RAMADA

INVESTIMENTOS E INDÚSTRIA

2019 Annual Report

80 YEARS

Investing in industry

RAMADA INVESTIMENTOS E INDÚSTRIA

Shaping industry

From steel
to engineering
our brands reflect our know-how.

80 YEARS
Investing in industry

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Dear Shareholders,

Pursuant to legal requirements and the articles of association, the Board of Directors of Ramada Investimentos e Indústria, S.A. (hereinafter "Ramada Investimentos", "Company" or "Ramada Group") hereby submits the Management Report for the financial year ended in 31 December 2019. According to Article 508(6)(C) of the Companies Act, the Board of Directors has decided to submit a single Management Report, thereby complying with all legal requirements.

INTRODUCTION

Ramada Investimentos was incorporated in 2008, under a group restructuring operation. All the shares that represent its share capital are admitted to trading on a regulated market, on Euronext Lisbon.

Ramada Investimentos[1] is the parent company of a group of companies that, as a whole, operates in two different business segments: (i) the Industry Segment, which includes the special steel and drawing mill activities, as well as the activity related to the management of the Group's financial holdings in which the Group is a minority shareholder; and (ii) the Real Estate Segment, devoted to managing real estate assets.

The Special Steel business, which mainly focus on the steel for moulds sub-segment, in which the Group holds a prominent share in the domestic market, is carried out by three companies: Ramada Aços, Universal Afir and Planfuro Global. The drawing activity is carried out by Socitrel. Socitrel manufactures and sells steel wires for application in the most diverse areas of activity, namely industry, agriculture and civil construction. With this acquisition, Ramada Investimentos was able to widen its industrial activity, embracing a new business area.

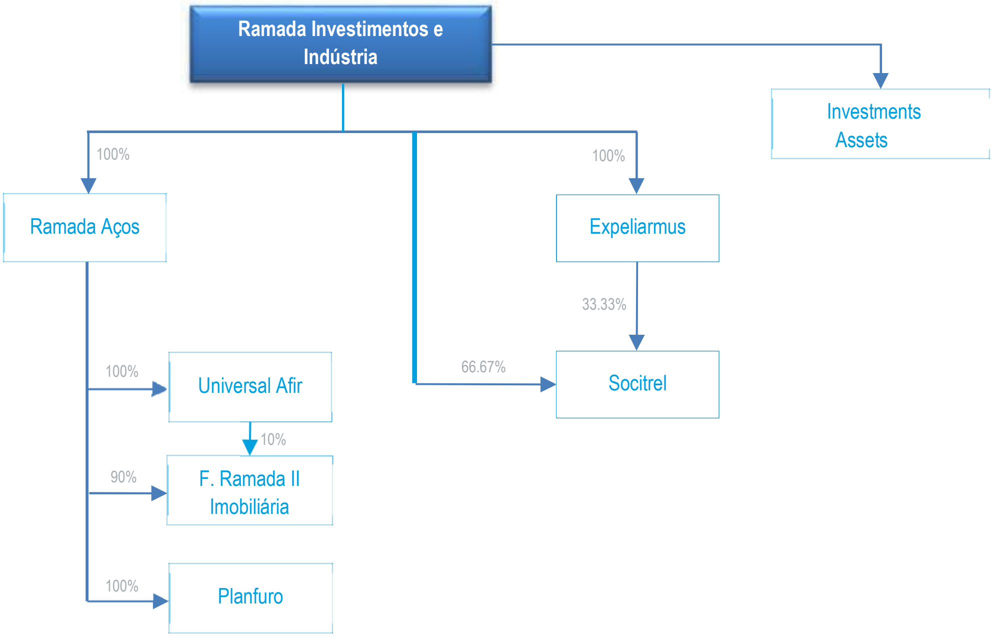
In the financial investment management activity, among other portfolio investments held by the Group, it should be highlighted the participation held in CEV, S.A. and in Fisio Share – Gestão de Clínicas, S.A..

The Real Estate activity covers the management of real estate assets (composed of forestry assets and real estate of the group) and is undertaken by the company F. Ramada II – Imobiliária, S. A..

In the first half of 2018, Ramada Investimentos sold the entire share capital of Ramada Storax, S.A. and all its subsidiaries in France, United Kingdom, Belgium and Spain, which supported the entire international distribution network. This operation entailed the discontinuation of the Storage Systems activity.

[1] In June 2018, F. Ramada – Investimentos SGPS, S.A. changed its corporate purpose, as well as its name, to "RAMADA INVESTIMENTOS E INDÚSTRIA, S.A." (Ramada Investimentos) or (Ramada Group).

The structure of Ramada Group's shareholdings, at 31 December 2019, can be detailed as follows:



MACROECONOMIC BACKGROUND

The “Commercial War” between the USA and China and the decisions regarding Brexit originated a negative environment for the economy. The worst forecasts did not occur, but the world economy grew at the lowest rate since the world financial crisis of 2008. Considering all those factors, the world economy still grew between 2.5 and 3%, thus avoiding a more negative scenario. The IMF, OECD and the World Bank predict a moderated growth of the world economy for 2020.

The European Commission estimates that the inflation of the Eurozone had reached 1.2% for 2019, will increase to 1.3% in 2020, and stabilizing in 2021. The European economy registered its seventh consecutive year of growth in 2019, however, continuing the trend verified in 2018, the verified growth was moderated. There are some factors to be considered for this slower pace in the economic growth, such as the interest rate reduction strategies applied by several Central Banks, with the purpose of supporting the respective economies. No significant improvement in the economic activity is expected for 2020, but the risk of recession is also not considered.

Regarding Portugal, 2019 was characterized by a deceleration, one more example of the maturity of the economic cycle. According to data from the IMF and the OECD, GDP will have grown 1.9%, when compared to the 2.4% of 2018, with tourism and services sustaining the values. Additionally, Portugal also felt the effect of the deceleration of some of its main commercial partners, such as Spain and Germany. According to the Bank of Portugal, exports and the industrial sector also suffered slowdowns. Inflation should remain relatively low, as the European Commission and the IMF estimated a value of 0.3%.

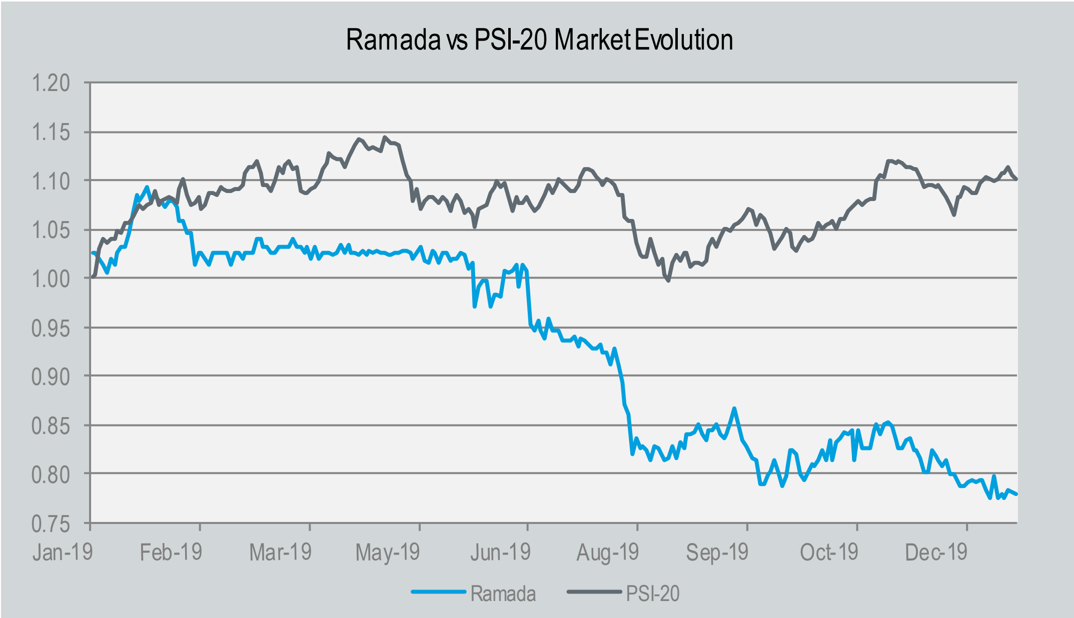
Source: IMF, Informação de Mercados Financeiros, 21 January 2020

Observations: all these projections may be naturaly affected due to the economic and social panorama currently experienced around the world .

STOCK MARKET PERFORMANCE

(Note: The PSI-20 was considered as an index with initial value identical to that of the security under analysis, in order to allow a better comparison of the changes in the share price).

Ramada Investimentos shares devalued 22.13% in 2019, while the PSI-20 index appreciated 10.20% in the same period.

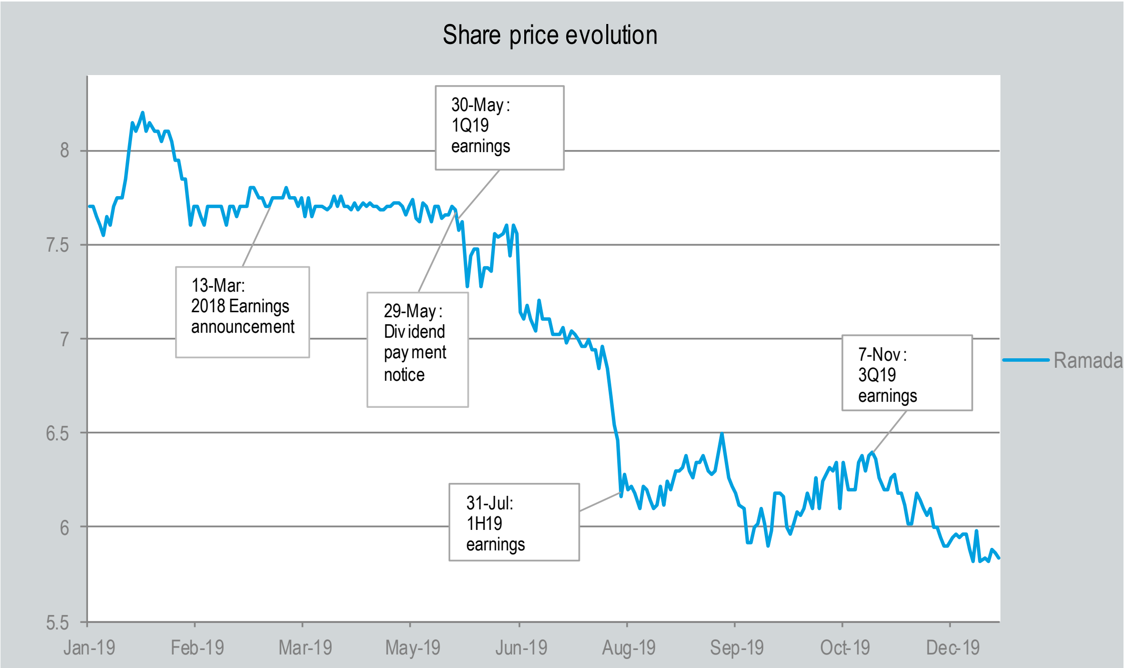


The market price of Ramada Investimentos shares at the year's end was EUR 5.82 per share. This is equivalent to a market capitalisation of EUR 149.7 million.

Ramada Investimentos shares were traded at a maximum price of EUR 8.20 per share and a minimum of EUR 5.82 per share in 2019. A total of 2,213,943 shares of Ramada Investimentos e Indústria were traded in 2019.

Performance of the Ramada Investimentos share price

The main events that marked how the Ramada Investimentos share price performed in 2019 can be described as follows:



- The Group announced its financial performance for 2018 through a statement made on 13 March 2019. Consolidated net income was around EUR 69.7 million, which represents a 23% increase from the previous year. Total revenue[2] amounted to EUR 129.4 million and consolidated EBITDA[3] reached around EUR 18.8 million.

- On 29 May, Ramada Investimentos informed the market that the dividends for 2018, corresponding to EUR 0.60 per share, would be paid from 26 June. These dividends added to the extraordinary dividend payment relating to an advance on profits of 2018 financial year, in the amount of EUR 1.15 per share, previously paid in December 2018.

- On 30 May 2019, the Ramada Group reported that its financial results for the 1st quarter of 2019 posted a consolidated net profit of around EUR 1.9 million. Consolidated EBITDA[3] reached EUR 3.9 million and total revenue[2] was EUR 30.4 million.

- On 31 July 2019, Ramada Group's results for the first half of 2019 were announced, with a consolidated net profit of EUR 3.8 million. Total revenue[2] reached to EUR 59.1 million and consolidated EBITDA[3] amounted to around EUR 7.6 million.

- The Group announced its financial performance for the first nine months of 2018, through a statement made on 7 November 2019, with consolidated net profit of around EUR 5.7 million. Consolidated EBITDA[3] amounted to around EUR 11.5 million, with an EBITDA margin of 13%. Total revenue[2] reached EUR 87 million.

[2] Total revenue = Sales + Services rendered + Other income
[3] EBITDA = Earnings before income taxes from continuing operations + Financial expenses – Financial income + Amortisations and depreciations

GROUP'S BUSINESS ACTIVITY

Ramada Investimentos is the parent company of a group of companies that, as a whole, operates in two different business segments:

- ☐ ***Industry***, covering the steel activity, the drawing mill activity as well as the activity of managing financial investments related to investments in which the Group is a minority shareholder.

- ☐ ***Real estate***, devoted to managing real estate assets, among which is a significant area of forested land.

The company's 80 years of experience operating in the steel business ensure it holds a prominent position in the domestic market.

Steel sold by the Group is mainly used for the construction of machinery and its components and for the production of tools (dies, cutters and moulds). Its main industrial markets are plastic mould manufacturing, automotive industry components, capital goods and components for household appliances and electronics.

In 2019 the steel activity recorded a decrease in turnover compared to the previous year.

The year 2019 was marked by a negative phase in the markets and, consequently, in the business. At the end of 2018, although the year was positive, a considerable drop in demand was already identified and the uncertainty of the market players in relation to the course of 2019 was evident.

2019 confirmed the uncertainties and companies in the Steel activity were forced to deal with the slowdown in the market and the stagnation in demand for goods, products and services, which were greatly aggravated by the crisis in the moulds and tools sector.

There were expectations that the Automotive Industry would develop projects in the scope of electric and hybrid cars as a way of responding to political and social demands oriented towards a growing ecological awareness. Even more based on the success of sales and growth of new players that were taking place within the scope of this type of offers in the automotive universe, however, this did not materialize.

In fact, all the issues that have arisen around the Automotive Industry in recent times have brought to discussion a series of concepts that have sown changes in the mobility paradigm. Consumers started to ponder their decisions and consider different alternatives, which contributed to losses in the number of vehicles (produced and purchased), as well as great uncertainties in the guidance to be followed at the production level. In this sense, and in view of these issues, there was a retraction in investment and, consequently, the projects were delayed or were on standby.

Being the support of the activity of the Steels in the sectors of moulds and tools, the sale of special steels and services for the manufacture of tools that will be the basis of the production of parts for motor vehicles within 1 to 2 years, it was inevitable not to suffer from this retraction and stoppage of projects throughout this year.

This trend of stagnation and lack of definition marked the entire year and significantly penalized the performance of the group's companies, mainly in the scope of the service rendered activity. With this environment of scarcity of work, the demand for the machining services subcontract fell dramatically, given that in the absence of work, customers "occupy" their resources with this type of services instead of subcontracting them.

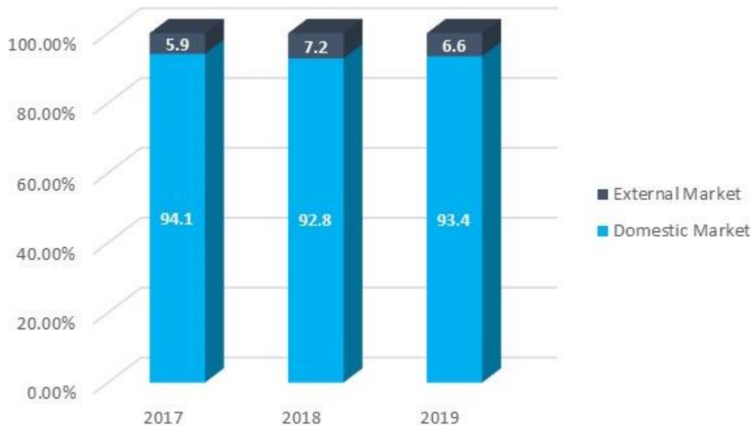
There was also a need to work on inventory management throughout the year, as it was inevitable to adjust the scheduled inventories to a higher sales volume than the situation we were experiencing. To this end, it was necessary to be more commercially aggressive in the face of greater competition, which, as is usual in these situations, given the lower installed capacity and less available supply, look for the price as the best way to try to counter the difficulties.

In view of this scenario, where a lower volume of revenues, associated with the reality of the main sectors of activity in which the Group's companies operate, as well as a greater commercial aggressiveness necessary to not give up market share, contextualize the lower profitability of the business in the most difficult year for the Group since the 2009 crisis.

This context forced us to restructure the business and teams as well as to look for new solutions in products and markets.

Throughout 2019 it was possible to increase the number of export customers and to recover sales in the second half. Export markets are increasingly consolidated, with the difficulties of 2019 developing bases for growth for the next year.

Performance of steel activity turnover by market



The activity of Steel is mainly developed in the national market, which in 2019 represented 93.4% of the volume of revenues. The European market represents the main export destination for the activity.

The Wire Drawing Activity

The Wire activity also registered a drop in turnover compared to the previous year as a result of the less favourable conjuncture in the steel and its derivatives that occurred in 2019.

In this activity, the sale price of manufactured products is directly related to the price of its main raw material, the hot rolled steel wire rod, which in 2019 remained below those practiced in previous years, pressuring sales margins to values below those registered in 2018.

The Wire activity essentially operates in the foreign market which, in 2019, represented 60% of the turnover, with Europe being the destination market with greater preponderance.

FINANCIAL REVIEW

The consolidated financial information of Ramada Investimentos was prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

The main information and indicators of the Ramada Group's consolidated activity can be presented as follows:

	2019	2018	Var. %
Sales and rendered services	114,028	127,424	-10.5%
Other income	996	2,009	-50.4%
Total revenues	**115,024**	**129,433**	**-11.1%**
Cost of sales and variation in production	(71,266)	(77,720)	-8.3%
External supplies and services	(14,804)	(17,138)	-13.6%
Payroll expenses	(13,124)	(14,046)	-6.6%
Other operational expenses (a)	(264)	(1,693)	-84.4%
Total costs	**(99,459)**	**(110,596)**	**-10.1%**
EBITDA (b)	**15,565**	**18,837**	-17.4%
EBITDA margin (c)	**13.5%**	**14.6%**	**-1.1 pp**
Amortisation and depreciation	(3,517)	(5,254)	-33.1%
EBIT (d)	**12,048**	**13,582**	**-11.3%**
EBIT Margin (e)	**10.5%**	**10.5%**	**0.0 pp**
Financial expenses	(1,418)	(1,696)	-16.4%
Financial income	83	126	-33.9%
Profit before income tax from continuing operations	**10,713**	**12,013**	**-10.8%**
Income tax for the financial year	(2,583)	(2,509)	3.0%
Profit after income tax from continuing operations	**8,130**	**9,504**	**-14.5%**
Profit after income tax from discontinued operations	-	60,214	-100.0%
Consolidated net profit of the period	**8,130**	**69,718**	**-88.3%**
Consolidated net profit attributable to shareholders of the parent company	8,130	69,718	-88.3%

(Amounts in thousands of Euro)
(a) Other operating expenses = Other expenses + Provisions and impairment losses
(b) EBITDA = Earnings before tax + Financial expenses – Financial income + Amortisations and depreciations
(c) EBITDA Margin = EBITDA / Total revenues
(d) EBIT = EBITDA + Amortisations and depreciations
(e) EBIT Margin = EBIT / Total revenues

During 2019, total revenues of Ramada Group amounted to 115,024 thousand Euro, presenting a 11.1% decrease over the total revenues recorded in the same period of 2018.

Total costs amounted to 99,459 thousand Euro, recording a 10.1% decrease over 2018.

EBITDA amounted to 15,565 thousand Euro, 17.4% lower when compared to 2018. EBITDA margin amounted 13.2% when compared to the 14.6% recorded in the previous year.

EBIT, in the amount of 12,048 thousand Euro, recorded a decrease of 11.3% when compared to 13,582 thousand Euro in 2018.

The financial results (Financial expenses – Financial income), in the amount of 1,335 thousand Euro, recorded a 15.0% decrease over the same period of the previous year.

Profit of the discontinued operations, in 2018, was 60,214 thousand Euros, which includes the gain from the sale of the storage solutions business.

Consolidated net profit of the continuing operations was 8,130 thousand Euros, presented a 14.5% decrease over the results of the previous year.

Consolidated net profit, including discontinued operations, in 2019, amounted to 8,130 thousand Euros, compared to 69,718 thousand Euros in 2018.

INDUSTRY

	2019	2018	Var. %
Total revenues (a)	**107,592**	121,595	-11.5%
Total costs (b)	**97,982**	108,553	-9.7%
EBITDA (c)	**9,610**	13,042	-26.3%
EBITDA margin (d)	**8.9%**	10.7%	-1.8 pp
EBIT (e)	**6,342**	8,047	-21.2%
EBIT margin (f)	**5.9%**	6.6%	-0.7 pp
Financial results (g)	**(758)**	(778)	-2.6%
Profit before income tax from continuing operations	**5,584**	7,268	-23.2%
Income tax	**1,311**	1,212	8.1%
Profit after income tax from continuing operations	**4,273**	6,056	-29.4%
Profit after income tax from discontinued operations	**-**	60,214	-100.0%
Consolidated net profit	**4,273**	66,269	-93.6%

(Amounts in thousands of Euro)

(a) Total revenues = Sales and rendered services + Other income

(b) Total costs = Cost of sales and variation in production + External supplies and services + Payroll expenses + Other costs + Provisions and impairment losses

(c) EBITDA = Earnings before tax + Financial expenses – Financial income + Amortisations and depreciations

(d) EBITDA margin = EBITDA / Total revenues

(e) EBIT = EBITDA + Amortisations and depreciations

(f) EBIT margin = EBIT / Total revenues

(g) Financial results = Financial expenses – Financial income

In 2019, total revenues from the Industry segment amounted to 107,592 thousand Euros, a decrease of 11.5% compared to the total revenues in 2018.

EBITDA of the Industry segment amounted to 9,610 thousand Euro, a decrease of 26.3% over the 13,042 thousand Euros reached in 2018. EBITDA margin recorded to 8.9% compared to 10.7% in the previous year.

EBIT, in the amount of 6,342 thousand Euros, recorded a decrease of 21.2% compared to 8,047 thousand Euros in the previous year.

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The year 2019 was marked by a negative phase in the markets and, consequently, in the business. At the end of 2018, although the year was positive, a considerable drop in demand was already identified and the uncertainty of the market players in relation to the course of 2019 was evident.

2019 confirmed the uncertainties and companies in the Steel activity were forced to deal with the slowdown in the market and the stagnation in demand for goods, products and services, which were greatly aggravated by the crisis in the moulds and tools sector.

There were expectations that the Automotive Industry would develop projects in the scope of electric and hybrid cars as a way of responding to political and social demands oriented towards a growing ecological awareness. Even more based on the success of sales and growth of new players that were taking place within the scope of this type of offers in the automotive universe, however, this did not materialize.

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There was also a need to work on inventory management throughout the year, as it was inevitable to adjust the scheduled inventories to a higher sales volume than the situation we were experiencing. To this end, it was necessary to be more commercially aggressive in the face of greater competition, which, as is usual in these situations, given the lower installed capacity and less available supply, look for the price as the best way to try to counter the difficulties.

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In this activity, the sale price of manufactured products is directly related to the price of its main raw material, the hot rolled steel wire rod, which in 2019 remained below those practiced in previous years, pressuring sales margins to values below those registered in 2018.
The Wire activity essentially operates in the foreign market which, in 2019, represented 60% of the turnover, with Europe being the destination market with greater preponderance.

REAL ESTATE

	2019	2018	Var. %
Total revenues (a)	7,432	7,838	-5.2%
Total costs (b)	1,477	2,043	-27.7%
EBITDA (c)	5,955	6,794	2.8%
EBIT (d)	5,706	5,536	3.1%
Financial results (e)	(576)	(791)	-27.1%
Net profit before income tax	5,129	4,745	8.1%
Income tax	1,272	1,296	-1.9%
Net profit of the period	3,858	3,449	11.9%

(Amounts in thousands of Euro)

(a) Total revenues = Sales and rendered services + Other income
(b) Total costs = Cost of sales and variation in production + External supplies and services + Payroll expenses + Other costs + Provisions and impairment losses
(c) EBITDA= Earnings before tax + Financial expenses - Financial income + Amortisations and depreciations
(d) EBIT = EBITDA + Amortisations and depreciations
(e) Financial results = Financial expenses – Financial income

In 2019, total revenues from the Real Estate segment amounted to 7,432 thousand Euros, a decrease of 5.2% over 2018.

Income from long-term leases of forest land represents approximately 80% of total Real Estate revenues.

EBITDA of the Real Estate segment in 2019 amounted to 5,955 thousand Euros, an increase of 2.8% compared to 2018.

EBIT of the Real Estate segment, in the amount of 5,706 thousand Euros, presented an increase of 3.1% over 2018.

The financial results of the Real Estate segment were negative by 576 thousand Euros, recording an improvement of 27.1% compared to the negative 791 thousand Euros in 2018.

Profit before taxes for the Real Estate segment amounted to 5,129 thousand Euros, recording an increase of 8.1% than the previous year.

INVESTMENTS AND DEBT

Investment in production[4] in 2019 by the Ramada Group amounted to EUR 2.8 million.

The nominal net debt[5] of Ramada Group at 31 December 2019 amounted to EUR 31 million. The nominal net debt at 31 December 2018 reached EUR 21 million.

[4] Investments in production – Period's acquisitions of tangible fixed assets related to the operational activity of the Industry segment

[5] Nominal net debt = Other loans (nominal values) + Bank loans (nominal values) – Cash and cash equivalents

DUTIES CARRIED OUT BY NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

The Company's non-executive directors regularly and effectively performed the duties legally assigned to them during the 2019 financial year, which consist of monitoring and assessing the activity of the executive members.

On active and regular, basis the non-executive members of the Board of Directors took part in the Board of Directors' meetings in 2019. They discussed the matters under discussion and expressed their position on the Group's strategic guidelines and specific business areas. Those members fostered close and direct contact with the Group's operational and financial managers, where required. The executive directors provided all the information required by the other members of the Board of Directors, during the 2019 financial year and in the course of the meetings of the Board of Directors.

RISK MANAGEMENT

Risk management has a vital role in the management structure of the Group. It is our belief that risk management is an opportunity for value creation.

For a more detailed description of the risks related to the Group's activities please consult the Corporate Governance Report and the Financial Statements.

OUTLOOK FOR 2020

The first quarter of 2020 was marked by the global Covid-19 epidemic, considered by the World Health Organization as a pandemic on March 11, 2020. This pandemic is internationally disseminated and has already shown a strong impact on the world economy and financial markets, so it is essential to consider the impacts arising from Covid-19.

Ramada Group will remain alert and careful towards the risks that may appear for its business area, not only at an operational level, but also at investment and financial levels.

We are convinced that with prevention, serenity and with the joint effort of all our partners, clients, suppliers, employees and local communities we are prepared to face this challenge.

We would also like to address the considerations released on Note 40 Subsequent Events of the Consolidated Financial Statements.

PROPOSAL BY THE BOARD OF DIRECTORS OF THE APPROPRIATION OF THE FINANCIAL YEAR NET RESULT

Ramada Investimentos e Indústria, S.A., as holding company of the Group, recorded in its individual accounts prepared in accordance with the principles of recognition and measurement of the International Financial Reporting Standards, as adopted by the European Union, a net profit of EUR 11,986,554, for which, under the legal and statutory terms, the Board of Directors proposes to the General Meeting the following distribution:

Free reserves	11,986,554
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LEGAL MATTERS

Treasury shares

Pursuant to and for the purposes of Article 66 of the Companies Act, Ramada Investimentos reports that, on 31 December 2019, it did not treasury any of its treasury shares.

Shares held by the governing bodies

It is hereby stated, pursuant to and for the purposes of Article 447 of the Companies Act, that the following directors of Ramada Investimentos e Indústria, S.A., as of 31 December 2019, held shares as follows:

João Manuel Matos Borges de Oliveira (a)	5,300,000
Paulo Jorge dos Santos Fernandes (b)	4,009,402
Domingos José Vieira de Matos (c)	3,118,408
Ana Rebelo de Carvalho Menéres de Mendonça (d)	4,845,383

(a) – the 5,300,000 shares correspond to the total number of shares of Ramada Investimentos e Indústria, S.A. held by CADERNO AZUL, S.A., of which the director João Manuel Matos Borges de Oliveira is a director and shareholder.
(b) – the 4,009,402 shares correspond to the total number of shares of Ramada Investimentos e Indústria, S.A. held by ACTIUM CAPITAL, S.A., of which the director Paulo Jorge dos Santos Fernandes is a director and controlling shareholder.
(c) – the 3,118,408 shares correspond to the total number of shares of Ramada Investimentos e Indústria, S.A. held by LIVREFLUXO, S.A., of which the director Domingos José Vieira de Matos is a director and controlling shareholder.
(d) – the 4,845,383 shares correspond to the total number of shares of Ramada Investimentos e Indústria, S.A. held by PROMENDO Investimentos, S.A., of which the director Ana Rebelo de Carvalho Menéres de Mendonça is a director and majority shareholder.

The Statutory Auditor, the members of the Statutory Audit Board and the Board of the Shareholders' General Meeting did not, at 31 December 2019, hold shares representing the share capital of Ramada Investimentos.

Interests in the share capital of the Company

Pursuant to the requirements of articles 16 and 20 of the Securities Code and article 448 of the Portuguese Companies Act, Ramada Investimentos informs that the companies and/or individuals that have a qualifying holding that exceeds 2%, 5%, 10%, 15%, 20%, 25%, 33% and 50% of the voting rights, accordingly to the notifications received at the company head office by 31 December 2019, are as follows:

Santander Asset Management	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Directly	631,943	2.46%
Total attributable	**631,943**	**2.46%**

Magallanes Value Investors	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Directly	894,128	3.49%
Total attributable	**894,128**	**3.49%**

1 Thing, Investments,SA	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Directly [(a)]	2,565,293	10.00%
Total attributable	**2,565,293**	**10.00%**

(a) - the 2.565.293 Ramada Investimentos e Indústria, S.A. shares are directly held by the company 1 Thing, Investments, S.A. whose board of directors includes Ramada's director Pedro Miguel Matos Borges de Oliveira

Domingos José Vieira de Matos	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Through Livrefluxo, S.A. (of which he is dominant shareholder and director)	3,118,408	12.16%
Total attributable	**3,118,408**	**12.16%**

Paulo Jorge dos Santos Fernandes	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Through Actium Capital, S.A. (of which he is dominant shareholder and director)	4,009,402	15.64%
Total attributable	**4,009,402**	**15.64%**

Ana Rebelo Carvalho Menéres de Mendonça	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Through PROMENDO INVESTIMENTOS, S.A. (of which she is dominant shareholder and director)	4,845,383	18.90%
Total attributable	**4,845,383**	**18.90%**

João Manuel Matos Borges de Oliveira	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Through Caderno Azul, S.A. (of which he is shareholder and director)	5,300,000	20.67%
Total attributable	**5,300,000**	**20.67%**

Ramada Investimentos has not been advised of any holdings with over 33% of the voting rights.

Diversity Policy – Article 245-A (1)(r) of the Portuguese Securities Code.

The diversity policy is not a new theme in the Ramada Group. In fact, the Group has been establishing and implementing, for several years now, policies that have materialised in greater gender parity, not only in the Board of Directors but also in senior and middle management positions.

It should be noted that the Board of Directors of RAMADA INVESTIMENTOS, elected in April 2017 for the 2017/2019 term of office (and, therefore, even before the entry into force of Law No. 89/2017 of 28 July) is composed of five members – four men and one woman, which means that women account for 20% of the composition of that body.

The Board of Directors promotes diversity policies at various levels, without losing sight of the guiding principle of meritocracy. These areas include:

- Instructions to the human resources area so that:

  (i) career progression, performance evaluation and salary review policies are defined based on diversity promotion concerns.
  (ii) in recruitment processes, they seek to promote diversity, always presenting lists of potential employees to be recruited that are sufficiently representative of both genders.

- Instructions to the operational areas so that the multidisciplinary teams formed within the scope of the most varied projects are always based on the concern for balanced representation.

Ramada firmly believes that a healthy gender balance contributes decisively to making the teams more eclectic, self-challenging and proactive. Therefore, the promotion of this diversity is a goal of the Group.

Non-financial information

As required by Directive 2017/95/EU of the European Parliament and of the Council, transposed to national law by Decree-Law No. 89/2017 of 28 July, the Group must provide information on non-financial matters. This information should be sufficient for an understanding of the evolution, performance, position and impact of the Group's activities, referring to environmental, social and worker issues, gender equality, non-discrimination, respect for human rights, combating corruption and attempts at bribery.

The non-financial information required by Decree-Law No. 89/2017 is included on the non-financial information chapter regarding the year 2019.

CLOSING REMARKS

Before finishing this report, we would like to thank our suppliers, financial institutions and other partners of the group for their trust in our organisation. We would also like to extend our thanks to our employees for their dedication and commitment.

Porto, 31 March 2020

The Board of Directors

____
João Manuel Matos Borges de Oliveira

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Paulo Jorge dos Santos Fernandes

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Domingos José Vieira de Matos

____
Pedro Miguel Matos Borges de Oliveira

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Ana Rebelo de Carvalho Menéres de Mendonça

STATEMENT UNDER THE TERMS OF ARTICLE 245 (1)(C) OF THE SECURITIES CODE

The signatories individually declare that, to the best of their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, giving a true and fair view of Ramada Investimentos e Indústria, S.A.'s assets and liabilities, financial position and consolidated and individual results and the companies included in the consolidation perimeter. Also, the Management Report accurately describes the development of the business, performance and financial standing of Ramada Investimentos e Indústria, S.A. and the companies included in the consolidation perimeter, and that it contains a description of the main risks and uncertainties they face.

DECLARATION OF RESPONSABILITY

The members of the Board of Directors of Ramada Investimentos e Indústria, S.A. declare that they take responsibility for this information and ensure that the information contained herein is true and there are no omissions that they are aware.

Pursuant to Article 210 of the Code of Contributory Schemes of the Social Security System (approved by Law 110/2009 of 16 September), we inform that there are no overdue debts to the State, in particular to Social Security.

SHAPPING INDUSTRY

MORE THAN A COMMITMENT IS A PRIDE

80 YEARS
Investing in industry

ANNEX I

1. Board of Directors

Qualifications, experience and positions held in other companies by members of the Board of Directors:

João Manuel Matos Borges de Oliveira

He was one of the founders of Altri (the company that gave rise to Ramada Investimentos, by demerger) and has been involved in the Company's management since its incorporation. He has a degree in Chemical Engineering from the University of Porto and has completed the MBA at Insead. He holds positions in the media and industry areas, as well as in the strategic definition of the Group.

He has been a shareholder of the Company since 2008 and has also been appointed a director since then.

In addition to the companies where he currently holds management functions, his professional experience includes:

1982/1983	Assistant to the Production Manager at Cortal
1984/1985	Production Manager at Cortal
1987/1989	Marketing Manager at Cortal
1989/1994	General Manager at Cortal
1989/1995	Vice-Chairman of the Board of Directors at Cortal
1989/1994	Director at Seldex
1996/2000	Non-Executive Director at Atlantis, S.A.
1997/2000	Non-Executive Director at Vista Alegre, S.A.
1998/1999	Director at Efacec Capital, S.G.P.S., S.A.
2008/2015	Chairman of the Supervisory Board at Porto Business School
2008/2011	Non-Executive Director at Zon Multimédia, S.G.P.S., S.A.
2011/2013	Member of the ISCTE-IUL CFO Advisory Forum

The other companies where he holds management functions at 31 December 2019 are:

- Altri Abastecimento de Madeira, S.A. (a)
- Altri Participaciones Y Trading, S.L. (a)
- Altri, S.G.P.S., S.A. (a)
- Caderno Azul, S.A. (a)
- Caima – Indústria de Celulose, S.A. (a)
- Caima Energia – Emp. Gestão e Exploração de Energia, S.A. (a)
- Captaraíz – Unipessoal, Lda. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Celtejo – Empresa de Celulose do Tejo, S.A. (a)
- Cofina, S.G.P.S., S.A. (a)
- Cofina Media, S.A. (a)
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- Elege Valor, Lda. (a)
- F. Ramada II Imobiliária, S.A.
- Indaz, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Universal – Afir, S.A.

a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

Paulo Jorge dos Santos Fernandes

He was one of the founders of Altri, SGPS, S.A. (the company that gave rise to Ramada Investimentos, by demerger) and has been involved in the Company's management since its incorporation. He has a degree in Electronic Engineering from the University of Porto and has completed an MBA at the Nova University in Lisbon. He holds positions in the media and industry areas, as well as in the strategic definition of the Group.

