	-	1.795
CaetanoBus - Fabricação de Carroçarias, S.A.	2.731.487	308.749	106.390	66.771	-	150	153.388	117.912	3.793	2.450.480
Caetsu Publicidade, S.A.	42.167	1.284.895	80.655	42.572	-	-	5.162	3.693.514	-	10.621
Carplus - Comércio de Automóveis, S.A.	49.620	-	45.333	1.590	-	-	64.195	26.200	-	17.138
Choice Car, S.A.	5.237	-	-	-	-	-	-	16.014	-	40.684

2019	COMMERCIAL DEBTS		PRODUCTS		FIXED ASSETS		SERVICES		OTHERS	
COMPANY	RECEIVABLE	PAYABLE	SALES	PURCHASES	PURCHASES	RECEIVABLE	PAYABLE	SALES	SALES	PURCHASES
COCIGA - Construções Civis de Gaia, S.A.	11.081	134.104	-	-	606.082	-	12.172	112.014	19.440	12.491
COVIM - Soc. Agrícola, Silvícola e Imobiliária, S.A.	-	-	-	-	-	-	-	2.000	-	-
Finlog - Aluguer e Comércio de Automóveis, S.A.	411.040	214.911	1.746.234	1.277.015	-	-	411.133	1.558.072	79.046	106.376
Fundação Salvador Caetano	649.625	-	-	-	-	-	-	-	-	224
Grupo Salvador Caetano, (SGPS), S.A.	-	-	-	-	-	-	-	4.150	-	34
Guérin - Rent-a-Car (Dois), Lda.	809.771	3.026	137.452	102	-	-	1.403.601	7.641	-	454.566
Guerin Rent A Car, S.L.U.	2.432	-	-	-	-	-	-	-	-	2.432
Hyundai Portugal, S.A.	9.593	-	5.280	-	-	-	11.803	-	-	51.416
Lidera Soluciones, S.L.	4.262	2.428	-	-	-	-	-	105.276	-	5.061
Lusilectra - Veículos e Equipamentos, S.A.	103.745	178.709	97.924	23.398	71.245	-	72.986	473.390	6.740	60.661
MDS Auto - Mediação de Seguros, S.A.	15.741	-	1.175	-	-	-	903.325	-	-	2.498
Movicargo - Movimentação Industrial, Lda.	2.661	362.599	-	875.365	-	-	6.749	905.842	63.082	15.336
P.O.A.L. - Pavimentações e Obras Acessórias, S.A.	17.806	-	-	-	-	-	-	-	-	-
Portianga - Comércio Internacional e Participações, S.A.	354.832	350.077	408.274	-	-	-	43.689	332.745	-	87.931
RARCON - Arquitectura e Consultadoria, S.A.	-	59.697	17.943	-	54.087	-	-	147.756	-	256
Rigor - Consultoria e Gestão, S.A.	112.012	1.145.460	118	-	32.826	-	187.796	3.796.431	22.508	256.872
Robert Hudson, LTD	-	-	834	-	-	-	-	-	-	-
Salvador Caetano Auto África, (SGPS), S.A.	39	-	-	-	-	-	-	-	-	91
Salvador Caetano Auto, (SGPS), S.A.	21	-	-	-	-	-	-	-	-	94
Salvador Caetano Equipamentos, S.A.	10	-	-	-	-	-	-	-	-	9
SIMOGA - Sociedade Imobiliária de Gaia, S.A.	1.374	-	-	-	-	-	-	-	-	-
Sózó Portugal, S.A.	8.528	-	-	-	-	-	-	-	-	22.430
Toyota Motor Corporation	3.501.528	15.848.490	45.547.690	220.102.773	30.000	-	-	535.174	667.361	4.144.481
Toyota Motor Europe, NV/SA	369	-	-	-	-	-	-	-	-	3.600
Turispaiva - Sociedade Turística Paivense, S.A.	369	-	-	-	-	-	-	-	-	3.600
VAS África (SGPS), S.A.	21	-	-	-	-	-	-	-	-	34
Vas Cabo Verde, Sociedade Unipessoal, S.A.	8.380	3.152	104.688	11.297.199	4.232.200	86.743	403.747	1.462.124	102.073	283.488
	11.070.995	**26.386.327**	**53.768.738**	**283.676.953**	**5.058.379**	**246.650**	**3.784.617**	**14.501.649**	**1.579.476**	**9.648.281**

2018	COMMERCIAL DEBTS		PRODUCTS		FIXED ASSETS		SERVICES		OTHERS	
COMPANY	RECEIVABLE	PAYABLE	SALES	PURCHASES	PURCHASES	RECEIVABLE	PAYABLE	SALES	SALES	PURCHASES
Amorim Brito & Sardinha, Lda.	167	-	-	-	-	-	-	-	-	2.805
Atlântica - Companhia Portuguesa de Pesca, S.A.	5.173	-	-	-	-	-	-	-	-	17
Auto Partner Imobiliária, S.A.	1.595	17.749	-	-	-	-	-	61.199	-	17
Cabo Verde Rent-a-Car, Lda.	103.353	9.133	-	-	-	-	140.613	185.095	-	-
Caetano Active, S.A.	1.008	430	396	-	-	-	11.465	1.369	-	27
Caetano Aeronautic, S.A.	56.112	8.659	548	-	-	-	28.496	310.226	311.829	449.949
Caetano Baviera - Comércio de Automóveis, S.A.	328.816	133.508	3.459.002	504.545	-	-	39.455	285.827	608.581	247.569
Caetano City e Active (Norte), S.A.	338.497	91.763	3.496.594	8.051	-	131.348	461	103.899	279.244	(45.452)
Caetano Drive, Sport e Urban, S.A.	60.204	83.916	(37.702)	11.830	-	-	117.772	327.303	-	(528)
Caetano Energy, S.A.	55.784	14.251	11.228	24.002	-	-	50.267	14.122	-	6.692
Caetano Fórmula, S.A.	2.667	185.589	(17.820)	846.454	-	-	25.303	(18.659)	-	1.204
Caetano Formula East África, S.A.	2.042	-	-	-	-	-	-	-	-	3.738
Caetano Fórmula West África, S.A.	330	-	-	-	-	-	-	-	-	297
Caetano Motors, S.A.	128.967	76	(20.155)	842	-	-	36.457	21.911	-	1.723
Caetano Move África, S.A.	84	-	1.099	-	-	-	-	-	-	95
Caetano One CV, Lda.	116.632	3.269	-	-	-	-	29.372	1.015	-	-
Caetano Parts, Lda.	123.042	1.408.346	1.833.129	5.572.139	-	-	1.977	16.227	2.241	1.318
Caetano Power, S.A.	66.068	30.533	(33.470)	698	-	-	73.969	2.152	(106.605)	(513)
Caetano Retail (SGPS), S.A.	233.612	18.648	1.044	-	-	-	1.895	13.327	-	328.861
Caetano Retail España, S.A.U.	-	-	-	-	-	-	-	-	-	5.635
Caetano Squadra África, S.A.	383	-	-	-	-	-	-	-	-	379
Caetano Star, S.A.	21.540	1.646	4.107	874	-	-	-	2.394	1.034	28.620
Caetano Technik, Lda.	10.148	24.652	1.834	49.227	-	-	21.823	1.487	-	3.235
CaetanoBus - Fabricação de Carroçarias, S.A.	4.208.338	187.538	90.852	67.876	9.000	4.930	117.448	212.781	252.046	2.526.924
Caetsu Publicidade, S.A.	5.768	682.197	60.059	-	-	-	4.882	3.467.986	3.255.334	6.833
Carplus - Comércio de Automóveis, S.A.	12.481	2.093	40.442	35.732	-	-	86.001	176	450	15.916
Choice Car, S.A.	3.451	758	-	-	-	-	-	19.573	19.631	18.303
COCIGA - Construções Civis de Gaia, S.A.	5.727	433.081	-	-	185.467	-	9.302	227.476	227.476	11.152
COVIM - Soc. Agrícola, Silvícola e Imobiliária, S.A.	-	-	-	-	-	-	-	2.000	2.000	-
Finlog - Aluguer e Comércio de Automóveis, S.A.	395.828	336.409	1.480.563	377.739	-	-	419.135	1.297.800	538.611	58.813
Fundação Salvador Caetano	617.686	-	-	-	-	-	-	-	-	21
Grupo Salvador Caetano, (SGPS), S.A.	-	-	-	-	-	-	-	-	-	85
Guérin - Rent-a-Car (Dois), Lda.	498.155	116.193	156.491	148.228	-	-	1.550.920	13.668	10.159	178.262

2018	COMMERCIAL DEBTS		PRODUCTS		FIXED ASSETS		SERVICES		OTHERS	
COMPANY	RECEIVABLE	PAYABLE	SALES	PURCHASES	PURCHASES	RECEIVABLE	PAYABLE	SALES	SALES	PURCHASES
Hyundai Portugal, S.A.	9.315	-	8.256	35	-	-	39.735	-	-	46.267
Ibericar Motors Cádiz, S.L.	-	-	-	-	-	-	-	-	-	385
Ibericar Reicomsa, S.A.	-	-	-	-	-	-	-	-	-	752
Lidera Soluciones, S.L.	-	70.016	-	-	-	-	-	191.388	71.924	-
Lusilectra - Veículos e Equipamentos, S.A.	31.522	169.409	48.002	66.455	5.253	-	68.839	429.329	155.920	60.308
MDS Auto - Mediação de Seguros, S.A.	2.312	-	132	-	-	-	106	-	-	6.017
Movicargo - Movimentação Industrial, Lda.	3.737	551.869	290	890.759	-	-	8.009	866.334	659.348	6.082
P.O.A.L. - Pavimentações e Obras Acessórias, S.A.	17.806	-	-	-	-	-	-	-	-	-
Portianga - Comércio Internacional e Participações, S.A.	125.133	332.520	150.182	648	-	-	49.368	310.152	251.665	75.838
RARCON - Arquitectura e Consultadoria, S.A.	-	39.655	-	-	6.340	-	-	94.742	94.742	-
Rigor - Consultoria e Gestão, S.A.	44.794	1.386.682	1.020	-	26.857	-	168.483	3.960.998	2.415.788	252.717
Robert Hudson, LTD	1.161	-	2.994	-	-	-	-	-	-	1.474
Salvador Caetano Auto África, (SGPS), S.A.	63	-	-	-	-	-	-	-	-	145
Salvador Caetano Auto, (SGPS), S.A.	48	-	-	-	-	-	-	-	-	124
Salvador Caetano Capital, (SGPS), S.A.	31	-	-	-	-	-	-	-	-	26
Salvador Caetano Equipamentos, S.A.	-	-	-	-	-	-	-	-	-	9
SIMOGA - Sociedade Imobiliária de Gaia, S.A.	1.374	-	-	-	-	-	-	-	-	-
Sózó Portugal, S.A.	1.902	-	-	-	-	-	-	-	-	13.437
Toyota Motor Corporation	21.360	4.021.475	-	39.649.935	-	-	-	71.049	429.125	137.141
Toyota Motor Europe, NV/SA	4.482.577	18.137.237	45.926.494	222.831.351	-	-	-	490.762	(4.967.015)	4.379.273
Turispaiva - Sociedade Turística Paivense, S.A.	138	-	-	-	-	-	-	-	-	1.448
VAS África (SGPS), S.A.	105	-	-	-	-	-	-	-	-	85
Vas Cabo Verde, Sociedade Unipessoal, S.A.	250.084	1.747	44.625	-	-	-	78.097	5.356	-	117.540
	12.397.120	**28.501.047**	**56.710.236**	**271.087.420**	**232.917**	**136.278**	**3.179.650**	**12.990.464**	**4.513.528**	**8.951.065**

Goods and services purchased and sales to related parties were made at market prices.

36. CONTINGENT ASSETS AND LIABILITIES

Financial commitments assumed and not included in Consolidated Statement of Financial Position:

As of December 31, 2019 and 2018, Toyota Caetano Group had assumed the following financial commitments:

COMMITMENTS	2019	2018
Guarantees of Imports	4.000.000	4.000.000
Other financial guarantees	1.914.401	253.063
	5.914.401	**4.253.063**

At December 31, 2019 and 2018, the financial commitments classified as "Guarantees for Imports" the amount of 4 million Euros is related with guarantees on imports provided to Customs Agency.

The caption "Other debtors" includes, on December 31, 2019 and 2018, the amount of approximately 800,000 Euros receivable from related company Salvador Caetano Auto África, S.G.P.S., S.A..

Following the 14 million Euros debt contracting, the Group has granted mortgages to the respective financial institutions, valued at about 23,4 million Euros, at the financing date.

Taxes Liquidation:

Toyota Caetano Portugal, S.A.

Litigations in progress

Claim against agency contract termination

The judicial claim presented by a former agent, who was pendent of appeal at the Supreme Court of Justice, was concluded. As conviction of the Board of Directors, no responsibilities were result by the Group.

Judicial claim against collective dismissal

The judicial claim against collective dismissal was completed in 2016 with the existence of agreements.

The Board of Director and its legal advisors believe that the collective dismissal process occurred in 2012, is based on strong market, structural and technological reasons. It is conviction of the board that no responsibilities will arise for the Group from the end of this process.

End of life vehicles

In September 2000, the European Commission approved a Directive regarding end-of-life vehicles and the responsibility of Producers/Distributors for dismantling and recycling them.

Producers/Distributors will have to support at least a significant part of the cost of the dismantling of vehicles that went to the market after July 1, 2002, as well as in relation to vehicles produced before this date, but presented as of January 1, 2007.