He has been a shareholder of the Company since 2008 and has also been appointed a director since then.

He works in the media, internet and paper pulp industries. He is currently CEO at Cofina, CO-CEO at Altri, of which he is the founder, shareholder, member of the Board of Directors and Chairman.

In addition to the companies where he currently holds management functions, his professional experience includes:

1982/1984	Assistant to the Production Manager at CORTAL
1986/1989	General Manager at CORTAL
1989/1994	Chairman of the Board of Directors at CORTAL
1995	Director at CRISAL – CRISTAIS DE ALCOBAÇA, S.A.
1997	Director at the Vista Alegre, S.A. group
1997	Chairman of the Board of Directors at ATLANTIS – Cristais de Alcobaça, S.A.
2000/2001	Director at SIC

He has also held positions in various associations throughout his career:

1989/1994	Chairman of FEMB (Fédération Européene de Mobilier de Bureau) for Portugal
1989/1990	Chairman of the General Meeting of the Águeda Industrial Association
1991/1993	Member of the Advisory Board of the Porto Industrial Association
Since 2005	Member of the Senior Board of the Association of Former MBA Students
2013/2016	Chairman of the Board of the Supervisory Board of BCSD
Since 2006	Member of the Advisory Board in Engineering and Management at IST
Since 2016	Member of the Council of CELPA – Paper Industry Association

The other companies where he holds management functions at 31 December 2019 are:

- A Nossa Aposta – Jogos e Apostas On-Line, S.A. (a)
- Actium Capital, S.A. (a)
- Altri Abastecimento de Madeira, S.A. (a)
- Altri Participaciones Y Trading, S.L. (a)
- Altri, S.G.P.S., S.A. (a)
- Articulado – Actividades Imobiliárias, S.A. (a)
- Caima – Indústria de Celulose, S.A. (a)
- Caima Energia – Emp. Gestão e Exploração de Energia, S.A. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Celtejo – Empresa de Celulose do Tejo, S.A. (a)
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- Cofina, S.G.P.S, S.A. (a)
- Cofina Media, S.A. (a)
- Elege Valor, Lda. (a)
- F. Ramada II Imobiliária, S.A.

- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A.
- Santos Fernandes & Vieira Matos, Lda. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)

As of 31 December 2019, the other companies where he carries out supervision functions are as follows:

- Fisio Share - Gestão De Clínicas, S.A. (a)

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

Domingos José Vieira de Matos

He was one of the founders of Altri (the company that gave rise to Ramada Investimentos, by demerger) and has been involved in the Company's management since its incorporation. He has a degree in Economics from the Faculty of Economics of the University of Porto. He began working in management in 1978. He has been a shareholder of the Company since 2008 and has also been appointed a director since then.

In addition to the companies where he currently holds management functions, his professional experience includes:

1978/1994	Director at Cortal, S.A.
1983	Founding Partner at Promede – Produtos Médicos, S.A.
1998/2000	Director at Electro Cerâmica, S.A.

The other companies where he holds management functions at 31 December 2019 are:

- Altri Florestal, S.A. (a)
- Altri, S.G.P.S., S.A. (a)
- Caima – Indústria de Celulose, S.A. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Cofina, S.G.P.S., S.A. (a)
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- Elege Valor, Lda. (a)
- F. Ramada II Imobiliária, S.A.
- Florestsul, S.A. (a)
- Livrefluxo, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A.
- Santos Fernandes & Vieira Matos, Lda. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Universal – Afir, S.A.

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

Ana Rebelo de Carvalho Menéres de Mendonça

She has a degree in Economics from the Portuguese Catholic University in Lisbon and was appointed company's director in May 2009.

In addition to the companies where he currently holds management functions, his professional experience includes:

1995	Journalist in the economy area for the Semanário Económico newspaper
1996	Citibank Commercial Department
1996	Director at Promendo, S.A.
2009	Director at Promendo, S.G.P.S., S.A.

The other companies where he holds management functions at 31 December 2019 are:

- Altri, S.G.P.S., S.A. (a)
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- Cofina, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A.
- Promendo Investimentos, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A.

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

Pedro Miguel Matos Borges de Oliveira

He has a degree in Financial Management from Instituto Superior de Administração e Gestão do Porto (Porto Higher Institute of Administration and Management).

In 2000, he completed the Executive MBA at the Instituto Empresarial Portuense in partnership with ESADE – Business School of Barcelona, currently the Porto Catholic Business School. In 2009, he attended the Business Evaluation Course of EGE – School of Business Management. He has been a Company's director since May 2009.

In addition to the companies where he currently holds management functions, his professional experience includes:

1986/2000	Advisor to management at FERÁGUEDA, Lda.
1992	Manager at Bemel, Lda.
1997/1999	Assistant to the Board of GALAN, Lda.
1999/2000	Deputy Director of the Saws and Tools Department of F. Ramada, Aços e Indústrias, S.A.
2000	Director of the Saws and Tools Department of F. Ramada, Aços e Indústrias, S.A.
2006	Director at Universal Afir, Aços Especiais e Ferramentas, S.A.
2009	Director at COFINA, S.G.P.S., S.A.
2014	Director at Altri, S.G.P.S., S.A.

The other companies where he holds management functions at 31 December 2019 are:

- Altri Florestal, S.A. (a)
- Altri, S.G.P.S., S.A. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- Cofina, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A.
- Florestsul, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Universal – Afir, S.A.
- Valor Autêntico, S.A. (a)
- 1 Thing, Investments, S.A. (a)

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

2. Statutory Audit Board

Qualifications, experience and positions held in other companies by members of the Statutory Audit Board:

Pedro Nuno Fernandes de Sá **Pessanha** Da Costa

Qualifications: Degree in Law from the Faculty of Law of the University of Coimbra in 1981
Supplementary training in management and financial – economic analysis of companies at the Portuguese Catholic University – Porto Law School in 1982 and 1983.

Professional experience: Admitted to the Portuguese Bar since 1983
Chairman of the General and Supervisory Board at a publicly traded company, from 1996 to 2010
Chairman of the Fiscal Council of Banco Português de Investimento SA since 2016 and BPI Private Equity - Sociedade de Capital de Risco, S.A. from 2018 to August 2019, the date on which both companies were extinguished by merger into Banco BPI, S.A.
Chairman of the Board of the General Meeting at several listed and non-listed companies
Continuous practice of law since 1983, with special emphasis on commercial and corporate law, mergers and acquisitions, foreign investment and international contracts.
Co-author of the chapter on Portugal in "Handbuch der Europäischen Aktien-Gesellschaft" – Societas Europaea – of Jannot / Frodermann, published by C.F. Müller Verlag

Other functions currently held:

Chairman of the Statutory Audit Board of Altri, S.G.P.S., S.A. (a)
Chairman of the Statutory Audit Board of Cofina, S.G.P.S., S.A. (a)
Member of the Remuneration Committee of Altri, S.G.P.S., S.A. (a)
Member of the Remuneration Committee of Cofina, S.G.P.S., S.A. (a)
Chairman of the Board of the General Meeting of SOGRAPE, S.G.P.S., S.A. (a)
Chairman of the Board of the General Meeting of SOGRAPE Vinhos, S.A. (a)
Chairman of the Remuneration Committee of SOGRAPE SGPS, S.A. (a)
Chairman of the Board of the General Meeting of Adriano Ramos Pinto, S.A. (a)
Chairman of the Board of the General Meeting of Aquitex – Acabamentos Químicos Têxteis, S.A. (a)
Chairman of the General Meeting of Storaxinter, S.A. (a)
Honorary Consul of Belgium in Porto (a)

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

António Luís Isidro de **Pinho**

Qualifications: Degree in Economics from the Instituto Superior de Ciências do Trabalho e da Empresa (Higher Institute of Labour and Business Sciences), (1973-1978).
Degree in Business Organisation and Management from the Instituto Superior de Ciências do Trabalho e da Empresa (Higher Institute of Labour and Business Sciences), (1986-1989).
Statutory Auditor since 1987
Member of the Portuguese Association of Economists, Portuguese Association of Chartered Accountants and Portuguese Association of Tax Consultants.

Professional experience: His 35 years of professional experience have focused on the area of external and internal auditing and the financial management of various companies.
He started his professional career in 1976 at Lacticoop and then, as part of the financial department of Gremetal, he was involved in the construction of the Sines refinery; he then had to stop his involvement because he was drafted to military service, completed in December 1981.
From January 1982 to December 1986, he worked for Arthur Andersen & Co. as Audit Manager.
From 1987 to 1991 he worked for the SOPORCEL group, as Internal Auditor, Financial Director of Emporsil and Head of the Land Acquisition Department.
From 1991 to 1996 he was a member of the Executive Board of SOCTIP, a leading printing company in its market segment, that employed around 200 workers. He was in charge of the company's financial area.
He has been a full-time Statutory Auditor since 1996, having worked for Moore Stephens, as a partner at A. Gonçalves Monteiro & Associados, SROC, between October 1997 and November 2008. That company gave rise to Veiga, Pinho & Silva – SROC, which was transformed into Kreston Associados in 2015.
He holds the function of Sole Supervisor, member of the Supervisory Board and External Auditor of several companies of significant size operating in different sectors of activity.
He is currently, as Managing Partner of Kreston & Associados-SROC, Lda. responsible for the statutory auditing of the accounts of several industrial, commercial and service companies.
In addition to the technical functions as Auditor, he also holds the position of Head of Quality Control of the firm and Controller-Rapporteur of the Quality Control Committee of the Portuguese Association of Statutory Auditors.

Other functions currently held:

Member of the Statutory Audit Board of Cofina, S.G.P.S., S.A.
Member of the Statutory Audit Board of Altri, S.G.P.S., S.A. (a)

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

Guilherme Paulo Aires da Mota Correia **Monteiro**

Qualifications: He has a degree in Economics from the Faculty of Economics of the University of Porto. A Master's degree in General He began working in General Business Management, IEDE.

Professional experience: He began his professional career in 1991 at Deloitte in the Management Solutions area. In 1999, he was promoted to Manager of the Financial Services department of MS Porto. In 2007 he was promoted to Associate Partner of Deloitte's corporate finance department. From 2002 to 2013 he was responsible for the Corporate Finance Division in Porto, specialising in mergers and acquisitions, valuations, debt advisory and project finance. From 2014 to 2016 he joined Deloitte's Financial Advisory Services division in Lisbon, in the areas of M&A, Debt Advisory and Investment and Capital Projects. He has been active in companies from different sectors of activity, namely in the tourism, real estate, private equity, banking, construction, health, automotive, metalworking, agri-food, textile, cork, furniture, chemical and TMT sectors. He has solid experience in mergers and acquisitions, MBO, MBI, valuations, strategic consulting, feasibility studies, investment projects, business plans, corporate recovery, private placements, project finance and debt advisory.

Other positions currently held:

Independent Consultant (a)
Member of the Statutory Audit Board of Altri, S.G.P.S., S.A. (a)
Member of the Statutory Audit Board of Cofina, S.G.P.S., S.A. (a)
Member of the Statutory Audit Board of Cinca – Companhia Industrial de Cerâmica (a)
Member of Management of Blue Garnet, Lda. (a)

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

André Seabra Ferreira **Pinto**

Qualifications: Degree in Economics from Portucalense University
Statutory Auditor (licence no. 1243)
Executive MBA from University of Porto Business School

Professional experience: Between September 1999 and May 2008 he worked in the Audit Department of Deloitte & Associados, SROC, S.A. (initially as a staff member and then as Manager from September 2004)

Between June 2008 and December 2010, Senior Manager of the Corporate Finance – Transaction Services Department of Deloitte Consultores.

Between January 2011 and March 2013, Chief Financial Officer at the WireCoWorldGroup companies in Portugal (a)

Since April 2013, Director (CFO) at the Mecwide Group (a)

Director at MWIDE, S.G.P.S., S.A., as well as the other Mecwide Group companies (a)

Manager at Toguether We Change Investments, LDA, Virtusai, LDA. and Apparently Relevant, Lda. (a)

Other positions currently held:

Member of the Remuneration Committee of Altri, S.G.P.S., S.A. (a)
Member of the Remuneration Committee of Cofina, S.G.P.S., S.A. (a)
Alternate of the Statutory Audit Board of Altri, S.G.P.S., S.A. (a)
Alternate of the Statutory Audit Board of Cofina, S.G.P.S., S.A. (a)

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

3. Remuneration Committee

Qualifications, experience and positions held in other companies by members of the Remuneration Committee:

João da Silva **Natária**

Qualifications: Degree in Law from University of Lisbon

Professional Experience:

1979	General Manager at the Luanda/Viana branch of F. Ramada, by joint appointment of the Board and the Ministry of Industry of Angola
1983	Manager at the Department of Polyester and Buttons of F. Ramada, Aços e Indústrias, S.A.
1984/2000	Human Resources Manager at F. Ramada, Aços e Indústrias, S.A.
1993/1995	Director at Universal – Aços, Máquinas e Ferramentas, S.A.
2000/2018	Lawyer specialising in Labour and Family Law
	Retired

Other positions currently held:

Chairman of the Supervisory Board of Celulose Beira Industrial (CELBI), S.A. (a)
Chairman of the Remuneration Committee of Altri, S.G.P.S., S.A. (a)
Chairman of the Remuneration Committee of Cofina, S.G.P.S., S.A. (a)

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

Pedro Nuno Fernandes de Sá **Pessanha** Da Costa

Qualifications: Degree in Law from the Faculty of Law of University of Coimbra in 1981

Supplementary training in management and financial – economic analysis of companies at the Portuguese Catholic University – Porto Law School in 1982 and 1983.

Professional experience: Admitted to the Portuguese Bar since 1983
Chairman of the General and Supervisory Board at a publicly traded company, from 1996 to 2010
Chairman of the Fiscal Council of Banco Português de Investimento SA since 2016 and BPI Private Equity - Sociedade de Capital de Risco, S.A. from 2018 to August 2019, the date on which both companies were extinguished by merger into Banco BPI, S.A.
Chairman of the Board of the General Meeting at several listed and non-listed companies
Continuous practice of law since 1983, with special emphasis on commercial and corporate law, mergers and acquisitions, foreign investment and international contracts.
Co-author of the chapter on Portugal in "Handbuch der Europäischen Aktien-Gesellschaft" – Societas Europaea – of Jannot / Frodermann,, published by C.F. Müller Verlag

Other positions currently held:

Chairman of the Statutory Audit Board of Altri, S.G.P.S., S.A. (a)
Chairman of the Statutory Audit Board of Cofina, S.G.P.S., S.A. (a)
Member of the Remuneration Committee of Altri, S.G.P.S., S.A. (a)
Member of the Remuneration Committee of Cofina, S.G.P.S., S.A. (a)
Chairman of the Board of the General Meeting of SOGRAPE, S.G.P.S., S.A. (a)
Chairman of the Board of the General Meeting of SOGRAPE Vinhos, S.A. (a)
Chairman of the Remuneration Committee of SOGRAPE SGPS, S.A. (a)
Chairman of the Board of the General Meeting of Adriano Ramos Pinto, S.A. (a)
Chairman of the Board of the General Meeting of Aquitex – Acabamentos Químicos Têxteis, S.A. (a)
Chairman of the General Meeting of Storaxinter, S.A. (a)
Honorary Consul of Belgium in Porto (a)

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

André Seabra Ferreira **Pinto**

Qualifications: Degree in Economics from Portucalense University
Statutory Auditor (licence no. 1243)
Executive MBA from University of Porto Business School

Professional experience: Between September 1999 and May 2008 he worked in the Audit Department of Deloitte & Associados, SROC, S.A. (initially as a staff member and then as Manager from September 2004)

Between June 2008 and December 2010, Senior Manager of the Corporate Finance – Transaction Services Department of Deloitte Consultores.

Between January 2011 and March 2013, Chief Financial Officer at the WireCoWorldGroup companies in Portugal (a)

Since April 2013, Director (CFO) at the Mecwide Group (a)

Director at MWIDE, S.G.P.S., S.A., as well as the other Mecwide Group companies (a)

Manager at Toguether We Change Investments, LDA, Virtusai, LDA. and Apparently Relevant, Lda. (a)

Other positions currently held:

Member of the Remuneration Committee of Altri, S.G.P.S., S.A. (a)
Member of the Remuneration Committee of Cofina, S.G.P.S., S.A. (a)
Alternate of the Statutory Audit Board of Altri, S.G.P.S., S.A. (a)
Alternate of the Statutory Audit Board of Cofina, S.G.P.S., S.A. (a)

(a) – companies that, at 31 December 2019, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

Article 447 of the Companies Act, Article 14 of CMVM Regulation no. 05/2008

Disclosure of shares and other securities held by members of the Board of Directors and by Officers, as well as by persons closely related to them, in accordance with Article 248-B of the Portuguese Securities Code, and also transactions carried out on the same in the year.

Board of Directors	No shares held at 31-Dec-2018	Acquisitions	Disposals	No shares held at 31-Dec-2019
João Manuel Matos Borges de Oliveira (imputation through CADERNO AZUL, S.A.)	5,300,000	-	-	5,300,000
Paulo Jorge dos Santos Fernandes (imputation through ACTIUM CAPITAL, S.A.)	4,009,402	-	-	4,009,402
Domingos José Vieira de Matos (imputation through LIVREFLUXO, S.A.)	3,118,408	-	-	3,118,408
Ana Rebelo de Carvalho Menéres de Mendonça (imputation through PROMENDO INVESTIMENTOS, S.A.)	4,845,383	-	-	4,845,383
Pedro Miguel Matos Borges de Oliveira (imputation through 1 THING, INVESTMENTS, S.A.)	2,565,293	-	-	2,565,293

RAMADA INVESTIMENTOS E INDÚSTRIA

CORPORATE GOVERNANCE REPORT

80 Years Investing

CORPORATE GOVERNANCE REPORT

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. (hereinafter referred to as "**RAMADA INVESTIMENTOS**" or "**Company**") hereby presents its Corporate Governance Report ("**Report**") to its shareholders, customers, suppliers and other stakeholders and to society in general.

The report follows the model contained in the Portuguese Securities Market Commission (**CMVM**) Regulation 4/2013, and the information contained therein complies with all applicable legal requirements, including, but not limited to, Article 245-A of the Portuguese Securities Code (**CVM**).

Throughout 2019, RAMADA INVESTIMENTOS began the process of adapting its structure to comply with Corporate Governance Code of the Portuguese Institute for Corporate Governance (IPCG) from 2018 (Corporate Governance Code of IPCG).

The management model of RAMADA INVESTIMENTOS complies with that code, so the company is pleased to note the high degree of compliance with the recommendations contained therein, in the year they come into force.

It has properly sized teams, to which it provides high levels of training and which it constantly urges to base decision-making on sustainability criteria. These teams work together, focusing on achieving the objectives.

RAMADA INVESTIMENTOS will pursue its business strategy, based on strict and transparent management, to continue to be trusted by its shareholders, other stakeholders and the market in general like it is today, something that the company is proud of.

CORPORATE GOVERNANCE REPORT

PART I – INFORMATION ON SHAREHOLDING,

ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDING

I. Share Capital Structure

1. Share Capital Structure

The share capital of RAMADA INVESTIMENTOS amounts to EUR 25,641,459.00, fully subscribed and paid up, consisting of 25,641,459 ordinary, registered and bearer shares with a nominal value of one euro each.

The distribution of the share capital and relevant voting rights among shareholders with qualifying holdings is detailed in item II.7.

All the shares representing the share capital are admitted to trading on the Euronext Lisbon regulated market, managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

2. Restrictions on the transfer and ownership of shares

There are no restrictions on the transfer of ownership of the Company's shares, since there are no shareholders with special rights. Hence, Ramada Investimentos shares are freely transferable in accordance with the applicable legal rules.

3. Own shares

The Company does not hold any of its own shares in its portfolio, at 31 December 2019.

4. Significant agreements to which the company is a party and which come into force, are amended or terminate in the event of a change in control of the company following a takeover bid, as well as the relevant effects

No significant agreements have been entered into by RAMADA INVESTIMENTOS that include any change of control clauses (including following a takeover bid), i.e. that come into force, are amended, determine payments, become liable for charges or terminate in such circumstances or in the event of a change in the composition of the management body. There are also no specific conditions restricting the exercise of voting rights by the Company's shareholders that may interfere with the success of takeover bids.

Some financing agreements of RAMADA INVESTIMENTOS' subsidiaries, and only of these, contain the normal standard clauses for early repayment in the event of a change in shareholder control of such subsidiaries.

5. Rules regarding the renewal or revocation of defensive measures, in particular those that limit the number of votes that may be held or exercised by a single shareholder individually or in concert with other shareholders

RAMADA INVESTIMENTOS has adopted no defensive measures.

6. Shareholder agreements known to the company that may lead to restrictions on the transfer of securities or voting rights

The existence of any shareholders' agreements concerning the Company is unknown.

II. Holdings and Bonds held

7. Qualified shareholdings

According to notices received by the Company, the following companies and/or individuals have a qualifying holding of more than 2%, 5%, 10%, 15%, 20%, 33% and 50% of the voting rights, at 31 December 2019, pursuant to and for the purposes of Articles 16 and 20 of the Portuguese Securities Code, and in accordance with Article 448 of the Companies Act:

Santander Asset Management	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Directly	631,943	2.46%
Total attributable	**631,943**	**2.46%**

Magallanes Value Investors	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Directly	894,128	3.49%
Total attributable	**894,128**	**3.49%**

1 Thing, Investments,SA	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Directly [(a)]	2,565,293	10.00%
Total attributable	**2,565,293**	**10.00%**

(a) - the 2.565.293 Ramada Investimentos e Indústria, S.A. shares are directly held by the company 1 Thing, Investments, S.A. whose board of directors includes Ramada's director Pedro Miguel Matos Borges de Oliveira

Domingos José Vieira de Matos	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Through Livrefluxo, S.A. (of which he is dominant shareholder and director)	3,118,408	12.16%
Total attributable	**3,118,408**	**12.16%**

Paulo Jorge dos Santos Fernandes	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Through Actium Capital, S.A. (of which he is dominant shareholder and director)	4,009,402	15.64%
Total attributable	**4,009,402**	**15.64%**

Ana Rebelo Carvalho Menéres de Mendonça	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Through PROMENDO INVESTIMENTOS, S.A. (of which she is dominant shareholder and director)	4,845,383	18.90%
Total attributable	**4,845,383**	**18.90%**

João Manuel Matos Borges de Oliveira	No. of shares held on 31-Dec-2019	% Share capital with voting rights
Through Caderno Azul, S.A. (of which he is shareholder and director)	5,300,000	20.67%
Total attributable	**5,300,000**	**20.67%**

Ramada Investimentos has not been advised of any holdings with over 33% of the voting rights. This matter is also addressed in the Annual Management Report. Up-to-date information on qualifying holdings is available on http://www.ramadainvestimentos.pt/pt/investidores/estrutura-acionista/estrutura-acionista_.html

8. Number of shares and bonds held by members of the statutory management and supervisory bodies, pursuant to paragraph 5 of article 447 of the Portuguese Companies Act (CSC)

The shares and bonds held by members of the management and supervisory bodies in the Company and in companies subject to a control or group relationship with the Company, directly or through related parties, are disclosed in an appendix to the Annual Management Report pursuant to Article 447 of the Companies Act and Article 14 (7) of Portuguese Securities Market Commission (CMVM) Regulation 5/2008.

9. Powers of the Board of Directors on share capital increases

Article 4 of the Company's Articles of Association, according to the wording on the date of the Company's incorporation (1 June 2008), vested the Board of Directors with the power to decide, with the prior opinion of the Company's supervisory body, to increase the share capital, on one or more occasions, up to a limit of EUR 35 million, through new capital contributions in cash.

This provision of the Articles of Association, pursuant to Article 456 (2)(b) of the Companies Act, was effective during a five-year period. It was not renewed pursuant to paragraph 4 of the same legal provision and so, on 31 March 2013, it ceased to be in force. From this date, that power came to be exclusively held by the General Meeting.

10. Relevant business relationship between owners of qualified shareholdings and the Company

No significant business or commercial transactions were conducted between the Company and the holders of qualifying holdings reported to the Company, in 2019, except those which, under the normal Company business, were carried out under normal market conditions for similar transactions. It should be noted, however, that the amounts involved are not important.

Information on business between the Company and related parties can be found in note 35 of the Notes to the Consolidated Accounts and note 24 of the Notes to the individual accounts of the Company relating to transactions with related parties.

B. GOVERNING BODIES AND COMMITTEES

I. SHAREHOLDERS' GENERAL MEETING

a) Composition of the Board of the Shareholders’ General Meeting

11. Identification and positions of the members of the Board of the of the Shareholders’ General Meeting and their term of office

The Board of the Shareholders' General Meeting was composed of the following members, at 31 December 2019:

Chairman: Manuel Eugénio Pimentel Cavaleiro Brandão
Secretary: Maria Conceição Henriques Fernandes Cabaços

The term of office began in 2017 and ended in 2019.

b) Exercise of voting rights

12. Possible restrictions on voting rights

The Company's share capital is fully represented by a single share class, each share corresponding to one vote. There are no statutory limitations on the number of votes that can be held or cast by any shareholder.

The Company has not issued any non-voting preferred shares.

Shareholders may not attend the General Meeting unless they prove they are a shareholder, with reference to the “Registration Date”, under the applicable legal terms and as defined in the Notice of Meeting. The Company does not establish any additional requirements other than those imposed by law.

It should also be noted that, in line with the provisions of Article 23-C.(2) of the Portuguese Securities Code, exercising the right to attend and vote in the Shareholders' General Meeting is not jeopardised by the transfer of shares after the registration date, nor depends on their blocking of shares between that date and the date of the Shareholders' General Meeting.

Individual shareholders and legal persons may be represented by whomever they appoint for this purpose, by means of written proxy addressed to the Chairman of the Board of the Shareholders' General Meeting, in the form of a letter delivered to the registered office before the end of the third business day prior to the date of the Shareholders' General Meeting.

In accordance with applicable law, a shareholder may also appoint different representatives in relation to the shares held in different securities accounts, without prejudice to the principle of voting unity and also voting in differently, as legally provided for in relation to professional shareholders.

The Company's shareholders may vote by mail in relation to all matters for appraisal by the Shareholders' General Meeting. This is done by a written statement with the identification of the shareholder, for a natural person, sending a certified copy of their identity card/citizen's card or passport, as requested in compliance with Article 5 (2) of Law 7/2007 of 5 February. as amended by Law 32/2017 of 1 June. In the case of legal persons, the duly authenticated signature is required, pursuant to applicable legislation.

In accordance with the Company's Articles of Association, the statement of intention to vote by mail shall be addressed to the Chairman of the Board of the Shareholders' General Meeting and delivered to the registered office by the end of the third business day prior to the day established for the meeting, with identification of the sender.

The Chairman of the Board of the Shareholders' General Meeting is responsible for checking the conformity of the postal voting statements. Votes corresponding to statements that are not accepted shall be deemed to have not been cast.

RAMADA INVESTIMENTOS has been encouraging the physical attendance of its shareholders, either directly or through representatives, in its general meetings, without prejudice to the ongoing monitoring of whether its model is adequate and immediately responding to any different request addressed to. This is because it considers such general meetings as ideal occasions for its shareholders and the management team to exchange views, taking advantage of the presence of the members of the other governing bodies, namely the Statutory Audit Board and the Statutory Auditor, as well as the members of the Remuneration Committee. This approach has proved fruitful within the Company.

In this sense, the Company has not yet set in motion the mechanisms required to exercise the right to vote by electronic means, nor the attendance of shareholders in meetings by telematic means. The Company has never been requested by any shareholder to provide such types of voting and attendance, therefore the absence of such means of voting and attendance does not comprise any constraint or restriction to the exercise of the right to vote in and attend the Shareholders' General Meeting.

It should also be noted that the Company discloses, within the applicable legal deadlines, and in all locations required by law, the notice of Shareholders' General Meetings. It contains information on how to enable shareholders to attend and exercise their right to vote, as well as the procedures to be adopted for exercising voting by mail or for appointing a representative.

In addition, the Company discloses, in accordance with applicable law, the proposals for resolutions, the preparatory information required by law, draft representation letters and ballot papers for the exercise of postal voting, all in order to ensure, promote and encourage the attendance of shareholders in the General Meetings, either by themselves or through representatives appointed by them.

Accordingly, the Company believes that the current model promotes and encourages, in the terms fully described in this Report, Shareholders to attend General Meetings.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are related to the latter as set forth in Article 20(1) of the Portuguese Securities Code

There is no limitation on the number of votes that may be held or exercised by a single shareholder or group of shareholders.

14. Shareholder decisions which, by statutory imposition, can only be taken with a qualified majority

Corporate resolutions, in accordance with the Company's Articles of Association, are approved by a majority of votes cast, irrespective of the percentage of share capital represented at the meeting, unless a different majority is required by law.

When convened on a second call, the Shareholders' General Meeting may approve resolutions regardless of the number of shareholders present and of the share capital they represent.

The quorum required to adopt decisions of the Shareholders' General Meeting follows the provisions of the Companies Act.

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Identification of the governance model adopted

RAMADA INVESTIMENTOS adopts a governance model called the strengthened one-tier model, which includes a Board of Directors and a Supervisory Board, as provided for in Article 278 (1)(a) of the Companies Act and a Statutory Auditor, in compliance with Article 413 (2)(a) of the Companies Act, by reference to paragraph 3 of the above-mentioned Article 278.

The Board of Directors is therefore the body responsible for managing the Company's business in pursuit of its corporate purpose, determining its strategic orientation.

The Company continuously monitors whether the model adopted is suitable, which has proved to be perfectly adequate and a key basis for the Group's good performance.

It should be noted that, with regard to the diversity policy, this is not a new topic for the RAMADA INVESTIMENTOS Group.

In fact, and taking into account that the business of the Group's companies is an industrial activity in which men historically dominate, the Company has promoted women to senior positions from early on in its existence, an example of which is the election in May 2009 of Ana Rebelo de Carvalho Menéres de Mendonça, to a 5-member board.

At a time when there was no legal requirement in this regard, RAMADA INVESTIMENTOS was already pursuing a path of growing evolution by having what would be considered significant gender representation in its organisation.

This is the case because RAMADA INVESTIMENTOS bases its culture on meritocracy criteria.

RAMADA INVESTIMENTOS, in the absence of a formally established diversity policy, precisely because it considers that gender diversity shall be the maximum expression of performance excellence in ascending to top positions, will continue its activities in strict compliance with legal requirements when electing new members to the governing bodies, at the beginning of new terms in office, which will occur in 2020.

16. Statutory rules on procedural and material requirements applicable to the appointment and replacement of members of the Board of Directors

The election of members to the Company's Board of Directors is the responsibility of the Shareholders, by resolution adopted at the Shareholders' General Meeting. Members are elected for three-year terms and they may be re-elected on one or more occasions. The Board of Directors is composed of three to nine members, shareholders or otherwise, elected at the Shareholders' General Meeting.

The members of the Board of Directors who are in office have disclosed, and have already proved to this effect, that they have the individual characteristics (namely expertise, independence, integrity, availability and experience, as mentioned above) to fully and completely discharge the duties assigned to them in a manner aligned with the interests of the Company and its Shareholders, given their seniority and experience.

On the other hand, last but not least, RAMADA INVESTIMENTOS considers that gender balance within its management body, which preceded the relevant law, shows that the diversity policy is not a new topic for the Group; with sticking to true meritocracy principles, it has been awarding top management positions to women for many years now.

The market positioning that the Group has been achieving and the results presented to the market prove that the Company's management team has carried out its function thoroughly and skilfully.

It is worth noting that the statutory rule set out in Article 15 of the Articles of Association, with regard to the election of members to the Board of Directors. Pursuant to that provision, the Shareholders' General Meeting will separately elect one, two or three directors, depending on whether the total number is three or four, five or six, seven or more than seven, from persons proposed on the lists subscribed by groups of shareholders, provided that none of these groups holds shares representing more than twenty per cent and less than ten per cent of the share capital. Each of the lists referred to above shall propose at least two eligible persons for each of the positions to be filled, one of whom shall be appointed as an alternate. No shareholder may subscribe to more than one such list.

The Shareholders' General Meeting may not elect any other directors until one, two or three directors have been elected in accordance with the above-stated, unless such lists are not submitted. In an elected director under the above-stated terms is absent, the relevant alternate will be called. If there is no such alternate, a new election will be held governed by the above-stated rules, with the necessary adaptations.

17. Composition of the Board of Directors

The Board of Directors, currently made up of five members, is the body responsible for managing the Company's business in pursuit of its corporate purpose, determining its strategic orientation. It shall always act in the manner it considers best to defend the interests of the Company and for the permanent creation of value for its shareholders and other stakeholders.

The members of this body on 31 December 2019 were:

- João Manuel Matos Borges de Oliveira – Chairman
- Paulo Jorge dos Santos Fernandes – Director
- Domingos José Vieira de Matos – Director
- Pedro Miguel Matos Borges de Oliveira – Director
- Ana Rebelo de Carvalho Menéres de Mendonça – Non-Executive Director

All members of the Board of Directors were elected at the Shareholders' General Meeting of 26 April 2017 for the three-year period that began in 2017 and ended in 2019.

NAME	FIRST APPOINTED	DATE OF END OF TERM OF OFFICE
João Manuel Matos Borges de Oliveira	June 2008	31 December 2019
Paulo Jorge dos Santos Fernandes	June 2008	31 December 2019
Domingos José Vieira de Matos	June 2008	31 December 2019
Pedro Miguel Matos Borges de Oliveira	May 2009	31 December 2019
Ana Rebelo de Carvalho Menéres de Mendonça	May 2009	31 December 2019

18. Distinction between executive and non-executive members of the Board of Directors and, in relation to non-executive members, identification of the members who may be considered independent

The Board of Directors included a non-executive director, Ana Rebelo de Carvalho Menéres de Mendonça, on 31 December 2019.

The Board of Directors does not include members who comply with the independence criteria referred to in recommendations III.3 and III.4 of the Corporate Governance Code of the IPCG, since the non-executive director Ana Rebelo de Carvalho Menéres de Mendonça holds a qualifying holding in the Company's capital.

It is considered, taking into account the personal profile, background and professional experience of the members of the Board of Directors of RAMADA INVESTIMENTOS, that the number of non-executive directors is adequate and balanced in relation to the total number of members of the body, in view of the nature and size of the Company. Accordingly, RAMADA INVESTIMENTOS considers that one non-executive director is sufficient to ensure effective monitoring, as well as true supervision of the activity carried out by the executive directors, especially taking into account that the Company has developed mechanisms to enable non-executive directors to take independent and informed decisions, such as:

- Availability of the executive directors to provide the non-executive director with all additional information deemed relevant or necessary, as well as to carry out further studies and analyses in relation to all matters that are the object of a resolution or which, if not, are in any way under consideration by the Company;
- Prior and timely dispatch to all members of the Board of Directors of the notices of meetings of that body, including the agenda of the meeting, even if provisional, as well as other relevant information and documentation;
- Making the Company's and subsidiaries' books permanently available for examination, namely the minutes books, share registry books, contracts and other supporting documentation of operations carried out by the Company or its subsidiaries, as well as providing and promoting a direct channel for obtaining information from the directors and operational and financial managers of the various companies in the Group, without the need for any intervention by executive directors in this process.

The Company also carries out, as it does in other matters, an ongoing assessment of the adequacy of the current model. It has concluded that it has proven to be adequate and efficient.

The management report includes a description of the activity performed by the non-executive members during 2019 in its chapter “Activity of the non-executive members of the Board of Directors”.

19. Professional qualifications of the members of the Board of Directors:

The curricula vitae of the members of the Board of Directors are presented in Appendix I to this Report.

20. Significant family, business and commercial relationships between members of the Board of Directors and shareholders having qualified holding with more than 2% of the voting rights

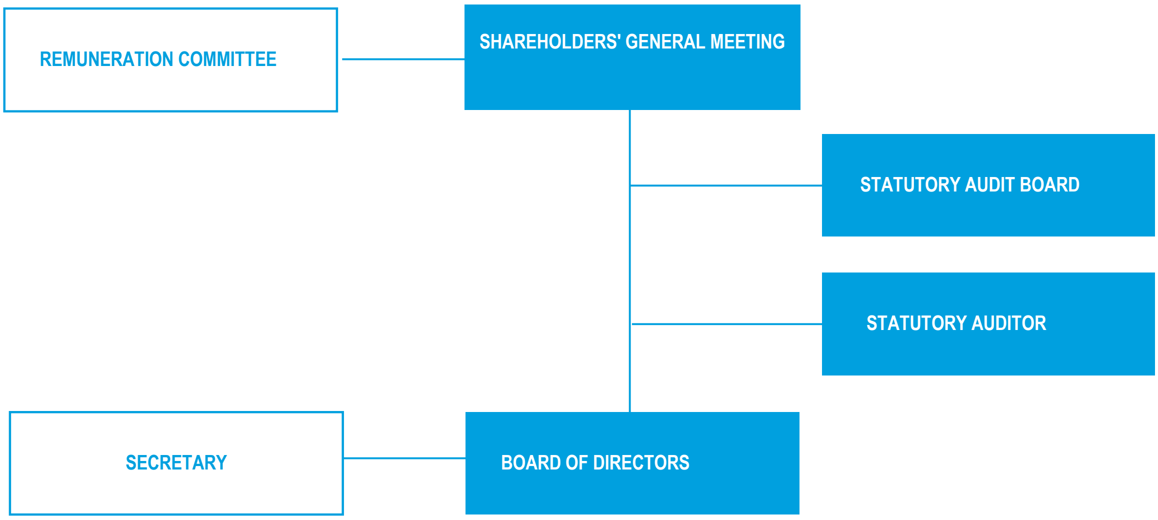
The Chairman of the Board of Directors João Manuel Matos Borges de Oliveira is a director and shareholder of CADERNO AZUL, S.A., a company which holds a 20.67% stake in RAMADA INVESTIMENTOS. Additionally, that director is the brother of Pedro Miguel Matos Borges de Oliveira, who is Chairman of the Board of Directors of 1 THING, INVESTMENTS, S.A., a company with a 10.004% stake in RAMADA INVESTIMENTOS.

The director Paulo Jorge dos Santos Fernandes is a director and controlling shareholder of ACTIUM CAPITAL, S.A., a company that holds a 15.64% stake in RAMADA INVESTIMENTOS.

Ana Rebelo de Carvalho Menéres de Mendonça, a non-executive director of RAMADA INVESTIMENTOS, is the director and controlling shareholder of PROMENDO INVESTIMENTOS, S.A., which holds 18.90% of the capital of RAMADA INVESTIMENTOS.

The director Domingos José Vieira de Matos is a director and controlling shareholder of LIVREFLUXO, S.A., a company that holds a 12.162% stake in RAMADA INVESTIMENTOS.

21. Organisation charts or functional charts relating to the division of powers among the various governing bodies, committees and/or departments of the Company, including information on the delegation of powers, particularly with regard to the delegation of Company’s daily management



The Board of Directors, according to the current governance structure of RAMADA INVESTIMENTOS, is the body responsible for managing the Company's business in pursuit of its corporate purpose, determining its strategic orientation. It shall always act in the manner it considers best to defend the interests of the Company and for the permanent creation of value for its shareholders and other stakeholders. The Board of Directors currently consists of five members, elected at the Shareholders' General Meeting, one of whom is chairman and four directors, one of whom is non-executive.

The Board of Directors, in the performance of its duties, establishes a permanent link with the Statutory Audit Board and the Statutory Auditor, in cooperation with the supervisory body in a transparent and thorough manner, in compliance with the respective operating regulations and the best corporate governance practices.

There is no limit to the maximum number of positions that may be held by directors in the management bodies of other companies. The members of the Board of Directors of RAMADA INVESTIMENTOS are, in most cases, members of the management bodies of the Group's most relevant subsidiaries, thus ensuring close and permanent monitoring of the respective activities.

The Board of Directors of RAMADA INVESTIMENTOS encourages all departments and operational areas to create multidisciplinary teams with a view to develop projects that are relevant to the Group. This multidisciplinary approach ensures the identification of issues and the analysis of how to solve them from different perspectives, ensuring a broader view of the issues under analysis. RAMADA INVESTIMENTOS believes that setting up expeditious and effective channels of communication between the Company's departments, between these and the operational areas, and between all these and the boards of directors of each subsidiary and the Company itself, is the best way to implement projects, identify associated risks, and develop the necessary mechanisms to mitigate them from a truly comprehensive perspective and analysed according to various points of view.

RAMADA INVESTIMENTOS considers that an effective information flow within the organisation is the only way to ensure an equally adequate information flow from the multidisciplinary teams to the governing bodies and, consequently, from them to shareholders, investors, other stakeholders, financial analysts and the market in general.

RAMADA INVESTIMENTOS has ensured the thorough and timely disclosure of information to the market, in compliance with this Group policy, which is perfectly aligned with recommendation I.1.1. of the IPCG Code. The information is disclosed through the CMVM Information Disclosure System (CMVM SDI), which guarantees for its shareholders, other stakeholders and the market in general, access to this information at the same time and with the same level of detail.

In line with the above-stated, RAMADA INVESTIMENTOS describes below the Company's committees and/or departments and their respective powers and duties:

Remuneration Committee

The Board of Directors considers that the only specialised committee required is the Remuneration Committee, given the Company's organisational structure and its size and complexity (as explained in detail in section 28 below).

The Remuneration Committee is responsible for assessing performance and approving the remuneration of members of the Board of Directors and other governing bodies. This committee, in compliance with the provisions of Article 2 (1) of Law 28/2009 of 19 June and recommendation V.2.3. of the Corporate Governance Code of the IPCG, is responsible for preparing the Statement of Governing Bodies' Remuneration and Compensation Policy as well as, through the preparation of a proposal for approval, submitting it for approval by the deliberative body defined for this matter, which is the Shareholders' General Meeting.

If the Governing Bodies' Remuneration and Compensation Policy is approved by the Shareholders at the General Meeting, it is the responsibility of this committee to work towards its implementation, monitoring its permanent adequacy to the Company's real situation.

RAMADA INVESTIMENTOS highlights the following corporate management areas:

Corporate Finance Area

RAMADA INVESTIMENTOS' Corporate Finance area is responsible, given its integrated and wide vision at the level of all Group companies, for defining financial management strategies and policies and, also, for ensuring the interface with the capital, debt and banking markets. It is also responsible for developing the mechanisms required for the implementation of the established financial management strategies and policies.

Management Planning and Control Area

RAMADA INVESTIMENTOS' management planning and control area provides support in the implementation of the corporate and/or business strategies followed by the Group. This area prepares and analyses management information for all Group companies, as well as consolidated information, whether monthly, quarterly, half-yearly or annually. It monitors deviations from the budget and proposes the necessary corrective measures. It is also responsible for the construction of business plans, joining the multidisciplinary work teams created for this purpose. It conducts these activities together with the permanent carrying out of technical studies and benchmarking of existing businesses, in order to monitor the performance of RAMADA INVESTIMENTOS taking into account its strategic position in the market.

Legal & Compliance Area

The Legal & Compliance area provides legal support in all areas of the Group's activity, monitoring and guaranteeing, on the one hand, that the activities carried out follow the law and, on the other hand, ensuring relations with Euronext Lisbon, with the CMVM and with the shareholders where legal matters are concerned. This area is also responsible for monitoring corporate governance policy, in order to comply with best practices in this area. It is also responsible for the preparation and/or analysis of contracts that maximize security and reduce legal risks and potential costs, the management of issues related to intellectual and industrial property used by the Group, such as trademarks and patents, logos, domains and copyrights. It also performs the functions of company secretariat, permanently monitoring legal compliance, supporting the Board of Directors in the implementation of its strategies.

Investor Relations Area

RAMADA INVESTIMENTOS' investor relations area establishes the relationship between the Group and the financial community, constantly disclosing relevant and updated information on its activity. It is also responsible for supporting the Board of Directors by providing updated information on the capital market, as well as supporting the management of RAMADA INVESTIMENTOS' institutional relations, by establishing permanent contact with institutional investors, shareholders and analysts and representing the Group in associations, forums or events (national or international).

The Board of Directors of RAMADA INVESTIMENTOS is organised as follows:

- João Manuel Matos Borges de Oliveira – Chairman
- Paulo Jorge dos Santos Fernandes – Director
- Domingos José Vieira de Matos – Director
- Pedro Miguel Matos Borges de Oliveira – Director
- Ana Rebelo de Carvalho Menéres de Mendonça – Non-Executive Director

Basically, the activity of the directors of RAMADA INVESTIMENTOS focus on managing the Group's holdings and defining its strategic lines. The Board of Directors, as a collective body composed of all its members, executive and non-executive, in the normal discharge of their duties, makes decisions on matters that are structural to the Group's activity.

The day-to-day management of the operational companies is carried out by the management of each subsidiary, which also includes, as a rule, some of the directors of RAMADA INVESTIMENTOS, in addition to other directors with specifically defined duties and areas of responsibility.

It should be noted that the performance of management functions in the subsidiary companies by the Company's directors results in an in-depth knowledge of the business, ensuring they are close to the operations and people. This means that the decisions made at the holding company level of the group, RAMADA INVESTIMENTOS, are even more aware and informed.

RAMADA INVESTIMENTOS believes that the greater the knowledge the Company's directors have about the specificities and subtleties of the business, the more correct their decisions will be regarding the strategic lines and, consequently, the success of the decisions at top management level.

Accordingly, and taking into account the development of the activity of the members of the Board of Directors both in RAMADA INVESTIMENTOS and its subsidiaries, the functional organisation chart can be presented as follows:

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. João Borges de Oliveira Paulo Fernandes Domingos Matos Pedro Borges de Oliveira Ana Mendonça			
RAMADA AÇOS	**F. RAMADA II IMOBILIÁRIA**	**UNIVERSAL AFIR**	**SOCITREL**
João Borges de Oliveira Paulo Fernandes Domingos Matos Pedro Borges de Oliveira Ana Mendonça	João Borges de Oliveira Paulo Fernandes Domingos Matos Pedro Borges de Oliveira Ana Mendonça	João Borges de Oliveira Domingos Matos Pedro Borges de Oliveira	Carlos Faria Joaquim Pereira Alfredo Luís Portocarrero

b) Operation

22. Existence of procedural rules for the Board of Directors and place where they can be consulted

The rules of procedure of the Board of Directors are available for consultation on the Company's website (www.ramadainvestimentos.pt) ("Investors" tab, "Corporate Governance" section).

23. Number of meetings held and attendance level of each member of the Board of Directors

Article 17 of the Company's Articles of Association provides that the Board of Directors shall meet whenever convened by its Chairman, on his own initiative or at the request of any other director, and at least once a month.

The quorum required to hold any meeting of the Board of Directors is deemed to exist provided that the majority of its members are present or duly represented.

The Board of Directors met twelve times during 2019, and attendance was 100%.

The meetings of the Board of Directors are scheduled and prepared in advance. Documentation is made available as much in advance as deemed necessary, to support the proposals on the agenda. This ensures the conditions exist for the full performance of functions and the adoption of resolutions in a manner that is fully informed.

Likewise, the relevant notices of meeting and, subsequently, the minutes of the meetings are sent to the chairman of the Statutory Audit Board. This regular flow of information enables the performance of active and constant supervision.

24. Indication of the governing bodies competent to assess the performance of the executive directors

The Remuneration Committee, in line with item 21 above, is the body responsible for assessing the performance and approving the remuneration of members of the Board of Directors and other governing bodies. This committee, in compliance with the provisions of Article 2 (1) of Law 28/2009 of 19 June and recommendation V.2.3. of the Corporate Governance Code of the IPCG, is responsible for preparing the Statement of Governing Bodies' Remuneration and Compensation Policy as well as, through the preparation of a proposal for approval, submitting it for approval by the deliberative body defined for this matter, which is the Shareholders' General Meeting.

At least one member of the Remuneration Committee shall attend the Annual General Meetings where the Governing Bodies' Remuneration and Compensation Policy Statement is discussed, in order to ensure the clarification of any issues that may arise in relation to that statement. A member of that committee was present at the Annual General Meeting held in 2019, namely Pedro Pessanha.

If the Governing Bodies' Remuneration and Compensation Policy is approved by the Shareholders at the General Meeting, it is the responsibility of this committee to work towards its implementation, monitoring its permanent adequacy to the Company's real situation.

25. Predetermined criteria for assessing the performance of the executive directors

The performance assessment of executive directors is based on pre-determined criteria, subject to performance indicators objectively established for each term of office. These indicators are aligned with the medium/long term strategy of the Company's performance and the business growth.

The remuneration of the executive members of the Board of Directors includes a medium term variable component (from 2011 to 2019, corresponding to three terms of office) calculated on the basis of objective and pre-determined criteria, namely: (i) total return to the shareholder (performance of shares plus dividend paid); (ii) sum of the consolidated net profit of the 9 years and; (iii) performance of the Company's business.

26. Availability of each member of the Board of Directors, indicating the positions held simultaneously in other companies, inside and outside the Group, and other relevant activities carried out by the members of those bodies during the year

The RAMADA INVESTIMENTOS directors are fully committed to the nature and requirements of the positions they have agreed to hold. In this sense, the Group's top management is ever present, close to the people and the business.

Their professional activities, description of other companies where they discharge management functions and the indication of other relevant activities performed by them, are described in Appendix I to this Regulation.

c) Committees within the management or supervisory body and delegated administrators

27. Identification of the Committees established within the Board of Directors and the place where the procedural rules can be consulted

The Board of Directors considers that the only specialised committee required is the Remuneration Committee, given the Company's organisational structure and its size and complexity (as explained in detail in section 28 below).

RAMADA INVESTIMENTOS has therefore formally established a Remuneration Committee, elected by the Shareholders' General Meeting for the three-year term of office which began in 2017 and ended in 2019. The members of that committee were as follows:

- João da Silva Natária – Chairman
- André Seabra Ferreira Pinto – Member
- Pedro Nuno Fernandes de Sá Pessanha da Costa – Member

The Remuneration Committee has valid rules of procedure for the current term of office, approved at the meeting of that committee, and which is available for consultation on the company's website (www.ramadainvestimentos.pt) ("Investors" tab, "Corporate Governance" section).

28. Composition, if applicable, of the executive committee and/or identification of the chief executive(s)

RAMADA INVESTIMENTOS continuously monitors the adequacy of the current model, as has already been widely explained throughout this Report. Accordingly, and as a result of this permanent monitoring, it has come to the conclusion that its organisational structure, and given the small size of the Board of Directors, which is composed of five members, it does not require the formal appointment of an Executive Committee from among the Board of Directors.

However, as mentioned in item 18 of this Report, four of the five members of the Board of Directors carry out duties that can be considered of an executive nature – more practical or operational. As such, the following is complied with:

- Prior and timely dispatch to all members of the Board of Directors of the notices of meetings of that body, including the agenda of the meeting, even if provisional, as well as other relevant information and documentation;
- Availability to provide the referred non-executive directors with all additional information deemed relevant or necessary, as well as to carry out further studies and analyses in relation to all matters that are the object of a resolution or which, if not, are in any way under consideration by the Company; and also
- Making the Company's and subsidiaries' books available for review, such as the minutes books, share registry books, and supporting documentation of operations carried out by the Company or its subsidiaries, for control and verification purposes, as well as providing and promoting a direct channel for obtaining information from the directors and operational and financial managers of the Group's subsidiaries, without the need for any intervention by the referred executive directors in this process.

Hence, the Company considers that the necessary conditions are guaranteed so that decisions on strategic matters are made, just as they are, by the Board of Directors as a collective body composed of all its members, executive and non-executive, in the normal discharge of their duties. This also ensures that such decisions are made in a clear and informed manner, fully focused on the creation of value for shareholders.

Nevertheless, and as mentioned above, the Board of Directors has regularly pondered over the adequacy of its organisational structure. The conclusions of these reflections have always been that the structure complies with the best corporate governance practices, which has been reflected in the positive performance of the Company, as can be established from the Annual Report and Accounts.

***29.* Indication of the powers of each of the committees created and a summary of the activities carried out in the exercise of those powers**

The Remuneration Committee, in line with items 21 and 24 above, is responsible for assessing the performance and approving the remuneration of members of the Board of Directors and other governing bodies. This committee, in compliance with the provisions of Article 2 (1) of Law 28/2009 of 19 June and recommendation V.2.3. of the Corporate Governance Code of the IPCG, is responsible for preparing the Statement of Governing Bodies' Remuneration and Compensation Policy as well as, through the preparation of a proposal for approval, submitting it for approval by the deliberative body defined for this matter, which is the Shareholders' General Meeting.

If the Governing Bodies' Remuneration and Compensation Policy is approved by the Shareholders at the General Meeting, it is the responsibility of this committee to work towards its implementation, monitoring its permanent adequacy to the Company's real situation.

Company Secretary

The duties of the Company Secretary are the following: (i) Support the Chairman of the Board of the Shareholders' General Meeting in convening the Shareholders' General Meetings, ensuring the receipt of information addressed to the Company in the person of the Chairman of the Board, and for the purposes of attending and voting at such meetings; (ii) draft the minutes and attendance list of the Shareholders' General Meetings; (iii) Support and supervise the preparation of the documents supporting the Shareholders' General Meetings; (iv) Prepare the documentation necessary to convene the meetings of the Board of Directors, supervising their timely sending and effective reception by all directors; (v) Support the information flow between the Board of Directors and the Supervisory Body; (vi) Prepare responses to shareholders in accordance with the law and on matters for which it has powers, or obtain internal replies from the relevant areas, to ensure the provision of information to the Shareholders, and (vii) Ensure the timely registration of company resolutions with the Commercial Registry Office.

The Company's secretarial duties were performed accurately during 2019, having been elected, under the period, a new Company Secretary due to the cessation of functions.

III. SUPERVISION

a) Composition

30. Identification of the supervisory body corresponding to the adopted model

The Statutory Audit Board and the Statutory Auditor are the Company's supervisory bodies in the governance model adopted.

31. Composition of the Supervisory Board, indicating the minimum and maximum statutory number of members, duration of term of office, number of effective members, date of first appointment, and date of end of term of office of each member

The Statutory Audit Board is appointed by the Shareholders' General Meeting for three-year terms and may be re-elected one or more times. It is composed of three members and one or two alternates. It is responsible for the supervision of the company, as well as for the appointment of the Statutory Auditor or Statutory Audit Firm.

This body is composed of the following members in the three-year period which began in 2017 and ended in 2019:

- Pedro Nuno Fernandes de Sá Pessanha da Costa – Chairman
- António Luís Isidro de Pinho – Member
- Guilherme Paulo Aires da Mota Correia Monteiro – Member
- André Seabra Ferreira Pinto – Alternate

The Chairman of the Statutory Audit Board was elected for the first time in April 2014. The remaining members were elected for the first time to the described positions in April 2017.

32. Identification of the members of the Statutory Audit Board who consider themselves independent, pursuant to Article 414 (5) of the Companies Act

The assessment of the independence of the Statutory Audit Board, as a collective body, is made in relation to all its members, assessing the independence of each of its members in accordance with the definition given in Article 414 (5). Any incompatibilities are assessed in accordance with the definition of Article 414-A (1), both of the Companies Act.

All the members of the Company's Statutory Audit Board thus comply with the independence rules specified above and are not in any of the situations of incompatibility provided for by law. This compliance is declared by the respective members in a statement that they individually sign and deliver to the Company.

33. Professional qualifications and curricular references of each member of the Supervisory Board and other relevant curricular elements

All the members of RAMADA INVESTIMENTOS' Statutory Audit Board have the training, expertise and experience necessary for the full exercise of their functions, in accordance with the provisions of Article 414 (4) of the Companies Act and Article 3 (2) of Law 148/2015 of 9 September. The Chairman of this body is adequately supported by the other members of the Statutory Audit Board.

Appendix I to this Report describes the professional qualifications and other activities carried out by the members of the Statutory Audit Board.

b) Operation

34. Existence of procedural rules for the Supervisory Board and place where they can be consulted

The rules of procedure of the Statutory Audit Board are available for consultation on the Company's website (www.ramadainvestimentos.pt) ("Investors" tab, "Corporate Governance" section).

35. Number of meetings held and meeting attendance by each member of the Supervisory Board

The Company's Statutory Audit Board met four times during 2019, and attendance was 100%.

36. Availability of each member of the Supervisory Board, indicating the positions held simultaneously in other companies, inside and outside the Group, and other relevant activities carried out

The members of the Statutory Audit Board have made a commitment to the Company, which they have strictly complied with and which is reflected in a level of availability that is fully in line with the interests of the Company. The information on other positions held, qualifications and professional experience of the members of the Statutory Audit Board is detailed in Appendix I to this Report.

c) Powers and duties

37. Description of the procedures and criteria applicable to the intervention of the Supervisory Body for the purpose of contracting additional services from the external auditor

The Statutory Audit Board is responsible for approving in advance the provision of services other than audit services to be contracted from the External Auditor.

It should first be noted that the Board of Directors itself, when questioning the possibility of hiring additional services from the External Auditor or the Statutory Auditor, and before reporting its decision to the Statutory Audit Board, shall ensure that services are not hired from these auditors or the entities that make up their network which, under the terms of European Commission Recommendation no. C (2002) 1873, of 16 May, may jeopardise their independence.

If the Board of Directors considers that the conditions exist to present the matter to the Statutory Audit Board, the Statutory Audit Board analyses, in a preliminary and in-depth manner, the scope of such additional services to be provided by the External Auditor and by the Statutory Auditor. It may make a favourable decision if, from the analysis carried out: (i) the hiring of the additional services does not jeopardize the independence of the External Auditor; (ii) a healthy balance is ensured between the normal audit services and the additional services under analysis that may be provided, and that (iii) the proposed additional services are not services prohibited under the terms of Article 77 (8) of Law 140/2015. The analysis of the Statutory Audit Board also includes whether (iv) the additional services will be provided in compliance with the quality levels in force in the Group, always with the underlying purpose that the provision of such services, should they occur, do not jeopardise the independence required in the exercise of the audit functions.

It should be noted in this regard that Ernst & Young Audit & Associados – SROC, S.A., before accepting the award of the services, also carries out a meticulous internal assessment to ensure the services it proposes to provide do not affect, under any circumstances, the independence criteria that it agreed to comply with when accepting its election to perform the audit duties.

The Company therefore considers that a triple degree of control is ensured in verifying non-compliance with the independence criteria, when deciding to hire additional services from the External Auditor.

It should also be noted that the Statutory Audit Board also every year receives the statement of independence from the External Auditor and the Statutory Auditor, which describe the services it provides and those provided by other entities of the same network, as well as the fees paid, any threats to their independence and any safeguard measures to address those threats.

All potential threats to the independence of the External Auditor, when if any, as well as the respective safeguard measures are assessed and discussed in an open and transparent manner by the Statutory Audit Board and the External Auditor.

38. Other duties of the supervisory bodies

The Statutory Audit Board supervises the Company, with the responsibilities in RAMADA INVESTIMENTOS as provided for in Article 420 of the Companies Act.

In discharging its statutory and legally assigned duties, the Statutory Audit Board has the following particular duties:

a) Supervising the Company's management;
b) Monitoring compliance with the law and memorandum of association;
c) Preparing an annual report on its supervisory activities and giving an opinion on the report, accounts and proposals submitted by the management;
d) Convening the General Meeting when the chairman of the respective Board does not do so when such is required;
e) Supervising the effectiveness of the risk management system, the internal control system and the internal audit system;
f) Receiving reports of irregularities submitted by shareholders, employees of the Company or others;
g) Hiring the provision of expert services to assist one or more of its members in the exercise of their duties. Such hiring and remuneration of experts must take into account the importance of the matters committed to them and the financial situation of the Company.
h) Complying with the other duties set out in the law or in the memorandum of association;
i) Supervising the process of preparation and disclosure of financial information;
j) Proposing to the Shareholders' General Meeting the appointment of the Statutory Auditor;
k) Supervising the audit of the Company's financial statements and documents;
l) Supervising the independence of the Statutory Auditor, particularly where the provision of additional services are concerned.

For the performance of these duties, the Statutory Audit Board:

a) Obtains the information necessary for the performance of its duties from the Board of Directors, namely the operational and financial evolution of the company, the changes in the composition of its portfolio, the terms of the operations carried out and the content of the resolutions passed;
b) Monitors the risk management and internal control system, annually preparing an appraisal report and recommendations for the Board of Directors, if there are matters that justify such; (c) Receives, at least five days prior to the date of its meeting, the individual and consolidated financial statements and the respective reports of the Board of Directors, analysing, in particular, the main variations, the relevant transactions and the corresponding accounting procedures and clarifications obtained from the Board of Directors, namely through the Board of Directors and the external auditor, and issue its assessments and resolutions;
c) Informs the Board of Directors of the checks, supervision and diligence it has carried out and the results thereof;
d) Attends Shareholders' General Meetings, as well as the meetings of the Board of Directors to which it may be invited or at which the accounts for the financial year are examined;
e) Annually conducts a self-assessment of its activity and performance, including the review of these rules of procedure, with a view to developing and implementing improvements in its operation;

f) Develops the other duties of surveillance that are imposed by law.

The Statutory Audit Board also represents the Company before the External Auditor and Statutory Auditor, and is responsible for proposing the entity that will provide these services and the respective remuneration, also ensuring that adequate conditions for the provision of these services are provided within the Group.

The Statutory Audit Board is the first recipient of the reports issued by the External Auditor and Statutory Auditor, as well as the Group's liaison in the relationship with those entities. It is also responsible for appraising relevant projects and work plans and on the adequacy of the resources allocated for the performance of those projects.

The Statutory Audit Board is therefore responsible for preparing an annual report on its supervisory action and issuing an opinion on the report and accounts and proposals presented by management, as well as for monitoring the effectiveness of the risk management and internal control system.

This body, in conjunction with the Board of Directors, regularly reviews and supervises the preparation and disclosure of financial information, providing all necessary support to the Company's management team and expressly undertaking the commitment that there will be no undue and untimely access by third parties to relevant information.

Moreover, the supervisory body is requested to intervene in order to issue an opinion whenever there are transactions between directors of RAMADA INVESTIMENTOS and the Company itself or between RAMADA INVESTIMENTOS and companies that are in a control or group relationship with it, in which the intervening party is a director, in accordance with Article 397 of the Companies Act.

This action by the Statutory Audit Board will be requested regardless of the importance of the transaction in question.

The External Auditor, as part of the Company's supervisory body, within the scope of the annual audit process, analyses (i) the functioning of internal control mechanisms and reports any deficiencies it identifies; (ii) verifies whether the main elements of the internal control and risk management systems implemented in the Company in relation to the process of disclosure of financial information are presented and disclosed in the annual information on Corporate Governance and (iii) issues a legal certification of the accounts and the Audit Report, in which it states whether the report disclosed on the structure and practices of corporate governance includes the elements and information referred to in Article 66-B of the Companies Act, in its current wording, or if it does not include such information, it shall ensure that such information is included in a separate report also made available to shareholders, complying with the provisions of Article 245-A of the Portuguese Securities Code, complying with the structure of CMVM Regulation no. 4/2013 and also including, in the information stated therein, a statement on compliance with the Corporate Governance Code of IPCG.

The Statutory Auditor monitored the development of the Company's activity in the 2019 financial year, carrying out the examinations and checks deemed necessary for the review and legal certification of the accounts, in liaison with the Statutory Audit Board. It always relied on the prompt and expeditious full cooperation of the Board of Directors to access the information requested.

In line with the above, the Statutory Auditor has also reported on its activities in the 2019 financial year. This information was included in its annual audit report, which will be approved by the Shareholders at the Annual General Meeting.

The supervisory body monitors and ensures compliance by RAMADA INVESTIMENTOS and its subsidiaries with the legislation applicable at all times in order to assess the Group's compliance levels in this regard, which has been classified as high and aligned with the interests of the Company and its Shareholders.

IV. STATUTORY AUDITOR

39. Identification of the statutory audit firm and the statutory auditor that represents it

The Statutory Auditor of the Company for the three-year period beginning in 2017 and ended in 2019 is Ernst & Young Audit & Associados – SROC, S.A., represented by Rui Manuel da Cunha Vieira or Rui Abel Serra Martins.

40. Indication of the number of consecutive years in which the statutory auditor has performed duties for the company and/or group

Ernst & Young Audit & Associados – SROC, S.A. has been responsible for the statutory audit of the Company and its group companies since the beginning of 2017.

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

The Statutory Auditor is also the Company's external auditor as detailed in the items below.

V. EXTERNAL AUDITOR

42. Identification of the external auditor appointed for the purposes of Article 8 and of the partner that represents it in the performance of these duties, as well as its CMVM registration number

The external auditor of the Company, appointed for the purposes of Article 8 of the Portuguese Securities Code, is Ernst & Young Audit & Associados – SROC, S.A., registered under no. 178 with the CMVM, represented by Rui Manuel da Cunha Vieira or Rui Abel Serra Martins.

43. Indication of the number of consecutive years in which the external auditor, and the statutory auditor partner representing the external auditor in the performance of its duties, have performed duties with the company and/or the group

The External Auditor was elected for the first time in 2017, and accomplished in 2019 the third year of its first term of office, as well as the partners who represent it.

44. Policy and frequency of rotation of the external auditor and the statutory auditor partner representing it

With regard to the rotation of the External Auditor, the Company had not established, by the date of entry into force of the new Statutes of the Association of Statutory Auditors, approved by Law 140/2015 of 7 September, a policy of rotation of the External Auditor. This policy is based on a predetermined number of terms of office, taking into account, in particular, the fact that such rotation policy is not a common or usual practice and that the Company, while permanently monitoring the adequacy and fairness of the current model, has never identified situations of loss of independence or any other situations that might advise the adoption of a formal policy that would require such rotation.

The entry into force of the new Association of Statutory Auditors By-Laws, on 1 January 2016, established a new scheme for the rotation of statutory auditors applicable to companies whose shares are admitted to trading on a regulated market, as is the case of the Company. Hence, the Statutory Audit Board began a selection process in 2016 for the election of a new Statutory Auditor who, complying with all legal requirements in terms of technical skills and independence, could be elected at the Annual General Meeting. And this was materialized in the Annual General Meeting of 2017.

In this sense, the Company does not have a formal, internal policy that provides for the rotation of the External Auditor, considering it unnecessary, as it fully complies with the legal requirements in this matter.

45. Indication of the body responsible for assessing the external auditor and the frequency at which this assessment is carried out

The Statutory Audit Board, in discharging its functions, monitors the performance of the External Auditor throughout the year, and carries out an annual assessment of its independence. In addition, the Statutory Audit Board promotes, whenever necessary or appropriate in the light of developments in the Company's activity or legal or market requirements, a reflection on the suitability of the External Auditor for the level required for the performance of its duties.

46. Identification of work, other than audit work, carried out by the external auditor, as well as an indication of the internal procedures for the purpose of approving the contracting of such services and an indication of the reasons for contracting them

In 2019, the external auditor did not provide services other than audit services.

47. Indication of the amount of annual remuneration paid to the auditor and other natural or legal persons belonging to the same network and a breakdown of the percentage related to the following services:

	31.12.2019		31.12.2018	
Company				
Audit and statutory audit (€)	10,710	14.7%	11,500	12.7%
Annual accounts	10,710	14.7%	10,500	11.6%
Interim accounts	-	0.0%	1,000	1.1%
Group entities				
Audit and statutory audit (€)	61,905	85.3%	79,250	87.3%
Annual accounts	61,905	85.3%	60,250	66.4%
Interim accounts	-	0.0%	19,000	20.9%
Other assurance services (€)	-	0.0%	1,000	1.1%
Total				
Audit and statutory audit (€)	72,615	100.0%	90,750	100.0%
Other assurance services (€)	-	0.0%	-	0.0%
	72,615		90,750	

C. INTERNAL ORGANISATION

I. Articles of Association

48. Rules applicable to the amendment of the company's Articles of Association

Amendments to the Articles of Association follow the applicable legal terms, namely the Companies Act, which require a two-thirds majority of the votes cast for the approval of this resolution.

II. Reporting irregularities (Whistleblowing)

49. Means and policy for communicating irregularities occurring in the company

In RAMADA INVESTIMENTOS, and as a result of the applicable legal provisions, any reports of irregularities that are violations of an ethical or legal nature with a significant impact on the areas of accounting, the fight against corruption and banking and financial crime shall be addressed to the Statutory Audit Board.

Irregularities related to matters other than those referred to above should be addressed to the Board of Directors.

The Company considers that, given the proximity with which the members of the Board of Directors carry out their duties in relation to the activities of the various companies of the group and their employees, the conditions are created so that whenever irregularities are detected they are promptly reported to the Board, which ensures the implementation of procedures aimed at dealing effectively, adequately and fairly with such possible irregularities.

In terms of powers in the assessment of ethical issues and corporate structure and governance, these functions are carried out directly by the Board of Directors, which is reviewing this issue on a permanent basis.

RAMADA INVESTIMENTOS instils in its employees the principles and rules that it considers should guide the internal and external relations established between all Group companies and between these and its stakeholders. Its primary objective is that its employees guide their personal and professional conduct regardless of the position or function they perform, based on common ethical principles. It conducts, for this purpose, awareness-raising, training and dissemination actions within the organisation concerning the principles and rules that underpin the Group's policies in this matter.

These principles and rules shall apply to all employees of the RAMADA INVESTIMENTOS Group, including members of governing bodies of all Group companies, as well as – with the necessary adaptations – to agents, external auditors, customers, suppliers and other persons who provide services to them on a permanent or sporadic basis.

As referred to above, these principles and rules which apply to all RAMADA INVESTIMENTOS Group employees, take shape mainly as follows:

- Strict compliance with the law, regulations, recommendations and statutory provisions, as well as with the internal rules, policies and guidelines of the RAMADA INVESTIMENTOS Group;
- Integrity, ethics, transparency and honesty in decision-making;
- Cooperation and professionalism in relations with the partners and local communities in which each RAMADA INVESTIMENTOS Group company operates;
- Conducting business in a framework of loyalty, thoroughness and good faith in complying with the objectives of the RAMADA INVESTIMENTOS Group;
- High awareness of the need for confidential treatment of all the information that is produced or which may be accessed in the performance of the functions;

- Diligent and sparing treatment of all working instruments or assets of the companies of the RAMADA INVESTIMENTOS Group, ensuring their protection and their good state of conservation, refraining from any use for personal benefit.

The Statutory Audit Board is the body to which any communication of irregularities should be addressed by any Employee, Partner, Supplier or any other Stakeholder.

If the Board of Directors receives any request for clarification or expression of concern related to the Whistleblowing system, it shall immediately send it to the Statutory Audit Board.

Any irregularity or indication of irregularity shall be reported to the Statutory Audit Board by means of a letter in a closed envelope containing a reference to its confidentiality, sent to the following address: Rua Manuel Pinto de Azevedo, número 818, 4100-320 Porto. Anonymous complaints will only be accepted and processed in exceptional circumstances.

It should be noted that no irregularities were reported to the Company's Statutory Audit Board or to the Board of Directors during the 2019 financial year.

III. Internal control and risk management

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

Risk management, as a cornerstone of the principles of good corporate governance, is an area considered fundamental by RAMADA INVESTIMENTOS, which promotes permanent awareness of all its employees, at the different levels of the organisation, instilling such responsibility in all decision-making processes.

Risk management is carried out with a view to creating value, with a clear identification of the situations that constitute a threat likely to affect business objectives.

Environmental management, based on sustainability criteria, and Social Responsibility play an increasingly decisive role within the organisation. Risk management is also monitored in these areas with increasing focus.

Although risk management is not a formally established department, it is ensured in the RAMADA INVESTIMENTOS Group at the level of each of the departments, which are sufficiently and deeply aware of the need to identify and quantify the risk associated with all decisions, with well-defined criteria that allow them to judge, autonomously and in each specific case, whether the risk can be taken by the management or whether the decision to take it must be made by the Board of Directors of the company in question, either RAMADA INVESTIMENTOS or any of its subsidiaries, based on materiality criteria or the Group's exposure. Accordingly, the Group's operational teams act based on clear criteria of (i) levels of risk assumption and who should make the decision to take them or not and (ii) the identification of ways to mitigate them.

Risk management is thus ensured by all RAMADA INVESTIMENTOS departments, based on the following methodology, which includes several stages:

- Initially, internal and external risks that may materially affect the pursuit of the Group's strategic objectives are identified and prioritised;
- The operational managers of the Group's various departments identify the risk factors and events that may affect RAMADA INVESTIMENTOS' operations and activities, as well as any control processes and mechanisms;
- Additionally, the impact and likelihood of occurrence of each risk factor are weighted and, depending on the level of exposure, the need to respond to the risk is assessed; and

- Risk mitigation actions are monitored and the level of exposure to critical factors is constantly monitored.