This legislation will impact Toyota vehicles sold in Portugal. Toyota Caetano and Toyota are closely monitoring the development of Portuguese National Legislation in order to access the impact of these operations in its financial statements.

It is our conviction, in accordance with studies performed on the Portuguese market, and taking in consideration the possible usage of the vehicles parts resulting from the dismantlement, that the effective impact of this legislation in the Group accounts will be reduced or nil.

Meanwhile, and according to the legislation in force (Dec./Law 196/2003), the Group signed a contract with "ValorCar – Sociedade de Gestão de Veículos em Fim de Vida, Lda" - a licensed entity for the management of an integrated system of ELV- the transfer of the liabilities in this process.

Information related to environmental area

The Group adopts the necessary measures relating to the environment, aiming to fulfil current applicable legislation.

The Toyota Caetano Group Board of Directors does not estimate that there are risks related to the environmental protection and improvement, not having received any infraction related to this matter during 2019.

37. REMUNERATION OF BOARD MEMBERS

The remuneration of the board members during the years 2019 and 2018, was as follows:

BOARD MEMBERS	2019	2018
Board of Directors		
Fixed remunerations	714.825	582.204

38. REMUNERATION OF STATUTORY AUDITOR

The remuneration of the Statutory Auditor, PricewatherhouseCoopers & Associados – S.R.O.C., Lda. for December 31, 2019 and 2018, was as follows:

	2019	2018
Total fees related to statutory audit	50.000	55.000
Total fees related to account review	3.000	3.000
Total fees related to assurance services	1.000	1.000
	54.000	**59.000**

39. SUBSEQUENT EVENTS

Since the end of the semester to the present date, Salvador Caetano -Auto- S.G.P.S., S.A. acquired 839.813 shares of par value of 1 Euro each, fully realized and representative.

On August 8, 2019, Salvador Caetano -Auto- SGPS, SA, as a shareholder of Toyota Caetano Portugal, proposed to deliberate, under the terms and for the purposes of paragraph b) of number 1 of article 27 of the Code Securities, on the loss, by Toyota Caetano Portugal SA, of the status of the Public company status.

Since the end of 2019, we could not disclose this attachment without clarifying that it was prepared before the declaration by the WHO of the State of Pandemic.

Aware of the economic and financial reflexes that will be experienced in Portugal from March 2020, which will have inherently negative effects on the activity / profitability of the Company during economic exercise 2020 and not being possible at this moment to quantify it, it is important to mention that are available unused bank credit lines of over 50 M€, thus ensuring, in our view, the continuity of operations for at least a 12-month period.

40. FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved by the Board of Directors on March 17, 2020.

According to the Portuguese Commercial Companies Code, it is possible the amended for these Financial Statements, after approval by the Board of Directors.

41. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese language in accordance with IFRS. In the event of discrepancies, the Portuguese language version prevails.

Chartered Accountant

Alexandra Maria Pacheco Gama Junqueira

Board of Directors

José Reis da Silva Ramos - Chairman
Maria Angelina Martins Caetano Ramos
Salvador Acácio Martins Caetano
Miguel Pedro Caetano Ramos
Katsutoshi Nishimoto
Matthew Peter Harrison
Rui Manuel Machado de Noronha Mendes

05.
OPINIONS

REPORT AND OPINION OF THE FISCAL COUNCIL

1. In accordance with the terms of item g) of article 420.º of the "Código das Sociedades Comerciais" and the Articles of Association, it is our duty submit to your appreciation the report concerning the activity performed and to issue opinion regarding the documents and statements of the individual and consolidated accounts of TOYOTA CAETANO PORTUGAL, SA, referring to the financial year of 2019, which were presented to us by the Board of Directors.

2. In accordance with the assignments conferred to us, during this exercise we proceeded to the follow-up of the social business and to its evolution and, with the frequency and extent considered advisable and appropriate, to the general analysis of the financial procedures, accounting policies and measurement criteria adopted by the company.

3. We had analysed and approved the provision of additional services by PricewaterhouseCoopers & Associados - SROC, Lda. for the year 2019.

4. We have no knowledge of any situation which didn't respect the articles of association and the legal terms applicable.

5. We analysed the Individual Legal Certification of Accounts and the Consolidated Legal Certification of Accounts issued by the Statutory External Auditor, with which we agree.

Thus,

6. All members of the Fiscal Council of TOYOTA CAETANO PORTUGAL, S.A., under the terms of item c) of number 1 of article 245.º of the "Código de Valores Mobiliários", hereby declare that, as far as it is their knowledge, the information provided in item a) of the above referred article, including documents of individual and consolidated accounts, was elaborated according to the accounting rules applicable, evidencing a correct and clear image of the assets and liabilities, of the financial situation and results of TOYOTA CAETANO PORTUGAL, SA and that the management report clearly shows the business evolution, the performance and the position of the Company and companies included in its perimeter of consolidation, evidencing as well a description of the mains risks and incertitude's to be faced.

7. And, under the terms of number 5 of article 420.º of "Código das Sociedades Comerciais", the Fiscal Council of TOYOTA CAETANO PORTUGAL, S.A. states that the report on the structure and practices of corporate governance includes the elements referred in article 245.º-A of "Código dos Valores Mobiliários.

8. Accordingly, we are of the opinion that the Annual General Meeting:

   a) Approve the management report of the Board of Directors and the individual and consolidated Accounts related to the financial year ended on the December 31st, 2019;

   a) Approve the proposal for the net result application, contained in the management report of the Board of Directors.

Vila Nova de Gaia, 18th March 2020

STATEMENT OF THE FISCAL COUNCIL

All members of the Fiscal Council of TOYOTA CAETANO PORTUGAL, S.A., under the terms of item c) of number 1 of article 245.º of the "Código de Valores Mobiliários", hereby declare that, as far as it is their knowledge, the information provided in item a) of the above referred article, including documents of individual and consolidated accounts, was elaborated according to the accounting rules applicable, evidencing a correct and clear image of the assets and liabilities, of the financial situation and results of TOYOTA CAETANO PORTUGAL, SA and that the management report clearly shows the business evolution, the performance and the position of the Company and companies included in its perimeter of consolidation, evidencing as well a description of the mains risks and incertitude's to be faced.

Vila Nova de Gaia, 18th March 2020

STATUTORY AUDIT REPORT AND AUDITORS' REPORT

(Free translation from the original in Portuguese)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Toyota Caetano Portugal, S.A. (the Entity), which comprise the statement of financial position as at 31 December 2019 (which shows total assets of Euro 254.780.574 and total shareholders' equity of Euro 141.324.356 including a net profit of Euro 11.593.984), the statement of income by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the 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.

Emphasis

As mentioned in note 35 of the Annex, we emphasize that the Covid-19 pandemic, whose effects will be felt in Portugal from March 2020, will have negative impact on the activity and profitability of the Company during 2020, although it is not possible at this time to quantify those impacts.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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 the key audit matters to be communicated in our report.

Key audit matter	Summary of the audit approched
Revenue cut-off Disclosures related with revenue presented in the notes to the financial statements 2.3.n) and 23. The Company's revenue amounts to Euro 362 million This amount includes Euro 33 million referent to sales occurred in December. According to IFRS 15, revenue is recognized in the income statement when the control is transferred from the seller to the buyer, and this recognition may be effected at one time if the transfer of control takes place on a specific date or over time if that transfer takes place over a certain period of time. The automatic recognition of revenue is made at the moment of billing issuance. In a moment after that, a manual adjustment is made to the sales related with cars that, at the reporting date, were not delivered to the clients. This issue is a key audit matter because there is a gap between the billing moment and the moment of the transfer of control to the client, and also because the mentioned adjustment results from a manual procedure.	In order to mitigate the risk of a cut-off error concerning revenue recognition arising from sales of goods, we have performed the following audit procedures: - Identification and test of key controls related with revenues and receivables processes; - Inventory counting assistance and analysis of adjustments made to inventory; - Tests of detail to the cut-off assertion through the verification of delivery notes; - Tests of detail to revenue manual adjustments; - Analytical procedures to the caption sales (variance analysis against last year and budget); - Verification of disclosures
Used cars valuation Disclosures related with inventory presented in the notes to the financial statements 2.3.e) and 11. The Company presents in the statement of financial position, inventory amounting to Euro 75 million, representing about 30% of total assets. The mentioned amount includes Euro 65 million related with merchandise, which are measured at the lower of average acquisition cost and net realizable value. The amount of merchandise contains Euro 17 million referent to used cars, being the respective cumulative impairment losses of Euro 562 thousand. According to IAS 2, merchandise and raw and subsidiary materials are measured at the lower over the average cost and the net realisable value. The inventory cumulative impairment losses reflect the difference between the acquisition cost and the net realizable value. This issue is a key audit matter because of the volatility of the amount of used cars in inventory as well as the judgement inherent to assessment of impairment losses. There is the risk of the amount recognized of cumulative impairment losses not totally reflect the effective loss of value and the difference between both amounts be material.	In order to mitigate the risk of the carrying amount of used cars inventory being greater that their net realizable value, we have performed the following audit procedures: - Test of detail to the valuation of used cars inventory as of December 31, 2019 - Validation and recalculation of the assumptions made by the Management of the Company. - Analytical review to margins of used cars as well as to inventory turnover related with used cars. - Analysis of used cars' sales occurred after December 31, 2019 in order to identify situations in that the net realizable amount is lower than the carrying amount as of December 31, 2019.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

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

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

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

d) the adoption of appropriate accounting policies and criteria;

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

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's 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; and

h) confirm to the supervisory board 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 included in the Directors' report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law, and verifying that the non-financial information was presented.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified. As set forth in paragraph 7 of article No. 451 of the Portuguese Company Law, this opinion is not applicable to the non-financial statement included in the Director's report.

Non-financial statement set forth in article No. 66-B of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity included in its Director's report the non-financial statement set forth in article No. 66-B of the Portuguese Company Law.

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 the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

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 of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of the Entity in the Shareholders' General Meeting of 23 April 2010 having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 12 April 2019 for the period from 2019 to 2022.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Entity's supervisory board as of 17 March 2020.

d) 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 ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Entity in conducting our audit.

18 March 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:
José Miguel Dantas Maio Marques, R.O.C.

STATUTORY AUDIT REPORT AND AUDITORS' REPORT

(Free translation from the original in Portuguese)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Toyota Caetano Portugal, S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2019 (which shows total assets of Euros 310.499.214 and total shareholders' equity of Euros 142.838.583 including a net profit of Euros 11.593.984), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

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

Emphasis

As mentioned in note 39 of the Annex, we emphasize that the Covid-19 pandemic, whose effects will be felt in Portugal from March 2020, will have negative impact on the activity and profitability of the Company during 2020, although it is not possible at this time to quantify those impacts.

Our opinion is not modified in respect of this matter.

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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Summary of the Audit Approach
Revenue cut-off Disclosures related with revenue presented in the notes to the consolidated financial statements 2.3.p) and 28. The Group's revenue amounts to Euro 465 million. This amount includes Euro 52 million referent to sales occurred in December. According to IFRS 15, revenue is recognized in the income statement when the control is transferred from the seller to the buyer, and this recognition may be effected at one time if the transfer of control takes place on a specific date or over time if that transfer takes place over a certain period of time. The automatic recognition of revenue is made at the moment of billing issuance. In a moment after that, a manual adjustment is made to the sales related with cars that, at the reporting date, were not delivered to the clients. This issue is a key audit matter because there is a gap between the billing moment and the moment of the transfer of control to the client, and also because the mentioned adjustment results from a manual procedure.	In order to mitigate the risk of a cut-off error concerning revenue recognition arising from sales of goods, we have performed the following audit procedures: - Identification and test of key controls related with revenues and receivables processes; - Inventory counting assistance and analysis of adjustments made to inventory; - Tests of detail to the cut-off assertion through the verification of delivery notes; - Tests of detail to revenue manual adjustments; - Analytical procedures to the caption sales (variance analysis against last year and budget) - Verification of disclosures
Used cars valuation Disclosures related with inventory presented in the notes to the consolidated financial statements 2.3.e) and 10. The Group presents in the consolidated statement of financial position, inventory amounting to Euro 105 million representing about 34% of total assets. The mentioned amount includes Euro 97 million related with merchandise, which are measured at the lower of average acquisition cost and net realizable value. The amount of merchandise contains Euro 43.8 million referent to used cars, being the respective cumulative impairment losses of Euro 2.5 million. According to IAS 2, merchandise and raw and subsidiary materials are measured at the lower over the average cost and the net realisable value. The inventory cumulative impairment losses reflect the difference between the acquisition cost and the net realizable value. This issue is a key audit matter because of the volatility of the amount of used cars in inventory as well as the judgement inherent to assessment of impairment losses. There is the risk of the amount recognized of cumulative impairment losses not totally reflect the effective loss of value and the difference between both amounts be material.	In order to mitigate the risk of the carrying amount of used cars inventory being greater that their net realizable value, we have performed the following audit procedures: - Test of detail to the valuation of used cars inventory as of December 31, 2019 - Validation and recalculation of the assumptions made by the Management of the Company. - Analytical review to margins of used cars as well as to inventory turnover related with used cars. - Analysis of used cars' sales occurred after December 31, 2019 in order to identify situations in that the net realizable amount is lower than the carrying amount as of December 31, 2019.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

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

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

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

d) the adoption of appropriate accounting policies and criteria; and

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

The supervisory board 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated 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; and

i) confirm to the supervisory board 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 included in the Directors' 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, and verifying that the non-financial information was presented.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified. As set forth in paragraph 7 of article No. 451 of the Portuguese Company Law, this opinion is not applicable to the non-financial statement included in the Director's report.

Non-financial statement set forth in article No. 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 entity included in its Director's report the non-financial statement set forth in article No. 508-G of the Portuguese Company Law.

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 the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

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 of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Toyota Caetano Portugal, S.A. in the Shareholders' General Meeting of 23 April 2010 having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 12 April 2019 for the period from 2019 to 2022.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 17 March 2020.

d) 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 ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

18 March 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:
José Miguel Dantas Maio Marques, R.O.C.

REMUNERATION COMMITTEE DECLARATION:

The Remuneration Committee of Toyota Caetano Portugal, S.A states the following:

a) Compliance with the policy set defined for Financial Year of 2019:

Analyzed all accounting data and other records of Toyota Caetano Portugal, this Committee verified that the changes occurred in the remuneration of the Governing Bodies during the year 2019 complied with the proposals of this Committee approved in the General Meeting of Shareholders of April 12, 2019.

b) Policy of Remuneration applicable during the Financial Year 2020:

In view of the current economic climate and given the forecasts of activity and results for the financial year 2020, provided by the Management of the Company, it is the understanding of this Committee that the amounts of remuneration of the fixed nature for all members of the governing bodies, who maintain executive functions, must respect in its essence the deliberations of the Management concerning the salary policy to be applied to the remaining Employees, in other words, they must in 2020 be updated in a range between 1,4% to 3%.

For the non-Executive, this Committee has the opinion that they shall not receive any remuneration, as it is the practice hitherto followed.

Regarding the Variable Remuneration of the executive members of the Board of Directors, it has been allocated according to the results obtained by the Company, combining with the distribution policy of dividends to the shareholders and the bonus payable to employees.

In 2019, when this remuneration component was attributed, was met the Commission's proposal of not exceeding 3% of the distributable results.

Therefore and referring to paragraph b) of number 3 of article 2 of Law 28/2009 of 19 June, this Remuneration Committee proposes the maintenance of this criteria for 2020, namely that the variable remuneration of the Executive Members of the Board of Directors as a whole does not exceeds 3% of the distributable profits determined in the financial year of 2019.

The decision to award Variable Remuneration depending on the results obtained has implicit the verification of the alignment of interests of the members of the Board of Directors with the interests of the Company and, therefore, is one of the mechanisms to be integrated in paragraph a) of number 3 of article 2 of Law No. 28/2009 of 19 June and simultaneously responding to paragraph e) of the same number of article 2 of Law No.28/2009, ensuring the limitation of the variable remuneration in the case that the results obtained are of a negative nature.

Concerning the information related to paragraph c) of number 3 of article 2 of Law No. 28/2009 of June 19, we certify the absence of any plan of allocation of shares or options to acquire shares by the members of the administration and supervision. This committee proposes to maintain this criterion.

The company's practice in the timing of annual payments must, in our opinion, remain, and therefore shall be excluded the possibility stated in paragraph d) of number 3 of article 2 of Law No. 28/2009.

The Remuneration Committee
Alberto Luis Lema Mandim
Maria Conceição Monteiro da Silva
Francelim Costa da Silva Graça

06.

CORPORATE GOVERNANCE

GOVERNANCE REPORT

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I – CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

As at 31 December 2019, the Company share capital consists of 35.000.000 fully subscribed and nominative shares, each with a nominal value of 1 Euro, all shares being listed on Euronext Lisbon.

There are no shareholders holding special rights.

2. RESTRICTIONS ON TRANSMISSION OF SHARES SUCH AS CLAUSES OF CONSENT FOR SALE, OR LIMITATIONS TO SHARE OWNERSHIP

There are no restrictions on the transferability of shares or limitations to share ownership.

3. NUMBER OF OWN SHARES, SHARE OF SOCIAL CAPITAL AND CORRESPONDING PERCENTAGE OF VOTING RIGHTS THAT CORRESPOND TO THE OWN SHARES

Not applicable

4. SIGNIFICANT AGREEMENTS WITH TERMS OF CHANGE OF CONTROL

See number 6 of Part I.

5. RENEWAL OR REVOCATION OF DEFENSIVE MEASURES, IN PARTICULAR THOSE PROVIDING FOR LIMITING THE NUMBER OF VOTES OF DETENTION OR SENSITIVE EXERCISE BY A SINGLE SHAREHOLDER

Not applicable

6. AGREEMENTS WHICH THE COMPANY IS AWARE AND MAY LEAD TO RESTRICTIONS ON THE TRANSFER OF SECURITIES OR VOTING RIGHTS

This company isn't aware of any parasocial agreement between shareholders.

II – HOLDINGS AND LIABILITIES HELD

7. QUALIFYING SHARES, SHARE CAPITAL AND VOTES OF LIABILITY, AND CAUSES OF POWER ALLOCATION

Qualified holdings in the share capital of Toyota Caetano Portugal, S.A:

SHAREHOLDER	NUMBER OF SHARES	%
Salvador Caetano Auto (SGPS), S.A.	23.937.665	68,393%
Toyota Motor Europe NV/SA	9.450.000	27,000%

8. NUMBER OF SHARES AND BONDS HELD BY MEMBERS OF THE MANAGEMENT AND SUPERVISION.

The members of the Board of Directors and the members of Audit Board don't have any shares or bonds from the company.

BOARD OF DIRECTORS	SHARES	BONDS
José Reis da Silva Ramos	0	0
Maria Angelina Martins Caetano Ramos	0	0
Salvador Acácio Martins Caetano	0	0
Miguel Pedro Caetano Ramos	0	0
Rui Manuel Machado Noronha Mendes	0	0
Matthew Peter Harrison	0	0
Katsutoshi Nishimoto	0	0
Masaru Shimada	0	0
AUDIT BOARD		
José Domingos da Silva Fernandes	0	0
Alberto Luis Lema Mandim	0	0
Daniel Broekhuizen	0	0
Maria Lívia Fernandes Alves	0	0
Akito Takami	0	0

9. SPECIAL POWERS OF THE BOARD OF DIRECTORS, INCLUDING WITH RESPECT TO RESOLUTIONS OF CAPITAL INCREASE

Within the powers of the Board described in paragraph 21 of Part I is not foreseen explicitly granting of any specific power in relation to decisions to increase capital

10. SIGNIFICANT TRADE RELATIONS BETWEEN THE QUALIFYING SHARES AND SOCIETY

During financial year 2019 no business or transactions were performed between the company and holders of qualified holdings or entities with whom they have any relationship, pursuant to Article 20. of Código dos Valores Mobiliários (Portuguese Securities Code), outside of normal market conditions.

B. CORPORATE BOARDS AND COMMISSIONS

I. GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting consists of all shareholders with voting rights, whose remit is to deliberate on statutory changes, evaluate the overall management and auditing of the Company, deliberate on the management report and the financial statements for the year, elect the governing bodies falling under its remit and generally deliberate on all terms submitted thereunto by the Board of Directors.

The company makes the necessary and adequate human resources and logistic support available for the members of the board of the General Shareholders' Meeting, through the company's legal department. The latter collaborates actively in the preparation of the General Shareholders' Meetings, ensuring publication of the respective convening notices, receipt and control of all communications from shareholders and financial intermediaries, working closely and also guaranteeing all the logistics of the general shareholders' meetings.

11. IDENTIFICATION MEMBERS OF THE GENERAL MEETING

The Board of the General Shareholders' Meeting consists of 4 members, as follows:

Jorge Manuel Coutinho Franco da Quinta – President

António José da Cruz Espinheira Rio – Vice-President

Alírio Ferreira dos Santos – Secretary

João António Ferreira de Araújo Sequeira – Secretary

The current board of the General Shareholders' Meeting was elected in 12 April 2019 for a period of 4 years, and ends its mandate in 31 December 2022.

The information below covers the points 12 to 14 of Part I of the form attached to CMVM Regulation no. 4/2013

EXERCISE OF VOTING

Under Article 4 (6) of the Articles of Association, to each group of one hundred shares corresponds one vote.

Shareholders intending to attend must have their shares registered under their name in the Company Share Register or otherwise provide proof of their deposit at a financial intermediary, by fax or e-mail, up to five working days prior to the date set for the General Shareholders' Meeting.

The Company's Articles of Association do not include statutory provisions providing for the existence of shares that do not confer voting rights or which provide that no voting rights are counted over a certain number, when issued by a single shareholder or shareholders related to him/her.

Only those shareholders who are legitimate owners of shares entitling them to at least one vote have the right to attend the General Shareholders' Meeting and to participate in discussions and voting. However, shareholders who do not have the minimum number of one hundred shares may group themselves in such a way as to complete that amount. In this situation, one member must be elected to represent the group, and this representative's identity must be sent by letter addressed to the Chairman of the Board of the General Shareholders' Meeting.

The company's Articles of Association do not include the duty, at least every five years, to subject the resolution of the General Shareholders' Meeting, to maintenance or removal of the statutory rule which provides for limiting the number of votes likely to be held or exercised by a single shareholder individually or by arrangement with other shareholders.

There are no defensive measures intended to cause automatic and serious erosion of company assets in case of transfer of control or change of composition of the management body.

No defined statutory rules exist on the exercise of voting rights except where pertaining to the minimum quorum of 75% required for the approval of the following resolutions:

a) Changes to the Articles of Association;

b) Incorporation of reserve funds in the share capital, namely and specifically revaluation reserves;

c) Transfer, leasing or cession of the operation of all or an important part of the company's activities, and the succession or acceptance of a third-party entity activity;

d) Reduction or increase in capital;

e) Sharing of profits and setting of the dividend percentage, as well as the possible distribution of Free Reserve funds;

f) Issuance of bonds;

g) Election or dismissal of all or some members of the governing bodies;

h) Election or dismissal of the members of the Remuneration Committee;

i) Merger, demerger or dissolution of the Company, as well as the appointment of liquidators;

j) Acquisition, disposal, transfer, leasing and cession of fixed assets with a transaction value greater than two million, five hundred thousand Euros.

In order to deliberate on the matters referred in the previous point, if the required majority is not present during the first convening notice, the General Shareholders' Meeting will meet fifteen days later in order to deliberate on the same matters, with the requirement that the respective decision be voted by a seventy-five percent majority of the votes from present or represented shareholders.

Shareholders may exercise their postal voting rights, in accordance with the following terms and conditions:

a) Postal votes are to be sent to, and received by, the Company's headquarters, by means of registered letter with acknowledgement of receipt, addressed to the Chairman of the Board of the General Shareholders' Meeting, at least five working days prior to the date of the Meeting. The letter should include a statement issued by a financial intermediary providing proof of share ownership and also a sealed envelope containing the vote;

b) The voting paper must be signed by the legitimate shareholder or by his/her legal representative, and if the shareholder is a natural person, the vote shall be accompanied by a certified copy of his/her identification card; if the shareholder is a legal person, the signature should be certified as and empowered to exercise the voting rights.

c) Postal votes shall be considered at the moment of voting at the General Shareholders' Meeting, when they will be added to the votes cast at the meeting.

d) Only votes containing the following clear and unequivocal information shall be deemed valid:

- indication of the General Shareholders' Meeting and of the item/s of the respective agenda to which the vote refers;
- the specific proposal for which it is to be cast, including the indication of the respective proponent or proponents; however, the shareholder casting a postal vote in relation to a given proposal may declare that he/she votes against all other proposals pertaining to the same point of the agenda, with no further specification.
- the precise and unconditional indication of the voting decision for each proposal, as well as whether the vote is maintained in case the proposal is altered by its proponent, the shareholder being permitted to make his/her vote conditional on a given proposal to the approval or rejection of another proposal, within the scope of the same agenda item.

e) It is understood that shareholders who send postal votes vote negatively on all deliberative proposals submitted after issuing the vote.

Toyota Caetano Portugal provides a template for exercising the postal voting right on the Company's website (www.toyotacaetano.pt).

As described in sub-paragraph a) of number I9, the vote ballots must be received by the company up to five days prior to the General Shareholders' Meeting.

We are required to inform that, in accordance with the Company's current Articles of Association, there is no provision for voting by electronic means.

II. MANAGEMENT AND SUPERVISION

COMPOSITION

15. IDENTIFICATION OF GOVERNANCE MODEL ADOPTED.

The Company adopts the governance model commonly known as 'enhanced Latin', which recommends the separation of the board of directors and the audit body, as well as dual auditing, consisting of an audit board and a statutory auditor. The Board of Directors' evaluation concluded that the adoption of this model allows for an audit body with effective and enhanced auditing, composed entirely of members subject to a regime of incompatibilities and independence requirements.

16. STATUTORY RULES ON PROCEDURAL REQUIREMENTS AND MATERIALS FOR THE APPOINTMENT AND REPLACEMENT OF THE BOARD OF DIRECTORS

The members of the Board of Directors are elected by the General Meeting for a period of four years, renewable, which is responsible for performing all acts of management to implement the operations inherent to its objects, acting in the best interests of the Company, shareholders and employees. The General Meeting may also elect two alternate directors.

In accordance with Article 17 of Toyota Caetano Portugal's Articles of Association, the appointment and replacement of the members of the management body abide by the following rules:

a) By means of the calling in of alternate members by the Chairman of the Board of Directors, respecting the order in which they appear on the list submitted to the General Shareholders' Meeting;

b) In case there are not alternate members, through co-option, to be carried out within sixty days following a definitive absence, unless the number of acting board members is insufficient for the Board of Directors to be able to operate;

c) Should no co-option have been effected, the alternate member shall be designated by the Audit Board;

d) By election of a new board member.