The Board of Directors is responsible for deciding, at all times, the level of exposure assumed by the Group in its different activities and, without prejudice to the delegation of functions and responsibilities, defining overall risk limits and ensure that risk management policies and procedures are followed.

In monitoring the risk management process, the Board of Directors, as the body responsible for RAMADA INVESTIMENTOS' strategy, has the following objectives and responsibilities:

- Know the most significant risks affecting the Group;
- Ensure the existence, within the Group, of appropriate levels of knowledge of the risks that affect operations and how to manage them;
  Ensure the dissemination of the risk management strategy at all hierarchical levels;
  Ensure the Group has the capacity to minimize the probability of occurrence and impact of risks on the business; and
- Ensure that the risk management process is adequate and that thorough monitoring is maintained of the risks with the greatest probability of occurrence and impact on the Group's operations;
- Ensure permanent communication with the Statutory Audit Board, making it aware of the level of risk exposure assumed and requesting, whenever necessary, the opinions of this body that it deems necessary for conscious and informed decision-making, ensuring that the risks identified and the policies defined are analysed from the multidisciplinary perspectives that guide the Group's operations.

The subsidiaries manage the risks within the established criteria and delegations.

The Statutory Audit Board continuously monitors the performance of the group in this area.

RAMADA INVESTIMENTOS has come to the conclusion that it has been able to ensure greater awareness in decision making at all levels of the organisation, based on this methodology, taking into account the inherent responsibility of each player within the company, which contributes to people feeling empowered, truly involved and with an active participation in the development of the Group's business.

RAMADA INVESTIMENTOS, as stated earlier several times in this report, continuously monitors the adequacy of its model also in this area of risk management and has concluded, to date, that it has proven to be totally adequate in view of its organisational structure.

51. Explanation of the hierarchical and/or functional dependency relationships with other company bodies or committees

The Statutory Audit Board is responsible for assessing the operation of risk management mechanisms, and it is to this body that the control procedures considered appropriate for the respective mitigation are reported. This body is therefore responsible for supervising the actions taken by the Company in these matters and to periodically check that the risks effectively incurred by the Company are consistent with those defined by the Board of Directors.

The External Auditor, while discharging its duties, checks the adequacy of the mechanisms and procedures in question, ensuring the reporting of its conclusions to the Statutory Audit Board.

The Board of Directors is responsible for monitoring such mechanisms and procedures.

52. Existence of other functional areas with risk control competencies

Risk management is ensured, in RAMADA INVESTIMENTOS, by all the operational departments and units, in the terms broadly described in item 51 above. The Company, as stated earlier several times in this report, continuously monitors the adequacy of its model also in this area of risk management and has concluded, to date, that it has proven to be totally adequate for the Company's organisational structure.

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

The Board of Directors considers that the Group is exposed to the normal risks arising from its activity, namely at the level of its operating units. The following risk factors are highlighted:

Credit Risk

Like any activity involving a commercial component, credit risk is a major factor taken into account by the Board of Directors in the operating units. In a first approach, credit risk is managed through a continuous analysis of the credit rating of each customer, prior to its acceptance, and alternatively, through the adequacy of the terms granted for payment. The assessment of credit risk is carried out on a regular basis, taking into account the current economic conditions and the specific credit situation of each of the companies, and corrective procedures are adopted whenever it is deemed convenient.

Market Risk

Interest rate risk

Considering the indebtedness to which the Group is exposed, possible changes in the interest rate may have an undesirable impact on the results. In this sense, the Group tries to optimise the balance between the cost of debt and the exposure to the variability of interest rates by managing interest rate risk appropriately. Therefore, when the desired limit of exposure to interest rate risk is considered to have been exceeded, interest rate swaps are contracted that cover the Company's exposure to risk and mitigate the volatility of its results.

Exchange-rate risk

The Company carries out transactions with non-resident entities and in currencies other than Euro. Therefore, whenever considered necessary to reduce the volatility of its results, the Group seeks to hedge its exposure to exchange rate variability by contracting derivative financial instruments.

Risk of variability in commodity prices

Operating in a sector that trades commodities (steel), the Group is particularly exposed to price variations, with the corresponding impacts on its results. Therefore, whenever deemed necessary to mitigate the volatility of its results, the Group may seek to hedge its exposure to price variability by contracting derivative financial instruments.

Liquidity risk

Liquidity risk may occur if financing sources, such as operating cash flows, disinvestment, credit lines and cash flows from financing operations, do not meet financing needs, such as cash outflows for operating and financing activities, investments, shareholder remuneration and debt repayment.

The main purpose of the liquidity risk management policy is to ensure that the Group has the necessary financial resources available at all times to meet its responsibilities and pursue the strategies outlined, honouring all commitments assumed with third parties when they become due, through appropriate management of loan maturity.

The Group adopts an active refinancing strategy based on the maintenance of a high level of resources immediately available to meet short term needs and the extension or maintenance of debt maturities in accordance with the expected cash flows and the leverage capacity of its balance sheet.

54. Description of the process of risk identification, evaluation, monitoring, control and management

The Board of Directors, as described in item 52, is the body responsible for defining the Group's general strategic policies, including the risk management policy. It is duly supported by the management teams of the subsidiaries, which ensure not only the permanent monitoring, but also the reporting to the Board of Directors of RAMADA INVESTIMENTOS of any situations detected, in order to ensure permanent and effective risk control.

The process in RAMADA INVESTIMENTOS of identifying and assessing, monitoring, controlling and managing risks operates as follows:

The risks the Group faces in the normal performance of its activity are identified. The impact on the financial performance and value of the Group is measured for all risks identified as material. Subsequently, a comparative study is made of the value at risk with the costs of the hedging instruments, if available, and, consequently, the evolution of the identified risks and of the hedging instruments is monitored, which more or less follows the methodology below:
Initially, internal and external risks that may materially affect the pursuit of the Group's strategic objectives are identified and prioritised;
The operational managers of the Group's various operating units identify the risk factors and events that may affect RAMADA INVESTIMENTOS' operations and activities, as well as any control processes and mechanisms;
Additionally, the impact and probability of occurrence of each risk factor are weighted and, depending on the level of exposure, the need to respond to the risk is assessed; and
Risk mitigation actions are monitored and the level of exposure to critical factors is constantly monitored.
The Company has been implementing additional risk management strategies aimed at essentially ensuring that the control systems and procedures and the policies in place allow it to meet the expectations of management bodies, shareholders and other stakeholders.
The following stand out among these strategies:

- The control systems and procedures and the policies in place are in accordance with all applicable laws and regulations and are effectively applied;
- Financial and operational information is complete, reliable, secure and reported periodically and in a timely manner;
- RAMADA INVESTIMENTOS' resources are used in an efficient and rational manner; and

Shareholder value is maximised and operational management takes the necessary measures to correct reported issues.
After this entire process has been completed, the Board of Directors, in its capacity as executive body, is responsible for deciding on the matter, acting according to what it considers will, at all times, best ensure the interests of the Company and its Shareholders.

55. Main elements of the internal control and risk management systems implemented in the company with regard to the financial information disclosure process

In terms of risk control in the process of disclosing financial information, only a very limited number of RAMADA INVESTIMENTOS employees are involved in the process of disclosing financial information.

All those involved in the Company's financial analysis process are considered to have access to inside information and are especially informed about the content of their obligations as well as about the penalties resulting from the improper use of such information.

The internal rules applicable to the disclosure of financial information aim to ensure its timely disclosure and prevent asymmetric access to information by the market.

The internal control system in the areas of accounting and preparation and disclosure of financial information is based on the following key elements:

- The use of accounting principles, which are detailed throughout the notes to the financial statements, is one of the bases of the control system;
- The plans, procedures and records of the Company and its subsidiaries provide reasonable assurance that only duly authorised transactions are recorded and that these transactions are recorded in accordance with generally accepted accounting principles;
- The financial information is analysed, on a systematic and regular basis, by the management of the operating units, ensuring permanent monitoring and the respective budgetary control;
- During the process of preparation and review of financial information, a schedule of closure of accounts is previously shared with the different areas involved, and all documents are reviewed in depth;
- In relation to the individual financial statements of the various Group companies, the administration and accounting services ensure the accounting records and the preparation of the financial statements. The financial statements are prepared by the chartered accountants and reviewed by the financial management of each subsidiary. After approval, the documents are sent to the External Auditor, who issues its Legal Certification of Accounts.
- The consolidated financial statements are prepared on a quarterly basis by the consolidation team. This process is an additional element to control the reliability of the financial information, namely by ensuring the consistent application of the accounting principles and cut-off procedures for operations as well as the verification of balances and transactions between Group companies;
- The consolidated financial statements are prepared under the supervision of the financial department. The documents comprising the annual report are sent for review and approval by the Board of Directors. After approval, the documents are sent to the External Auditor, who issues its Legal Certification of Accounts and the Audit Report; and
- The process of preparing the individual and consolidated financial information and the Management Report is coordinated by the Board of Directors and supervised by the Statutory Audit Board. These bodies analyse the Company's consolidated financial statements on a quarterly basis.

We highlight, with regard to the risk factors that may materially affect the accounting and financial reporting, the use of accounting estimates that are based on the best information available at the date of preparation of the financial statements as well as knowledge and experience of past and/or present events. We also highlight the balances and transactions with related parties of the RAMADA INVESTIMENTOS Group. The balances and transactions with related parties refer basically to the current operating activities of the Group companies, as well as the granting and obtaining of loans at market rates.

The Board of Directors regularly analyses and supervises the preparation and disclosure of financial information, in conjunction with the Supervisory Board, in order to prevent undue and untimely access by third parties to relevant information.

IV. Investor Support

56. Service responsible for investor support, composition, duties, information made available by this service and contact information

In compliance with the applicable legal provisions, as well as the CMVM's regulations on this matter, RAMADA INVESTIMENTOS ensures, always at first hand, the disclosure to its shareholders and to the market in general, of all the information relating to the business of group companies that falls within the concept of privileged information. Hence, RAMADA INVESTIMENTOS has been ensuring, on a permanent and timely basis, the disclosure of information to its shareholders and to the market in general, at the precise moment when it takes on the nature of privileged information.

The Company has an Investor Relations Office, which includes the Market Relations Representative and Investor Relations.

Contacts in order to obtain information from investors may be made through the following channels:
Rua Manuel Pinto de Azevedo, 818
4100-320 Porto
Telephone: 22 83 47 100
E-mail: mvalente@ramadainvestimentos.pt

Ramada Investimentos provides financial information on its individual and consolidated activities, as well as on its subsidiaries through its official website (www.ramadainvestimentos.pt). This website is also used by the company to disclose press releases with an indication of any relevant facts for the company's life, which are always subject to prior disclosure on the CMVM's Information Disclosure System. This page also contains the Group's financial statements for the last financial years. Most of the information is available on the Company's website in Portuguese and English.

57. Representative for market relations

Miguel Valente is the market relations representative.

58. Information on proportions and the deadline for replying to information requests received during the year or pending from previous years.

Whenever necessary, the market relations representative ensures the provision of all relevant information in relation to significant events, facts that may be considered relevant facts, quarterly disclosure of results and replies to any requests for clarification by investors or the general public concerning financial information in the public domain. All information requested by investors is analysed and answered within a maximum period of five business days.

V. Website

59. Address (es).

Ramada Investimentos has a website with information about the Company and the Group. The address is www.ramadainvestimentos.pt.

60. Place where information on the company's name, public company status, registered office and other information referred to in Article 171 of the Portuguese Companies Act is available

www.ramadainvestimentos.pt \ investors \ company identification

61. Place where the Articles of Association and the procedural rules of the company bodies and/or committees are available

www.ramadainvestimentos.pt \ investors \ corporate governance

62. Place where information on the identity of members of the governing bodies, the market relations representative and the Investor Support Office, or its equivalent, their duties and means of access are available

www.ramadainvestimentos.pt \ investors \ corporate governance
www.ramadainvestimentos.pt \ investors \ Investor support office

63. Place where the financial statements are made available, which must be accessible for at least five years, as well as the half-yearly calendar of company events, disclosed at the beginning of each half year, including general meetings, disclosure of annual, half-yearly and, if applicable, quarterly accounts

www.ramadainvestimentos.pt \ investors \ financial report
www.ramadainvestimentos.pt \ investors \ financial calendar

64. Place where the notice for the General Meeting of Shareholders and all related preparatory and subsequent information are disclosed

www.ramadainvestimentos.pt \ investors \ general meetings

65. Place where the records of all the decisions made at Company General Meetings, the share capital represented and the voting results for the 3 previous years are available

www.ramadainvestimentos.pt \ investors \ general meetings

D. REMUNERATION

I. Decision-making powers

66. Indication of the powers for determining the remuneration of the governing bodies

The Remuneration Committee is responsible for approving the remuneration of the members of the Board of Directors and other governing bodies representing the shareholders, in accordance with the remuneration policy statement approved by the shareholders at the Shareholders' General Meeting.

II. Remuneration Committee

67. Composition of the Remuneration Committee, including the identification of individuals or companies contracted to provide support and a declaration on the independence of each member and consultant

Currently, Ramada Investimentos has a Remuneration Committee elected at a general shareholder meeting for a three-year term of office, starting in 2017 and ending in 2019, which is composed as follows:

- João da Silva Natária – Chairman
- André Seabra Ferreira Pinto – Member
- Pedro Nuno Fernandes de Sá Pessanha da Costa – Member

All members of the Remuneration Committee are independent from the members of the Board of Directors and from any other group of interest.

It should be noted in relation to the identification of natural or legal persons hired to provide support to this Committee, that the powers include autonomy to outsource service providers, at the Company's expense and in compliance with reasonable criteria in this regard. Those service providers may be hired to independently carry out evaluations, studies and the preparation of reports that may assist the committee in the full and complete performance of its function, as further explained in item 68 below.

This committee shall be supported by benchmarking studies on remuneration policy, ensuring that the Governing Bodies' Remuneration and Compensation Policy Statement is in line with the best practices in use in companies of equal importance and size.

In 2019, this committee did not consider it necessary to hire any persons or entities to support its decision-making.

68. Knowledge and experience of the members of the remuneration committee with regard to the remuneration policy

The experience and professional qualifications of the members of the Remuneration Committee are reflected in the curricula vitae available on the Company's website at www.ramadainvestimentos.pt, "Investors" tab, "Investors/Shareholders' General Meetings/2017/Appendices: Curricula vitae" section, which were made available as a result of the respective election at the 2017 Annual General Meeting and which remain there according to applicable legislation.

RAMADA INVESTIMENTOS considers that the experience and professional career of the members of the Remuneration Committee are fully adequate for the discharge of their duties, allowing them to discharge said duties with the required thoroughness and efficiency. João da Silva Natária should be highlighted, without prejudice to the qualifications of the other members, due to his high level of experience and specific knowledge in the evaluation and remuneration policy field.

Moreover, and in addition to what has already been mentioned in item 67 above, the committee uses specialised, internal or external resources, whenever necessary, to support its decisions.

In these situations, the Remuneration Committee freely decides that RAMADA INVESTIMENTOS will hire the consultancy services deemed necessary or convenient, taking care to ensure that the services are provided independently and that the respective providers are not hired to provide any other services to RAMADA INVESTIMENTOS or its subsidiaries, without the specific consent of the Remuneration Committee.

III. Remunerations structure

69. Description of the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009, of 19 June

As established in Law 28/2009 of 19 June, a statement on the remuneration policy of the management and supervisory bodies is submitted every year to the Shareholders' General Meeting for approval.

The remuneration and compensation policy of Ramada Investimentos' governing bodies, approved at the Shareholders' General Meeting of 28 May 2019, complies with the following principles:

<u>BOARD OF DIRECTORS:</u>

The following will be taken into account for setting the value of the individual remuneration of each director:

- The functions discharged in the Company and in the different subsidiaries;
- Responsibility and added value for individual performance;
- The knowledge and experience accumulated in discharging the function;
- The economic situation of the Group;
- The remuneration earned in companies of the same sector and other companies listed on Euronext Lisbon

The total fixed remuneration of the Board of Directors, including the remuneration paid by subsidiaries to members of the Board of Directors, may not exceed EUR 750,000 per year.

1. Executive Directors
    - Fixed component, amount paid monthly.
    - Medium-term variable component

It is intended to align the interests of the executive directors more closely with those of the shareholders and will be calculated covering the period of three terms of office, corresponding to the period between 2011 and 2019, based on:

- Total shareholder return (appreciation of the share plus dividend distributed)
- Sum of consolidated net income for the 9 years (2011 to 2019)
- Performance of the Group's business

The total value of the medium-term variable component may not exceed 50% of the fixed remuneration earned during the 9-year period.

2. Non-Executive Directors

The individual remuneration of any non-executive director may not exceed EUR 70,000 / year, and is exclusively fixed.

<u>STATUTORY AUDIT BOARD</u>

The remuneration of the members of the Statutory Audit Board shall be based on fixed annual amounts, at levels considered adequate for similar functions.

GENERAL MEETING

The remuneration of the board of the General Meeting shall be fixed only and shall follow market practices.

STATUTORY AUDITOR

The Statutory Auditor will have a fixed remuneration appropriate to the performance of its duties and in accordance with market practice, under the supervision of the Statutory Audit Board.

COMPENSATION PAYMENTS FOR TERMINATION OF DUTIES BEFORE OR AT THE END OF THE TERM OF OFFICE

The remuneration policy maintains the principle of not including the payment of compensation to directors, or members of other governing bodies, associated with the early termination of their duties or at the end of their respective terms of office, without prejudice to compliance by the Company with the legal provisions in force in this area.

SCOPE OF PRINCIPLES

The principles of the remuneration and compensation policies set out in this statement cover not only the remuneration paid by Ramada Investimentos, but also the remuneration paid to the members of its Board of Directors by companies it directly or indirectly controls.

70. Information on how remuneration is structured in such a way as to align the interests of the members of the Board of Directors with the long-term interests of the company, as well as on how it is based on performance evaluation and how it discourages excessive risk-taking

The remuneration policy for executive directors aims to ensure an adequate and thorough return on the performance and contribution of each director to the success of the organisation, aligning the interests of executive directors with those of shareholders and the Company. In addition, the remuneration policy provides for a medium-term variable component, indexed to the Company's performance, aimed at aligning the interests of executive directors more closely with those of shareholders and with the long-term interests of the Company.

The proposals for the remuneration of executive directors are drawn up taking into account: (i) the functions discharged in RAMADA INVESTIMENTOS and in the different subsidiaries; (ii) the responsibility and added value for individual performance; (iii) the knowledge and experience accumulated in discharging the function; (iv) the economic situation of the Company; (v) the remuneration earned in companies of the same sector and other companies listed on Euronext Lisbon.
In relation to the latter component, the Remuneration Committee takes into account, within the limits of the accessible information, all national companies of equivalent size, namely listed on Euronext Lisbon, and also companies in other international markets with characteristics equivalent to those of RAMADA INVESTIMENTOS.

71. Reference to the existence of a variable component of the remuneration and information on the possible impact of the performance assessment on this component

In the Shareholders' General Meeting of 28 May 2019, the remuneration policy was approved as detailed in item 69 above, which provides for a variable component depending on performance in the period between 2011 and 2019.

There are no mechanisms that prevent executive directors from concluding contracts that undermine the basis of the variable remuneration. However, the Remuneration Committee takes these factors into account in the criteria for determining the variable remuneration.

The Company has not entered into any contracts with members of the Board of Directors that have the effect of mitigating the risk associated with the variability of remuneration, nor is it aware that there are identical contracts entered into with third parties.

72. Deferred payment of the variable component of remuneration, mentioning the deferral period

There is currently no variable remuneration whose payment has been deferred over time.

73. Criteria for attribution of the variable remuneration in shares

Ramada Investimentos does not have in force nor does it envisage any form of remuneration through the award of shares or any other system of incentives in shares.

74. Criteria for attribution of the variable remuneration in options

Ramada Investimentos does not have in force nor does it envisage any form of remuneration through the award of option rights (share options).

75. Main parameters and grounds for any annual bonus scheme and other non-cash benefits

Ramada Investimentos does not have any annual bonus scheme or other non-financial benefits.

76. Main characteristics of the supplementary pension or early retirement schemes for the directors and date of their individual approval at the general meeting

Ramada Investimentos does not have a supplementary pension or early retirement schemes for members of the management and supervisory bodies and other directors.

IV. Remunerations Disclosure

77. Indication, on an aggregated and individual basis, of the annual amount of the remuneration received by the members of the company's management bodies, including fixed and variable remuneration and with reference to the different components giving rise to the variable remuneration

The remunerations earned by the members of the Board of Directors were fully paid by the subsidiaries of the Group where they exercise management functions, and there are no directors directly remunerated by Ramada Investimentos.

78. Any amounts paid by controlled or group companies or those under shared control

The remuneration received by the members of the Board of Directors of Ramada Investimentos during the year 2019, in the exercise of their functions, includes only fixed remuneration and amounted to EUR 523,500, broken down as follows: João Borges de Oliveira – EUR 123,000; Paulo Fernandes – EUR 123,000; Domingos Matos – EUR 109,000; Pedro Borges de Oliveira – EUR 109,000; Ana Mendonça – EUR 59,500.

79. Remuneration paid in the form of profit-sharing and/or payment of bonuses and the reasons for granting such bonuses and/or profit-sharing

No remuneration was paid as profit sharing or in the form of bonuses during the financial year.

80. Payments made or owed to former executive directors as a result of Loss of Office during the financial year

No amounts were paid or owed during the financial year in respect of compensation to directors whose functions have terminated.

81. Indication, on an aggregated and individual basis, of the annual amount of the remuneration received by the members of the Company's supervisory bodies

The remuneration of the members of the Statutory Audit Board is composed of a fixed annual amount based on Ramada Investimentos' situation and current market practices. The remuneration of the members of the Statutory Audit Board amounted to EUR 28,620 in the year ended 31 December 2019, distributed as follows: Pedro Pessanha – EUR 12,000; António Pinho – EUR 8,310; Guilherme Monteiro – EUR 8,310.

The remuneration earned by the Statutory Auditor is described in item 47 above.

82. Indication of the remuneration of the chairman of the general meeting of shareholders in the year under review

The remuneration of the Chairman of the Board of the Shareholders' General Meeting for the year ended 31 December 2019 amounted to EUR 3,500 and the remuneration of the Secretary of the Board amounted to EUR 1,500.

V. Agreements with remuneration implications

83. Contractual restrictions on compensation payable for unfair removal of a director and its relationship with the variable component of the remuneration

The remuneration policy maintains the principle of not including the payment of compensation to directors, or members of other governing bodies, associated with the early termination of their duties or at the end of their respective terms of office, without prejudice to compliance by the Company with the legal provisions in force in this area.

84. Reference to the existence and description, with an indication of the amounts involved, of agreements between the company and the members of the board of directors and managers, under article 248-B(3) of the Portuguese Securities Code, which provide for compensation in the event of resignation, unfair dismissal or termination of the employment relationship, following a change in the control of the company

There are no agreements between the Company and the members of the management bodies or other managers of RAMADA INVESTIMENTOS, within the meaning of Article 248-B(3) of the Portuguese Securities' Code, that envisage the payment of compensation in the event of a request for resignation, dismissal without just cause or severance of the employment contract in the wake of a change of control of the Company. Neither are there are agreements with the directors to ensure any compensation in the event of non-renewal of the term of office.

VI. Share or stock option award plans

85. Identification of the plan and those it applies to

RAMADA INVESTIMENTOS does not have any share or stock option award plan for the members of its governing bodies or its employees.

86. Description of the plan

RAMADA INVESTIMENTOS does not have any share or stock option award plan.

87. Stock option rights attributed to company employees

There are no stock option plans to the benefit of the company employees and staff.

88. Control mechanisms included in any employee share scheme where the voting rights are not exercised directly by the employees

Not applicable as explained above.

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. Mechanisms implemented by the company for the purpose of controlling transactions with related parties

Transactions with related parties, if any, and when they are materially relevant, comply with all legal requirements, namely obtaining a prior favourable opinion from the Company's supervisory body.

The Company's supervisory body has access to the terms of the potential operation to be carried out, with a thorough level of detail, and may also request any clarification and additional information it considers appropriate or necessary.

Its opinion is, of course, binding.

On the other hand, the Company's actions in all areas, and especially in this area, are guided by criteria of rigour and transparency.

Therefore, the Company has considered that to date it has not been necessary to adopt a formal policy that establishes materiality criteria to the extent that potential transactions that assume this materiality are subject to close scrutiny under the terms defined by law.

It should also be noted that the Company provides the Statutory Audit Board, at least quarterly, with all the information it may request, and that no transaction that could jeopardise the rigour and transparency of the Company's operations has ever been executed without having followed the procedure for requesting a prior opinion from the Statutory Audit Board.

90. Indication of the transactions subject to control in the year under review

No significant business or operations were carried out between the Company and members of its governing bodies (management and supervisory), holders of qualifying holdings or companies in a control or group relationship, except for those which, being part of the current activity, were carried out under normal market conditions for operations of the same type.

There were no deals or transactions with members of the Statutory Audit Board.

Transactions with companies in a control or group relationship are not relevant, were carried out under normal market conditions and are part of the Company's current activity, and are therefore not subject to separate disclosure.

91. Description of the procedures and criteria applicable to the intervention of the supervisory body for the purpose of conducting a prior assessment of the transactions to be concluded between the company and holders of qualified holding or entities with whom they are in a relationship

Transactions with directors of RAMADA INVESTIMENTOS or with companies that are in a group or control relationship with the one in which the party thereto is a director, regardless of the amount, are subject to the prior consent of the Board of Directors with the favourable opinion of the supervisory body, pursuant to Article 397 of the Companies Act.

In 2019 the Statutory Audit Board was not required to issue any opinion as there were no transactions that could be subject to the assessment of that body.

II. Elements related to businesses

92. Indication of the place where the information on the accounting documents of related party business relationships is available

Information on business between related parties can be found in note 35 of the Notes to the Consolidated Accounts and note 24 of the Notes to the individual accounts of the Company.

PART II – ASSESSMENT OF CORPORATE GOVERNANCE

1. Identification of the corporate governance code adopted

This corporate governance report presents a description of the corporate governance structure in force at RAMADA INVESTIMENTOS, as well the policies and practices whose adoption under this model is necessary and appropriate to ensure governance in line with the best practices in this area.

The assessment performed complies with the legal requirements of Article 245-A of the Portuguese Securities Code and also discloses, in light of the comply or explain principle, the degree of compliance with the IPCG Recommendations included in the Corporate Governance Code of IPCG, as this is the Corporate Governance Code adopted by the Company.

The information obligations required by Law 28/2009 of 19 June, as well as by Articles 447 and 448 of the Portuguese Companies Act, by CMVM Regulation no. 5/2008 of 2 October 2008 and by the Regulation (EU) no. 596/2014, of the European Parliament and of the Council of 16 April, are fully complied with.

All the legal provisions mentioned in this Report and the Recommendations contained in the 2019 Corporate Governance Code may be consulted at www.cmvm.pt and https://cgov.pt/images/ficheiros/2018/codigo-pt- 2018-ebook.pdf, respectively.

This Report shall be read as an integral part of the Annual Management Report and Individual and Consolidated Financial Statements for the 2019 financial year, as well as with the Sustainability Report that complies with the provisions of Article 66(B) of the Companies Act, as amended by Decree-Law 89/2017 of 28 July.

2. Analysis of compliance with the Corporate Governance Code adopted

RAMADA INVESTIMENTOS has been encouraging and promoting all actions aimed at the adoption of the best Corporate Governance practices, basing its policy of high ethical standards of social and environmental responsibility and with decisions increasingly based on sustainability criteria.

RAMADA INVESTIMENTOS' Board of Directors is committed to the integrated and effective management of the Group. The Group's performance, by encouraging transparency in relations with investors and the market, has been guided by the constant search for the creation of value and the promotion of the legitimate interests of shareholders, the Company's employees and other stakeholders.

For the purposes of compliance with the provisions of Article 245-A(1) of the Portuguese Securities Code, the following are the Recommendations contained in the Corporate Governance Code of IPCG which the Company proposes to comply with.

Recommendations	Compliance	Remarks
Chapter I – General Provisions		
General principle: *Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.*		
I.1. Company's relationship with investors and disclosure		
Principle: *Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.*		
Recommendations:		
I.1.1. The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other *stakeholders*, financial analysts, and to the markets in general.	Adopted	Part 1, items 21, 22, 37 and 38, 59 to 65
I.2. Diversity in the composition and functioning of the company's governing bodies		
Principle:		
I.2.A. *Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.*		
I.2.B. *Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.*		
Recommendations:		
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Adopted	Part 1, items 16, 19, 26, 33 and 36
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations – namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members –, and detailed minutes of the meetings of each of these bodies should be carried out.	Adopted	Part 1, items 22, 27, 29 and 34

I.2.3. The internal regulations of the governing bodies – the managing body, the supervisory body and their respective committees – should be disclosed, in full, on the company's website.	Adopted	Part 1, items 22, 27, 34 and 61
I.2.4. The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Adopted	Part 1, items 22, 35 and 67
I.2.5. The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (*whistleblowing*) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.	Adopted	Part 1, items 38 and 49
I.3. Relationships between the company bodies		
Principle: *Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.*		
Recommendations:		
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted	Part 1, items 22, 34 and 61
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted	Part 1, items 22, 34 and 61
I.4 Conflicts of interest		
Principle: *The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.*		

Recommendations:		
I.4.1. The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest.	Adopted	Part 1, item 49
I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted	Part 1, item 49
I.5. Related party transactions		
Principle: *Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.*		
Recommendations:		
I.5.1. The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require an additional favourable report of the supervisory body.	Not adopted	Clarification on recommendations not adopted below
I.5.2. The managing body should report all the transactions contained in Recommendation I.5.1. to the supervisory body, at least every six months.	Adopted	Part 1, item 89
Chapter II – Shareholders and General Meetings		
Principles:		
II.A. *As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.*		
II.B. *The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also of reflection about the company itself.*		
II.C. *The company should also allow the participation of its shareholders in the general meeting through digital means, postal votes and, especially, electronic votes, unless this is deemed to be disproportionate, namely taking into account the associated costs.*		
Recommendations:		

II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Adopted	Part 1, item 12
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Adopted	Part 1, item 14
II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.	Partially adopted.	Clarification on recommendations partially adopted below
II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.	Partially adopted	Clarification on recommendations partially adopted below
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution – without increased quorum in comparison to the legally established – and in that resolution, all votes cast will be counted without observation of the imposed limits.	Recommendation not applicable	Clarification on recommendations not applicable below
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Adopted	Part 1, items 4 and 84
Chapter III – Non-Executive Management, Monitoring and Supervision		
Principles:		
III.A. *The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.*		
III.B. *The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.*		

III.C. *The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.*		
Recommendations:		
III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (*lead independent director*), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Not adopted	Clarification on recommendations not adopted below
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.	Adopted	Part 1, item 18
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Not adopted	Clarification on recommendations not adopted below
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. having carried out functions in any of the company's bodies for more than 9 years, either on a consecutive or non-consecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;	Not adopted	Clarification on recommendations not adopted below

v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding.		
III.5. The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (*cooling-off period*).	Recommendation not applicable	Clarification on recommendations not applicable below
III.6. Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	Adopted	Part 1, item 21
III.7. The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	Recommendation not applicable	Clarification on recommendations not applicable below
III.8. The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.	Adopted	Part 1, item 38
III.9. Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.	Adopted	Part 1, items 27.29
III.10. Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.	Adopted	Part 1, items 50 to 55
III.11. The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.	Adopted	Part 1, items 27, 29, 38 and 50
III.12. The supervisory body should provide its view on the work plans and resources of the internal auditing service, including	Adopted	Part 1, items 37, 38 and 50

the control of compliance with the rules applied to the company (*compliance* services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.		
Chapter IV – Executive Management		
Principles:		
IV.A. *As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.*		
IV.B. *In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.*		
Recommendations:		
IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.	Recommendation not applicable	Clarification on recommendations not applicable below
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i the definition of the strategy and main policies of the company; ii the organisation and coordination of the business structure; iii matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Adopted	Part 1, items 21 and 28
IV.3. In matters of risk assumption, the managing body should set objectives and look after their accomplishment.	Adopted	Clarification on recommendations adopted below
IV.4. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted	Clarification on recommendations adopted below
Chapter V – Evaluation of Performance, Remuneration and Appointment		
V.1. Annual evaluation of Performance		
Principle:		

The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.		
Recommendations:		
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Adopted	Clarification on recommendations adopted below
V.1.2. The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Adopted	Part 1, items 24, 25 and 38
V.2. Remuneration		
Principle:		
The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders – taking into account the wealth effectively created by the company, its financial situation and the market's – and constitute a factor of development of a culture of professionalization, promotion of merit and transparency within the company.		
Recommendations:		
V.2.1. The remuneration should be set by a committee, the composition of which should ensure its independence from management.	Adopted	Part 1, items 66, 67 and 68
V.2.2. The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.	Adopted	Part 1, items 69 to 75
V.2.3. The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19th June, should additionally contain the following: i the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration,	Adopted	Clarification on recommendations adopted below

an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied; ii. remunerations from companies that belong to the same group as the company; iii. the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date; iv. information on the possibility to request the reimbursement of variable remuneration; v. information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation; vi. information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.		
V.2.4. For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office.	Recommendation not applicable	Clarification on recommendations not applicable below
V.2.5. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Adopted	Part 1, item 24 Clarification on recommendations adopted below
V.2.6. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Adopted	Part 1, item 67
V.3 Director Remuneration		
Principle:		
Directors should receive compensation: i) *that suitably remunerates the responsibility taken, the availability and the competences placed at the disposal of the company;* ii) *that guarantees a performance aligned with the long-term interests of the shareholders, as well as others expressly defined by them; and*		

iii) *that rewards performance.*		
Recommendations:		
V.3.1. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	Adopted	Part 1, items 69 to 76
V.3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Not adopted	Clarification on recommendations not adopted below
V.3.4. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Recommendation not applicable	Clarification on recommendations not applicable below
V.3.5. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted	Clarification on recommendations adopted below
V.3.6. The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report.	Adopted	Part 1, items 83
V.4. Appointments		
Principle:		
Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.		
Recommendations:		
V.4.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted	Part 1, items 16, 19, 22, 29, 31 and 33
V.4.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	Recommendation not applicable	Clarification about the recommendation

		not applicable below
V.4.3. This nomination committee includes a majority of nonexecutive, independent members.	Recommendation not applicable	Clarification on recommendations not applicable below
V.4.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Recommendation not applicable	Clarification on recommendations not applicable below
Chapter VI – Risk Management		
Principle:		
Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.		
Recommendations:		
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.	Adopted	Part 1, items 51 to 54
VI.2. Based on its risk policy, the company should establish a system of risk management, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system.	Adopted	Part 1, items 50 to 55
VI.3. The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.	Adopted	Part 1, items 37 and 38
Chapter VII – Financial Statements and Accounting		
VII.1. Financial Information		
Principles:		
VII.A. *The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company,*		

and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.		
VII.B. *The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.*		
Recommendations:		
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Adopted	Part 1, items 34 and 38
VII.2. Statutory Audit of Accounts and Supervision		
Principle:		
The supervisory body should establish and monitor clear and transparent formal procedures on the form of selection of the company's statutory auditor and on their relationship with the company, as well as on the supervision of compliance, by the auditor. With rules regarding independence imposed by law and professional regulations.		
Recommendations:		
VII.2.1. Through the use of internal regulations, the supervisory body should define: i. the criteria and the process of selection of the statutory auditor; ii. the methodology of communication between the company and the statutory auditor; iii. the monitoring procedures destined to ensure the independence of the statutory auditor; iv. the services, besides those of accounting, which may not be provided by the statutory auditor.	Adopted	Part 1, items 34, 37, 38 and 42 to 47
VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	Adopted	Part 1, items 37 and 38
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Adopted	Part 1, items 37 and 38
VII.2.4. The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body.	Adopted	Part 1, item 38

VII.2.5. The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties.	Adopted	Part 1, items 37 and 38

- **Recommendation I.5.1. The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require an additional favourable report of the supervisory body.**

Transactions with directors of RAMADA INVESTIMENTOS or with companies that are in a control or group relationship with the one in which the party thereto is a director, regardless of the amount, always require, according to law, the prior consent of the Board of Directors with the favourable opinion of the supervisory body, pursuant to Article 397 of the Companies Act.