The appointment of non-executive board members is in accordance with Article 17 of Toyota Caetano Portugal, S.A.'s Articles of Association, and abiding by the following rules:

<u>Replacing an outgoing member</u>

a) By means of the calling in of alternate members by the Chairman of the Board of Directors, respecting the order in which they appear on the list submitted to the General Shareholders' Meeting;

b) In case there are not alternate members, through co-option, to be carried out within sixty days following a definitive absence, unless the number of acting board members is insufficient for the Board of Directors to be able to operate;

c) Should no co-option have been effected, the alternate member shall be designated by the Audit Board;

<u>New member</u>

d) By election of a new board member.

New non-executive directors are appointed by election in the General Shareholders' Meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors elected in 2019 for a period of 4 years, its mandate ending in 2022, consists, in accordance with the Articles of Association of Toyota Caetano Portugal, S.A., of 7 members, shareholders or not, elected by the General Shareholders' Meeting

The Board of Directors, its functions, independence and date of first appointment was as follows:

MEMBER	FUNCTION		INDEPENDENCE	DATE OF DESIGNATION
José Reis da Silva Ramos	President	Executive	No	29/01/2010
Maria Angelina Martins Caetano Ramos	Member	Executive	No	30/03/1989
Salvador Acácio Martins Caetano	Member	Executive	No	30/03/1989
Miguel Pedro Caetano Ramos	Member	Executive	No	23/04/2010
Rui Manuel Machado Noronha Mendes	Member	Executive	No	23/04/2010
Matthew Peter Harrison	Member	Non-executive	No	27/08/2015
Katsutoshi Nishimoto	Member	Non-executive	No	06/02/2019
Masaru Shimada	Member	Non-executive	No	26/10/2017

18. DISTINCTION OF EXECUTIVE MEMBERS AND NON-EXECUTIVE DIRECTORS AND CONCERNING THE NON-EXECUTIVE MEMBERS, IDENTIFICATION OF WHICH MAY BE DEEMED TO BE INDEPENDENT

In item 17 of Part I, are discriminated executive and non-executive directors, as well as those who are considered independent.

The executive members of the Board of Directors of Toyota Caetano Portugal, S.A. cannot be considered independent insofar as the appointment of all of them corresponds to the proposal by the main shareholder and their interests are aligned with it.

The non-executive members do not perform any other role in resident companies and there is no incompatibility in the exercise of their duties. However, they may not be considered independent as they represent Toyota Motor Europe, a company holding approximately 27% of the share capital of Toyota Caetano Portugal, S.A.

The assessment of the independence of the Board of Directors' members carried out by the management body is based on Article 414 (5) of Código das Sociedades Comerciais (Portuguese Commercial Companies Code).

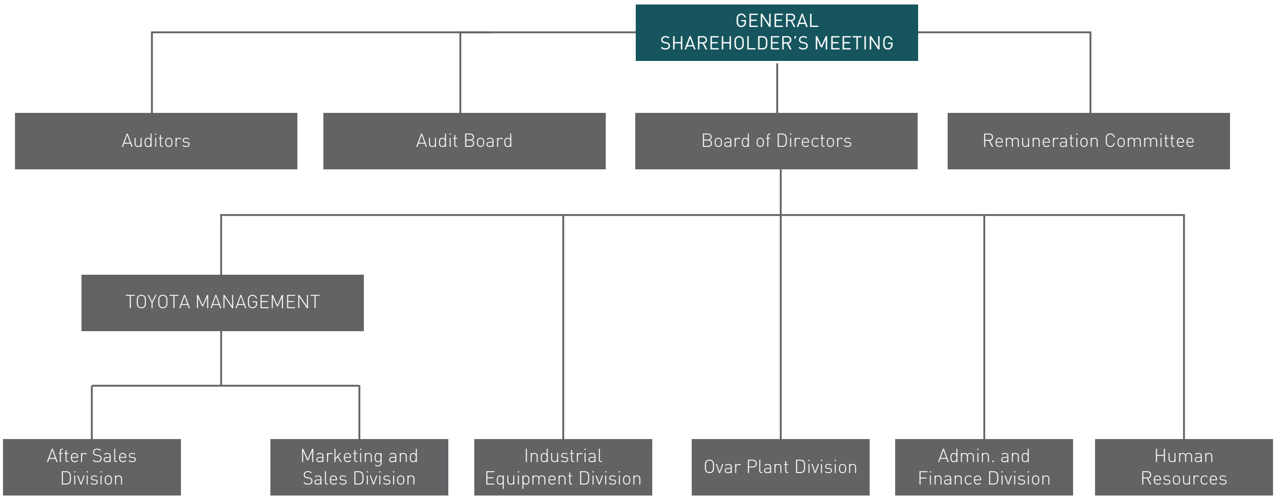
19. PROFESSIONAL QUALIFICATIONS AND OTHER ELEMENTS RELEVANT CURRICULUM FOR EACH OF THE MEMBERS OF THE BOARD OF DIRECTORS

In annex (Annex I) is disclosed the professional qualifications of the members of the Board of Directors

20. FAMILY RELATIONSHIPS, PROFESSIONAL OR TRADE, AND MEANINGFUL USUAL, THE MEMBERS OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS TO WHOM BE ATTRIBUTED QUALIFIED THAN 2% OF VOTING RIGHTS.

No member of the Board of Directors currently holds Company shares. However, it should be noted that the process of sharing of the assets of Mr. Salvador Fernandes Caetano is still in progress.

21. CHART ON THE DIVISION OF POWERS BETWEEN THE VARIOUS OFFICERS, COMMITTEES AND / OR DEPARTMENTS, INCLUDING INFORMATION ON DELEGATION OF POWERS IN PARTICULAR WITH REGARD TO THE DELEGATION OF DAILY ADMINISTRATION OF THE COMPANY



OPERATION

Board of Directors

The Board of Directors delegates powers to a director responsible for each of the divisions identified in the above organization chart, including current management and with whom the Board meets regularly to review and follow-up the activity carried out. It should be noted that an annual budget is prepared and which, during the financial year, is subject to periodic control carried out by the Company's Board of Directors and by the company's operational management.

The Board of Directors is responsible for exercising the widest range of powers, representing the Company in and out of court, actively and passively, as well as to carry out all acts that seek to achieve the corporate purpose, in particular the following:

a) Without the need for resolution by the shareholders, the Board of Directors may create branches, agencies, delegations or other local forms of representation, in Portugal and abroad;

b) Install or acquire, keep, transfer or shut down establishments, factories, laboratories, workshops, deposits or warehouses;

c) Acquire, dispose of and commit their own shares and bonds in any manner, as per resolutions of the General Shareholders' Meeting; acquire and dispose of other fixed assets and commit them by any means; and acquire fixed assets and, with the prior opinion of the Audit Board, dispose of them by means of any acts or contracts, including to provide security interest.

d) Negotiate with any credit institution, particularly banks, each and every operation deemed necessary, namely by raising loans according to the terms, conditions and manner deemed most convenient;

e) Make bank account transactions, deposit and withdraw moneys; issue, draw, accept and endorse letters, promissory notes, checks, statements of invoices and any other credit instruments;

f) Admit to, desist from or compound with any actions;

g) Appoint Company representatives;

h) Carry out all other duties provided for in the Articles of Association or by law.

i) Ensuring the creation and operation of internal control and risk management systems.

The executive members of the Board of Directors make available any information requested by the company's Governing Bodies, namely to the Audit Board and the Board of the General Shareholders' Meeting, in a timely manner and as appropriate to the request.

Audit Board

The Audit Board, consisting of three permanent members and two alternate member, is responsible for supervising the management, verifying the compliance of the Company's accounts, accounting records and supporting documents, and ensuring compliance with the law and with the Company's Articles of Association.

As part of its function the Audit Board verify the internal audit process having access to all reports prepared which include, among others, matters related to accountability.

It is incumbent on the Audit Board to indicate, represent the company before, and supervise the activity and independency of, the External Auditor, directly interacting with him/her in accordance with his/her duties and the operating standards.

22. OPERATING REGULATIONS OF THE BOARD OF DIRECTORS

The Company is making efforts towards the creation and dissemination on the Company's website of the operating regulations of the board of directors and audit body.

23. NUMBER OF MEETINGS HELD AND DEGREE OF ATTENDANCE OF EACH MEMBER

The Board of Directors holds regular meetings, its resolutions being valid only when the majority of its members are present.

During the course of 2019, the Board of Directors convened six times, and the corresponding minutes are registered in the Board of Directors' book of minutes having been present all its members

24. STATEMENT OF CORPORATE BODIES COMPETENT TO PERFORM A PERFORMANCE EVALUATION OF EXECUTIVE.

The General Shareholders' Meeting has delegated to the Remuneration Committee the specification of the remunerative policies to be applied, as well as the performance assessment of the members of the management body and the communication of information to the General Shareholders' Meeting on proposed policies and their compliance.

The remunerations policy for the Board of Directors and for the Audit Body is defined by an independent Remuneration Committee, based on criteria that meet the ability to create shareholder value. Definition of the above-mentioned criterion takes into account several factors including market comparative data and macroeconomic data.

25. PRE-DETERMINED CRITERIA FOR PERFORMANCE EVALUATION OF EXECUTIVE

As per approval by the Remuneration Committee, the fixed remuneration of the members of the Board of Directors is not directly dependent on the evolution of the Company share price or on income obtained.

However, all members of the Management Body are dependent on company income as regards the variable component of their annual remuneration, in what is usually designated as a "Balance Reward" or annual bonus, corresponding to an annual performance bonus calculated taking into account the assessment carried out by the Remuneration Committee within the scope of its duties

Regarding the policies to be followed in respect of the variable remuneration of the Management Body, this has been exclusively dependent on the annual net profits obtained by the company, following in a certain way the dividend payment and employee bonus policy approved by the General Shareholders' Meeting which, in historical terms and in light of the aggregate total of the Board of Directors, has represented about 3% of annual net income, but with some flexibility in the range of allocation, which may fall to a lower limit of 1,5% and never exceed the upper limit of 4%.

26. AVAILABILITY OF EACH OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH INDICATION OF POSITIONS HELD SIMULTANEOUSLY IN OTHER BUSINESS IN AND OUT OF THE GROUP, AND OTHER RELEVANT ACTIVITIES HELD BY MEMBERS OF THOSE BODIES DURING THE YEAR

The executive members of the Board of Directors also carry out management duties in the following companies:

NAME	COMPANY	FUNCTION
Eng.º José Reis da Silva Ramos Chairman Board Directors TOYOTA CAETANO PORTUGAL, S.A.	Rigor - Consultoria e Gestão, S.A.	Chairman Board Directors
	Caetano Auto, S.A.	Chairman Board Directors
	Caetanobus – Fabricação. de Carroçarias, S.A.	Chairman Board Directors
	Caetano Aeronautic, S.A.	Chairman Board Directors
	Lusilectra – Veículos. e Equipamentos, S.A.	Chairman Board Directors
	Caetano Auto CV, S.A.	Chairman Board Directors
	Portianga - Comercio Internacional e Participações, S.A.	Chairman Board Directors
	Salvador Caetano - Indústria (SGPS), S.A.	Chairman Board Directors
	Salvador Caetano Auto África, SGPS, S.A.	Chairman Board Directors
	Grupo Salvador Caetano, SGPS, S.A.	Member Board Directors
	Salvador Caetano Auto, SGPS, S.A.	Member Board Directors
	Caetano Renting, S.A.	Member Board Directors
	Atlântica – Comp. Portuguesa de Pesca, S.A.	Member Board Directors
	Soc. Imobiliária Quinta da Fundega, Lda.	Manager
	Movicargo - Serviços Aduaneiros, Lda.	Manager
	Crustacil – Comércio de Marisco, Lda.	Manager

NAME	COMPANY	FUNCTION
Drª Maria Angelina Martins Caetano Ramos Member Board Directors TOYOTA CAETANO PORTUGAL, S.A.	Caetano Renting, S.A.	Chairman Board Directors
	Atlântica – comp. Portuguesa de pesca, S.A.	Chairman Board Directors
	Poal - Pavimentações e Obras Acessórias, S.A.	Chairman Board Directors
	Auto Partner - Imobiliária, S.A.	Chairman Board Directors
	Cociga – Construções Civis de Gaia, S.A.	Chairman Board Directors
	Covim - soc. Agrícola, Silvícola e Imobiliária, S.A.	Chairman Board Directors
	Simoga - Sociedade Imobiliária de Gaia, S.A.	Chairman Board Directors
	Salvador Caetano Capital,SGPS, S.A.	Chairman Board Directors
	Grupo Salvador Caetano, SGPS, S.A.	Vice-President Board Directors
	Salvador Caetano Auto, SGPS, S.A.	Vice-President Board Directors
	Portianga – Com. Int. e Participações, S.A.	Member Board Directors
	Caetano - Baviera - Comércio de Automóveis, S.A.	Member Board Directors
	Salvador Caetano Auto África, SGPS, S.A.	Member Board Directors
	Caetano Auto CV, S.A.	Member Board Directors
	Crustacil – Comércio de Marisco, Lda.	Manager
	Maqtin - Comércio e Indústria de Máq. Ferramentas e Tintas, Lda.	Manager

NAME	COMPANY	FUNCTION
Eng.º Salvador Acácio Martins Caetano Member Board Directors TOYOTA CAETANO PORTUGAL, S.A.	Grupo Salvador Caetano, SGPS, S.A.	Chairman Board Directors
	Salvador Caetano-Auto, SGPS, S.A.	Chairman Board Directors
	Caetano Baviera - Comércio de Automóveis S.A.	Chairman Board Directors
	Caetano Retail, SGPS, S.A.	Chairman Board Directors
	Turispaiva – Soc. Turística Paivense, S.A.	Chairman Board Directors
	Lavorauto - Administração Imb. E Cons. de Empresas, S.A.	Chairman Board Directors
	Rigor - Consultoria e Gestão, S.A.	Member Board Directors
	Caetano Renting, S.A.	Member Board Directors
	Portianga – Com. Int. e Participações, S.A.	Member Board Directors
	Cociga – Construções Civis de Gaia, S.A.	Member Board Directors
	Salvador Caetano Auto África, SGPS, S.A.	Member Board Directors
	Simoga - Sociedade Imobiliária de Gaia, S.A.	Member Board Directors
	Maqtin - Comércio e Indústria de Máq. Ferramentas e Tintas, Lda.	Manager

NAME	COMPANY	FUNCTION
Engº Miguel Pedro Caetano Ramos Member Board Directors TOYOTA CAETANO PORTUGAL, S.A.	Caetano Fórmula East África, S.A.	Chairman Board Directors
	Caetano Mobility, SGPS, S.A.	Chairman Board Directors
	Caetanolyrsa, S.A.	Chairman Board Directors
	Drive Angola, S.A.	Chairman Board Directors
	Caetano Retail España, S.A.U.	Chairman Board Directors
	Lidera Soluciones, S.L.	Vice-President Board Directors
	Grupo Salvador Caetano, SGPS, S.A.	Member Board Directors
	Caetano - Baviera - Comércio de Automóveis, S.A.	Member Board Directors
	Salvador Caetano Capital (SGPS), S.A.	Member Board Directors
	Portianga - Comércio Internacional e Participações, S.A.	Member Board Directors
	Caetano Retail, SGPS, S.A.	Member Board Directors
	Rigor - Consultoria e Gestão, S.A.	Member Board Directors
	Salvador Caetano - Auto, SGPS, S.A.	Member Board Directors
	Salvador Caetano Auto África, SGPS, S.A.	Member Board Directors
	Caetano Aeronautic, S.A.	Member Board Directors
	Auto Partner - Imobiliária, S.A.	Member Board Directors
	Salvador Caetano Indústra, SGPS, S.A.	Member Board Directors
	Ibericar Barcelona Premium, S.L.	Member Board Directors
	MAPFRE Seguros Gerais, S.A.	Member Board Directors
	LATAM OPERACIONAL, S.L.U.	Member Board Directors
	Robert Hudson, Limitada	Manager
	Simba Caetano Fórmula, Limited	Manager
	Caetsu Publicidade - Comércio e Serviços (SU), Lda	Manager
	Caetano Renting Angola, Lda.	Manager
	Caetano Peças - Comércio e Serviços (SU), Lda.	Manager

NAME	COMPANY	FUNCTION
Dr. Rui Manuel Machado de Noronha Mendes Member Board Directors TOYOTA CAETANO PORTUGAL, S.A.	Caetano Renting, S.A.	Member Board Directors
	Salvador Caetano Indústria (SGPS), S.A.	Member Board Directors
	Fundação Salvador Caetano	Member Board Directors

The executive member just perform on the boards of subsidiaries and affiliated companies and their availability is total.

Non-executive members do not perform any management duties in other companies, carrying out their professional activity in Toyota Motor Europe.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

The information provided in items 27 to 29 of the model attached to CMVM Regulation no. 4/2013 is not applicable to the Company.

Considering the composition of the Board of Directors, the governance model and the shareholder structure of the company, the Board of Directors does not understand appropriate the creation of special committees.

III. SUPERVISORY BOARD

COMPOSITION

30. IDENTIFICATION OF THE SUPERVISORY BOARD

The supervisory board adopted according to the Latin model of corporate governance is the Audit Board

31. COMPOSITION OF THE AUDIT BOARD

Audit Board, consisting of three permanent members and two alternate member.

The Audit Board, elected in 2019 for a period of four years, its mandate ending in 2022 and its duties are detailed as follows:

MEMBER	FUNCTION	INDEPENDENCE	SHARE	DATE DESIGNATION
José Domingos da Silva Fernandes	Chairman	Yes	0	2011-04-28
Alberto Luis Lema Mandim	Member	Yes	0	2012-04-27
Daniel Broekhuizen	Member	Yes	0	2016-04-28
Maria Lívia Fernandes Alves	Alternate Member	Yes	0	2012-04-27
Akito Takami	Alternate Member	Yes	0	2018-04-28

32. IDENTITY OF THE AUDIT BOARD CONSIDER THAT INDEPENDENT PURSUANT TO ART. 414., PARAGRAPH 5 CSC

The Chairman of the Audit Board is independent, according to the criteria laid down in Article 414 (5) of Código das Sociedades Comerciais (Portuguese Commercial Companies Code), and in addition the Audit Board carries out the correspondent self-evaluation.

33. QUALIFICATIONS FOR EACH MEMBER OF THE AUDIT BOARD

The members of the Audit Board have appropriate skills to carry out their roles and the Chairman is properly supported by the other members of the Audit Board (Annex I).

OPERATION

34. REGULATION OF OPERATION OF THE AUDIT BOARD

The regulations for the operation of the audit board are not disclosed on the website of the company.

External Auditor / Statutory Auditor

Under Article 420., Paragraph 1, paragraphs c), d), e) and f) and 446., Paragraph 3 of the Commercial Companies Code, the Statutory Auditors to control the regularity of the accounting records and documents supporting materials, as well as, when appropriate, and by the way thought adequate, the extent of cash and stocks of any kind of goods or assets belonging to the Company or received as collateral, deposit or other security, and also the accuracy of the individual and consolidated financial statements and the accounting policies and valuation criteria adopted by the Company to conduct a proper assessment of the assets and profits.

Following the entry into force of Decree-Law n. º 185/2009, of 12 August also the Statutory Auditors has duty attest the Corporate governance report published annually contains the elements required under the law, namely, in respect of qualifying holdings in the share capital of the Company, the identification of holders of special rights and description of such rights, any restrictions on voting rights, the rules governing the appointment and replacement of directors and the amendment of Bylaws Society, the powers and proceedings of the board, and key elements of the internal control systems and risk management implemented in the Company in relation to the financial reporting process

35. NUMBER OF MEETINGS HELD AND DEGREE OF ATTENDANCE AT MEETINGS HELD EACH MEMBER OF THE AUDIT BOARD

The Audit Board met eight times during the year 2019 and the corresponding recorded in the minutes book of the minutes of the Audit Committee, having been present all its members.

36. AVAILABILITY OF EACH OF THE AUDIT BOARD MEMBERS WITH INDICATION OF POSITIONS HELD SIMULTANEOUSLY IN OTHER BUSINESS IN AND OUT OF THE GROUP, AND OTHER RELEVANT ACTIVITIES HELD BY THE MEMBERS OF THAT BODY

During the past five years, the members of the Audit Board have carried out other duties in the following companies:

José Domingos da Silva Fernandes
Chairman of the Audit Board for the companies
Caetano – Baviera – Comércio de Automóveis, S.A. (Grupo Salvador Caetano)
Statutory Auditor for the companies
Multiponto, S.A.
Summertime – Sociedade Imobiliária, S.A.
Convemaia – Sociedade Imobiliária, S.A.
BDS, SGPS, S.A.
ONIRAM – Indústria Metalomecânica, Lda.

Alberto Luis Lema Mandim
Member of the Audit Board for the company
Caetano Auto S.A.
President of the Audit Board for the company
Fundação Salvador Caetano

Daniel Brekhuizen does not perform any other duties in other Companies

Maria Lívia Fernandes Alves
Member of the Audit Board for the company
Caetano Auto S.A.

AkitomTakami does not perform any other duties in other Companies

POWERS AND FUNCTIONS

37. PROCEDURES AND CRITERIA FOR INTERVENTION OF THE AUDIT BOARD FOR THE PURPOSE OF EMPLOYMENT OF ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

The Audit Board has the duty of supervising the activity and independence of the External Auditor, interacting with him under the terms of his/her competences and operating standards and is the first recipient of the External Auditor's Report.

Furthermore, the Audit Board is responsible for proposing the provider of external audit services and the relevant remuneration and for ensuring that suitable conditions for the provision of the services are provided within the Company. Finally, the Audit Board evaluates the External Audit on an annual basis and submits to the General Shareholders' Meeting the proposal for his/her dismissal whenever there is fair grounds to that end.

38. OTHER FUNCTIONS OF THE AUDIT BOARD

Regarding this matter, reference is made in item 21 of Part I

IV. STATUTORY ACCOUNTANT

39. IDENTIFICATION OF STATUTORY ACCOUNTANT AND SOCIAL AUDITOR THAT REPRESENTS

Statutory Accountant, in the person of José Miguel Dantas Maio Marques, representing the company PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. nº 9077 in CMVM

40. NUMBER OF YEARS IN THE STATUTORY ACCOUNTS HELD TOGETHER CONSECUTIVELY FUNCTIONS OF THE COMPANY AND / OR GROUP

The current Statutory Auditors office held consecutively with the Company since 2010

41. OTHER SERVICES

The item “Other services” includes verification of the values reported in the billing reports in the scope of the fulfillment of the contractual obligations arising from the contract concluded under the Framework Agreement - Motor Vehicles and Motorcycles within the competence of the Public Purchase Agency and certification of the annual declaration on tires introduced in the Portuguese territory for the year 2018.

The Board of Directors, when requesting projects, before awarding them ensures that, under the terms of European Commission Recommendation No. C (2002) 1873 of 16 May 2002, no services are contracted of the auditors and their network liable to compromise their independence.

V. EXTERNAL AUDITOR

42. IDENTIFICATION OF THE EXTERNAL AUDITOR DESIGNATED FOR PURPOSES OF ART. 8. º AND SOCIAL AUDITOR THAT STANDS IN COMPLIANCE WITH THESE FUNCTIONS AS WELL AS THE RESPECTIVE REGISTRATION NUMBER IN CMVM

External auditor is PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. and the social auditor, in the person of José Miguel Dantas Maio Marques, representing the company PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. nº 9077 in CMVM.

43. NUMBER OF YEARS IN THE EXTERNAL AUDITOR AUDITOR AND THE RESPECTIVE MEMBER ACCOUNTS OFFICER THAT THE STANDS TO MEET THESE FUNCTIONS FUNCTIONS CONSECUTIVELY EXERCISED TO THE COMPANY AND / OR GROUP

The external auditor performs functions sequentially with the Company since 2010.

44. POLICY AND FREQUENCY OF THE EXTERNAL AUDITOR ROTATION AND RESPECTIVE SOCIAL AUDITOR THAT STANDS IN COMPLIANCE WITH THESE FUNCTIONS

Is not internally defined any policy of mandatory rotation of external auditor, in addition to the legally applicable to public interest entities, being the period of mandatory rotation of statutory social accounts representing the External Auditor on the performance of these functions due to the combination the paragraph. 2 of article 54. Statute of the Order of Chartered Accountants (7 years).

45. BODY RESPONSIBLE FOR ASSESSMENT OF EXTERNAL AUDITOR AND FREQUENCY WITH WHICH THIS ASSESSMENT IS MADE

The Audit Board undertakes an annual assessment of the work of the External Auditor, ensuring that the fulfilment of the provisions laid down in Article 54 of Decree-Law No. 487/99 of 16 November (amended by Decree-Law No. 224/2008, 20 November) in relation to the rotation of the partner responsible for implementing the work.

46. IDENTIFICATION OF SERVICES, OTHER THAN AUDIT, PERFORMED BY THE EXTERNAL AUDITOR FOR THE COMPANY AND / OR COMPANIES WITH IT APPLIED IN A CONTROL, AND STATEMENT OF INTERNAL PROCEDURES FOR THE PURPOSE OF APPROVAL OF EMPLOYMENT OF SUCH SERVICES AND STATEMENT OF REASONS FOR HIRING.

The item “Other services” were essentially service of compliance granted.

The Board of Directors, when requesting projects, before awarding them ensures that, under the terms of European Commission Recommendation No. C (2002) 1873 of 16 May 2002, no services are contracted of the auditors and their network liable to compromise their independence.

47. ANNUAL REMUNERATION PAID BY THE COMPANY AND / OR BY A COLLECTIVE OF OR IN RELATION TO THE FIELD GROUP AUDITOR AND OTHER INDIVIDUALS OR COLLECTIVE IN THE SAME NETWORK AND DISCRIMINATION OF PERCENTAGE OF EVERY TYPE OF SERVICE

The remunerations paid to our auditors and to other legal persons belonging to the same network, by the companies bearing a control or group relationship, amount to 54.000 Euro, distributed as follows:

COMPANY	€	%
Value of audit services	28.000	52%
Value of other services	1.000	2%
GROUP COMPANIES		
Value of audit services	25.000	46%

C. ORGANIZATION

I. STATUTES

48. RULES FOR THE AMENDMENT OF ARTICLES COMPANY STATUTES

Amendment of articles of the company statutes is possible only upon approval by the General Assembly by a majority of 75% of capital.

In order to deliberate on the matters referred to in the previous point, if the required majority is not present during the first convening notice, the General Shareholders' Meeting will meet fifteen days later in order to deliberate on the same matters, with the requirement that the respective decision be voted by a seventy-five percent majority of the votes from present or represented shareholders.