Thus, transactions with related parties, if any, always, but especially when they are of material relevance, comply with all legal requirements, namely obtaining a prior favourable opinion from the Company's supervisory body.

The Company's supervisory body has access to the terms of the potential operation to be carried out, with a thorough level of detail, and may also request any clarification and additional information it considers appropriate or necessary.

Its opinion is, of course, binding.

On the other hand, the Company's actions in all areas, and especially in this area, are guided by criteria of rigour and transparency.

Therefore, the Company has considered that to date it has not been necessary to adopt a formal policy that establishes materiality criteria to the extent that potential transactions are subject to detailed scrutiny under the terms defined by law.

Moreover, it should be noted that the Company provides the Statutory Audit Board, at least quarterly, with all the information it may request, and that no transaction that could jeopardise the rigour and transparency of the Company's operations has ever been executed without having followed the procedure for requesting a prior opinion from the Statutory Audit Board.

Thus, given the aforementioned legal requirement (Article 397 of the Companies Act), and considering above all the legal requirement contained in the same provision for disclosure of these situations in the annual report of the board of directors, which RAMADA INVESTIMENTOS shall always fully comply with, not only are all legal requirements safeguarded, but also all the duties of disclosure of information to shareholders and the market in a complete and transparent manner.

- **Recommendation II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.**

As mentioned in item 12 of Part 1 of this Report, the Company has implemented the necessary means to ensure the right to vote by mail (postal voting).

The Company has not yet implemented the necessary mechanisms for the implementation of electronic voting because (i) this method has never been requested by any shareholder, and (ii) it considers that such a circumstance is not any constraint or restriction on the exercise of voting rights by shareholders, which the Company promotes and encourages.

RAMADA INVESTIMENTOS has been encouraging the physical attendance of its shareholders, directly or through representatives, in its general meetings. This is because it considers such general meetings as excellent occasions for contact between its shareholders and the management team, taking advantage of the presence of the members of the other governing bodies, namely the Statutory Audit Board and the Statutory Auditor, as well as the members of the Remuneration Committee. This approach has proved fruitful within the Company.

- **Recommendation II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.**

As mentioned in item 12 of Part 1 of this Report, the Company has implemented the necessary means to ensure the right to vote by mail (postal voting).

The Company has not yet implemented the necessary mechanisms for holding the Shareholders' General Meeting by telematic means because (i) this method has never been requested by any shareholder, and (ii) the costs of implementing a telematic solution are very high, and (iii) because it considers that such a circumstance is not any constraint or restriction on the exercise of voting rights by shareholders, which the Company promotes and encourages.

Referring to and reinforcing that stated in the previous item, RAMADA INVESTIMENTOS has been encouraging the physical attendance of its shareholders, directly or through representatives, in its general meetings. This is because it considers such general meetings as excellent occasions for contact between its shareholders and the management team, taking advantage of the presence of the members of the other governing bodies, namely the Statutory Audit Board and the Statutory Auditor, as well as the members of the Remuneration Committee. This approach has proved fruitful within the Company.

It is deemed, in this way, that all the necessary and appropriate means to ensure attendance in the General Meeting are already in place.

- **Recommendation II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution – without increased quorum in comparison to the legally established – and in that resolution, all votes cast will be counted without observation of the imposed limits.**

The Company's Articles of Association do not provide for any limitation on the number of votes that may be held or exercised by any single shareholder, individually or in conjunction with other shareholders.

- **Recommendation III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (*lead independent director*), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.**

RAMADA INVESTIMENTOS considers that the designation of a Lead Independent Director only for the purpose of compliance with a merely formal criterion would not add relevant value, given the size and structure of the Company, namely taking into account the concentration of the respective capital structure and the total number of directors that make up the Board, which is only 5, and also taking into account the performance of the current Chairman of the Board, proven to be perfectly suitable and aligned with the interests of the Company and its shareholders.

- **Recommendation III.3.**

It is considered, taking into account the personal profile, background and professional experience of the members of the Board of Directors of RAMADA INVESTIMENTOS, that the number of non-executive directors is adequate and balanced in relation to the total number of members of the body, in view of the nature and size of the Company. Accordingly, RAMADA INVESTIMENTOS considers that one executive director is sufficient to ensure effective monitoring, as well as true supervision of the activity carried out by the executive directors, especially taking into account that the Company has developed mechanisms to enable non-executive directors to take independent and informed decisions, as better outlined in item 18 of this Report.

- **Recommendation III.4**. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:
  - **(i)** having carried out functions in any of the company's bodies for more than 9 years, either on a consecutive or non-consecutive basis;
  - **(ii)** having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years ;
  - **(iii)** having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;
  - **(iv)** having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;
  - **(v)** having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or
  - **(vi)** having been a qualified holder or representative of a shareholder of qualifying holding.

One-third of the company's directors are not independent directors. However, the company considers that its management structure is aligned with best practices insofar as it has established mechanisms to enable non-executive directors to make independent and informed decisions, such as:

- Prior and timely dispatch to all members of the Board of Directors of the notices of meetings of that body, including the agenda of the meeting, even if provisional, as well as other relevant information and documentation;
- Availability of the executive directors to provide the non-executive director with all additional information deemed relevant or necessary, as well as to carry out further studies and analyses in

relation to all matters that are the subject of resolution or which, otherwise, are in any way under consideration in the Company;

- Making the minutes books, registry books, documents and other supporting documentation of operations conducted by the Company or its subsidiaries available for examination, as well as providing and promoting a direct channel for obtaining information from the directors and operational and financial managers of the various companies in the Group, without the need for any action by executive directors in this process.

The Company considered and reflected on this circumstance considering, on the one hand, the corporate model adopted and, on the other hand, the composition and operation of its governing bodies as a whole, (namely the Board of Directors as a collective body, the Statutory Audit Board and the Statutory Auditor, with their associated independence). It reached the conclusion that the any appointment of independent directors merely for formal reasons would not bring significant benefits to the performance of the Company, or ensure the (possible) better operation of the adopted model, considering that both the former and latter have proven to be positive, relevant, adequate and efficient.

It should be added that the management report includes a description of the activity performed by the non-executive members during 2019 in its chapter "Activity of the non-executive members of the Board of Directors".

- **Recommendation III.5. The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (*cooling-off period*).**

The Company does not have any director in the circumstances described.

- **Recommendation III.7. The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.**

The governance model adopted pursuant to Article 278 (1) of the Companies Act does not include the General and Supervisory Board.

- **Recommendation IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.**

RAMADA INVESTIMENTOS, based on its organisational structure and given the small size of the Board of Directors, which is composed of five members, considers that it does not need to formally appoint an Executive Committee from among the Board of Directors.

However, as mentioned in item 28 of this Report, 4 of the 5 members of the Board of Directors perform executive duties – more practical or operational – and it therefore considers that the necessary conditions are in place so that decisions on strategic matters are made, just as they are, by the Board of Directors as a collective body composed of all its members, executive and non-executive, in the normal discharge of their duties. Besides this ensures that such decisions are made in a clear and informed manner, fully focused on the creation of value for shareholders.

- **Recommendation IV.3. In matters of risk assumption, the managing body should set objectives and look after their accomplishment.**

The Board of Directors is responsible for approving the Company's main policies, namely the risk policy.

- **Recommendation IV.4. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.**

While the Board of Directors ensures and safeguards the existence of a control and risk management system, the Statutory Audit Board is responsible for assessing the effectiveness of the risk management system, the internal control system and the internal audit system. The latter shall propose improvement measures it deems appropriate, stating its opinion in its annual report and opinion, made available jointly with the financial statements.

In addition, the Statutory Audit Board receives reports of irregularities submitted by shareholders, employees of the Company or others.

- **Recommendation V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.**

The assessment of the performance of the Board of Directors is submitted to the Shareholders' General Meeting in accordance with the law. It shall also assess compliance with the Company's strategic plan and budget, its risk management, internal operation and its relations with the other governing bodies. The Board of Directors does not choose a time to formally carry out this self-assessment in a documented manner, but this self-assessment is carried out regularly, in a body that meets at least 12 times a year, and that carries out such close and regular monitoring of the company's activity, which reflects the fairness and adequacy of the performance of the body.

In addition, and as provided for in the Companies Act (Article 376), the Shareholders' General Meeting conducts an annual general appraisal of the management of the Company.

- **Recommendation V.2.3. The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19th June, should additionally contain the following:**
  - **(I) the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how**
  - **(II) it contributes to the company's performance in the long run, and information about how the performance requirements were applied;**
  - **(III) remunerations from companies that belong to the same group as the company;**
  - **(IV) the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date;**
  - **(V) information on the possibility to request the reimbursement of variable remuneration;**
  - **(VI) information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation;**
  - **(VII) information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.**

The remuneration and compensation policy for RAMADA INVESTIMENTOS' governing bodies, approved by the Shareholders' General Meeting of 28 May 2019, covers all the items provided for in applicable legislation and the provisions in point (vi) of this Recommendation.

The information set out in points (i) to (v) of this Recommendation is detailed in the Corporate Governance Report and in the Management Report for 2019, documents which are also submitted for the approval of the Company's shareholders.

- **Recommendation V.2.4. For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office.**

The Company does not have a supplementary pension or early retirement schemes for members of the management and supervisory bodies. The approved remuneration policy does not provide for a system of pension benefits or compensation payments.

- **Recommendation V.2.5. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.**

The Company believes that the mechanisms already provided for and implemented make it possible, from the point of view of the protection of the interests of shareholders and investors, to safeguard the objective arising from this Recommendation.

- **Recommendation V.3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.**

The Company's Remuneration Committee has not set a variable remuneration whose payment has been deferred over time.

- **Recommendation V.3.4. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.**

The variable component of the Company's remuneration does not include the award of stock options or other instruments directly or indirectly dependent on the value of the shares.

- **Recommendation V.3.5. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.**

The remuneration policy approved by the Shareholders' General Meeting on the proposal of the Remuneration Committee establishes that the individual remuneration of any non-executive director is exclusively fixed.

- **Recommendation V.4.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.**

The Company does not have an appointments committee, for the reasons listed in items 27, 29 and 67 of Part I of this Report.

- **Recommendation V.4.3. This nomination committee includes a majority of nonexecutive, independent members.**

The Company does not have an appointments committee, for the reasons listed in items 27, 29 and 67 of Part I of this Report.

- **Recommendation V.4.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.**

The Company does not have an appointments committee, for the reasons listed in items 27, 29 and 67 of Part I of this Report.

3. Further information

RAMADA INVESTIMENTOS would like to point out, in accordance with the statements above, that of the sixty recommendations contained in the Corporate Governance Code of the IPCG, nine are not applicable to it for the reasons explained above, and that the failure to fully adopt only two of the recommendations was also explained above.

Diversity Policy – Article 245-A (1)(r) of the Portuguese Securities Code

The diversity policy is not a new theme in the Ramada Group. In fact, the Group has been establishing and implementing, for several years now, policies that have materialised in greater gender parity, not only in the Board of Directors but also in senior and middle management positions.

It should be noted that the Board of Directors of RAMADA INVESTIMENTOS, elected in April 2017 for the 2017/2019 term of office (and, therefore, even before the entry into force of Law 89/2017 of 28 July) is composed of five members – four men and one woman, which means that women account for 20% of the composition of that body. This composition is similar to that of the previous mandate, corresponding to the 2014/2016 triennium.

The Board of Directors promotes diversity policies at various levels, without losing sight of the guiding principle of meritocracy. These areas include:

- Instructions to the human resources areas of the different operating companies so that:

  (i) career progression, performance evaluation and salary review policies are defined based on diversity promotion concerns;

  (ii) in recruitment processes, they seek to promote diversity, always presenting lists of potential employees to be recruited that are sufficiently representative of both genders.

- Instructions to the operational areas so that the multidisciplinary teams formed within the scope of the most varied projects are always based on the concern for balanced representation;

RAMADA INVESTIMENTOS firmly believes that a healthy gender balance contributes decisively to making the teams more eclectic, self-challenging and proactive. Therefore, the promotion of this diversity is a goal of the Group.

This matter is detailed in item 15 of the Corporate Governance Report.

CONTENTS

NON-FINANCIAL INFORMATION REPORT

The aim of this chapter is to meet the reporting requirements for non-financial matters determined by Directive 2014/95/EU and transposed into national law by Decree-Law 89/2017.

The reporting of information on the environmental and socioeconomic area of the Ramada Group's activities allows stakeholders (especially partners, investors and employees) to understand the performance, positioning and impact arising from its business activities.

In order to assess the content of this chapter, an analysis of the reporting requirements of that directive was carried out, through the guidelines associated with it, focusing on the topics considered most important, considering sustainability benchmarks, peer reports and an internal reflection of relevance based on the degree of impact.

The information presented intends to reflect in a balanced manner the reality in these areas, considering the main impacts and risks of the activity carried out, which provide a more comprehensive view of the performance of the Ramada Group to stakeholders.

Communicating and listening to all interested parties, Employees, Customers, Suppliers and other parties that may affect Ramada's business, or be affected by it, is essential to help the Group understand the different views and to be able to convey its message and goals. In this way, we expect the contribution of interested parties that want to know more about the Group's performance in these matters, encouraging contact through the Investor Relations Department, referring to content that they may want to see detailed in the annual report.

In accordance with the results that make it possible to illustrate the above analysis, various indicators are presented that reflect the performance of the Ramada Group in these areas, in order to always reflect the most representative reality of the Group.

RAMADA GROUP

Ramada Group develops its activity in two distinct business segments:

i. The Industry segment, which includes the specialized steel and drawing mill activities, the management of financial investments in shareholdings in which the Group is a minority shareholder; and

ii. The Real Estate segment, focused on the management of real estate assets, with emphasis on a significant set of rural land assigned to forestry activity.

The Industry segment includes Ramada Aços, Universal Afir, Planfuro Global, Socitrel and Ramada Investimentos.

The Steel activity is mainly developed in the plastic mould industry, the machine and components building sectors, as well as in the production of tools (dies, cutters). This activity counts with six points of sale and distribution (of which the central warehouse in Ovar is part) and two points of sale and distribution of Universal Afir.

85 years ago, Ramada Aços was a pioneer, remaining a leader in the global steel solutions, with a wide offer of products and services across the country, which allows the application of the one-stop-shop concept for many customers. Its business is mainly carried out in the domestic market, but the weight of exports has been increasing, exceeding 10% in 2019. The main export markets are Germany, France, Morocco and the United Kingdom.

The wire drawing activity is developed by Socitrel which is dedicated to the manufacture and commercialization of steel wires for application in the most diverse areas of activity, namely industry, agriculture and civil construction.

The Group also features the Real Estate segment, operated by Ramada Imobiliária, in addition to the Industry segment. Ramada Imobiliária holds forestry and real estate assets of the Group and manages a set of rural land that is leased to the pulp industry, which exploits it and assumes its management.

Ramada Aços and Socitrel are certified according to ISO 9001:2015.

Customers of the Group

The Group has always worked to be the market reference in quality and competitiveness, meeting the needs and exceeding the expectations of Customers in order to establish long-lasting relationships with all partners.

In 2019, a new ERP System was implemented to reinforce the support, follow-up and monitoring of Customer service, continuing the strategy of permanent quality improvement, in terms of the services provided and the products sold.

The Group again promoted the Ramada Academy in 2019 as well as several Technical Seminars. Additional details of these will be given in the following items.

Ramada Academy and Technical Seminars

Ramada Academy and Technical Seminars aim to instruct the Group's clients with in-depth knowledge and continuous learning about technical topics.

The Ramada Academy is run and managed by product managers and has a recurring instituted program, which is revised on an annual basis.

The Ramada Academy represented a total of:

- 11 – Number of training sessions
- 44 – Hours of training provided to customers
- 217 – Number of trainees present in training

The Ramada Academy's sessions focus on modules of failure mechanisms, heat treatment, steel selection, tool design and production problems.

The year 2019 stands out for the new module dedicated to the sector of Metalworking, which addresses generalities about steel, characteristics and applications of different steel families for Metalworking and non-ferrous alloys.

The Technical Seminars were organized with the aim of bringing together the academic community, companies and industry, thus promoting discussion around topics of mutual interest. These seminars were attended by technicians from Uddeholm (the Group's main steel supplier) and allowed doubts to be clarified and the main difficulties arising from the execution of daily tasks in the usability and application of materials to be explained.

The Technical Seminars represented a total of:

- 20 – Number of Technical Seminars and training courses at universities and companies
- 81 – Hours of seminars conducted at universities and companies
- 243 – Number of attendees in the seminars

The Ramada Academy and the Technical Seminars are very important vectors of the Group's approach to the academic and business community.

The coronavirus outbreak - Covid-19 – which spread in early 2020, forced a set of measures aimed at protecting all Ramada Group stakeholders. In this sense, the Ramada Academy and the Technical Seminars were suspended until the normality of life in society and the health security of all stakeholders are both guaranteed.

CUSTOMER SUPPORT

Customer support services continue to be highly relevant and have been the subject of investments in IT and human resources. These services aim to improve the process of responding to their suggestions and complaints and, thus, to consolidate the trust they place in the Group's products and services.

The department has one employee wholly and exclusively assigned to customer support, following up the suggestions or complaints from the initial phase until their closure, through a complaints management system duly implemented for this purpose. In 2020, Ramada Aços and Universal Afir will proceed with the implementation of the Customer Portal, which will have a restricted area per customer with information on orders, quality certificates, invoices, clarification of doubts, claims management and the possibility of proactively analyze and evaluate products and services.

The focus on the customer and the optimizations described above allowed an improvement in the time to analyze and close external complaints. The average time to respond and close complaints was 30 days before the implementation of the Customer Support Office, having improved to 3 days, on average, during 2019. It is expected that the implementation of the new Customer Portal will further enhance the reduction in the average response time, but also the number of complaints.

Customer satisfaction

Measuring the trust of Ramada Aços' customers is essential to improve the quality of services, and thus more easily correspond to their needs, expectations and interests. Every two years, their collaboration is requested by responding to evaluation surveys to identify priorities for intervention and future improvement. The results of the last survey were generally very positive, with approval levels above 85% in almost all the questions asked. In general, the questions that refer to the company's performance kept the trend of “Satisfied” or “Very Satisfied”, with 96.3% of the respondents considering that performance is better or the same, compared to the competition.

In Socitrel, the survey showed that the overall level of customer satisfaction with the company was 3.4 (on a scale of 1 to 5). When customers were asked if they “would recommend Socitrel to a colleague” the average answer was 4.3 – “Probably yes” (on a scale of 1 to 5).

It should be noted that whenever a client does not assign the maximum rating in the evaluation questionnaire, that same client is contacted to identify the reasons and to define and implement corrective actions that allow it to meet their expectations.

In line with its strategy, it is planned to carry out customer satisfaction questionnaires during the year 2020, for Ramada Aços and Socitrel. These questionnaires will be revised so that the answer is given at a time closer to the rendered services.

The last customer satisfaction survey in Ramada Aços showed that the overall level of satisfaction is 98%.

Suppliers Evaluation

The commitment to the quality and environmental, social and economic sustainability of its activities, and of its value chain, led Ramada Aços to implement a supplier evaluation system, which is part of its Quality and Environment Management System.

The evaluation system deals mainly with the knowledge of the qualitative and environmental performance of its suppliers and subcontractors, being information requested to assess the fulfilment of eligibility criteria during the procurement process.

Socitrel also has a supplier evaluation policy, maintaining a list of entities that have been subject to scrutiny and approved, with which the Company establishes its business relations.

In 2020, the outbreak of the new coronavirus - COVID-19 - implied changes in the business model and value chain of Ramada Aços and Socitrel. Ramada Aços' main suppliers in recent years have come from China and Italy, so they were impacted by the pandemic. At Socitrel, suppliers are mainly from Portugal and Spain, which to date has not caused significant disruptions. To prevent and mitigate similar disruptive situations, the Group has been looking for new sources and suppliers of raw materials.

Environmental Area

The Ramada Group is aware of the important role it has to play in the context of protecting the environment, in relation to the use of resources, emissions resulting from its activities, as well as the impact of its contribution to raising awareness in society.

None of the activities carried out by the different companies of the Group are particularly impactful for the environment and there is a constant concern to make operations more sustainable. In this sense, we have been increasingly exploring the knowledge and improvement of our environmental performance, which is proven with the certification according to ISO14001: 2015.

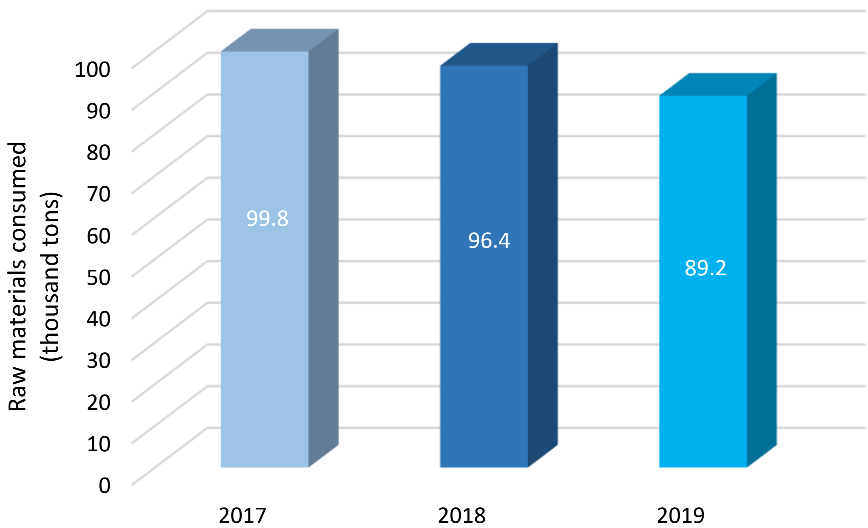
Ramada Aços and Socitrel are certified according to ISO 14001:2015.

To ensure environmental management of operations, the Group has 2 employees with specific training in the environmental area and they are fully allocated to this type of functions.

RAW MATERIALS

The main raw material transformed by the Group companies is steel. Its consumption in 2019 was close to 88 thousand tons, most of which came from the recycling of scrap, which accounts for around 80% of the total raw material consumed, thus operating the principles of circular economy.

Socitrel also uses zinc and PVC as raw materials. The consumption of these is, however, residual, accounting for about 1% of the total raw materials consumed.

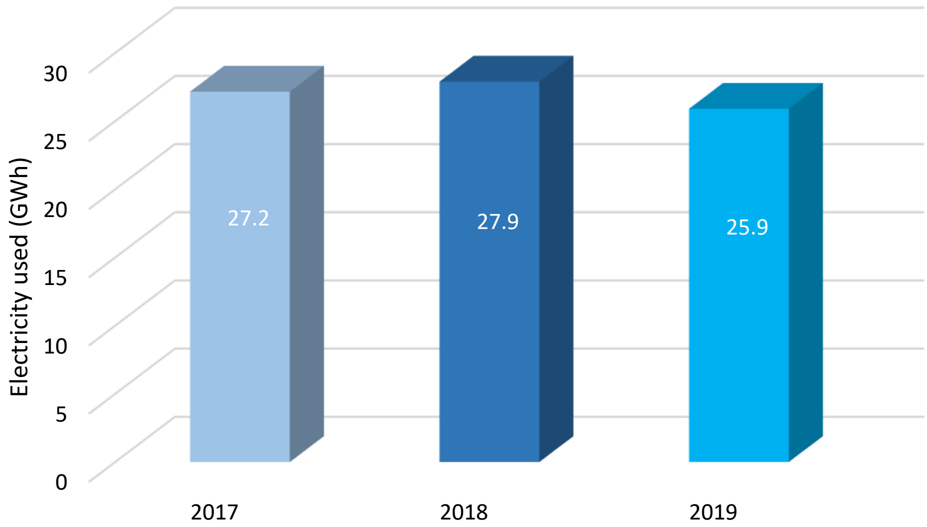


Raw materials used by Ramada Group

Regarding steel consumption in 2019, the Group was responsible for the use of around 89 thousand tons. The downward trend in the quantity of raw materials is due to the decrease of the Group's activity in the years under analysis.

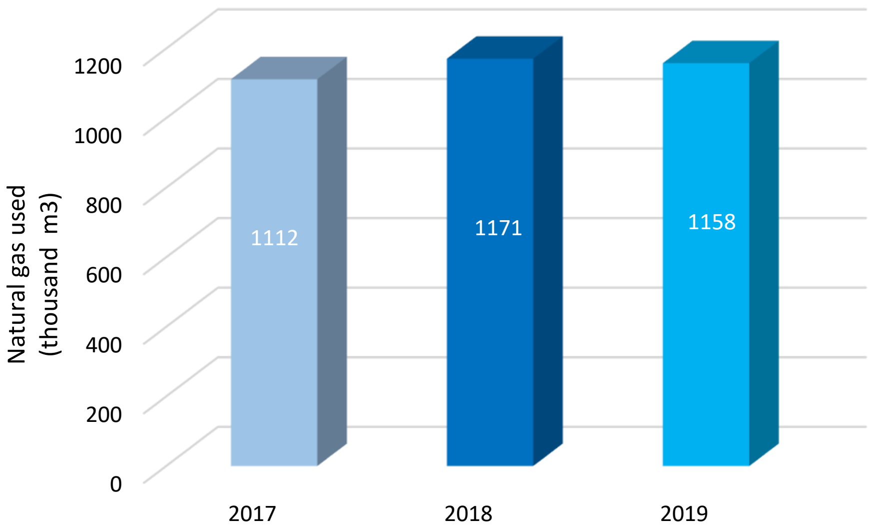
ENERGY

The exploration and maintenance of the manufacturing activity takes on a significant weight in the total value of the Group's energy consumption. This consumption has two main sources: electricity and thermal energy (based on natural gas). Approximately 25.9 GWh of electricity and 1,158 thousand m3 of natural gas were used in 2019.



Electricity used by Ramada Group

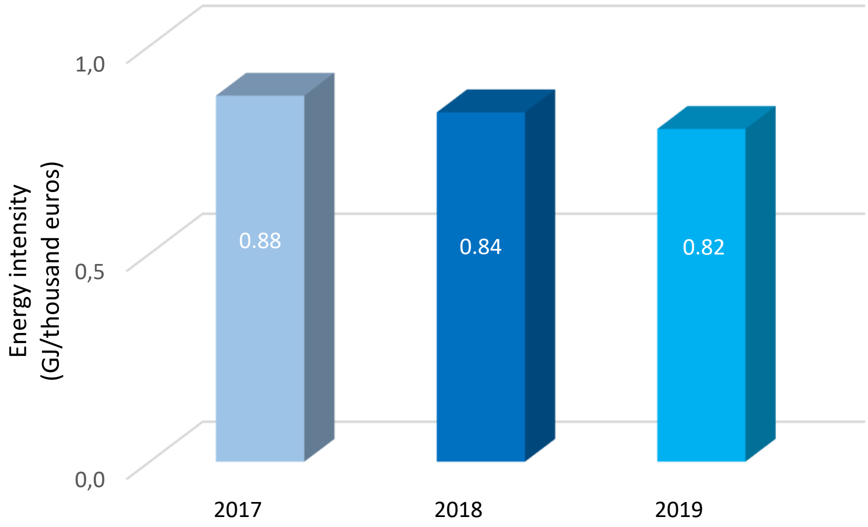
Regarding energy consumption, the Group recorded a reduction of approximately 7.2% compared to the previous year.



Natural gas used by Ramada Group

Regarding the consumption of thermal energy in 2019, there was also a slight reduction compared to the previous year.

The energy intensity in 2019 was calculated taking into account the electricity used. Its value reflects the division of energy usage by the Group's sales.



Energy intensity of Ramada Group

The previous chart shows that the Ramada Group's energy intensity decreased in 2019 compared to 2018, reflecting a positive evolution in energy efficiency.

The optimization of energy intensity is based on the Energy Rationalization Plan that has been implemented in the Group's Companies in order to reduce their consumption.

This rationalization plan focuses on replacing equipment with newer versions, replacing conventional bulbs with LED bulbs, controlling lighting based on time and light and optimizing consumption in heat treatment services. The most emblematic measure of 2019 is the installation of an automatic consumption measurement and control platform in each area and, in some cases, machine by machine (Schneider Project).

ENERGY EFFICIENCY ACTIONS

SCHNEIDER PROJECT

The SCHNEIDER project was based on the need for knowledge of electrical consumption, in real time, in order to analyze consumption and compare with the production activity, thus being able to act more assertively in increasing energy efficiency. In this sense, electric energy meters were installed in all the electrical panels of the factory and in the case of the heat treatment unit, where the consumption of this type of energy corresponds to more than 50% of the company's total, energy meters were installed in all the equipment.

BENEFITS

1 – Reduction of the energy bill (in energy and in value);
2 – Increased availability of electrical installation;
3 – Increased availability for installing new equipment; and
4 – Better quality of electrical power.

Socitrel has an Energy Rationalization Agreement, in force from 2017 to 2024, in which several measures have been approved to reduce energy consumption.
According to the energy audit report carried out in 2017, the implementation of these measures will allow an estimated 6.3% reduction in global energy consumption indexed to production.
At the moment, the measures defined have all been implemented, and additional measures are being studied, which may contribute to an even greater reduction in energy consumption.

Ramada Aços and Socitrel are developing the study of a photovoltaic production project for self-consumption, the project is expected to be completed by the end of 2020. Installation and operation is planned to occur in 2021, with production of 2 MW.

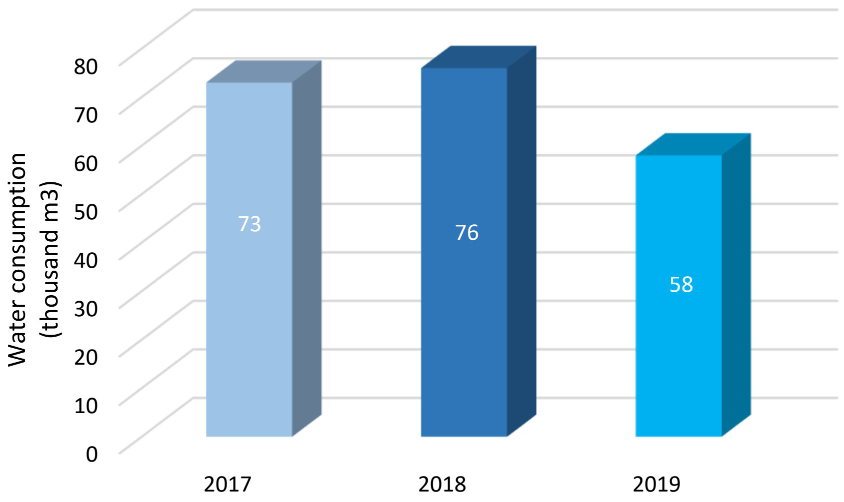
Gas Emissions

The greenhouse gas emissions are also associated with the Group's industrial units, the most relevant being the energy consumption related to the heat treatment furnaces, the production of drawn products and industrial tools. The transport of goods and the transport of people activities in the Group's service are other relevant sources.

Water and Effluents

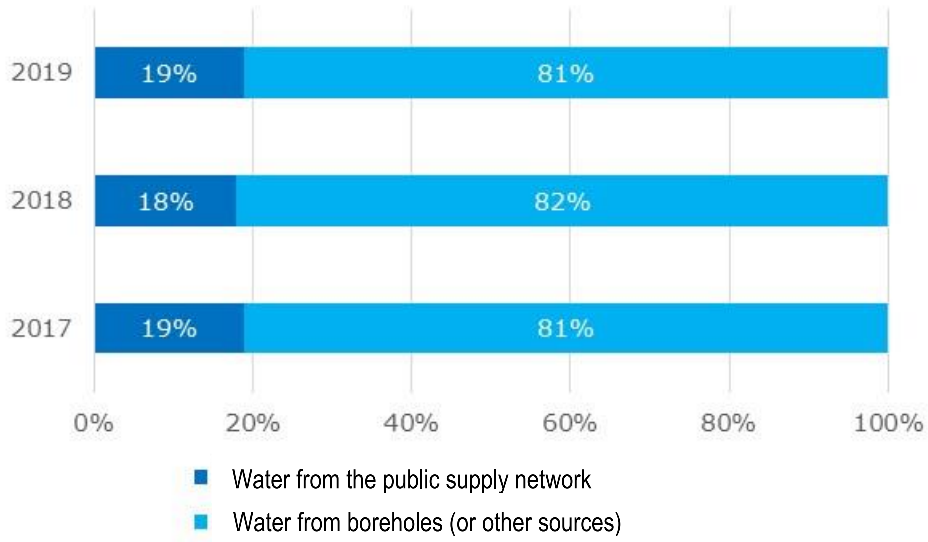
Industrial activity is particularly intensive in the use of water, with the remainder being consumed at the human level and for occasional situations of use in air conditioning equipment.

In 2019, the total water usage was 57.9 thousand m3, with the industrial component being the most representative and, with typical origin, in the 18 own abstractions. The industrial component represents about 81% of the total, while the consumption of water for human purposes (canteen, drinking fountains, toilets, among others) comes from the public water distribution network and represents 19% of the Group's usage.



Water used by Ramada Group

The chart below shows the sources of the water supply used within the Group, as well as their development.



Distribution of water used in Ramada Group, by type of source

WATER EFFICIENCY ACTIONS

REUSE OF HEAT TREATMENT PURGES

During 2019, Ramada implemented a project to reuse water from thermal treatment purges for other purposes.

COOLING TOWER REPLACEMENT

The heat treatment process involves a cooling phase that is water intensive. In order to optimize water consumption, Ramada replaced an open-circuit cooling tower with an equivalent closed-circuit tower.

PLM PROJECT

The PLM project aimed to reduce the water consumption from the wells, through the installation of an “inverse osmosis” equipment that allows filtering the water from the cooling tower purges, as well as the open circuit water cleaning filter, making practically all the purges water usable and reducing the amount of chemicals added to this circuit to treat it, making the system more efficient.
On the other hand, it facilitates the routing of residues, since the residues from this system will be solid and with much less volume, when compared to the current volume (estimated use above 80%).

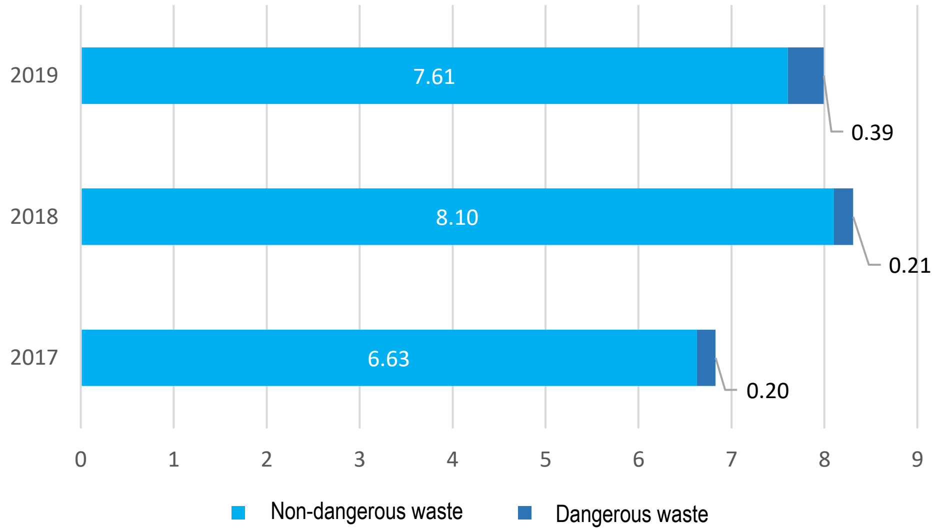
WATER RATIONALIZATION ACTIONS

During 2019, Socitrel carried out a project for the rationalization of industrial water, in which the replacement of a cooling tower and its pumps was carried out, and the re-evaluation of the entire park of cooling towers (which resulted in the elimination of 2 of these towers and cleaning all wells in Socitrel), replacing all pumps and cleaning an existing mine between 2 wells. The cleaning enabled a lack of drought in the months that it was common. During 2020 we will be able to measure the savings generated by this project.

Regarding effluents, in Ramada they are sent to the public network, while in Socitrel the water used in chemical picking are subject to treatment at an Industrial WWTP – Industrial Wastewater Treatment Plant.

WASTE

The Ramada Group assumes internal management practices and of final routing of waste to the most appropriate destination, with a preference for recycling / recovery rather than sending it to a landfill or another final destination solution. In 2019, the Group was responsible for the production of 7,607 tons of waste resulting from the production process.



Quantity of waste produced by Ramada Group, in tons

As shown in the previous chart, the waste produced is mostly non-hazardous (around 95%) and is basically made up of steel chips and filings, sludge, oils and contaminated waste. Hazardous waste accounts for around 5% of the waste produced, and it is duly sent to certified companies for treatment. The Steel Group was responsible for the production of around 4 thousand tons of hazardous and non-hazardous waste in 2019. Socitrel produced approximately 4 tons of waste.