II. REPORTING OF IRREGULARITIES

49. MEDIA AND POLITICS WHISTLEBLOWING OCCURRED IN SOCIETY

The reporting of irregularities shall be effected through the delivery of a written document or by internal e-mail addressed to the market liaison officer (point 57 of part I). This officer will in turn use all available means for the analysis and verification of the reported facts, keeping, if required, the confidentiality of the initial information and firstly reporting the findings to the Board of Directors, who will then consider if they shall be disclosed to the market, within legally established parameters, if such disclosure is deemed necessary.

These reports are filed for a minimum period of five years, and are made available to the Auditors on demand.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. PEOPLE, BODIES OR COMMITTEES RESPONSIBLE FOR INTERNAL AUDIT AND/OR FOR THE IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS

At Toyota Caetano Portugal, S.A., the control of risks inherent to the activity is carried out directly by the Board of Directors and is assessed on an annual basis by the Audit Board.

51. EXPLANATION, ALSO INCLUDING ORGANISATIONAL CHART, OF THE HIERARCHICAL AND/OR FUNCTIONAL RELATIONSHIPS OF OTHER COMPANY BODIES OR COMMITTEES

The Company produces financial information on a regular basis, and all the management information produced for both internal use and to be used by other entities, it is prepared using computer systems. The Company Board of Directors delegates powers in the directors responsible for each of the divisions company which meets periodically for analysis and monitoring of developed financial information subject to regular monitoring carried out by the Board of Directors and the operational direction of the company.

Chart in point 21 of part I.

52. EXISTENCE OF OTHER FUNCTIONAL AREAS WITH COMPETENCES FOR RISK CONTROL

There is no other functional areas with competences for risk control beyond those referred to in point 50 of part III.

53. IDENTIFICATION OF THE MAIN TYPES OF RISK (ECONOMIC, FINANCIAL AND LEGAL) TO WHICH THE COMPANY IS EXPOSED WHEN CONDUCTING BUSINESS

In its activities, Toyota Caetano is subject, in each of its business areas or of its subsidiaries, to a multitude of risks that have been identified in order to mitigate and control.

Credit to customers

Toyota Caetano's credit risk is mainly associated with loans to customers, related to its operating activity, the risk that a customer pays late or does not pay for property acquired primarily due to lack of liquidity.

The main goal of Toyota Caetano's credit risk management is to ensure the effective collection of the operating receivables from its Customers, according to the negotiated payment terms.

Interest rate risk

As a result of the relevant proportion of debt at variable rate in its Consolidated Balance Sheet, and of the subsequent interest payment cash flows, Toyota Caetano is exposed to interest rate risk.

Exchange Rate Risk

As a geographically diversified Group, with subsidiaries located in Cape Verde, the exchange rate risk is mainly the result of commercial transactions, arising from the purchase and sale of products and services in a currency that is different from the functional currency of each company.

Liquidity Risk

Liquidity risk management at Toyota Caetano Group aims that the company has the ability to obtain, in a timely manner, the necessary funding to be able to undertake its business activities, implement its strategy and meet its payment obligations when due, while avoiding the need to obtain funding under unfavourable terms.

54. DESCRIPTION OF THE RISK IDENTIFICATION, ASSESSMENT, MONITORING, CONTROL AND MANAGEMENT PROCESS

Credit to customers

In order to mitigate the credit risk that results from the potential customer-related defaults on payments, the group's companies that are exposed to this risk have:

- a specific credit risk analysis and monitoring department;
- proactive credit management processes and procedures that are implemented and always supported by information systems;
- hedging mechanisms (credit insurance, letters of credit, etc).

Interest rate risk

Toyota Caetano has been using financial derivatives to hedge, at least partially, its exposure to interest rate variations.

Exchange Rate Risk

The exchange rate risk management policy seeks to minimize the volatility of the investments and operations denominated in foreign currencies, contributing to reduce the sensitivity of the group's results to exchange rate fluctuations. The group's exchange rate management policy is focused on a case-by-case assessment of the opportunity to hedge this risk, taking into account, particularly, the specific circumstances of the currencies and countries in question.

Toyota Caetano has been using financial derivatives to hedge, at least partially, its exposure to exchange rate variations.

Liquidity Risk

Liquidity risk management at Toyota Caetano Group aims at:

(i) Liquidity, i.e. guaranteeing continued access in the most efficient way to sufficient funds to meet current payments on their due dates, as well as any requests for funds, within the times set for such, even where these are not planned;

(ii) Safety, i.e. minimizing the probability of default in repayment of any application of funds; and

(iii) Financial efficiency, i.e. ensuring that Companies maximize the value/minimize the opportunity cost of holding excess liquidity in the short-term.

Any surplus liquidity in the Group is applied to the amortization of short-term debt, as per the criteria of economic and financial reasonableness.

For this purpose, the Group's liquidity management involves the following aspects:

a) A consistent financial planning based on operating cash flow forecasts for different time horizons (weekly, monthly, annual and multi-annual);

b) The diversification of funding sources;

c) The diversification of the maturities of the debt issued in order to avoid excessive concentrations of debt repayments in short periods of time;

d) The arrangement of committed (and uncommitted) credit facilities, commercial paper programmes, and other types of financial operations with relationship Banks, ensuring the right balance between satisfactory liquidity levels and adequate commitment fees.

55. MAIN ELEMENTS IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED AT THE COMPANY WITH REGARD TO THE FINANCIAL INFORMATION DISCLOSURE PROCESS (ART. 245(A)(1) (M))

It should be noted further that the risk management set out above includes the following:

- Sensitivity analysis (measurement of potential impacts according to the likelihood of occurrence of each risk);
- strategic alignment of the company according to the risks actually incurred;
- mechanisms for controlling the execution of the risk management measures adopted and their effectiveness;
- information and communication internal mechanisms on the various components of the risk alert system.

IV. INVESTOR SUPPORT

56. OFFICE RESPONSIBLE INVESTOR SUPPORT, COMPOSITION, FUNCTIONS, SERVICES PROVIDED BY SUCH INFORMATION AND ELEMENTS FOR CONTACT

Although no Investor Assistance Office has yet been formally established, this task is carried out by the market liaison officer. Whenever necessary, the market liaison officer ensures the provision to the market of all relevant information regarding noteworthy events, facts susceptible of inclusion within the framework of relevant facts, quarterly disclosure of income and answers to any clarification requests made by investors or by the general public as regards financial information of a public nature.

57. MARKET LIAISON OFFICER

Rui Manuel Machado de Noronha Mendes
Telefone: 227867203
E-mail: rmendes@toyotacaetano.pt

58. MARKET LIAISON OFFICER, COMPOSITION, FUNCTIONS, SERVICES PROVIDED BY SUCH INFORMATION AND ELEMENTS FOR CONTACT

The representative for market relations receives calls daily with various issues, including clarification on dividends and other general meetings, usually answered immediately when the information is public.

V. WEB SITE

59. ADRESS

The website of the Company, www.toyotacaetano.pt , is available in Portuguese and in English according to CMVM VI.1 recommendation.

60. SITE OF INFORMATION ABOUT THE FIRM, THE PUBLIC COMPANY STATUS, HEADQUARTERS AND REMAINING DATA PROVIDED FOR IN ARTICLE 171 OF THE COMPANIES CODE

On the page of the Company's Internet within the tab identified as "Investors" we find a tab for the "Company", where is published information on the company, the public company status , headquarters and remaining data provided for in Article 171 of the Commercial Companies Code .

61. SITE OF INFORMATION ABOUT THE STATUTES AND THE OPERATING REGULATIONS OF THE ORGANS AND / OR COMMITTEES

On the page of the Company's Internet within the tab identified as "Investors" we find a tab for the "Company", where is published information of The Statutes ;

62. SITE OF INFORMATION OF THE IDENTITY OF THE CORPORATE OFFICERS, THE REPRESENTATIVE FOR MARKET RELATIONS, THE INVESTOR SUPPORT OFFICE OR EQUIVALENT STRUCTURE, THEIR FUNCTIONS AND LOCAL ACCESS MEANS WHERE THE STATUTES AND OPERATING REGULATIONS OF ORGANS AND / OR COMMITTEES

On the page of the Company's Internet within the tab identified as "Investors" we find a tab for the "Company", where is published information of corporate officers;

Also find on the page of the Company's Internet within the tab identified as "Investors" we find a tab for the "Investor support" where is published the representative for market relations, the investor support office or equivalent structure, their functions and local access.

63. SITE OF INFORMATION PROVIDE THE FINANCIAL STATEMENT WHICH MUST BE ACCESSIBLE FOR AT LEAST FIVE YEARS AS WELL AS THE SEMI-ANNUAL CALENDAR OF CORPORATE EVENTS, AT THE BEGINNING OF EACH SEMESTER, INCLUDING, AMONG OTHERS, THE GENERAL MEETINGS, DISCLOSURE OF ACCOUNTS ANNUAL AND, IF APPLICABLE, QUARTERLY

On the page of the Company's Internet within the tab identified as "Investors" we find a tab for the "Reports and accounts" where is disclosed for five years, the documents presenting the accounts for each financial year.

On the page of the Company's Internet within the tab identified as "Investors" we find a tab for the "Calendar of events" is published the calendar of corporate events.

64. SITE OF INFORMATION WHERE IS PUBLISHED THE NOTICE FOR THE GENERAL MEETING AND ALL THE PREPARATORY AND SUBSEQUENT INFORMATION RELATED TO IT

On the page of the Company's Internet within the tab identified as "Investors" we find a tab for the "General Meeting" where we find the disclosure of the notice, resolutions and minutes of the General Assembly.

65. SITE OF INFORMATION WHERE IT PROVIDES THE HISTORICAL RESOLUTIONS PASSED AT THE GENERAL MEETINGS OF THE COMPANY, THE REPRESENTED CAPITAL AND THE VOTING RESULTS, WITH REFERENCE TO THE SEVEN YEARS PERIOD

On the page of the Company's Internet within the tab identified as "Investors" we find a relative to "General Meetings" tab where we find a historical record with the resolutions passed at general meetings of the company, the represented share capital and the voting results, with reference to the 7 year period.

D. REMUNERATION

I. JURISDICTION TO DETERMINE

66. INDICATION AS TO THE JURISDICTION TO DETERMINE THE REMUNERATION OF GOVERNING BODIES, OF MEMBERS OF THE MANAGING DIRECTOR AND EXECUTIVE OFFICERS OF THE COMPANY

The remuneration policy of the Board of Directors and Audit Board is set by an independent Remuneration Committee, based on criteria that meet the ability to create shareholder value. In defining the criteria stated above are taken into account several factors including comparative market data and macroeconomic data.

II. REMUNERATION COMMITTEE

67. COMPOSITION OF THE CHARGES, INCLUDING IDENTIFICATION OF INDIVIDUALS OR COLLECTIVE CONTRACTED FOR YOU SUPPORT AND DECLARATION OF INDEPENDENCE OF EACH OF THE MEMBERS AND ADVISORS

The Remuneration Committee consists of the following members:

- Alberto Luis Lema Mandim
- Maria Conceição Monteiro Silva
- Francelim Costa da Silva Graça

68. KNOWLEDGE AND EXPERIENCE OF MEMBERS OF THE REMUNERATION POLICY OF REMUNERATION

The professional experience of the members of the Remuneration Committee allows them to exercise their responsibilities effectively, while safeguarding the interests of the Company.

The seniority of the members of the Committee in carrying out their duties should be noted in this respect.

The Remuneration Committee to support the performance of its functions didn't contract any singular or collective entity that provides or has provided, over the past three years, services to any structure subject of the corporate boards, to the corporate boards itself or has current relationship with the company or consultant of the company.

III. STRUCTURE OF REMUNERATION

69. DESCRIPTION OF THE REMUNERATION OF MANAGEMENT AND SUPERVISORY REFERRED TO IN ARTICLE 2. º LAW NO. 28/2009 OF 19 JUNE

The remunerations policy for the Board of Directors and for the Audit Body is defined by an independent Remuneration Committee, based on criteria that meet the ability to create shareholder value. Definition of the above-mentioned criterion takes into account several factors including market comparative data and macroeconomic data.

The policy for remuneration of the directors responsible for each of the divisions identified in the functional organization chart of the Company presented of this report is structured based on a balance between the level of responsibility, in the fixed part, and performance against targets set both at the level of budgetary follow-up and for the result of previously agreed projects, in the variable part.

70. INFORMATION ON HOW THE REMUNERATION IS STRUCTURED WAY TO ALIGN THE INTERESTS OF MEMBERS OF THE BOARD OF DIRECTORS TO THE LONG-TERM INTERESTS OF THE COMPANY AS WELL AS ON THE WAY IT IS BASED ON PERFORMANCE EVALUATION AND EXCESSIVE DISCOURAGES RISKS.

As per the Remuneration Committee's attached statement (Annex II), there are mechanisms within the Company that permit alignment of the interests of the members of the Management Body with the interests of the company.

71. REFERENCE, IF APPLICABLE, THE EXISTENCE OF A VARIABLE COMPONENT OF REMUNERATION AND INFORMATION ABOUT POSSIBLE IMPACT OF PERFORMANCE APPRAISAL IN THIS COMPONENT

As approved by the Remuneration Committee sets the remuneration of the members of the Board of Directors is not directly dependent on the evolution of the share price of the Company or of the results obtained.

72. DEFERRED PAYMENT OF VARIABLE COMPONENT OF REMUNERATION TO MENTION THE PERIOD OF DEFERRED

There were no deferred payment of the variable component.

73. CRITERIA WHICH IS BASED ON THE ALLOCATION VARIABLE REMUNERATION SHARES

There is no allocation of variable remuneration in shares and taking into account the model of remuneration the members of the Board of Directors doesn't celebrate any contracts with the company or with third parties to mitigate the risk inherent in the variability of remuneration.