Socioeconomic Area

Labour management

More than 80 years ago, the Ramada Group was established as a family business, and since that time employees are regarded as one of the Group's main assets. A culture of proximity and appreciation is promoted, leveraging in them their excellence and dynamism. Thus, employees and all labour issues play a key role and to which special importance is given, without ever neglecting the meticulousness and demands that characterize the management of a complex and competitive business.

The Group's Human Resources model is oriented towards the fulfilment of all legal requirements and the workforce harmony. National legislation ensures compliance with the conventions of the International Labour Organization.

In 2019, human resources management had as priorities the investment in training and qualification of its employees, always bearing in mind the need to respond to market developments and challenges.

As a part of the training, Ramada Aços instituted a shadowing and on-the-job training program for critical positions, facilitating practical learning with employees with greater experience, culture and knowledge about the Group. This measure also mitigates the eventual difficulty in recruiting resources with specific technical knowledge.

Workforce in figures

By the end of 2019, the Ramada Group staff numbers amounted to 514 employees, comprising more than 3 different nationalities, 89% of which were men and 11% were women. This abnormal gender distribution has been the target of actions to achieve a better balance, but the nature of the activities associated with the sector is an obstacle that the Group is working to overcome. Currently, the compositing of top management bodies is subdivided, between 80% men and 20% women. In 2019, 56 employees were hired, and 114 employment contracts terminated. These figures translate into a hiring rate of 11% and a termination rate of 22%. The age bracket of the Group ranges from 18 to 66 years.

At present, there are 7 employees in all companies with more than 40 years of service, reflecting the culture of the Group.

Within the organization's universe, there are 456 employees on permanent work contracts, representing 80% of the group (89% men and 11% women). On the other hand, there are 58 employees on fixed-term contracts, representing 10% of the group (86% men and 14% women). In addition to these employees, there are 54 subcontracted employees and 14 trainees.

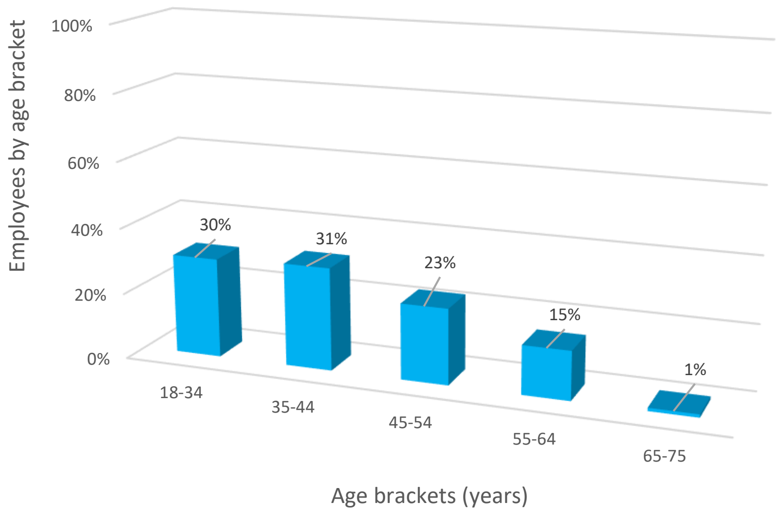
Regarding the figures as of December 31, 2019, they are as follows:

Gender		male	fem.	Total
Contract with Ramada Group		457	57	514
Subcontracted employees and trainees		49	6	55
Type of Contract	Permanent work contract	80%	78%	80%
	Fixed-term contract	10%	13%	10%
	Trainees	0%	2%	0%
	Subcontracted employees	10%	8%	9%
Staff Turnover	Hiring	11%	12%	11%
	Terminations	23%	18%	22%

Ramada Group staff numbers

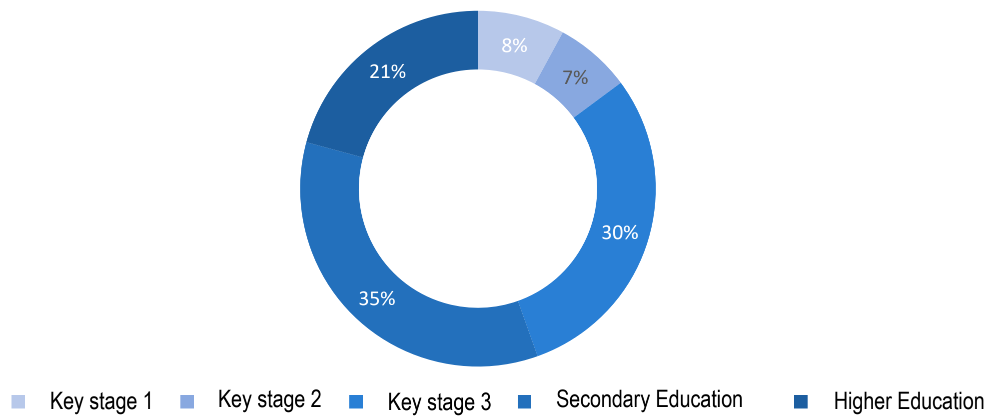
It is important to refer that the Group respects trade union membership, with approximately 7% of employees being trade union members.

The following chart reflects the age breakdown of the Group's employees, in percentage terms.



Ramada Group staff numbers, by age group

The chart below shows the level of education of the Group's employees, showing a predominance of secondary school and third stage of elementary school, and a remarkable percentage of employees with higher education.



Percentage of employees of Ramada Group, by level of education

TRAINING

One of the Group's priorities is the continuous investment in training its employees, enhancing their qualification and allowing the Group to remain a leader in its sector of activity.

During 2019, the Group guaranteed more than 30,000 hours of training for more than 500 employees, which took place through the organization of diversified training actions, adjusted to the needs of the business and employees.

	male	fem.	Total
Technical	334	86	420
Quality	57	0	57
Health, safety and environment	985	105	1,090
Information technology	614	86	677
Foreign languages	124	303	211
Personal and professional development	972	148	1,120
Workplace context	14,111	461	14,571
Incorporation in the organisation	11,026	1,143	12,169

Training hours of Ramada Group employees, by training category

For 2020, a new training plan is foreseen, which is being pre-approved by Management for later disclosure to all employees.

Performance Assessment Process

The Group has implemented a performance assessment process carried out on an annual basis and that comprises two distinct components - self-assessment and face-to-face assessment. This year the process was subject to improvement, through face-to-face interviews with employees identified by the respective Human Resources Department Direction. The new process allows for a more efficient human resources management, which is reflected in the participation of a total of 453 employees, corresponding to a participation rate of 86%. In addition, attendance and merit awards are attributed to employees at the end of each year.

Occupational Health and Safety

The concern with safety in the activity and staff safety is a privileged theme in accordance with the Group's "Zero Risk" and "Continuous Improvement" policies. Accordingly, a Commission for monitoring and receiving the person involved in the accident was established, which promotes a meeting to discuss and reassess the risks of a job whenever an occurrence is registered, and corrective and improvement measures are defined and implemented.

There were no fatalities in 2019, and the 114 occupational accidents were the result of musculoskeletal injuries, entrapment and shock/fall of objects. In the case of accidents occurring in Steel activity, the severity rate was 1.4, while the frequency rate was 192. In the case of Socitrel, the severity rate was 2.4, while the frequency rate was 130.

Several actions were taken in 2019 with a view to the continuous improvement of safety indicators. Two essential lines of action were identified for this purpose:

i. Training/awareness raising; and
ii. Organisational improvements.

Regarding training/awareness raising, Ramada Group has implemented a number of initiatives:

- Making information available on a weekly basis concerning the number of occupational accidents and the number of days without accidents.

- The “Safe Minute” programme, which promotes training and awareness-raising on a monthly basis, focusing on Occupational Health and Safety (OHS). The programme's line of activities will be reinforced in 2020 with the development of an internal training catalogue offering more than 20 courses/topics. In addition to this measure, the following activities can also be highlighted:
    - Periodic monitoring of occupational noise, chemical agents and lighting;
    - Monitoring of exposure to electromagnetic fields;
    - Design of the Legionella prevention and monitoring plan;
    - Design of the Safety Management System and Occupational Health;
    - Design of a study/test of new Personal Protective Equipment, considering the risks of each sector and the improvement of the levels of protection and comfort;
    - Continued implementation of the fire safety project in all sectors of the Ovar unit.

From the point of view of organizational improvement, 2019 was marked by the implementation of a set of measures that we identified below:

- Carrying out a risk assessment study of workstations, which resulted in the implementation of fixed and mobile protections with a view to preventing accidents.
- Installing complementary guards on machines, periodic monitoring of all mechanical handling equipment and respective accessories.
- Maintenance of the Occupational Accident Monitoring Committee, whose purpose is to discuss, analyse and propose corrective actions whenever an occupational accident occurs.

In this context, the Environment, Occupational Health and Safety team (ASST) continues to provide specific training for the sector to new employees, with a simulated component in a place reserved for this purpose, as determined by the internal training plan.

Reports are regularly drawn up by ASST concerning its internal inspection actions of the various sectors, including the indication of non-conformity actions, improvement actions and good practices. These reports contribute to the analysis and discussion of the departments and managers of the various sectors.

The actions taken have resulted in an increase in the organisation's Safety Culture, where the concern for a safe workplace begins with the actual employee.

In 2019, Ramada Aços changed the supplier of personal protective equipment, having made a major investment in protective footwear and uniforms, more suitable for the operation and safer.

In this context, it is important to mention that the Group follows all existing legislation and regulations, as well as the good practices emanating from the different benchmarks. In order to prove this behavior, Ramada Aços is beginning the preparation for certification in ISO 45001 - Health and Occupational Safety Management System.

BENEFITS, ALLOWANCES AND EVENTS

As a key element to retain the best professionals, the Ramada Group has established a set of policies, benefits and compensations in the areas of health, education and leisure / well-being. In addition, events that should be highlighted are also promoted.

Study grant and scholarship of excellence

The study grant has been given to the descendants of employees since 1963. It has notable importance in people management.

This grant has been improved: its scope was extended in 2018 and maintained in 2019. The Group continues to recognize the academic effort of the descendants of employees who have an average of 18 or more and are enrolled in secondary or higher education.

In 2019, the Group proudly awarded 81 study grants, in addition to merit grants and grants of excellence to the descendants of employees.

Wages

The contractual wages for new employees was above the national minimum wage for the entire Group.

In January 2020, a salary increase was promoted, in amounts higher than in 2019.

It should be noted that the Group maintains a gender equality plan at the salary level.

Pension Funds

Socitrel provides a defined contribution pension fund and life insurance to which all permanent staff have access.

Agreements

Ramada Group has established partnership agreements with several entities in the area of sports and leisure, to grant benefits to its employees, promoting the maintenance and improvement of well-being, personal and professional fulfilment.

Health and Life Insurance

In order to safeguard the health conditions of its employees, the Ramada Group provides health and life insurance to its employees who have been working in the company for more than six months. It may be extended to other members of the household under the same conditions as the employee's health insurance.

Medical, Nursing & Physiotherapy Services

Medical, nursing and physiotherapy services are provided free of charge by qualified professionals at the Ovar premises. In addition, all Group companies provide medical services to their employees on their premises.

Cafeteria

Ramada Group has a canteen in Ovar, and Socitrel in its facilities, where employees can enjoy a complete meal, lunch or dinner, fully subsidised. The meals are planned by a nutritionist in order to promote a balanced diet and healthy eating habits. Also, there is a permanent attention to potential employee complaints regarding meals.

In Ovar, an awareness-raising campaign was also carried out to raise employees' awareness of the importance of a balanced diet, implementing the option of vegetarian dishes. In 2019 the vegetarian buffet day was promoted.

In 2019, the Group opted to maintain the attribution of the annual performance bonus despite the drop in activity.

- **International Compliment Day –** Receiving a compliment is good for self-esteem, improves mood and may even have beneficial effects on mental and physical health. This day is celebrated with the aim of promoting and strengthening the Group's professional relations.
- **Women's and Men's Day –** Women's and men's days are celebrated, in order to remember the importance of gender equality. On Women's Day, flowers were offered to all employees of the Steel Group. On Men's Day, chocolates were distributed at the Group's manufacturing facilities.
- **Breakfast with the General Director –** In order to promote leadership and team spirit, 45 employees were selected, in groups of 15, with support and shopfloor functions to have breakfast with the General Director.
- **Summer celebration –** The summer celebration was marked though team building activities and the offering of ice cream to each employee, providing a moment of relaxation and good mood.
- **St. Martin's Day celebration –** On this day it is "mandatory" to take a break from work and taste the chestnuts made available to all the Group's employees.
- **Christmas at Ramada** – Christmas season is always special, especially for children, and in order to celebrate this festive holiday, the Ramada Group has presented events that mark the Christmas season.

Innovation and Quality

Ramada Aços' industrial activity involves handling, storing and moving large steel blocks within the facilities. In order to promote greater safety, improve handling and increase productivity, Ramada has a project underway for the implementation of a fully automatic warehouse, an innovation in the sector, which will feature cutting-edge technology and whose completion is scheduled for 2021.

KAIZEN PROJECT

The Kaizen Institute's collaboration with Socitrel started in 2017, with two major continuous improvement projects within the scope of the plant's operational efficiency and other business lines. The results of this collaboration have been very positive, so in 2020 a new, more comprehensive project is being planned, aimed at sustainable medium-term objectives.

The Ramada Group intends to adopt good practices across the Group, so Ramada Aços has also started collaborating with the Kaizen Institute.

HUMAN RIGHTS

Respect for human rights directly contributes to the more inclusive and sustainable economic growth of the country and the society in which the Group operates. In this sense, respect for human dignity and strict compliance, without any reservations, with all applicable legislation in this field (namely, but not limited to, the Universal Declaration of Human Rights and the European Convention on Human Rights) are values that cannot but continue to be any company's goal. In the Ramada Group, human rights are a higher, unquestionable and inalienable value.

Embedded in national and European legislation is the defense of fundamental rights. In the absence of a specific monitoring policy or measure in place, Ramada Group's actions are guided in this respect by ensuring compliance with the legislation.

The steel supply chain is fully certified and comes mainly from the European area, where we can be quite sure there are no major flaws in the protection of fundamental rights. Therefore, the Group considers that it is not exposed to special risks in this area. The certification of the steel can be requested when doubts arise about the safeguarding of adequate conditions of respect for human or labour rights, and also for environmental issues, such as radiation levels.

Moreover, the fact that the steel consumed results mainly from the recycling of steel scrap mitigates some concerns related to the supply chain. This ensures there are not as many social and environmental risks linked to the purchase of this raw material.

ANTI-BRIBERY AND CORRUPTION

Corruption and bribery is a risk in any economic activity, and ethical behaviour is an assumption that the Group applies to all suppliers and employees. Based on an historical analysis, no relevant risk associated with this issue is identified. In 2019, there were no known situations of corruption or bribery in the companies that make up the Group.

In 2019 the Code of Good Conduct for Preventing and Fighting Harassment was implemented, which applies to all employees of Ramada Aços, Universal Afir, Ramada Imobiliária, Ramada Investimentos and Socitrel. The key purpose of this Code is to actively contribute to the prevention, identification, fight and elimination of all behaviour that may be considered harassment at work.

Planfuro Global should adopt this Code of Good Conduct in 2020, thus leaving the entire Group covered.

INTERACTION WITH THE COMMUNITY

In line with its principles of ethical and responsible behaviour and complementing the initiatives promoted in the environmental, education, health and safety aspects, the Ramada Group develops programs with the objective of strengthening support to the Community, not only in response to the multiple requests that reach to the Company, but also through initiatives promoted internally with recognized importance for the Community.

As in previous years, in 2019 the Ramada Group also made various donations worth more than twenty thousand Euro, with a direct impact on more than 45 institutions, in a diverse geographical area and very diverse field of action, including cultural, sports and social associations/institutions.

It should also be noted that several of the Group's employees are volunteer firefighters. This task means that they often need to be absent to respond to emergency situations. Due to the respect and esteem the Group has of this noble profession, it provides all the necessary support, without any kind of workplace penalty or compensation.

RAMADA INVESTIMENTOS E INDÚSTRIA

CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

Shaping industry

More than a commitment, our pride

80 YEARS
Investing in industry

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND 2018
(Translation of financial statements originally issued in Portuguese - Note 41)
(Amounts expressed in Euro)

ASSETS	Notes	31.12.2019	31.12.2018
NON-CURRENT ASSETS:			
Investment properties	10	88,686,840	86,935,676
Property, plant and equipment	11	19,978,897	20,482,273
Intangible assets	13	38,091	42,174
Right-of-use assets	12	510,588	-
Goodwill	8	1,245,520	1,245,520
Investments in associated companies	6	4,500,000	-
Other investments	7	-	-
Other financial assets		15,563	6,802
Other non-current assets	14	1,320,964	1,312,710
Deferred tax assets	15	3,724,730	3,982,259
Total non-current assets		120,021,193	114,007,414
CURRENT ASSETS:			
Inventories	16	20,644,076	28,602,139
Trade receivables	17	38,573,010	36,253,156
Other debts from third parties	19	1,562,472	2,755,404
Income tax	18	132,136	1,421,633
Other current assets		15,369	73,682
Cash and cash equivalents	20	53,640,754	74,979,271
Total current assets		114,567,817	144,085,285
Total assets		234,589,010	258,092,699
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		25,641,459	25,641,459
Legal reserve		7,193,058	6,460,877
Foreign currency translation reserves		-	-
Advance payment on profit		-	(29,487,678)
Other reserves		81,800,669	57,788,337
Consolidated net profit/(loss) for the period		8,130,246	69,717,900
Total equity attributable to shareholders of the Parent Company	21	122,765,432	130,120,895
Non-controlling interests	22	-	-
Total equity		122,765,432	130,120,895
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	23	49,487,401	53,487,401
Other loans	23	2,330,007	5,993,275
Lease Liabilities	12	210,189	-
Provisions	27	660,000	2,610,000
Deferred tax liabilities	15	922,826	928,341
Total non-current liabilities		53,610,423	63,019,017
CURRENT LIABILITIES:			
Bank loans	23	4,000,000	8,340,737
Other loans	23	28,674,994	28,532,713
Lease Liabilities	12	363,944	-
Trade payables	24	15,993,278	16,317,725
Other debts to third parties	25	3,390,544	5,499,420
Income tax	18	751,407	22,952
Other current liabilities	26	5,038,988	6,239,240
Total current liabilities		58,213,155	64,952,787
Total liabilities		111,823,578	127,971,804
Total liabilities and equity		234,589,010	258,092,699

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2018
(Translation of financial statements originally issued in Portuguese - Note 41)
(Amounts expressed in Euros)

	Notes	31.12.2019	31.12.2018
Sales and services rendered	37	114,027,850	127,423,834
Other income	29	995,783	2,008,977
Cost of sales and variation in production	16	(71,266,142)	(77,719,785)
External supplies and services	30	(14,804,100)	(17,137,978)
Payroll expenses	31	(13,124,200)	(14,045,732)
Amortisation and depreciation	32	(3,517,112)	(5,254,234)
Provisions and impairment losses	27	312,673	(810,412)
Other expenses	33	(577,092)	(882,288)
Results related to investments	6	-	-
Financial expenses	34	(1,417,829)	(1,695,625)
Financial income	34	83,445	126,320
Profit/(Loss) before income tax for continued operations		**10,713,276**	**12,013,077**
Income tax	15	(2,583,030)	(2,508,918)
Profit/(Loss) after income tax for continued operations		**8,130,246**	**9,504,159**
Profit/(Loss) after income tax for discontinued operations	6	-	60,213,741
Consolidated net profit/(loss) for the period		**8,130,246**	**69,717,900**
Attributable to:			
Holders of equity in the parent company		**8,130,246**	**69,717,900**
Continued operations		8,130,246	9,504,159
Discontinued operations		-	60,213,741
Earnings per share:			
For continued operations			
Basic	36	0.32	0.37
Diluted	36	0.32	0.37
For discontinued operations			
Basic	36	-	2.35
Diluted	36	-	2.35

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 41)
(Amounts expressed in Euro)

	Notes	31.12.2019	31.12.2018
Consolidated net income for the period		**8,130,246**	**69,717,900**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Changes in pension liabilities - gross amount	14	(101,318)	(170,110)
Changes in pension liabilities - deferred tax		-	-
Items that may be reclassified to profit or loss in the future:			
Exchange rate differences related to discontinued operations	6	-	82,120
Items that were reclassified to profit or loss:			
Exchange rate differences related to discontinued operations	6	-	998,289
Other comprehensive income for the period		**(101,318)**	**910,299**
Total consolidated comprehensive income for the period		**8,028,928**	**70,628,199**
Attributable to:			
Shareholders in the Parent Company		**8,028,928**	**70,628,199**
Continued operations		8,028,928	9,504,159
Discontinued operations		-	61,124,040

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDUSTRIA, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 41)
(Amounts expressed in Euros)

		Attributable to Shareholders in the Parent Company								
	Notes	Share capital	Legal reserve	Foreign currency translation reserves	Advance payment on profit	Other reserves and retained earnings	Net profit/(loss) for the period	Total equity attributable to shareholders of parent company	Non-controlling interests	Total Equity
Balance as at 1 January 2018		25,641,459	6,460,877	(1,080,409)	-	58,429,714	56,708,187	146,159,828	4,923	146,164,751
Total consolidated comprehensive income for the period		-	-	82,120	-	-	69,717,900	69,800,020	-	69,800,020
Appropriation of the consolidated result for 2017:										
Transfer to other reserves		-	-	-	-	56,708,187	(56,708,187)	-	-	-
Distribution of dividends		-	-	-	-	(57,180,455)	-	(57,180,455)	-	(57,180,455)
Advance payment on profit		-	-	-	(29,487,678)	-	-	(29,487,678)	-	(29,487,678)
Acquisition of non-controlling interests		-	-	-	-	1,923	-	1,923	(4,923)	(3,000)
Discontinued operation		-	-	998,289	-	-	-	998,289	-	998,289
Others		-	-	-	-	(171,032)	-	(171,032)	-	(171,032)
Balance as at 31 December 2018	**21**	**25,641,459**	**6,460,877**	**-**	**(29,487,678)**	**57,788,337**	**69,717,900**	**130,120,895**	**-**	**130,120,895**
Balance as at 1 January 2019		25,641,459	6,460,877	-	(29,487,678)	57,788,337	69,717,900	130,120,895	-	130,120,895
Total consolidated comprehensive income for the period		-	-	-	-	(101,318)	8,130,246	8,028,928	-	8,028,928
Appropriation of consolidated result for 2018:										
Transfer to the legal reserve and other reserves		-	732,181	-	29,487,678	39,498,041	(69,717,900)	-	-	-
Distribution of dividends		-	-	-	-	(15,384,875)	-	(15,384,875)	-	(15,384,875)
Advance payment on profit		-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-
Discontinued operation		-	-	-	-	-	-	-	-	-
Others		-	-	-	-	484	-	484	-	484
Balance as at 31 December 2019	**21**	**25,641,459**	**7,193,058**	**-**	**-**	**81,800,669**	**8,130,246**	**122,765,432**	**-**	**122,765,432**
				-	-					

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 41)
(Amounts expressed in Euros)

	Notes	31.12.2019		31.12.2018	
Operational activities:					
Receipts from costumers		127,212,634		153,350,575	
Payments to suppliers		(82,143,970)		(116,269,739)	
Payments to personnel		(8,236,359)	36,832,305	(9,279,349)	27,801,487
Paid/Received corporate income tax		(1,336,601)		(3,234,419)	
Other receipts/payments relating to operating activities		(17,285,186)	(18,621,787)	(19,585,011)	(22,819,430)
Cash flows generated by operating activities (1)			18,210,517		4,982,057
Investment activities:					
Receipts arising from:					
Property, plant and equipment		249,690		24,404	
Investment properties		-		-	
Investments	6	-		81,000,000	
Investment grants		-		879,762	
Interest and similar income		39,872	289,562	116,649	82,020,815
Payments relating to:					
Investments	6.3 and 7	(4,500,000)		(638,557)	
Intangible assets		-		-	
Property, plant and equipment		(2,541,792)		(4,310,343)	
Investment properties		(165,213)		(2,186,151)	
Loans granted		(1,752,963)	(8,959,968)	-	(7,135,051)
Cash flows generated from investment activities (2)		-	(8,670,406)		74,885,764
Financing activities:					
Receipts arising from:					
Dividends		-		4,000,000	
Other financing transactions		-		-	
Loans obtained		127,204,893	127,204,893	10,692,828	14,692,828
Payments relating to:					
Interest and similar expenses		(1,219,402)		(1,750,804)	
Dividends	21	(15,384,875)		(86,668,133)	
Lease Liabilities		(398,977)		-	
Loans obtained		(138,538,730)	(155,541,984)	(25,397,074)	(113,816,011)
Cash flows generated from financing activities (3)			(28,337,090)		(99,123,183)
Cash and cash equivalents at the beginning of the period	20		**70,090,564**		**97,418,384**
Changes associated with discontinued operations	6		-		(8,072,458)
Cash and cash equivalents variation: (1)+(2)+(3)			(18,796,980)		(19,255,362)
Cash and cash equivalents at the end of the period	20		51,293,584		70,090,564

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

1. INTRODUCTORY NOTE

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. ('Ramada Investimentos', or 'The Group') is a limited liability company incorporated on 1 June, 2008, with headquarters at Rua Manuel Pinto de Azevedo, 818, in Porto, and whose main activity is the management of investments, being its shares listed in the Euronext Lisbon Stock Exchange since 2018.

As at May 2018, the then called F. Ramada - Investimentos SGPS, S.A. changed the objects of the company as well as the corporate name to RAMADA INVESTIMENTOS E INDÚSTRIA, S.A, as approved on 4 May 2018, when the General Meeting changed the object of the holding company as an indirect form of exercising economic activities to the services rendered in management consulting, including financial and administrative consulting; execution and management of investments in real estate, securities and financing; acquisition and disposal of securities; leasing; property construction, rehabilitation, management, administration and conservation.

Ramada Investimentos was incorporated as part of the restructuring of Altri, SGPS, S.A. through the division of the steel and storage solutions management business area, namely the participating interest held in Ramada Aços S.A., representing all the voting rights of this subsidiary, in accordance with the simple division provided for in Article 118(1). (a) of the Commercial Companies Code.

This process allowed transferring the share of Altri, SGPS, S.A.'s assets corresponding to the steel and storage solutions management business area, including all the resources allocated to its activity (namely staff, assets and liabilities), to Ramada Investimentos.

Currently, Ramada Investimentos is the parent company of the group of companies disclosed in Note 8 which, as a whole, operate in two different business segments: i) the Industry Segment, which includes the special steel and drawing mill activity, as well as activities related to the management of investments associated with participating interests in which the Group is a minority shareholder; and ii) the Real Estate Segment, focused on real estate assets management.

The consolidated financial statements of the Ramada Group are presented in Euros (rounded to units), which is the currency used by the Group in its operations and, therefore, is considered to be its functional currency.

The financial statements were approved by the Board of Directors and authorised for reporting on 31 March 2020. Final approval of the financial statements is still subject to acceptance by the Shareholders' General Meeting. The Board of Directors, however, believes that the financial statements will be approved without any significant changes.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the accompanying consolidated financial statements are described below. These policies were consistently applied during the periods being compared, except for those resulting from the adoption of IFRS 16, which is mandatorily applied for periods beginning on or after 1 January 2019.

In addition, there were no significant changes to the main estimates used by the Group in preparing the consolidated financial statements.

2.1. Basis of Presentation

The attached consolidated financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ('IFRS-EU') in force for the period beginning on 1 January 2019. These correspond to the International Financial Reporting Standards, as issued by the International Accounting Standards Board ('IASB') and interpretations issued by the IFRS Interpretations Committee ('IFRS - IC') or by the former Standing Interpretations Committee ('SIC'), which have been adopted by the European Union on the account publication date.

The Board of Directors assessed the capacity of the Group, its subsidiaries, and associated companies to operate on a going concern basis, based on the entire relevant information, facts and circumstances, of a financial, commercial or other nature, including events subsequent to the financial statements' reference date, as available regarding the future. As a result of the assessment conducted, the Board of Directors concluded that it has adequate resources to keep up its operations, which it does not intend to cease in the short term. Therefore, it was considered appropriate to use the going concern basis in preparing the financial statements.

The attached consolidated financial statements were prepared from the accounting books and records of the company, its subsidiaries and associated companies, adjusted in the consolidation process, in the assumption of going concern basis. The Group prepared the financial statements under the historical cost basis.

The preparation of financial statements under IFRS-EU requires the use of estimates, assumptions, and critical judgements in the process of determining accounting policies to be adopted by the Group, with significant impact on the book value of assets and liabilities, as well as on income and expenses for the period. Although these estimates are based on the best experience of the Board of Directors and on its best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas with significant assumptions and estimates are disclosed in Note 3.

(I) Adopting new standards and interpretations, amendments or reviews

Up to the approval date of these financial statements, the European Union endorsed the following accounting standards, interpretations, amendments and revisions, mandatorily applied to the period beginning on 1 January 2019:

Standard / Interpretation	Applicable in the European Union in the periods begun on or after	
IFRS 16 – Leases	1-Jan-19	This standard introduces the leasing recognition and measurement principles, replacing IAS 17 – Leases. The standard establishes a single accounting model in order to account for lease agreements resulting in the lessee asset and liability recognition for every lease agreement, except for leases for periods under 12 months or for leases involving low-value assets. Lessors will keep on categorising leases between operating or financial, as IFRS 16 does not entail substantial changes for such entities, given what is set forth under IAS 17.
Amendment to IFRS 9: prepayment features with negative compensation	1-Jan-19	With this amendment, financial assets whose contractual conditions provide, in its early amortisation, for payment of a considerable amount by the creditor, can be measured at amortised cost or at fair value for reserves (depending on the business model), provided: (i) on the asset's initial recognition, the fair value of the early amortisation component is insignificant; and (ii) the possibility of negative compensation in early amortisation is the sole reason for the asset in question not to be deemed an instrument that considers only principal and interest payments.

(amounts expressed in Euros)

IFRIC 23 - Uncertainties over income tax treatments	1-Jan-19	This interpretation provides guidelines on determining taxable income, tax bases, tax losses carried forward, tax credits to be used and tax rates in scenarios of uncertainty regarding income tax treatments.
Annual improvements to IFRS standards (2015-2017 cycle)	1-Jan-19	These improvements involve clarifying a few aspects related to: IFRS 3 – Business combination: requires remeasuring previously held interests when an entity obtains control over an investee company over which it previously held joint control; IFRS 11 – Joint ventures: clarifies that previously held interests should not be remeasured when an entity obtains joint control over a joint operation; IAS 12 – Income taxes: clarifies that every tax outcome for dividends is to be recorded under results, regardless of how the tax occurs; IAS 23 - Borrowing costs: clarifies that the part of the loan directly related to the purchase/construction of an asset, still outstanding after the corresponding asset has been ready for its intended use, is, for the purpose of determining capitalisation rate, deemed to be an integral part of the entity's general funding.
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1-Jan-19	If an amendment, cut or liquidation of the plan occurs, now it is mandatory for the current service cost and the interest paid during the period following remeasurement to be determined using the assumptions used for remeasurement. Moreover, changes were included in order to clarify the effect of a change, reduction, or deletion of the plan on requirements regarding the asset's maximum limit.
Amendment to IAS 28: Long-term interests in associated and joint ventures	1-Jan-19	This amendment clarifies that IFRS 9 needs to be applied (including the corresponding requirements linked to impairment) to investments in associated companies and joint agreements when the equity method is not applied in measuring them.

From the application of these standards and interpretations there were not relevant impact for the Group's financial statements, except for IFRS 16.

IFRS 16 – Leases

In the period ended 31 December 2019, the Group applied IFRS 16 – Leases and related amendments that are in effect for periods beginning on or after 1 January 2019.

This standard introduced the lease recognition and measurement principles, replacing IAS 17 - Leases, IFRIC 4 - Determining whether an Agreement contains a Lease, SIC 15 - Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets forth the principles for recognising, measuring, presenting and disclosing leases, while calling for lessees to recognise most leases in the balance sheet in accordance with a single model.

(amounts expressed in Euros)

The Ramada Group chose to adopt the modified retrospective approach in applying IFRS 16, as set forth under paragraphs C3(b), C7 and C8 thereof. It subsequently determined the discount rate based on the incremental interest rate, assuming the currency, maturity and cash flow profiles inherent to the lease, as well as the Group's very credit risk on the initial application date.

The Group has decided to apply the recognition exemptions to lease agreements that, on the start date, comprised a lease term equal to or shorter than 12 months and not containing a purchase options (short-term lease) and lease agreements for which the underlying asset is of low value (low value assets).

Recognition

The Group presents right-of-use assets and lease liabilities under items duly separated in the statement of financial position. The Group recognises a right-of-use asset and a lease liability on the agreement's start date.

The asset registered under 'Right-of-use assets' is initially measured at cost, comprising the initial value of the lease liability adjusted by any lease payments made on or prior to the start date, on top of any initial direct costs incurred.

The liability registered under 'Lease liability' corresponds to the current value, on 1 January 2019, of the remaining lease payments of agreements that had been classified as operating leases, under IAS 17, and which did not correspond to a short-term lease, as provided for under IFRS 16. Lease payments included in measuring lease liability include fixed payments, net of any incentives already received (where applicable) and variable payments associated with an index or rate.

The Group uses its incremental interest rate as the applicable discount rate.

The lease liability is measured at amortised cost, using the effective interest method. It is remeasured when changes occur to future payments derived from a change to the rate or index, as well as possible modifications to the lease agreements.

Variable payments not associated with any indices or rates are recognised as an expense during the period, in the period when the event or condition leading to the payment occurs.

When the lease liability is remeasured, the amount of the right-of-use asset is also adjusted, or a gain or loss is recorded in the income account, if the carrying amount of the right-of-use asset was already reduced to zero and an additional reduction occurs in the lease liability.

The right-of-use asset is depreciated using the straight-line depreciation method, based on the lease term.

Impacts on accounting as lessor

The Group holds contractual positions as lessor, however, since IFRS 16 substantially maintains the principles for registering leases for lessors previously provided for in IAS 17, no significant impacts were generated.

Reconciliation between liabilities with operating leases disclosed by the Group under Notes to the consolidated financial statements for the previous year and the lease liabilities recognised on the initial application date is as follows:

Liabilities with operating leases disclosed as at 31 December 2018	**454,399**
Service agreements remeasured as lease agreements	-
Non-discounted lease liabilities recognised as at 1 January 2019	**454,399**
Incremental financing rate (weighted average 4%)	436,327
Liabilities with financial leases recognised as at 31 December 2018	265,110
Lease liabilities recognised as at 1 January 2019	**701,437**

Briefly, the main impacts resulting from adopting IFRS 16 on the initial application date (1 January 2019) are detailed as follows:

(amounts expressed in Euros)

	01.01.2019
NON-CURRENT ASSETS:	
Right-of-use asset	436,327
Deferred tax assets	-
Total assets	436,327
LIABILITIES:	
Lease liability	436,327
Other current liabilities	-
Total liability	436,327
EQUITY:	
Other reserves	-
Non-controlling interests	-
	-

(II) Standards, interpretations, amendments and revisions that will have mandatory application in the future economic exercises

The following accounting standards and interpretations, mandatorily applicable in future periods were endorsed by the European Union up to the date of approval of these financial statements:

Standard / Interpretation	Applicable in the European Union for periods beginning on or after	
Amendments to references to the Conceptual Framework in IFRS Standards	1-Jan-20	Corresponds to amendments in various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC 32) in relation to references to the Conceptual Framework revised in March 2018. The revised Conceptual Framework includes revised outlines on an asset and a liability, as well as new measuring, derecognising, presentation, and disclosure guidelines.
Amendment to IAS 1 and IAS 8 – Definition of material	1-Jan-20	Corresponds to amendments in order to clarify the definition of material under IAS 1. The definition of material under IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards in order to ensure consistency. Information is material if, when omitted, misrepresented, or concealed, it is reasonably expected to influence decisions by primary users of financial statements, using financial statements as the basis.
Amendments to standards IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform (IBOR Reform)	1-Jan-20	Corresponds to amendments to standards IFRS 9, IAS 39 and IFRS 7 as related to the benchmark interest rate reform project (known as the 'IBOR reform'), in order to reduce the potential impact of changing benchmark interest rates on financial reporting, namely in hedge accounting.

Despite having been endorsed by the European Union, these amendments were not adopted by the Group in 2019, since their application is not yet mandatory. It is not believed that the future adoption of said amendments will entail significant impacts on financial statements.

(III) New, amended or revised standards and interpretations not adopted by the European Union

The following accounting standards and interpretations were issued by IASB and were not yet endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the periods begun on or after	
IFRS 17 - Insurance Contracts	1-Jan-21	For insurance contracts within its scope of application, this standard sets forth the principles for their recognition, measurement, presentation, and disclosure. This standard replaces standard IFRS 4 - Insurance Contracts.
Amendment to IFRS 3 – Business combinations	1-Jan-20	Corresponds to amendments for outlining the business. The idea is to clarify identification of the acquisition of business or the acquisition of a group of assets. The revised outline further clarifies the definition of output of a business such as supplying goods or services to receipts from customers. The amendments include examples for identifying acquisition of a business.

These standards have yet to be endorsed by the European Union. As such, they were not applied by the Group in the period ended 31 December 2019.

Regarding these standards and interpretations, as issued by the IASB but yet to be endorsed by the European Union, it is not believed that their future adoption will entail significant impacts on the attached financial statements.

2.2. Consolidation Principles

The consolidation principles adopted by the Ramada Group in preparing its consolidated financial statements include the following:

a) Investments in subsidiaries

Investments in companies over which the Ramada Group has direct or indirect control are included in the consolidated financial statements using the full consolidation method. The Group has control over the investees in situations where it cumulatively fulfils the following conditions: i) it has power over the investee; ii) it is exposed to, or entitled to, variable results due to its relationship with the investee; and iii) has the ability to use its power over the investee to affect the amount of its results.

In general, control is assumed to exist when the Group holds the majority of voting rights. To support this assumption, and in cases where the Group does not hold the majority of the investee's voting rights, all relevant facts and circumstances are taken into account when assessing the existence of power and control, such as: (a) Contractual agreements with other holders of voting rights; (b) Rights arising from other contractual agreements; and (c) Existing and potential voting rights.

Control is reassessed by the Group whenever there are facts and circumstances that indicate the occurrence of changes in one or more of the aforementioned control conditions.

Whenever necessary, adjustments are made to the financial statements of subsidiaries in order to adapt their accounting policies to those used by the Group. Balances and transactions and cash flows between Group entities, as well as unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction shows evidence of impairment of a transferred asset.

The equity and net profit of these companies corresponding to third-party shareholding therein are shown separately in the consolidated statement of financial position and in the consolidated financial statement under line items “Non-controlling interests.”

The total comprehensive income is attributed to the owners of the parent company and of the interests they do not control, even if this results in a deficit balance in terms of the interests not controlled by them.

The results of the subsidiaries acquired or sold during the period are included in the income statements from the date when control was taken or until the date when control was loss.

b) Investments in associated companies

Financial investments in associated companies (understanding the Group to be companies where it wields significant influence thereupon by taking part in the company’s financial and operational decisions, but in which it does not hold control or joint control, generally with investments accounting for 20% to 50% of a company’s capital) are recorded using the equity method.

According to the equity method, financial investments in associated companies are initially accounted for at acquisition cost. Investment in associated are subsequently adjusted annually in the amount corresponding to shareholding in net results of associated companies against gains or losses for the period. In addition, the dividends of these companies are recorded as a decrease in the investment amount, and the proportional part in changes to equity is recorded as a change in the Group’s equity.

After applying the equity method, the Group assesses whether there are signs of impairment. If there are, the Group calculates the recoverable amount of the investment and recognises an impairment loss if it is lower than the book value of the investment, in the line 'Results related to investments' in the income statement. When impairment losses recognised in previous periods no longer exist, they undergo a reversal.

When the Group’s share in the associated company's accumulated losses exceeds the amount at which the investment is recorded, the carrying amount is reduced to zero, except when the Group has shouldered commitments towards the associated company. In such cases, a provision is recorded in order to fulfil those obligations.

Unrealised gains in transactions with associated companies are proportionally eliminated from the Group interest in the associated company against the investment in that same associated company. Unrealised losses are similarly eliminated, but only to the extent there is no evidence of impairment of the transferred asset.

The accounting policies of associated companies are changed, whenever necessary, in order to make sure they are consistently applied by every Group company.

2.3. Business combinations and Goodwill

The differences between the acquisition price of investments in subsidiary companies, plus the value of non-controlling interests, and the amount attributed to fair value of identifiable assets and liabilities of those companies on their acquisition date, when positive, are recorded as 'Goodwill' and, when negative, following a revaluation of their calculation, are recorded directly in the income statements.

The differences between the acquisition price of investments in associated companies and the amount attributed to the fair value of identifiable assets and liabilities of those companies on their acquisition date, when positive, are recorded under the line item 'Investments in associated companies' and, when negative, following a revaluation of the determination, are recorded directly in the income statements, under the line item 'Results related to investments'.

The differences between the acquisition cost of investments in foreign subsidiaries and the fair value of identifiable assets and liabilities of those subsidiaries on their acquisition date, are recorded in the reporting currency of those subsidiaries, and are converted to the Group's reporting currency (Euro) at the applicable exchange rate on the date of the statement of financial position. The currency exchange differences generated in that conversion are recorded under the line item 'Foreign currency translation reserves' included under the line item 'Other reserves'.

The Ramada Group, on a transaction-by-transaction basis (for each business combination), chooses to measure any non-controlling interest in the acquired company either at fair value or in the proportional part of non-controlling interests in the acquired company's identifiable net assets. Until 1 January 2010, non-controlling interests were valued solely in accordance with the fair-value proportion of acquired assets and liabilities.

The amount of future contingent payments is recognised as a liability when business combination occurs according to its fair value. Any change to the initially recognised amount is recorded against the amount of Goodwill, but only if this occurs within the measuring period (12 months after the acquisition date) and if this is related to facts and circumstances that existed on the acquisition date. Otherwise, it has to be recorded against the income statement, unless said contingent payment is categorised as equity, in which case it should not be remeasured, and only at the time of the settlement thereof will the impact on equity be recognised.

Transactions involving the purchase or sale of interests in entities already controlled, without this resulting in a loss of control, are treated as transactions between holders of capital affecting only the equity line items, without impacting the line item 'Goodwill' or the income statement.

When business is combined in stages, the fair value on the previous acquisition date of interests held is remeasured to fair value on the date when control is gained, against the results of the period when control is achieved, thus affecting the determining of Goodwill or purchase price allocation.

At the time when a sales transaction generates a loss of control, that entity's assets and liabilities have to be derecognised, and any interest withheld at the disposed entity shall be remeasured at fair value, and any loss or gain resulting from this disposal is recorded in the income statement.

The Group annually tests for the existence of Goodwill impairment. The recoverable amounts of the cash flow-generating units are determined based on the calculation of values in use. These calculations call for the use of assumptions that are based on estimates of future circumstances whose occurrence could be different from the estimate. Goodwill impairment losses cannot be reversed.

2.4. Intangible assets

Intangible assets are recorded at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are recognised only if they are likely to result in future economic benefits for the Group, if they can be controlled by the Group, and if their value can be reasonably measured.

Development expenses for which the Group is shown as being able to complete its development and begin its sell and/or use and relative to which the created asset is likely to generate future economic benefits, are capitalised. Development expenses that do not meet these criteria are recorded as cost in the period when incurred.

(amounts expressed in Euros)

Internal expenses associated with software maintenance and development are recorded as costs in the income statement when incurred, except when said costs are directly associated with projects for which future economic benefits are likely to be generated for the Group. In such situations, costs are capitalised as intangible assets.

After the assets are available for use, amortisation is calculated using the straight-line method in accordance with the estimated useful life period (generally 3 to 5 years).

2.5. Property, plant and equipment

Property, plant and equipment acquired until 1 January 2004 (date of transition to IFRS) are recorded at their 'deemed cost' which amounts to the acquisition cost, or revaluated acquisition cost in accordance with the accounting principles generally accepted in Portugal up to that date, net of accumulated amortisation and impairment losses.

Property, plant and equipment acquired after that date are recorded at acquisition cost, net of the corresponding depreciation as well as accumulated impairment losses.

After the date when the assets are available for use, amortisation is calculated using the straight-line method in accordance with the estimated useful life period for each group of assets.

Amortisation rates used correspond to the following estimated useful life periods:

Type	Years
Buildings and other edifications	10 a 50
Plant and machinery	2 a 15
Vehicles	2 to 10
Tools and utensils	4 to 14
Office equipment	2 to 10
Other tangible assets	3 a 10

Maintenance and repair expenses that do not increase the assets' useful life or result in significant upgrades or improvements to components of property, plant and equipment are recorded as costs in the period when they are incurred.

Property, plant and equipment in progress represent fixed assets still under construction, and are recorded at acquisition cost net of any impairment losses. These fixed assets are amortised from the moment the underlying assets are completed or ready for use.

Gains or losses resulting from the sale or write-off of property, plant and equipment are determined as the difference between the sales price and the net book value on the disposal or write-off date. They are recorded in the income statement.

2.6. Leases

Policy applicable since 1 January 2019

At the start of every agreement, the Group assesses whether the agreement is, or contains, a lease. That is, whether the right-of-use of a specific asset or assets is being transferred for a certain period of time in exchange for a payment.

The Group as lessee

The Group applies the same recognition and measurement method to every lease, except for short-term leases and leases associated with low-value assets. The Group recognises a liability relative to lease payments and an asset identified as a right of use of the underlying asset.

(i) Right-of-use assets

On the lease start date (that is, the date from which the asset is available for use), the Group recognises an asset relative to right of use. 'Right-of-use assets' are measured at cost, net of depreciation and accumulated impairment losses, adjusted by remeasuring lease liability. The cost comprises the initial value of the lease liability adjusted for any lease payments made on or prior to the start date, on top of any initial direct costs incurred, as well as a cost estimate for dismantling and removing the underlying asset (as applicable), net of any incentive granted (as applicable).

The right-of-use asset is depreciated using the straight-line depreciation method, based on the lease term.

If ownership of the asset is transferred to the Group at the end of the lease period, or the cost includes a purchase option, depreciation is calculated by taking into account the asset's estimated useful life.

Right-of-use assets are also subject to impairment losses.

(ii) Lease Liabilities

On the lease start date, the Group recognises a liability measured at the present value of the lease payments to be made throughout the agreement. Lease payments included in measuring lease liability include fixed payments, net of any incentives already received (where applicable) and variable payments associated with an index or rate. Where applicable, payments also include the cost of exercising a purchase option, which shall be exercised by the Group with reasonable certainty, and payments of penalties for ending the agreement, if the lease terms reflect the Group's exercising option.

The lease liability is measured at amortised cost, using the effective interest method. It is remeasured when changes occur to future payments derived from a change to the rate or index, as well as possible modifications to the lease agreements.

Variable payments not associated with any indices or rates are recognised as an expense during the period, in the period when the event or condition leading to the payment occurs.

To calculate the present value of future lease payments, the Group uses its incremental interest rate on the lease start date, since the interest rate implicit in the agreement cannot be readily determined. After that date, the lease liability amount is increased by adding interest and reduced by lease payments made. In addition, the amount is remeasured in the event of a change in the terms of the agreement, the in lease amounts (e.g., changes in future payments caused by a change to an index or rate used in determining said payments) or a change in the assessment of a purchase option associated with the underlying asset.

(iii) Short-term leases and low-value leases

The Group applies the recognition exemption to its assets' short-term leases (i.e., leases lasting up to 12 months and not containing a purchase option). The Group also applies the recognition exemption to leases of assets deemed to be of low value. Payments of short-term and low-value leases are recognised as an expense in the period, throughout the lease period.

The Group as lessor

In contrast to the accounting of leases for lessees, IFRS 16 substantially maintains the principles for registering leases for lessors previously provided for in IAS 17. Lessors will keep on classifying leases as operating or financial, as IFRS 16 does not entail substantial changes for such entities, given what is set forth under IAS 17.

Policy applicable prior to 1 January 2019

Determining whether an agreement is, or contains, a lease is based on the substance of the agreement at the start thereof, which is either the agreement date and the date of the parties' commitment relative to the main terms of the agreement, whichever is earlier, based on every fact and circumstance. The agreement is, or contains, a lease if the fulfilment of the agreement is contingent on the use of a specific asset or assets and the agreement transfers a right to use the asset, even if said asset is not explicitly identified in the agreement. The lease duration is the sum of the period during which the lease cannot be cancelled and an additional period providing for the lessee to have the option to maintain the lease and, at the start of the agreement, the Group is reasonably certain that the lessee will exercise said option.

A lease is classified as a financial lease or operational lease at the start of the agreement. A lease that substantially transfers all the risks and advantages associated with an asset's ownership to the Group is classified as a financial lease. Financial leases are recorded at fair value in the asset or, if lower, at the current minimum lease payment amounts. Minimum lease payments are distributed between the financial charge and the reduced outstanding liability in order to produce a constant periodic interest rate on the liability's remaining balance.

The financial expenses are recorded in the profit and loss account as financial expenses.

The leased asset depreciates during its useful life. However, if there is no reasonable certainty that the lessee will own the asset at the end of the lease period, the asset is depreciated during the lease period or during its useful life, whichever is shorter.

An operational lease is a lease other than a financial lease. Payments of operational leases are recorded as operational expenses in the income account in a straight-line during the lease period.

2.7. Government grants or from other public bodies

Grants attributed as part of personal training programmes, or production support, are recorded under the line item 'Other income' in the consolidated income statement for the financial year when said programmes are conducted, regardless of the date when they are received, when all necessary conditions have been fulfilled for receiving them.

Government grants related to fixed assets are recorded in the statement of financial position as 'Other current liabilities' and 'Other non-current liabilities' regarding short-term and medium-/long-term instalments, respectively, and recognised in the income statement proportionally to the amortization of the subsidised property, plant and equipment.

2.8. Impairment of non-current assets, except Goodwill

The Group's asset impairment is assessed whenever there is an event or change in circumstances indicating that the amount for which the asset is recorded might not be recoverable.

Whenever the carrying amount for which the asset is recorded is higher than its recoverable amount, an impairment loss is recognised and recorded in the income statement under the line item 'Provisions and impairment losses.'

The recoverable amount is either the net sales price or the value in use, whichever is higher. The net sales price is the amount that would be obtained from the asset's disposal, in a transaction between independent knowledgeable entities, net of the costs directly attributable to the disposal. The use value is the present value of estimated future cash flows that are expected to arise from the continuous use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each asset individually or, if not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recognised in previous periods is recorded when it is concluded that previously recognised impairment losses no longer exist or has decreased. This analysis is performed whenever there are indications that the impairment loss that had been previously recognised has been reversed. The reversal of impairment losses is recognised in the income statement under 'Provisions and impairment losses'. This reversal is to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment charge had been recognised.

2.9. Borrowing costs

Financial expenses related to loans obtained are generally recognised as an expense in the income statement of the period on an accrual basis.

In cases where loans are taken to finance assets, the corresponding interests are capitalised, becoming part of the asset's cost. The capitalisation of these expenses starts after the preparation of construction activities begins and ends once the asset is available for use or if the project is suspended.

There were no financial expenses on capitalised loans obtained on 31 December 2019 and 2018.

2.10. Inventories

The goods and raw materials, subsidiaries and consumables are valued at average acquisition cost, net of the amount of quantity discounts granted by suppliers, which is lower than the corresponding market value.

Finished and intermediate goods, sub-products and work in progress are stated valued at production cost, including the cost of raw materials, direct labour and production overheads, and which is lower than the corresponding market value.

The Group proceeds to record the corresponding impairment losses in order to reduce, where applicable, inventories at their net realisable value or market price.

2.11. Provisions

Provisions are recognised when, and only when, the Group (i) has a present obligation (legal or implicit) obligation resulting from a past event, (ii) it is likely that, to resolve this obligation an outflow of resources occurs, and (iii) the obligation's amount might be reasonably estimated. Provisions are reviewed on the date of each statement of financial position and adjusted to reflect the best estimate on that date.

Provisions for restructuring expenses are recognised by the Group whenever a formal and detailed restructuring plan exists and has been communicated to the parties involved.

2.12. Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when it becomes part of the instrument's contractual provisions.

Financial assets and liabilities are initially measured at their fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (which are not financial assets and liabilities measured at fair value through income statement) are added to or deducted from the fair value of the financial asset and liability, as appropriate, in the initial recognition.

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

a. Financial assets

Financial assets

All purchases and sales of financial assets are recognised on the date of signature of the respective purchase and sale contracts, regardless of the date of their financial settlement. All recognised financial assets are subsequently measured at amortised cost or at their fair value, depending on the business model adopted by the Group and the characteristics of its contractual cash flows.

Initially, assets are classified and subsequently measured at amortised cost, at fair value through other comprehensive income, and at fair value through profit or loss.

The initial classification of financial assets depends on the contractual characteristics of the cash flows and the business model adopted by the Group to manage them. Except for trade receivables that do not have a significant financial component and for which the Group adopts the practical expedient, the Group initially measures a financial asset at fair value plus transaction costs, if an asset is not classified at fair value through profit or loss.

Trade receivables that do not have a significant financial component and for which the Group adopts the practical expedient are measured at the transaction price calculated in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income, it must provide cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding. This assessment, known as the "cash flows that are solely payments of principal and interest" test, is performed for each financial instrument.

The business model established for managing financial assets concerns the way financial assets are managed by the Group with a view to obtaining cash flows. The business model can be designed to obtain contractual cash flows, to dispose of financial assets or both.

Classification of financial assets

(i) Financial assets measured at amortised cost (debt instruments and receivables)

Fixed income debt instruments and accounts receivable that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held taking into account a business model whose objective is to preserve it in order to receive its contractual cash flows; and
- the contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of outstanding principal.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the corresponding interest during its life.

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

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

Interest-related revenue is recognised in the consolidated income statement under the line item 'Financial income', using the effective interest rate method, for financial assets subsequently recorded at amortised cost or at fair value through income statement. Interest revenue is calculated by applying the effective interest rate to the financial asset's gross carrying amount.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recorded in the income statement when the asset is derecognised, modified or becomes impaired.

(ii) Financial assets at fair value through other comprehensive income (debt instruments)

Debt instruments and accounts receivable that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held by considering a business model whose objective provides for both receiving its contractual cash flows and its disposal; and
- the contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of outstanding principal.

In the case of debt instruments measured at fair value through other comprehensive income, interest income, exchange differences and impairment losses and reversals are recorded in the income statement and calculated in the same way as financial assets measured at amortised cost. The remaining changes in fair value are recorded in other comprehensive income.

Upon derecognition, changes in fair value accumulated in other comprehensive income are transferred (recycled) to profit or loss.

(iii) Financial assets at fair value through other comprehensive income (capital instruments)

In the initial recognition, the Group can make an irrevocable choice (on a financial-instrument-by- financial-instrument basis) to state certain investments under equity instruments (shares) at fair value through other comprehensive income when these fulfil the definition of capital provided for under IAS 32 Financial instruments: Presentation and not held for trading. Classification is determined on an instrument-by- instrument basis.

The fair-value designation through other comprehensive income is not permitted if the investment is held for trading purposes or when resulting from a contingent consideration recognised as part of a business combination.

A capital instrument is held for trading if:

- it is acquired chiefly for the purpose of short-term disposal;
- in the initial recognition, it is part of a portfolio of identified financial instruments that the Group jointly manages and which shows an actual recent pattern of obtaining short-term gains; or
- if it is a derivative financial instrument (except if attributed to a hedging transaction).

Investments in equity instruments recognised at fair value through other comprehensive income are initially measured at their fair value plus transaction expenses. Subsequently, they are measured at their fair value with gains and losses arising from their change, as recognised under other comprehensive income. At the time of its disposal, the accumulated gain or loss generated with these financial instruments is not reclassified to the consolidated income statement, but, rather, merely transferred to the line item 'Retained Earnings.'

Dividends associated with investments in equity instruments recognised at fair value through other comprehensive income are recognised in the consolidated income statement when they are attributed/resolved on, unless they clearly represent a recovery of part of the investment cost. Dividends are recorded in the consolidated income statement under 'Financial income'.

In the first application of IFRS 9, the Group designated investments in equity instruments that were not held for trading as stated at fair value through profit or loss.

(iv) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income are measured at fair value through the income statement. These financial assets include financial assets held for trading, financial assets designated at the time of initial recognition as measured at fair value through profit or loss, or financial assets that are mandatorily measured at fair value.

Financial assets recorded at fair value through the income statement are measured at fair value obtained at the end of each reporting period. The corresponding gains or losses are recognised in the consolidated income statement, except if they are part of a hedging relationship.

<u>Derecognition of financial assets</u>

A financial asset (or, where applicable, a part of the financial asset or of a group of financial assets) is derecognised (i.e., removed from the Statement of Financial Position) when:

- The contractual rights to receive cash flows resulting from the financial asset expire; or
- The Group transferred its contractual rights to receive cash flows resulting from the financial asset or undertook an obligation to pay the cash flows received in full in the short term under an agreement in which the Group i) has no obligation to pay any amounts to final recipients unless it receives equivalent amounts resulting from the original asset; ii) is prohibited by the terms of the transfer agreement to sell or pledge the original asset other than as a guarantee to the final recipients due to the obligation to pay them cash flows; and iii) the Group has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delays; and
- The Group substantially transferred all the risks and benefits of the asset, or the Group did not substantially transfer or retain all the assets and benefits of the asset, but has transferred control over the asset.

When the Group transfers its rights to receive cash flows from an asset or is party to an agreement that may allow derecognition, it assesses whether, and to what extent, the risks and benefits associated with the ownership of the asset have been retained.

When substantially every risk and benefit arising from ownership of an asset is neither transferred nor retained, or control over the asset has not been transferred, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In this case, the Group also recognises the corresponding liability. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations retained by the Group.

If the Group's continuing involvement takes the form of a guarantee on the transferred asset, the measure of continuing involvement is the lowest between the asset's original book value and the maximum amount of consideration received that the Group might pay.

Subsequently, customer balances represented by discounted bills but not due and receivables transferred in factoring at the date of each statement of financial position, except for "factoring without recourse" transactions (and for which the risks and benefits inherent to these receivables are unequivocally transferred), are recognised in the Group's financial statements up to the time they are received.

Financial asset impairment

From January 2018, the Group started to prospectively assess expected impairment losses, in accordance with IFRS 9. The Group recognises expected impairment losses for debt instruments measured at amortised cost or at fair value through other comprehensive income, as well as for customer accounts receivable and other debts from third parties. The expected impairment loss amount for the aforementioned financial assets is updated on every reporting date in order to reflect the credit risk changes occurred since the initial recognition of the corresponding financial assets.

According to the expected simplified approach, the Group recognises expected impairment losses for the economic life of customer accounts receivable and other debts from third parties ('lifetime'). Expected losses on these financial assets are estimated using an impairment matrix based on the Group's historical experience of impairment losses, affected by specific prospective factors related to the debtors' expected credit risk, by the evolving general economic conditions, and by an evaluation of current and projected circumstances on the financial reporting date. The Group considers 'default' to be 90 days after the due date.

The model used for determining impairments of accounts receivable consists of the following:

- Customer stratification by type of associated domestic (Moulds/Other) and foreign revenue;
- Analysis of the history of uncollectible and default for stated subpopulations;
- Segregation of outstanding balances, considering the existence of credit insurance;
- For balances not covered by credit insurance, determining the historical rate of bad debts considering invoicing for the last three years;

- Adjusting the rates obtained above with a forward looking component based on future projections that reflect the Group's expectations for developments in the market in which the Group's customers operate, namely in the automotive sector or sectors related to it or located upstream it on the value chain;
- Applying the rates obtained to customer outstanding balances on the reporting date.

In addition, the Group maintains and recognises impairments on a case-by-case basis, based on specific balances and specific past events, taking into account the historical information of the counterparties, their risk profile and other observable data in order to assess whether there are objective indicators of impairment for these financial assets.

In certain cases, the Group may also consider that a financial asset is in default when there is internal and external information that indicates that it is unlikely that the Group will receive the full amount it is owed without having to call its guarantees.

For every other situation and nature of balances receivable, the Group applies the general impairment model approach. On every reporting date, it assesses whether there was a significant increase in credit risk from the asset's initial recognition date. If credit risk did not increase, the Group calculates an impairment corresponding to the amount equivalent to expected losses within a 12-month period. If credit risk did increase, the Group calculates an impairment corresponding to the amount equivalent to expected losses for every contractual cash flow up to the asset's maturity. The credit risk is assessed in accordance with the criteria disclosed in the credit risk management policies.

b. **Financial liabilities and equity instruments**

Classification as financial liability or as an equity instrument

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

Equity
The Group considered equity instruments to be those where the transaction's contractual support shows that the Group holds a residual interest in a set of assets after deducting as set of liabilities.

The equity instruments issued by the Group are recognised at the amount received, net of costs directly attributable to their issue.

The repurchase of equity instruments issued by the Group (own shares) is accounted for at its acquisition cost as a deduction from equity. Gains or losses inherent to disposal of own shares are recorded under 'Other reserves'.

Financial liabilities
After initial recognition, every financial liability is subsequently measured at amortised cost or at fair value through income statement.

Financial liabilities are recorded at fair value through profit or loss when:

- the financial liability results from a contingent consideration arising from a business combination;
- when the liability is held for trading; or
- when the liability is designated to be recorded at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it is acquired chiefly for the purpose of short-term disposal; or
- in the initial recognition, it is part of a portfolio of identified financial instruments that the Group jointly manages and which shows an actual recent pattern of obtaining short-term gains; or
- if it is a derivative financial instrument (except if attributed to a hedging transaction).

Financial liabilities recorded at fair value through consolidated income statement are measured at their fair value with the corresponding gains or losses arising from their variation, as recognised in the consolidated income statement, except if assigned to hedging transactions.

Financial liabilities subsequently measured at amortised cost
Financial liabilities not designated for recording at fair value through income statement are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating the corresponding interest during its life.

The effective interest rate is the one that accurately discounts estimated future cash flows (including fees and commissions paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the instrument in its gross carrying amount at the date of its initial recognition.

Types of financial liabilities
Loans in the form of commercial paper issues are classified as non-current liabilities when they are guaranteed to be placed for at least one year, and the Group's Board of Directors intends to use this source of funding also for at least one year.

Following their initial recognition, loans are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recorded in the income statement when liabilities are derecognised and through amortisation resulting from the effective interest method. The amortised cost is calculated taking into account any acquisition discount or premium and the fees and other costs that are an integral part of the effective interest rate. The effect of effective interest is recorded under financial costs in the income statement.

The other financial liabilities basically refer to factoring transactions and lease liabilities, which are initially recorded at their fair value. Following their initial recognition, these financial liabilities are measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

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

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

When the Group and a given creditor exchange a debt instrument for another containing substantially different terms, said exchange is accounted for as an extinction of the original financial liability and the recognition of a new financial liability.
Likewise, the Group accounts for substantial amendments to the terms of an existing liability, or to a part thereof, as an extinction of the original financial liability and the recognition of a new financial liability.

If the modification is not substantial, the difference between: (i) the liability's carrying amount prior to the amendment; and (ii) the present value of future cash flows after the amendment is recognised in the consolidated income statement as an amendment gain or loss.

c. Derivative financial instruments and hedge accounting.

When deemed relevant, the Group uses financial derivative instruments, such as *forward* exchange rate contracts and interest rate *swaps* to hedge its foreign exchange and interest risks, respectively.

Such derivatives are initially recorded at fair value at the date they are contracted and are subsequently measured at fair value. Changes in the fair value of these instruments are recorded in equity under "Hedging reserves" and then recognised in the income account over the same period in which the hedged instrument affects profit or loss.

Derivatives are presented in assets when their fair value is positive and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge, when the purpose is to hedge exposure to changes in the fair value of a registered asset or liability or an unregistered Group commitment.
- Cash flow hedge, when the purpose is to hedge exposure to cash flow variability arising from a specific risk associated with a recorded asset or liability, in whole or in part, or a predicted transaction which is highly likely to occur, or the foreign exchange risk associated with an unregistered Group commitment.

At the beginning of the hedge relationship, the Group formally designates and documents the hedge relationship for which it intends to apply hedge accounting, as well as the management and strategy purpose of that hedge.

These documents include the identification of the hedging instrument, the hedged item or transaction, the nature of the risk to be hedged, and how the Group assesses whether the hedging relationship complies with the hedge accounting requirements (including an analysis of the sources of hedging ineffectiveness and how it determines the hedge rate). The hedging relationship is eligible for hedge accounting if it meets all of the following hedge effectiveness requirements:

(i) There is an economic relationship between the hedged item and the hedging instrument;
(ii) The credit risk effect does not dominate the changes in value that result from this economic relationship; and
(iii) The hedge ratio of the hedging relationship is the same as that resulting from the portion of the hedged item that an entity is actually hedging and the portion of the hedging instrument that the entity actually uses to hedge that portion of the hedged item.

Hedge relationships that meet the eligibility criteria above are accounted for as follows:

Fair value hedge

The change in the fair value of the hedging instrument is recorded in the income statement. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recorded in the income statement.

To hedge the fair value of items measured at amortised cost, any adjustment to the book value is amortised in the income statement over the remaining hedging period using the effective interest method. Amortisation using the effective interest method starts when there is an adjustment and never later from the moment when the hedged item ceases to be adjusted by changes in fair value attributable to the risk that is being hedged.

If the hedged item is derecognised, the fair value to be amortised is immediately recorded in the income statement.

When an unrecorded commitment is designated as a hedged item, subsequent accumulated changes in the fair value of the Group's commitment attributable to the hedged risk are recognised as an asset or liability and the corresponding gain or loss is recorded in the income statement.

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised as Other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognised immediately in the income statement. The cash flow hedge reserve is adjusted to the lower of the values between the accumulated gain or loss on the hedging instrument and the accumulated change in the fair value of the hedged item.

The Group uses forward exchange contracts to hedge exposure to foreign exchange risk in expected transactions and commitments undertaken. The ineffective portion related to exchange contracts is recognised in the income statement.

The Group designates only the sight element of *forward* contracts as a hedging instrument. The *forward* element is recognised under other comprehensive income and accumulated in a separate equity component.

Cumulative amounts under other comprehensive income are accounted for based on the nature of the corresponding hedging relationship. If the hedging relationship subsequently results in the registration of a non-financial item, the cumulative amount is removed from the separate equity component and included in the initial cost or book value of the hedged asset or liability. This is not a reclassification adjustment and should not be recorded under other comprehensive income for the period. This also applies when an expected transaction covered by a non-financial asset or a non-financial liability becomes a Group commitment subject to hedge accounting.

For all other cash flow hedges, the cumulative amount under other comprehensive income is reclassified to the income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the income statement.

If the cash flow hedge accounting is interrupted, the cumulative amount under other comprehensive income shall remain if hedged future cash flows are still expected to occur. Otherwise, the cumulative amount is immediately reclassified to the income account as a reclassification adjustment. After the interruption, as soon as the hedged cash flows occur, any cumulative amounts remaining under other comprehensive income should be accounted for in accordance with the nature of the underlying transaction as described above.

During the 2019 and 2018 periods, no derivative financial instruments were contracted to hedge interest rate or exchange rate risks.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the corresponding net amount is shown under the consolidated statement of financial position if there is a present right of mandatory fulfilment to offset the recognised amounts and with the intention of either settling on a net basis or realising the asset and simultaneously settling the liability.

2.13. Cash and cash equivalents

The amounts included under the line item 'Cash and cash equivalents' correspond to cash amounts, bank deposits, term deposits, and other treasury applications, maturing in less than three months, and are subject to insignificant risk of change in value.

In terms of statement of cash-flows, the line item 'Cash and cash equivalents' also comprises bank overdrafts included under the current liability line item 'Bank loans.'

2.14. Statement of cash flows

The statement of cash-flows is prepared according to IAS 7, using the direct method.

The statement of cash flows is categorised under operating (which include receipts from customers, payments to suppliers, payments to personnel and others related to operating activities), financing (which include payments and receipts related to borrowings, lease liabilities and dividend payments) and investment activities (which include acquisitions and disposals of investments in subsidiaries and receipts and payments arising from the purchase and sale of property, plant and equipment).

2.15. Contingent assets and liabilities

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

Contingent assets are not recognised in the Group's financial statements, being disclosed only when a future economic benefit is likely to occur.

Contingent liabilities are defined by the Group as: (i) possible obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not under full control of the Group, or (ii) present obligations arising from past events but that are not recognised because it is unlikely that a cash flow affecting economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Group's financial statements and are actually disclosed unless the possibility of a cash outflow affecting future economic benefits is remote, in which case they are not disclosed at all.

2.16. Income tax

Income tax for the period is calculated based on the taxable results of the companies included in the consolidation and considers deferred taxation.

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

Most of the subsidiaries included in the Ramada Group's scope of consolidation using the full consolidation method, and which are based in Portugal, are taxed under the special regime taxation scheme for groups of companies, pursuant to art. 69 of the Portuguese Corporate Income Tax Code. ("Código do Imposto sobre o Rendimento de Pessoas Coletivas").

The amount of income (current and deferred) taxes recognised in the consolidated financial statements reflects the Group's understanding of the appropriate tax treatment applied to specific transactions, according to which liabilities related to income taxes or other taxes are recognised, thus reflecting the Group's interpretation of the applicable tax scheme. In cases where such interpretations are questioned by the Tax Authorities, within the scope of their powers, because their interpretation is different from that of the Group, the interpretation in question is re-examined.

If the loss of a possible (or actual) litigation is not likely to occur, the Group treats the situation as a contingent liability, not recognising any tax amount. In cases where such a loss is likely to occur, a provision is recognised or, if a payment has been made, the associated cost is recognised.

In cases where there were payments relating to income tax under special tax debt settlement schemes, and the Group's defence remains open and a loss is not likely to occur, such payments are recognised as an asset, as they correspond to amounts that are expected to be repaid to the Group or that may be used to pay the amount of tax determined as owed.

The Group's Board of Directors considers that any corrections resulting from reviews/inspections by the tax authorities to those tax returns will not have a material effect on the financial statements as of 31 December 2019 and 2018.

Deferred taxes are calculated using the financial position statement liability method and reflect the temporary differences between the amount of assets and liabilities for accounting reporting purposes and the respective amounts for tax purposes. Deferred tax assets and liabilities are calculated and annually assessed using the tax rates in force or substantially in force at the expected date of reversal of temporary differences.

The measurement of deferred tax assets and liabilities:

- Is conducted in accordance with the expected rates to be applied in the period the asset is realised or the liability settled, based on the tax rates approved on the date of the statement of financial position; and

- It reflects the tax consequences arising from the way the Group expects, on the date of the statement of financial position, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised only when there are reasonable expectations of sufficient future tax profits for their use, or in situations where there are taxable temporary differences that offset the temporary differences deductible in the period of their reversal. At the end of each period, a review is made of these deferred taxes, which are reduced whenever their future use is no longer likely.

Deferred taxes are not recognised in respect to temporary differences associated with investments in associated companies, since the following conditions are simultaneously considered to be met:
- The Group is able to control the timing of the temporary difference reversal; and
- It is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred taxes are recorded as expenses or income for the period, except if they result from amounts recorded directly in equity, in which case the deferred tax is also recorded under the same line item.

2.17. Revenue from contracts with customers

Revenue in the 2018 period started being measured in accordance with the retribution specified in the agreements established with customers. IFRS 15 establishes that an entity should recognise revenue to reflect the transfer of goods and services contracted by customers, in the amount that corresponds to the payment the entity expects to be entitled to receive as consideration for the delivery of those goods or services.

Within the scope of the typification of the Group's revenue channels and the consequent identification of performance obligations, the sale of steel and similar products was identified as a performance obligation that results in the supply of goods ordered by customers. Therefore, the Group recognises revenue from contracts with customers when it transfers control over a certain good or service to the customer. Transfer of control occurs to the same extent the associated risks are transferred, according to the set contractual conditions. Transfer of control of goods occurs when they are delivered at the customer's premises.

Considering the performance obligation that was identified, the Group, insofar as it has the capacity to direct the use of the asset and substantially obtain all the economic benefits associated with it, effectively controls the asset/service until the date of the transfer, which is why it acts as principal.

Sale of steel and similar products

The Group recognises revenue in accordance with IFRS 15, based on the following 5-step model:
1. contract identification with a client;
2. performance obligation identification;
3. pricing of the transaction;
4. allocation of the transaction price to performance obligation; and
5. recognition of revenue when or as the entity meets a performance obligation.

Quantity discounts

The Group occasionally offers retrospective volume discounts to certain customers when a certain volume of purchases in a certain period of time exceeds a certain limit provided for in the contract. Discounts are recorded as credit in the customer's receivables. In order to estimate the variable remuneration associated with the expected amount of quantity discounts granted, the Group uses historical data relating to each customer.