There is no agreement by the Board of Directors for the award of variable remuneration in shares

There is no agreement by the Board of Directors that have the effect to mitigate the risk inherent in the variability of remuneration fixed by the company.

74. CRITERIA WHICH IS BASED ON THE ALLOCATION VARIABLE REMUNERATION IN OPTIONS

No variable remuneration in options

75. MAIN PARAMETERS AND GROUNDS OF ANY SYSTEM ANNUAL AWARDS AND ANY OTHER NON-CASH BENEFITS

Members of the Board of Directors are dependent on the performance of the company in the variable portion of their annual compensation, as is usually designated as "Bonus Balance" or annual bonus, corresponding to an annual performance bonus determined taking into account the assessment made by the Remuneration Committee as part of their duties.

76. MAIN FEATURES OF ADDITIONAL PENSION SCHEME OR EARLY RETIREMENT FOR DIRECTORS

Toyota Caetano Portugal, S.A. (together with other affiliates) has constituted a pension fund by public deed on 29 December1988. This Pension Fund initially provided, initially and as long as Toyota Caetano continued with its decision to make contributions to the fund, for the workers to receive, from the date of their retirement, a non-updateable supplement to be determined based on a percentage of salary, among other conditions.

Given the economic circumstances as of 1 January 2008 Toyota modified the conditions of Salvador Caetano Pension Fund, which can be summarised as follows:

- retention of a Defined Benefits system (20% of social security pensionable salary as at the date of retirement (65 years)) for current pensioners and beneficiaries of deferred pensions, and also for all current employees of member companies of Salvador Caetano Group who on 1 January 2008 were over 50 years of age with more than 15 years' service in the company;
- a Defined Contribution Scheme for the rest of the employees of the group.

The members of the Board of Directors benefit from the Salvador Caetano Pension Fund provided that they fulfil all the requirements demanded for any other employee of one of the companies of the universe included in the Pension Fund.

Currently, the pension fund covers the members of the Board of Directors who meet the above conditions.

IV. DISCLOSURE OF REMUNERATION

The information below covers the points 77 to 81 of Part I of the form attached to CMVM Regulation no. 4/2013

The remunerations obtained by the members of the Board of Directors and Audit Board of Toyota Caetano Portugal, S.A. during the financial year of 2019 for the performance of their duties in the Company and in other Companies of the Group are as follows:

	FIXED COMPONENT		VARIABLE COMPONENT		
REMUNERATIONS	COMPANY	TOYOTA GROUP COMPANIES	COMPANY	TOYOTA GROUP COMPANIES	TOTAL
BOARD OF DIRECTORS					
José Reis da Silva Ramos	163.900	0	50.000	0	213.900
Maria Angelina Martins Caetano Ramos	120.340	360.585	20.000	0	500.925
Salvador Acácio Martins Caetano	0	0	0	0	0
Rui Manuel Machado Noronha Mendes	110.700	0	0	0	110.700
Miguel Pedro Caetano Ramos	0	0	0	0	0
Matthew Peter Harrison	0	0	0	0	0
Katsutashi Nishimoto	0	0	0	0	0
Masaru Shimada	0	0	0	0	0
AUDIT BOARD					
José Domingos da Silva Fernandes	5.020	0	0	0	5.020
Alberto Luis Lema Mandim	3.500	0	0	0	3.500
Daniel Broekhuizen	0	0	0	0	0
Maria Lívia Fernandes Alves	0	0	0	0	0
Akito Takami	0	0	0	0	0
	403.460	**360.585**	**70.000**	**0**	**834.045**

During the year ended December 31, 2019 didn't occur any cession of functions of any executive member and there wasn't no payment or due any payment as compensation.

82. REMUNERATION OF THE YEAR OF REFERENCE OF THE CHAIRMAN OF THE GENERAL ASSEMBLY

The remuneration of the Chairman and Vice-Chairman of do Board of the General Shareholders' Meeting consists of a fixed amount corresponding to the actual attendance to the meetings held during 2019.

In 2019 both Chairman and Vice-Chairman did not earn any remuneration.

V. AGREEMENTS WITH IMPLICATIONS REMUNERATION

The information provided in sections 83 and 84 of the model attached to CMVM Regulation no. 4/2013 is not applicable to the Company.

VI. PLANS FOR ALLOTMENT OF SHARES OR OPTIONS ON SHARES

The information provided in paragraphs 85 to 87 of the model attached to CMVM Regulation no. 4/2013 is not applicable to the Company as the Company has not adopted any plans to allot shares or any plans allocation of purchase of shares to members of governing bodies or employees options.

E. TRANSACTIONS WITH RELATED COMPANIES

I. MECHANISMS AND CONTROL PROCEDURES

89. MECHANISMS IMPLEMENTED BY THE COMPANY FOR PURPOSES OF CONTROLLING TRADES WITH RELATED PARTIES (PLEASE SEE THE CONCEPT RESULTING FROM IAS 24)

During financial year 2019 no business or transactions were performed between the company and holders of qualified holdings or entities with whom they have any relationship, pursuant to Article 20. of Código dos Valores Mobiliários (Portuguese Securities Code), outside of normal market conditions.

90. INDICATION OF THE TRADES WHICH WERE SUBJECT TO CONTROL IN THE REFERENCE YEAR

The Audit Board, within the scope of its remit, in accordance with the previous points, did not conduct a preliminary assessment of the business carried out between the company and holders of qualified holdings or entities with whom they have any relationship, pursuant to Article 20 of Código dos Valores Mobiliários (Portuguese Securities Code).

91. DESCRIPTION OF THE PROCEDURES AND CRITERIA APPLICABLE TO THE INTERVENTION OF THE SUPERVISORY BODIES FOR THE PURPOSES OF ASSESSING BUSINESS BETWEEN THE COMPANY AND THE HOLDERS OF QUALIFIED SHAREHOLDINGS OR ENTITIES WITH WHICH THEY ARE IN ANY RELATIONSHIP, PURSUANT TO ARTICLE 20 OF THE PORTUGUESE SECURITIES CODE

The Audit Board within its competence, in accordance with the above points, did not make prior assessment to the transactions between the company and the qualifying shareholders or entities with which they are in any relationship, in accordance with Article 20 of Securities code

II. ELEMENTS FOR TRANSACTIONS

92. PLACE OF DOCUMENTS OF ACCOUNTABILITY WHERE IS AVAILABLE INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Business with related parties are disclosed in Note 30 to the consolidated financial statements of the Annual Report 2019.

The Report is available on the Company's website at www.toyotacaetano.pt as well as in the field of Securities Market Commission www.cmvm.pt.

PART II - EVALUATION OF CORPORATE GOVERNANCE

1. IDENTIFICATION OF THE CODE OF CORPORATE GOVERNANCE ADOPTED

The Report was prepared in compliance with the guidelines laid down in CMVM (Comissão do Mercado de Valores Mobiliários – Portuguese Securities Market Commission) Regulation No. 4/2013of 18 July.

2. COMPLIANCE WITH THE RECOMMENDATIONS CONTAINED IN CMVM'S CORPORATE GOVERNANCE CODE

CMVM RECOMMENDATIONS	COMPLIANCE	REPORT
I. ELIGIBILITY AND CORPORATE CONTROL		
I.1. Companies should encourage shareholders to attend and vote at general meetings, in particular by not setting an excessively high number of shares required to be entitled to one vote and implementing the necessary to exercise the right to vote by postal voting and electronic postal voting.	Yes	Item 12
I.2. Companies should not adopt mechanisms that hinder the passing of resolutions by shareholders, including shall not set a constitutive or deliberating quorum which outnumbers that which is provided for by Law.	No	Item 12
I.3Companies should not establish mechanisms that have the effect of causing the gap between the right to receive dividends or subscription of new securities and the voting rights of each share, unless duly justified by reference to the long-term interests of shareholders.	Yes	Item 12
I.4. . The articles of association of companies that, in fulfilling this principle, provide for the limitation of the number of votes that may be held or exercised by a single shareholder, individually or jointly with other shareholders, should also provide that the change or maintenance of this statutory provision be subject to decision by the General Shareholders' Meeting at least every five years - with no aggravated quorum requirement compared to the legal quorum - and that this decision shall count all the votes cast without operation of that restriction.	No	Item 12
I.5. Defensive measures should not be adopted where these are automatically intended to cause serious erosion of company equity in the event of transfer of control or change in the composition of the board of directors and thus obstruct the free transferability of shares and free assessment by shareholders of the performance of the members of board of directors.	Yes	Item12
II.1. SUPERVISION, GOVERNING AND AUDITING BODIES		
II.1. SUPERVISION AND GOVERNING		
II.1.1. Within the limits established by law for each governing and auditing structure, and unless the company is of a reduced size, the board of directors shall delegate the day-to-day running of the company and the delegated duties should be identified in the annual report on Corporate Governance.	Yes	Item 21
II.1.2. The board of directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions that should be considered to be strategic due to the amounts, risk or particular characteristics.	Yes	Item 21

II.1.3 1 In addition to fulfilling its auditing duties, the general and supervisory board must assume full responsibility to the corporate governance level, so by the statutory provision or by equivalent means, shall be paid to the requirement of this organ decide on the strategy and major policies of society, the definition of the corporate structure of the group and the decisions that must be considered strategic due to the amounts or risk. This body should also assess compliance with the strategic plan and the implementation of major policies of the company.	Not Applicable	
II.1.4. Unless the company is of a reduced size and depending on the model adopted, the board of directors and the general and supervisory board, shall set up the necessary committees in order to: ensure that a competent and independent assessment of the executive board members' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; study the adopted governance system and verify its efficiency and propose to the competent bodies measures to be carried out with a view to its improvement	Not Applicable	
II.1.5. Unless the company is of a reduced size and depending on the model adopted, the board of directors and the general and supervisory board should set goals in terms of risk-taking and create systems for their control to ensure that the risks actually incurred are consistent with those goals.	Yes	Item 50
II.1.6. The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of executive members' activity.	No	Item 17
II.1.7The non-executive board members must include an adequate number of independent directors, taking into account the governance model adopted, the size of the company and its shareholder structure and the respective free float. The independence of the members of the General and Supervisory Board and Member of the Audit Committee is assessed in accordance with applicable law , and as to the other members of the Board are considered independent person who is not associated with any group of interests specific society , nor under any circumstance likely to affect their impartiality of analysis or decision , particularly in relation to : a) Have been employees of the company or a company with which it is found in a control or group in the past three years; b) Have , in the past three years , provided services or established significant business relationship with the company or company with which it is in a control or group , either directly or as a partner, director, manager or officer of a legal person ; c) Being in favor of compensation paid by the company or by a company with which it is found in a control or group than the remuneration resulting from the exercise of the duties of a director; d) Living in consensual union, or a spouse , relative or order in and straight up to the 3rd degree , even in the collateral line , administrators or individuals directly or indirectly qualifying shareholders e) Be qualified shareholder or representative of a shareholder holding qualifying holdings .	No	Item 18
II.1.8. When the board members that carry out executive duties are requested by other members of governing bodies to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.	Yes	Item 21
II.1.9. The chairman of the executive committee shall send the convening notices and minutes of the meetings to the chairman of the board of directors and, when applicable, to the chairman of the audit board or of the audit committee.	Yes	Item 21
II.1.10. If the chairman of the board of directors carry out executive duties, this body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that they can make independent and informed or find an equivalent mechanism to ensure such coordination.	No	Item 18
II.2. AUDITING BODIES		
II.2.1. Depending on the applicable model, the chairman of the audit board, of the audit committee or of the committee on financial matters, should be independent and should have the appropriate skills to carry out his/her duties.	Yes	Item 32
II.2.2. The auditing body should be the main interlocutor of the external auditor and the first recipient of their respective reports, responsible for the propose the respective remuneration and to ensure that they are provided within the company, the appropriate conditions for the provision of services.	Yes	Item21
II.2.3. The auditing body, shall assess the external auditor on an annual basis and advise the General Shareholders' Meeting that he/she be discharged whenever justifiable grounds are present.	Yes	Item 45
II.2.4. The auditing board shall evaluate the functioning of the internal control systems and risk management and propose adjustments that may be required.	Yes	Item 21
II.2.5. The Audit Committee, the General and Supervisory or the Audit Board shall decide on the work plans and affections to internal audit services and services that ensure compliance with the rules applicable to the company (compliance services) resources, and should be addressed to the reports from these services at least when they are concerned matters related to accountability identification or resolution of conflicts of interest and the detection of potential illegalities.	Yes	Item 21
II.3. Remuneration		
II.3.1. Members of the remuneration committee or alike, shall be independent from the members of the board of directors and shall include at least one member with knowledge and experience in remuneration policy matters.	No	Item 68
II.3.2. No natural or legal person who provides or has provided, over the past three years, services to any structure under dependence of the Board of Directors, the company's Board of Directors itself or who is currently in a relationship with a company consultancy agency, shall be hired to support the Remuneration Committee in the performance of its duties. This recommendation also applies to any natural or legal person who has an employment or service provision contract with those bodies.	Yes	Item 68
II.3.3. The statement on the remuneration policy for the board of directors and the audit body, referred to in Article 2 of Law 28/2009 of 19 June, shall, in addition to the contents specified therein, contain sufficient information on: a) Identification and explanation of the criteria for determining the remuneration to be paid to members of governing bodies; b) Information on the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate, to be paid to members of governing bodies, and identification of the circumstances under which these maximum amounts may be payable; c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of administrators.	No	Item 69

II.3.4. A proposal shall be submitted at the General Shareholders' Meeting on the approval of schemes for the allotment of shares and/or stock options or further yet based on the fluctuations in share prices, to members of the governing and auditing bodies and other directors information for a correct assessment of the scheme.	Not Applicable	
II.3.5. Must be submitted to the General Meeting a proposal on the approval of any system of retirement benefits established for members of governing bodies. The proposal should contain all the elements necessary for a correct evaluation of the system.	Yes	Item 76
III. REMUNERATION		
III.1. The remuneration of the members of the board of directors should be structured to allow the alignment of their interests with the company's long-term interests and should be based on performance evaluation, and should discourage excessive risk taking.	Yes	Item 70
III.2. The remuneration of non-executive members of the board of directors and of the members of the audit board should not include any component whose amount depends on company performance or value.	Yes	Item 77
III.3. The variable component of the remuneration should be reasonable overall in relation to the fixed component of the remuneration, and ceilings should be set for all components.	No	Item 69
III.4. A significant portion of the variable remuneration shall be deferred for a period not less than three years, and its payment should be dependent on the continued positive performance of the company throughout this period.	No	Item 72
III.5. The members of the board of directors shall not enter into contracts, both with the company or with third parties, that may mitigate the risk inherent in the variability of remuneration fixed for them by the company.	Not Applicable	Item 73
III.6. Until the end of their mandate, executive directors should hold company shares that they have acquired through variable remuneration schemes, to a limit of twice the amount of their total annual remuneration, except those that need to be disposed of for the payment of taxes resulting from income on said shares.	Not Applicable	
III.7. when the variable remuneration includes allocation of options, the start of the period should be deferred for not less than three years.	Not Applicable	
III.8. When the removal of administrator is not due to serious breach of its duties or their unfitness for the normal exercise of their functions but still be reducible to poor performance, the company will find yourself provided with the appropriate and necessary legal instruments to any damages or compensation, beyond the legally due, is not required.	No	
IV. AUDITING		
IV.1. The external auditor shall, within the scope of his/her remit, verify the application of the remuneration policies and systems, the efficiency and effectiveness of internal control mechanisms and report any deficiencies to the company's audit board.	Yes	Item 34
IV.2 The company shall not hire from the external auditor, or any entity with which it has a shareholding relationship or which are part of the same network, miscellaneous services other than audit services. Where there are reasons for hiring such services - which must be approved by the audit board and explained in its annual report on Corporate Governance - they shall not be more than 30% of the total value of the services provided to the company.	Yes	Item 47
IV.3. Companies shall promote the rotation of the auditor after two or three mandates depending on whether these are, respectively, four or three years. Retention of the auditor beyond this period shall be substantiated on a specific opinion of the audit board that explicitly considers the level of auditor independence and the costs and benefits of replacement.	Yes	Item 44
V. CONFLICT OF INTEREST AND AND RELATED PARTY TRANSACTIONS		
V.1. The company's businesses with shareholders with qualifying holdings or entities with whom it has any type of relationship, pursuant to Art. 20 of Código dos Valores Mobiliários (Portuguese Securities Code), shall be carried out under normal market conditions.	Yes	Item 89
V.2. Businesses of significant relevance with shareholders with qualifying holdings or entities with whom it has any type of relationship, pursuant to Art. 20 of Código dos Valores Mobiliários (Portuguese Securities Code), shall be subject to the prior opinion of the audit board. This body shall establish the procedures and criteria required to define the relevant level of significance of such businesses and the other terms of its intervention.	No	Item 89
VI. REPORTING		
VI.1. Companies shall provide, through its website, in Portuguese and English, access to information enabling knowledge about its evolution and its current reality in economic, financial and governance terms	Yes	Item 59 to 65
VI.2. Companies should ensure the existence of an investor assistance office and permanent contact with the market, responding to requests from investors in a timely processing of applications submitted and the treatment that was given should be maintained	Yes	Item 56

In relation to the recommendations that are not met, we wish to provide the following information:

I.2. Although a constitutive quorum that outnumbers that provided for by law has not been set, the Articles of Association of the Company provide for a set of resolutions, as defined in number I8 of the Report, which require a minimum quorum of 75% of the Company's share capital, a percentage higher than that provided for by law.

I.4. As mentioned in items 12 to 14 for each group of one hundred shares corresponds to one vote and are not contemplated in the statutes of the Company duty to submit to five years the amendment of the statutory provision in the General Assembly.

II.1.4. The Board of Director saw no need to create specific commissions for assessment of the executive members' performance and their overall performance and reflect on system structure and the adopted governance practices, verify its efficiency and propose measures to be implemented to its improvement.

II.1.6. The Board of Directors consists of a total of seven members, two of whom are non-executive members (refer to item 17 of the Report for further details concerning the composition of the Board), the number of non-executives accounting for 29% of the total number of board members.

II.1.7. The non-executive members of the board of directors (2 out of a total of 7 members), appointed by Toyota Motor Europe, may not be regarded as independent.

II.1.10. The chairman of the board of directors has executive functions and as mentioned in point no 18 the members non-executive aren't independent.

II.3.1. The members of the Remuneration Committee can not be considered independent due to seniority in the performance of their duties.

II.3.3. The statement on the remuneration policy for the board of directors and audit body, made by the remuneration committee as described in item 69, does not include decisions on payments for dismissal or termination by agreement of directors' roles.

III.3. There are not limits for fixed and variable components of the remuneration of the members of the management and supervisory

III.4. As described in item 72 the variable remuneration does not depend on a policy of medium and long-term maximization of profit of the Company.

III.8. The company does not have the legal instruments adequate and necessary to avoid any compensation don´t be required beyond the legally due.

V.2. The Audit Board, within the scope of its remit, did not conduct a prior evaluation of businesses carried out between the company and shareholders with qualifying holding and entities with whom it has any type of relationship, in accordance with Article 20 of Código dos Valores Mobiliários (Portuguese Securities Code), as it considers that these were carried out under normal market conditions.

The Chartered Accountant

Alexandra Maria Pacheco Gama Junqueira

Board of Directors

José Reis da Silva Ramos - Presidente
Maria Angelina Martins Caetano Ramos
Salvador Acácio Martins Caetano
Miguel Pedro Caetano Ramos
Katsutoshi Nishimoto
Matthew Peter Harrison
Rui Manuel Machado de Noronha Mendes

ANNEX I

CURRICULUM VITAE

Name: **José Reis da Silva Ramos**

Date and Place of Birth: 15 August 1946, in Vila Nova de Gaia.

Marital Status: Married

Address: Alameda Senhor da Pedra, 262, Miramar Arcozelo, Vila Nova De Gaia

Academic Qualifications: Degree in Metallurgic Engineering

Professional Activity: Companies' Director

Name: **Maria Angelina Martins Caetano Ramos**

Date and Place of Birth: 18 August 1949, in Vila Nova de Gaia.

Marital Status: Married

Address: Alameda Senhor da Pedra, 262, Miramar Arcozelo, Vila Nova De Gaia

Academic Qualifications: Degree in Economics

Professional Activity: Companies' Director

Name: **Salvador Acácio Martins Caetano**

Date and Place of Birth: 30 January 1955, in Vila Nova de Gaia.

Marital Status: Married

Address: Rua Moreira Lobo, 80, Miramar Arcozelo, Vila Nova de Gaia

Academic Qualifications: Degree in Engineering

Professional Activity: Companies' Director

Name: **Miguel Pedro Caetano Ramos**

Date and Place of Birth: 26 September 1971, in Vila Nova de Gaia.

Marital Status: Married

Address: C Carnicero Edif. Puerto Chico, 5 P04 B, Torremolinos – Malaga - Espanha

Academic Qualifications: Degree in Mechanical Engineering

Professional Activity: Companies' Director

Name: **Rui Manuel Machado de Noronha Mendes**

Date and Place of Birth: 8 August 1954, in Leça da Palmeira - Matosinhos.

Marital Status: Married

Address: Rua Dr. Manuel Rodrigues de Sousa, 64 – 6º Esq. - Matosinhos

Academic Qualifications: Degree in Economics

Professional Activity: Companies' Director

Name: **José Domingos da Silva Fernandes**

Date and Place of Birth: 28 March 1951, in Cedofeita - Porto.

Marital Status: Married

Domicílio Profissional: Rua Cunha Júnior, 41 – B, 1º Sala 4 4250-186 Porto

Academic Qualifications:

- 1970 Accountant studies, at the former Instituto Comercial do Porto
- 1975 Licenciatura em Economia – Decree in Economics – Porto University

Work experience:

- 1975 – 1993 Technician at Inspeção- Geral de Finanças
- 1987 – 2011 Professor at Porto's Instituto Superior de Contabilidade e Administração

Since 1982 Registered at the Statutory Auditors' Association, and has performed such duties in several entities.

- 2001 – 2005 Chairman of the Disciplinary Board of the Statutory Auditors' Association

Currently 1) Performs the duties of Chairman of the Audit Board at other entities

CAETANO – BAVIERA – Comércio de Automóveis, S.A. (Grupo Salvador Caetano)

2) Performs the duties of Statutory Auditor at the following entities

Multiponto, S.A.

Summertime - Sociedade Imobiliária, S.A.

Convemaia - Sociedade Imobiliária, S.A.

BDS, SGPS, S.A.

Poliedro, SGPS, S.A.

Oniram – Indústria Melomecânica, Lda

Name: **Maria Lívia Fernandes Alves**

Date and Place of Birth: 31 January 1945, in Nine – Vila Nova de Famalicão.

Marital Status: Divorced

Address: Rua Amorim Girão, 161, 1º Dtº, 4460-209 Senhora da Hora

Academic Qualifications: General Studies in Commerce

Name: **Alberto Luis Lema Mandim**

Date and Place of Birth: 5 July 1939 in Ermesinde-Valongo

Marital Status: Married

Address: Rua da Boavista Nº 53, 4445-349 Ermesinde

Academic Qualifications:

-1964 Accountant studies, at the former Instituto Comercial do Porto

-1966 Chartered accountant; member nº 3927 OTOC

-1968 programation in em Fortran (EDP)

-1981 programation in rpg (IBM)

-1990 information systems analysis (ibm)

-2008 companies valuation (CTOC)

Work experience:

- 1961 – 1964 Bank Employee Banco Espírito Santo
- 1964 – 1966 Accountant Moto Meca Rl
- 1966 – 1979 Manager Soc. Construções Soares Da Costa, S.A.
- 1979 – 1999 Manager Toyota Caetano Portugal, S.A.
- 2000 – 2005 Member Of Board Of Directors Rigor - Consultoria e Gestão, S.A.
- 2005 – 2007 Member of Board of Directors Inforauto - Consultoria e Informática de gestão, S.A.
- 2003 – 2012 Vice –president of the Board of Directors Salvador Caetano Capital S.G.P.S., S.A
- 2005 – 2011 Member of Board of Directors Caetsu Publicidade, S.A.
- 2006 Member of Audit Board Caetano Auto, S.A.
- 2010 Member of Audit Board Fundação Salvador Caetano.

ANNEX II

REMUNERATION COMMITTEE DECLARATION:

The Remuneration Committee of Toyota Caetano Portugal, S.A states the following:

a) **Compliance with the policy set defined for Financial Year of 2018:**

Analyzed all accounting data and other records of Toyota Caetano Portugal, this Committee verified that there was no change on the remuneration of the Governing Bodies during the year 2018, thus having been complied the proposals of this Committee approved in the General Meeting of Shareholders of April 20, 2018.

b) **Policy of Remuneration applicable during the Financial Year 2019:**

In view of the current economic climate and given the forecasts of activity and results for the financial year 2018, provided by the Management of the Company, is the understanding of this Committee that the amounts of remuneration of the fixed nature for all members of the governing bodies, who maintain executive functions, must respect in its essence the deliberations of the Management concerning the salary policy to be applied to the remaining Employees, in other words, they must in 2019 be updated in a range of 1,5% to 3%.

For the non-Executive, this Committee has the opinion that they shall not receive any remuneration, as it is the practice hitherto followed.

Regarding the Variable Remuneration of the executive members of the Board of Directors, it has been allocated according to the results obtained by the Company, combining with the distribution policy of dividends to the shareholders and the bonus payable to employees.

In 2018, when this remuneration component was attributed, was met the Commission's proposal of not exceeding 2% of the distributable results.

Therefore and referring to paragraph b) of number 3 of article 2 of Law 28/2009 of 19 June, this Remuneration Committee proposes the maintenance of this criteria for 2019, namely that the variable remuneration of the Executive Members of the Board of Directors as a whole does not exceeds 3% of the distributable profits determined in the financial year of 2018.

The decision to award Variable Remuneration depending on the results obtained has implicit the verification of the alignment of interests of the members of the Board of Directors with the interests of the Company and, therefore, is one of the mechanisms to be integrated in paragraph a) of number 3 of article 2 of Law No. 28/2009 of 19 June and simultaneously responding to paragraph e) of the same number of article 2 of Law No.28/2009, ensuring the limitation of the variable remuneration in the case that the results obtained are of a negative nature.

Concerning the information related to paragraph c) of number 3 of article 2 of Law No. 28/2009 of June 19, we certify the absence of any plan of allocation of shares or options to acquire shares by the members of the administration and supervision. This committee proposes to maintain this criterion.

The company's practice in the timing of annual payments must, in our opinion, remain, and therefore shall be excluded the possibility stated in paragraph d) of number 3 of article 2 of Law No. 28/2009.

The Remuneration Committee
Alberto Luis Lema Mandim
Maria Conceição Monteiro da Silva
Francelim Costa da Silva Graça

Toyota Caetano Portugal, S.A.