(ii) Significant financial component

Using the practical procedures provided for in IFRS 15, the Group does not adjust the remuneration amount to the financial effect when it has the initial expectation that the period between the transfer of the good or service to the customer and the moment when the customer pays for that good or service is less than one year.

The same happens when the Group receives short-term advances from customers - in this case, the amount of the remuneration is also not adjusted to the financial effect.

In cases where the Group receives long-term advances from its customers, the transaction price of those contracts is discounted using a rate that reflects what would happen in the autonomous financing transaction between the Group and its customers at the beginning of the contract, in order to take into account the significant financial component.

Trade receivables
A receivable represents the Group's unconditional right (i.e., it depends only on the passing of time until the remuneration falls due) to receive the remuneration.

Assets associated with contracts with customers

A customer agreement asset is a right to receive a remuneration in exchange for goods or services transferred to the customer. If the Group delivers the goods or provides the services to a customer before the customer pays the remuneration or prior to the remuneration falling due, the contractual asset corresponds to the conditional remuneration amount.

Liabilities associated with contracts with customers

A contract liability is the obligation to transfer goods or services for which the Group has received (or is entitled to receive) a consideration from a customer. If the customer pays the consideration before the Group transfers the goods or services, a contractual liability is recorded when the payment is made or when it falls due (whichever happens first). Contract liabilities are recognised as revenue when the Group fulfils its contractual performance obligations.

Within the scope of IFRS 15, the item trade receivables is included in the Statement of Financial Position, and there are no assets or liabilities related to contracts with customers other than this item.

2.18. Accrual accounting basis

The remaining income and expenses are recorded on an accrual basis, whereby they are recognised as they are generated regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenses generated are recorded under the line items 'Other current assets', 'Other current liabilities', 'Other non-current assets', and 'Other non-current liabilities.'.

2.19. Investment properties

Investment properties, corresponding to assets held for the purpose of obtaining rents or capital appreciation, are measured at cost, including transaction costs.

The investment properties held by the Group are held for the purpose of obtaining rents, and are not held for administrative purposes or for sale in the course of the Group's current activity.

The leased properties are located on rustic land, most of them away from population centres, and are used for planting eucalyptus (forestry). There is no active market for the purchase and sale of land (comparable market transactions) or for the lease of land that allows these transactions to be reliably estimated.

Therefore, given the characteristics of the lands, the Board of Directors understood that it is not possible to reliably determine their fair value, which is why it is not disclosed and why investment properties continue to be recorded at the cost of acquisition.

However, the Board of Directors believes that, given the annual rents that are being charged, the aforementioned lands do not show signs of impairment.

2.20. Assets held for sale and discontinued operations

This category includes assets or groups of assets whose corresponding value is realisable via a sales transaction or, jointly, as a group in a single transaction, and liabilities directly associated with these assets that are transferred in the same transaction. Assets and liabilities in this situation are measured at either the corresponding book value or the fair value net of selling costs, whichever is lower.

In order for this situation to occur, the sale needs to be highly likely (expected to be completed within 12 months), and the asset needs to be available for immediate sale under current conditions; moreover, the Group needs to have committed to said sale.

Amortization of assets under these conditions ceases from the moment when they are categorised as held for sale and are shown as current in appropriate lines for assets, liabilities and equity. A discontinued operating facility is a component (operating facilities and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, of the rest of the entity) of an entity that either was disposed of or is categorised as held for sale, and:

(i) represents a major business line or separate geographical area of operations;

(ii) it is an integral part of a single coordinated plan for disposing of a major business line or separate geographical area of operations; or

(iii) it is a subsidiary acquired solely for resale purposes.

The results of discontinued operating facilities are given as a single amount in the income statement, comprising gains or losses after taxes of the discontinued operating facilities, plus gains or losses after taxes recognised in the fair-value measurement net of selling costs or in the disposal of assets or of one or more group for disposal that constitute the discontinued operating facility.

Balances and transactions between continued operations and discontinued operations are eliminated to the extent they represent the operations no longer to be carried out by the Group.

There are no assets under these conditions as at 31 December 2019 and 2018.

2.21. Balances and transactions expressed in foreign currency

All assets and liabilities expressed in foreign currency were converted to Euros using official currency exchange rates in force on the date of the statement of financial position.

Favourable and unfavourable currency exchange differences originated by the differences between currency exchange rates applicable on the transaction date and those applicable on the collection date, payments or on the date of the statement of financial position, of those same transactions, are recorded as income and expenses in the consolidated income statement for the period, except those regarding non-monetary amounts whose change in fair value is recorded directly in equity.

2.22. Subsequent events

The events occurring after the date of the statement of financial position providing additional evidence or information regarding conditions that existed on the date of the statement of financial position (adjusting events) are reflected in the Group's financial statement. Events after the date of the statement of financial position that are indicative of the conditions that arose after the date of the statement of financial position (non-adjusting events), when material, are disclosed in the Notes to the financial statements.

2.23. Information by segments

Every period identifies reportable segments applicable and most appropriate to the Group, considering the business carried on. Operating segment is a group of assets and operations of the Group whose financial information is used in the decision-making process developed by Group management.

Operating segments are shown in these Financial statements as they are shown internally in examining the evolution of the Group's business.

The report's accounting policies by segments are those consistently used within the Group. Intersegmental sales and service provisions are all shown at market prices, and all these are eliminated on the consolidation process.

Information on the identified segments is disclosed in Note 37.

2.24. Employee Benefits

Retirement pension plan

The subsidiary Socitrel has undertaken to provide its employees with cash benefits as supplements to old-age or disability pensions. These liabilities are covered by the corresponding autonomous pension funds, whose annual charges, determined according to actuarial calculations, are recorded as costs or income for the year, in accordance with IAS 19 - 'Employee benefits'.

Defined benefit plans

The liability recognised in the balance sheet for a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date. The defined benefit plan obligation is calculated annually by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting future cash outflows, using the interest rate on high-quality bonds denominated in the same currency in which the benefits will be paid and with maturities close to those of the liability that is assumed.

However, historically, in the case of the subsidiary Socitrel, the assets of autonomous pension funds exceed the liabilities for past services. Therefore, the Ramada Group records an asset in its financial statements considering that the differential corresponds to lower funding requirements for pension funds in the future.

All actuarial gains and losses resulting from adjustments based on experience and changes in actuarial assumptions are recognised directly in equity and presented in other comprehensive income in the year in which they occur; they are not subsequently reclassified in the income.

Net financial costs and income from plan assets are recognised in profit or loss.

Financial costs are calculated by applying the discount rate to the defined benefit liability or asset. The Group recognises current and past service costs, gains and losses on cuts and/or settlements, as well as net financial costs under 'Payroll Expenses'.

Past service costs are immediately recognised in the income statement, unless changes in the pension plan are conditioned by the employees remaining in service for a certain period of time (the period that qualifies for the benefit). In this case, past service costs are amortised on a straight-line basis over the period in question.

Gains and losses generated by a cut or settlement of a defined benefit pension plan are recognised in the income statement for the year in which the cut or settlement occurs. A cut occurs when there is a material reduction in the number of employees or there are changes in the plan that reduce the defined benefits, with a material effect, thus resulting in a reduction in the liabilities associated with the plan.

Defined contribution plans

Defined contribution plans are pension plans for which defined contributions are made to independent entities (funds) and regarding which there is no legal or constructive obligation to pay any additional contribution at the time when employees enjoy these benefits.

Contributions consist of a percentage of the remuneration earned by the employees included in the plan, which is defined in the plan's Regulation and which varies only according to the seniority and position of its beneficiaries. Contributions to defined contribution plans are recorded as a cost in the period in which they are due.

3. JUDGEMENTS AND ESTIMATES

In preparing the consolidated financial statements, in accordance with the accounting standards in force (Note 2.1), the Group's Board of Directors adopted certain assumptions and estimates affecting assets and liabilities, as well as income and expenses incurred in relation to the reported periods. All of the estimates and assumptions by the Board of Directors were carried out based on their existing best knowledge, on the date of approval of financial statements, events, and ongoing transactions.

The main value judgements and most significant estimates conducted and used in preparing consolidated financial statements include:

a) Determining impairment losses in receivables
Impairment losses in receivables are determined as shown under Note 2.12. This way, determining impairment through individual analysis amounts to the Group's judgement regarding the economic and financial situation of its customers and to its estimate on the value attributed to any existing guarantees, with the subsequent impact on expected future cash flows. On the other hand, expected impairment losses in credit granted are determined considering a set of historical information and assumptions, which might not be representative of the future uncollectability from the Group's debtors.

Estimates were determined based on the best available information on the date when consolidated financial statements are prepared and on the basis of the best knowledge and on experience with past and/or current events. However, there are situations that could occur in subsequent periods which, while not foreseeable on that date, were not considered in those estimates. Changes to those estimates, which occur subsequent to the date of the consolidated financial statements, will be corrected in the income statement on a prospective basis, as provided for under IAS 8 – Accounting Policies, Changes to Accounting Estimates and Errors.

4. FINANCIAL RISK MANAGEMENT

The Ramada Group is basically exposed to: (i) market risk; (ii) liquidity risk; (iii) credit risk; and (iv) capital risk. The main objective of the Board of Directors in terms of risk management consists of reducing these risks to a level deemed acceptable for carrying on the Group's business. The risk management policy's guiding principles are outlined by Ramada's Board of Directors, which determines acceptable risk limits. The operational implementation of the risk management policy is carried out by the Management and by the Department at each investee company.

i. Market Risk

Interest rate risk and the risk of variability in commodity prices are particularly important in the market risk management context.

When it deems necessary, the Group uses derivative instruments in managing the market risks to which it is exposed as a way of guaranteeing their hedging. Derivative instruments are not used for trading or speculation purposes.

a) Interest Rate Risk

Interest rate risk is mainly the result of the Group's indebtedness being indexed to variable rates (mostly indexed to Euribor), which may expose the cost of debt to a volatility risk.

The Ramada Group's Board of Directors approves the terms and conditions of financing deemed material for the Group. As such, it examines the debt structure, the inherent risks and the different options available on the market, namely regarding the type of interest rate (fixed/variable).

The sensitivity analysis below was calculated based on the exposure to the interest rate in force on the date of the statement of financial position. The basic assumption for this analysis was that the financing structure (remunerated assets and liabilities) remained stable throughout the year and was similar to that shown on 31 December 2019 and 2018.

Therefore, in the years ended 31 December 2019 and 2018, the Group's sensitivity to changes in the interest rate index by an increase/decrease of 100 basis points, measured as the variation in financial results, can be analysed as follows:

(amounts expressed in Euros)

	31.12.2019	31.12.2018
Interest expenses (Note 34)	1,126,292	1,507,689
Positive change of 100 basis points in the interest rate applied to the entire debt	284,000	186,000
Negative change of 100 basis points in the interest rate applied to the entire debt	284,000	186,000

b) Commodity price variability *risk*

Because it carries out its activity in a sector where commodities (steel) are traded, the Group is particularly exposed to price variations, with the corresponding impact on results. Accordingly, where necessary to mitigate the volatility of its results, the Group may seek to hedge its exposure to price variability by contracting derivative financial instruments.

On the other hand, although the Group is indeed exposed to this risk in the context of the acquisition of raw materials, such impact is reflected in the final price charged to customers, which is why a sensitivity analysis would not be relevant in this case.

ii. Credit Risk

The Group's exposure to credit risk is mostly associated with accounts receivable arising from its commercial activity. Credit risk refers to the risk of a counterparty defaulting on its contractual obligations, resulting in a loss for the Group.

The credit risk assessment is carried out on a regular basis, taking into account the economic conditions at any given time and the specific credit position of each of the customers, adopting corrective procedures where appropriate.

The Group has no significant credit risk concentrated on any particular customer or group of customers or with similar characteristics, as accounts receivable are divided between a large number of customers, different business areas and geographical areas.

Given the amount of credit granted to customers, the Ramada Group seeks to efficiently manage its volume, establishing a set of rules that allow, on the one hand, to minimise the risk of impairment and, on the other, to maintain a healthy and active customer base to guarantee the present and future sales flow.

Credit risk is limited by managing risk combination and carefully selecting counterparties, as well as by taking out credit insurance with specialised institutions and which cover a significant part of the credit granted as a result of the business carried on by the Group. The definition and approval of plafond per customer takes into account the existing credit insurance.

When credit insurance is insufficient to meet the customer's credit needs, there is an analysis focused on payment history (in the case of existing customers) and financial indicators (new and existing customers). Both the plafond and the internal rating assigned to the customer are fine-tuned in the course of the commercial relationship.

iii. Liquidity Risk

The main objective of the liquidity risk management policy is to ensure that the Group has, at all times, the necessary financial resources to meet its responsibilities and to pursue the strategies outlined in compliance with all its commitments to third parties, as they become due, by adequately managing the maturity of the corresponding loans.

The Group defines as an active liquidity risk management policy: (i) maintaining a high level of free and readily available resources to cover current payments and their maturity, (ii) limiting the probability of default in the repayment of all its investments and loans, negotiating the range of contractual clauses, and (iii) minimising the opportunity cost of holding excess liquidity in the short term. The Group also seeks to make the due dates of assets and liabilities compatible, through a streamlined management of their maturities. As at 31 December 2019 and 2018, the financial assets held by the Group are mainly accounts receivable from customers and cash and bank deposits, namely deposits available on demand. In addition, the Group has unused credit lines as disclosed in Note 23.

The Group keeps a liquidity reserve in the form of credit lines with the banks it deals with, in order to ensure the capacity to meet its commitments, without having to refinance itself under unfavourable conditions. As at 31 December 2019, the amount of consolidated loans maturing in 2020 is EUR 32.7 million, and at 31 December 2019 the Group had consolidated credit lines available in the amount of EUR 48 million.

In view of the above, the Group expects to meet all its treasury needs by using the flows from operating activity and investments, as well as, if necessary, by using the available credit lines.

iv. Capital risk

The Ramada Group's capital structure, determined by the proportion between equity and net debt, is managed so as to make sure its operating activities continues and it carries on its business, while maximising shareholder return and optimising financing expenses.

The Group periodically monitors its capital structure, by identifying risks, opportunities and measured adjustment needs aimed at achieving the aforementioned goals.

As at 31 December 2019 and 2018, the Ramada Group has a very conservative total equity/net debt ratio.

(net debt is the algebraic sum of the following items in the consolidated statement of financial position: other loans; bank loans; lease liability and (-) Cash and cash equivalents).

5. CHANGES IN ACCOUNTING POLICIES AND ERROR CORRECTION

Regarding new standards, interpretations, amendments and revisions to IFRS, see Note 2.1.

During the period, there were no voluntary changes in accounting policies. Likewise, no material errors were recognised in relation to previous periods.

6. SUBSIDIARIES INCLUDED IN THE CONSOLIDATION, INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

6.1.1. Subsidiaries included in the consolidation

The companies included in the consolidation using the full consolidation method, respective offices, proportion of capital held and main activity as at 31 December 2019 and 2018 are detailed as follows:

(amounts expressed in Euros)

Company	Registered office	Effective held percentage 31.12.2019	Effective held percentage 31.12.2018	Main activity
Parent company:				
Ramada Investimentos e Indústria S.A.	Porto	-	-	Management consulting services and shareholding management
Ramada Group				
Ramada Aços, S.A.	Ovar	100%	100%	Steel trade
Planfuro Global, S.A.	Leiria	100%	100%	Metal mould manufacturing
Universal Afir, S.A.	Ovar	100%	100%	Steel trade
F. Ramada II, Imobiliária, S.A.	Ovar	100%	100%	Real estate
Socitrel - Sociedade Industrial de Trefilaria, S.A.	Trofa	100%	100%	Steel wire manufacturing and trade
Socitrel España, S.A.	Spain	100%	100%	Steel wire manufacturing and trade
Expeliarmus - Consultoria, S.A.	Portugal	100%	100%	Shareholding management
Ramada Storax, S.A. (1)	Ovar	-	-	Storage system manufacturing and trade
Storax, S.A. (1)	France	-	-	Storage system trade
Storax, Ltd. (1)	United Kingdom	-	-	Storage system trade
Storax Benelux, S.A. (1)	Belgium	-	-	Storage system trade
Storax España S.L. (1)	Spain	-	-	Storage system trade

(1) Subsidiaries sold in 2018 (Note 6.2)

These subsidiary companies were included in the Ramada Group's consolidated financial statements using the full consolidation method, as disclosed in in Note 2.2.

6.2. Changes in the consolidation perimeter

On 20 March, 2018, the Ramada Group reached an agreement with the Averys Group to sell the entire share capital of its wholly-owned subsidiary, Ramada Storax, S.A. ('Storax').

The completion of this transaction was subject to prior notification to the Competition Authority, as provided for in the legal scheme for competition and, for this reason, subject to that entity's decision not to oppose the operation. On 4 May, 2018, the Competition Authority announced its decision not to oppose said transaction.

Storax is a company that, together with its four wholly-owned subsidiaries - Storax, SARL (France), Storax Limited (UK), Storax Benelux (Belgium), and Storax España - works in the storage solution area.

The impacts of this operation with reference to 31 March, 2018 are detailed as follows:

(amounts expressed in Euros)

Net assets	
Plant, property and equipment	1,109,244
Intangible assets	99,314
Deferred tax assets	1,207,851
Inventories	12,195,290
Trade receivables	24,885,767
Cash and cash equivalents	8,072,458
Provisions	(2,256,438)
Deferred tax liabilities	(3,232)
Other net liabilities	(26,996,808)
Total net assets	18,313,446
Foreign currency translation reserves	998,289
Accounts receivable and payable from continuing units and other liabilities	1,150,404
	20,462,139
Amount received	81,000,000
Transaction expenses	(1,500,000)
Operation gains	59,037,861

Profit/(loss) after income tax for discontinued operations	
Operation gains	59,037,861
Income from discontinued units on the date of divestment (i)	1,175,880
	60,213,741

Income after tax from discontinued operations until the date of disposal is detailed as follows:

Income statement	
Sales and services rendered	18,061,693
Other income	31,597
Cost of sales and variation in production	(9,657,663)
Supplies and external services	(4,068,030)
Payroll expenses	(2,573,452)
Amortisation and depreciation	(123,175)
Provisions and impairment losses	(42,950)
Other expenses	(61,274)
Gains/Losses from subsidiaries	-
Financial expenses	(5,574)
Financial income	6,668
Income before tax	1,567,840
Income tax for the period	(391,960)
Income after tax	1,175,880

(amounts expressed in Euros)

The impact of discontinued operations in the consolidated statement of cash flows is detailed as follows:

Cash flow statement	
Operating cash flows	1,989,090
Investment cash flows	(312,539)
Financing cash flows	-

We should note that, before the Storax Group was sold, this group paid out dividends relating to reserves accumulated in periods prior to the Ramada Group in the amount of, approximately, EUR 4,000,000.

6.3. Investments in associated companies

As at 31 December, 2019, the item 'Investments in associated companies' can be detailed as follows:

		31 December 2019				
Company	% Held	Opening balance	Transfers	Additions	Reductions	Closing balance
Fisio Share – Gestão de Clínicas, S.A	39.71%	-	-	4,500,000	-	4,500,000
		-	-	4,500,000	-	4,500,000

As at 31 December, 2019, the increase refers to the Group's participation in the incorporation of the company Fisio Share - Gestão de Clínicas, S.A.. This investee is engaged in the provision of technical and consultancy services in the areas of health management and administration; it was incorporated in the last quarter of 2019.

7. *Other investments*

As at 31 December 2019 and 2018, the value of 'Other investments' and the corresponding impairment losses is detailed as follows:

	31.12.2019	31.12.2018
Gross value		
Opening balance	4,445,498	3,809,941
Additions	-	635,557
Closing Balance	4,445,498	4,445,498
Accumulated impairment losses (Note 27)		
Opening balance	(4,445,498)	(3,809,941)
Additions	-	(635,557)
Closing Balance	(4,445,498)	(4,445,498)
Net value	-	-

As at 31 December 2019 and 2018, the Group held 22.52% of the company CEV, S.A. This subsidiary is engaged in the development and intellectual protection, production and trade of organic fungicides for agriculture. This investee is not listed and the Group does not have significant influence over this holding, considering, in particular, that:

- It is not represented in the subsidiary's Executive Board;
- It has no power to participate in the definition of operational and financial policies;
- It has no material transactions with the Subsidiary;
- It does not provide technical information to the Subsidiary.

(amounts expressed in Euros)

In view of the above, the Group believes that, having no influence on the company's governance bodies, it should consider this holding as another investment and not as an associate.

The assessment of whether or not there are signs of impairment on investments in other investments takes into account, among others, the financial indicators of the Companies in question, their operating results and their profitability for the shareholder, namely considering their ability to distribute dividends.

7.1. Payments and receipts related to investments

As at 31 December 2019 and 2018, payments related to investments are detailed as follows:

	31.12.2019	31.12.2018
Acquisition of subsidiaries	-	3,000
Other investments	-	635,557
	-	638,557

8. *Goodwill*

In 2019, in order to assess whether or not there was Goodwill impairment resulting from the acquisition of Planfuro Global, S.A. in 2006, in the amount of EUR 1,245,520, the Group carried out an evaluation of this subsidiary. The evaluation was carried out based on the historical performance of the subsidiary and on an estimate of discounted cash flows based on a five-year business plan (using the discounted cash flow method).

This analysis included a comparison of the evaluation with the corresponding contribution to the consolidated statement of income (including goodwill), and the Group concluded that there is no Goodwill impairment.

During the periods ended on 31 December 2019 and 2018, no impairment losses relating to Goodwill were recorded.

9. *CLASSES OF FINANCIAL INSTRUMENTS*

Financial instruments are classified as follows, in accordance with the policies disclosed in Note 2.12:

9.1. Financial assets

(amounts expressed in Euros)

31 December 2019	Financial assets recorded at amortised cost	**Total**
Non-current assets		
Other financial assets	15,563	15,563
	15,563	15,563
Current assets		
Trade receivables	38,573,010	38,573,010
Other debts from third parties	846,633	846,633
Other current assets	15,369	15,369
Cash and cash equivalents	53,640,754	53,640,754
	93,075,766	93,075,766
	93,091,329	93,091,329

31 December 2018	Financial assets recorded at amortised cost	**Total**
Non-current assets		
Other financial assets	6,802	6,802
	6,802	6,802
Current assets		
Trade receivables	36,253,156	36,253,156
Other debts from third parties	1,435,340	1,435,340
Other current assets	73,682	73,682
Cash and cash equivalents	74,979,271	74,979,271
	112,741,449	112,741,449
	112,748,251	112,748,251

(amounts expressed in Euros)

9.2. Financial liabilities

31 December 2019	Financial liabilities recorded at amortised cost	Total
Non-current liabilities		
Bank loans	49,487,401	49,487,401
Other loans	2,330,007	2,330,007
Lease Liabilities	210,189	210,189
	52,027,597	52,027,597
Current liabilities		
Bank loans	4,000,000	4,000,000
Other loans	28,674,994	28,674,994
Lease Liabilities	363,944	363,944
Trade payables	15,993,278	15,993,278
Other debts to third parties	1,139,742	1,139,742
Other current liabilities	4,666,379	4,666,379
	54,838,337	54,838,337
	106,865,934	106,865,934

31 December 2018	Financial liabilities recorded at amortised cost	Total
Non-current liabilities		
Bank loans	53,487,401	53,487,401
Other loans	5,993,275	5,993,275
	53,487,401	59,480,676
Current liabilities		
Bank loans	8,340,737	8,340,737
Other loans	28,532,713	28,532,713
Trade payables	16,317,725	16,317,725
Other debts to third parties	2,166,097	2,166,097
Other current liabilities	5,775,915	5,775,915
	61,133,187	61,133,187
	114,620,588	120,613,863

The value of financial liabilities recorded at amortised cost is close to their fair value.

10. INVESTMENT PROPERTIES

The movements occurred in this item in the periods ended 31 December 2019 and 2018 are detailed as follows:

(amounts expressed in Euros)

	31.12.2019	31.12.2018
Gross opening balance	88,035,676	86,021,939
Acquisitions	2,074,870	2,020,943
Disposals	(323,706)	(7,206)
Gross closing balance	89,786,840	88,035,676
Impairment Losses (Note 27)	(1,100,000)	(1,100,000)
Closing balance	88,686,840	86,935,676

The lands are leased and, during the year ended 31 December, 2019, generated income from rents in the amount of approximately EUR 6,605,000 (approximately EUR 6,406,000 in 2018).

Most of the investment properties held by the Ramada Group are lands leased to a related party (Note 35) under lease agreements signed in 2007 and 2008 with an average duration of twenty years (with the possibility of being extended for an additional period of four to six years, depending on the agreements, if the lessee needs this period to achieve the number of cuts expected to be made under usual conditions); the valuation method used in this case is the cost method.

Minimum future collections related to leases of forest land amount to approximately EUR 6.7 million in each of the next five years. After that period and until the end of the agreements, minimum future collections will total approximately EUR 27 million. The lease instalments established in the lease agreements are updated every two years, starting from the beginning of the calendar year immediately following the one in which the corresponding agreement was signed, based on the consumer price index.

Some of these lands, in the approximate amount of EUR 74 million, are pledged as collateral for the Group's bank loans (Note 23).

11. PROPERTY, PLANT AND EQUIPMENT

During the periods ended 31 December 2019 and 2018, the movement occurred in the value of property, plant and equipment, as well as in the corresponding amortization and accumulated impairment losses, was as follows:

	Asset gross value								
	Land and natural resources	Buildings and other edifications	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets	Property, plant and equipment in progress	**Totals**
Opening balance	5,837,756	19,645,166	43,097,809	4,526,712	1,503,605	4,922,916	-	913,957	80,447,922
Additions	-	254,296	1,292,189	293,716	34,428	37,868	265,449	862,767	3,040,714
Disposals	-	-	-	(492,379)	(9,147)	(3,388)	-	-	(504,914)
Transfers and Write-offs	-	186,599	727,291	(448,384)	15,879	-	-	(1,195,218)	(713,833)
Closing balance	5,837,756	20,086,062	45,117,289	3,879,666	1,544,765	4,957,396	265,449	581,506	82,269,889

	Accumulated depreciation and impairment losses								
	Land and natural resources	Buildings and other edifications	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets	Property, plant and equipment in progress	**Totals**
Opening balance	-	15,378,796	34,861,724	3,594,892	1,339,500	4,790,738	-	-	59,965,650
Changes in perimeter	-	-	-	-	-	-	-	-	-
Additions	-	371,916	2,335,441	229,730	67,787	80,160	4,424	-	3,089,458
Disposals	-	-	(39,939)	(465,776)	(9,147)	(3,388)	-	-	(518,250)
Transfers and Write-offs	-	-	-	(245,865)	-	-	-	-	(245,865)
Closing balance	-	15,750,712	37,157,226	3,112,981	1,398,140	4,867,509	4,424	-	62,290,992
	5,837,756	4,335,350	7,960,063	766,685	146,625	89,887	261,025	581,506	19,978,897

(amounts expressed in Euros)

2018

Asset gross value

	Land and natural resources	Buildings and other edifications	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets	Property, plant and equipment in progress	**Totals**
Opening balance	5,837,756	19,105,796	50,072,803	4,713,468	1,885,278	5,703,889	11,544	1,146,257	88,476,792
Changes in perimeter	-	(113,940)	(8,564,240)	(388,863)	(488,940)	(876,442)	(11,544)	(212,270)	(10,656,239)
Additions	-	265,615	2,478,629	226,988	86,799	179,377	-	741,552	3,978,960
Disposals	-	-	(1,323,141)	(27,868)	-	(541)	-	(41)	(1,351,591)
Transfers and Write-offs	-	387,695	433,758	2,987	20,468	(83,367)	-	(761,541)	-
Closing balance	5,837,756	19,645,166	43,097,809	4,526,712	1,503,605	4,922,916	-	913,957	80,447,922

Accumulated depreciation and impairment losses

	Land and natural resources	Buildings and other edifications	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets	Property, plant and equipment in progress	**Totals**
Opening balance	-	15,135,747	39,836,138	3,600,171	1,757,094	5,335,954	11,541	-	65,676,645
Changes in perimeter	-	(77,458)	(7,928,717)	(329,830)	(473,999)	(725,449)	(11,541)	-	(9,546,995)
Additions	-	320,507	4,287,312	376,040	59,921	180,774	-	-	5,224,553
Disposals	-	-	(1,323,141)	(26,868)	-	(541)	-	-	(1,350,550)
Transfers and Write-offs	-	-	(9,868)	(24,620)	(3,516)	-	-	-	(38,004)
Closing balance	-	15,378,796	34,861,724	3,594,892	1,339,500	4,790,738	-	-	59,965,650
	5,837,756	4,266,370	8,236,085	931,820	164,105	132,179	-	913,957	20,482,273

The additions for the years ended 31 December 2019 and 2018 refer mainly to the acquisition of manufacturing equipment aimed at expanding and increasing the Group's manufacturing and productive capacity, namely in terms of steel processing.

The line 'Transfers and write-offs' under the item Transport equipment includes, as at 31 December, 2019, the reclassification to the item 'Right-of-use assets' of the net amount of EUR 202,519, which corresponds to the carrying amount of assets under financial lease agreements disclosed on 31 December, 2018.

12. RIGHT-OF-USE ASSETS

During the period ended on 31 December 2019, the movement that occurred in the value of right-of-use assets, as well as the corresponding amortisation, was detailed as follows:

	Asset gross value	
	Vehicles	Total
Opening balance as at 1 January	436,327	436,327
Additions	261,913	261,913
Reclassifications	448,384	448,384
Reductions	-	-
Closing balance	1,146,624	1,146,624

	Accumulated amortisation	
	Vehicles	Total
Opening balance as at 1 January	-	-
Additions	390,171	390,171
Reclassifications	245,865	245,865
Reductions	-	-
Closing balance	636,036	636,036
	510,588	510,588

(amounts expressed in Euros)

The item 'Vehicles' refers to contracts for the lease of vehicles for periods of 4 to 5 years.

As at 31 December, 2019, the item 'Transfers and write-offs' includes the reclassification of the item 'Property, plant and equipment' referring to the carrying amount of assets under financial lease agreements disclosed on 31 December, 2018.

During the period ended 31 December, 2019, the movement that occurred in the value of lease liabilities was detailed as follows:

		31.12.2019
Opening balance as at 1 January		436,327
Financial Leases		265,110
Additions		261,913
Accrued interest		9,760
Payments		(398,977)
Closing balance as at 31 December		574,133
	Current	363,944
	Non-current	210,189

In addition, the following amounts were recognised in 2019 as expenses related to right-of-use assets:

	31.12.2019
Depreciation of right-of-use assets	390,171
Interest expenses related to lease liabilities	9,760
Total amount recognised in the income account	**399,931**

The repayment term of the lease liabilities is as follows:

	31/12/2019					
	2020	2021	2022	2023	>2023	Total (nominal value)
Lease Liabilities	363,944	111,678	66,542	30,308	1,661	574,133
	363,944	111,678	66,542	30,308	1,661	574,133

13. INTANGIBLE ASSETS

During the periods ended 31 December 2019 and 2018, the movements that occurred in the value of intangible assets, as well as the corresponding depreciation and accumulated impairment losses were as follows:

(amounts expressed in Euros)

2019

Asset gross value

	Software	Projects in development	Total
Opening balance	479,159	-	479,159
Consolidation in perimeter	-	-	-
Additions	33,400	-	33,400
Disposals and Write-offs	-	-	-
Closing balance	512,559	-	512,559

Amortisation and accumulated impairment losses

	Software	Projects in development	Total
Opening balance	436,985	-	436,985
Consolidation in perimeter	-	-	-
Additions	37,483	-	37,483
Disposals and Write-offs	-	-	-
Closing balance	474,468	-	474,468
	38,091	-	38,091

2018

Asset gross value

	Software	Projects in development	Total
Opening balance	1,097,895	109,917	1,207,812
Consolidation in perimeter	(666,205)	(109,917)	(776,122)
Additions	47,469	-	47,469
Disposals and Write-offs	-	-	-
Closing balance	479,159	-	479,159

Amortisation and accumulated impairment losses

	Software	Projects in development	Total
Opening balance	1,055,021	36,639	1,091,660
Consolidation in perimeter	(647,716)	(36,639)	(684,355)
Additions	29,680	-	29,680
Disposals and Write-offs	-	-	-
Closing balance	436,985	-	436,985
	42,174	-	42,174

14. OTHER NON-CURRENT ASSETS

The item 'Other non-current assets' corresponds to the supplementary pension scheme - Pension Plans in the subsidiary Socitrel with the following characteristics:

(i) All employees in Socitrel's staff establishment who, at the date of retirement, have at least 10 and 5 years of continuous service are eligible for the retirement (at the age established in the General Social Security Scheme) and disability benefit, respectively;

(ii) Pensionable service time is the number of full years at the Company's service at the date of retirement, up to a maximum of 20 years, and the pensionable salary is the gross monthly base salary;

(amounts expressed in Euros)

(iii) The pension is calculated based on the following formula: P = 1% xNxSP (P = monthly retirement pension, N = pensionable service time, SP = monthly pensionable salary for the Company), where P will be, at most, the difference between the net monthly base salary and the monthly Social Security pension. This pension is paid 14 times a year.

In order to face the responsibilities arising from this defined benefit scheme, Socitrel created the so-called 'Socitrel Pension Fund' in previous years.

As from 1 January, 2018, with the approval of the ASF - Supervisory Authority for Insurance and Pension Funds, Socitrel changed the existing pension system from a defined benefit system to a defined contribution plan. Therefore, the Socitrel Pension Fund has two components:

(i) Defined Benefit Component - Applicable to retired employees and pensioners as at 31 December, 2017, being subject to the same conditions as the Pensions that existed until that date. As at 31 December, 2019, there were 20 participants (24 participants as at 31 December, 2018);

(ii) Defined Contribution Component - Applicable to all permanent employees of Socitrel, including management bodies and other management positions, on 31 December, 2017 and those subsequently admitted and whose main characteristics are:

a. Socitrel's initial contribution corresponds to the amount of liabilities for past services calculated with effect from 31 December, 2017 (EUR 519,984) allocated to each employee according to the actuarial calculation of the Pension Fund Management Company, for which SOCITREL is not responsible;

b. Socitrel's annual contribution shall be made taking into account each employee's base salary and Socitrel's performance;

c. The employee's individual contribution corresponds to the amount that each employee can contribute to the pension plan if he/she chooses to do so.
As at 31 December, 2019, there were 139 participants (156 participants as at 31 December, 2018).

The financing level determined by the entity that manages the 'Socitrel Pension Fund' as at 31 December, 2019 and 2018 is shown below:

	2019	2018
1 - Total liabilities for past services:		
Assets		
Retired employees and pensioners	359,342	355,554
	359,342	**355,554**
2 - Fund Value	1,680,306	1,668,264

Since the value of the Pension Fund is higher than the current value of liabilities for past services, a non-current asset was recorded in the amount of this difference.

The movements that occurred during the years ended 31 December 2019 and 2018 in the difference between the value of the Pension Fund and the current value of Liabilities for Past Services were detailed as follows:

(amounts expressed in Euros)

	31.12.2019	31.12.2018
Excess coverage - Opening balance	1,312,710	1,439,631
Amounts recognised in the income statement:		
Interest income	23,487	52,803
Income gain	86,085	-9,614
	109,572	43,189
Amounts recognised directly as comprehensive income:		
. Actuarial variations	(101,318)	(170,110)
Excess coverage - Closing balance	1,320,964	1,312,710

Regarding the Pension Fund, risks can be divided into financial and actuarial risks, namely:

i) Financial Risks - Financial risks are managed and continuously monitored by the Socitrel Pension Fund Management Company. According to the composition of the Socitrel Pension Fund portfolio, the associated material risks were:

- Market Risk – Shares
- Market Risk – Interest Rate
- Credit Risk
- Real Estate Risk (Indirect)
- Alternative Investment Risk

The material risks that affect the pension fund are managed through derivative products where the Management Company deems it relevant. We should note that market risk is the uncertainty regarding the future profitability of financial instruments or the possibility of losses arising from changes in the market prices of assets, specifically:

- Shares - Losses arising from stock price changes
- Interest Rate - Losses arising from interest rate changes
- Exchange - Losses arising from exchange rate changes
- Credit Risk - Losses resulting from the possibility of the counterparty defaulting in a specific contract.

ii) Actuarial Risks - Actuarial risks consist of pension payment liabilities, presenting several risks that may have a negative impact on the value of the Fund's liabilities: pension growth rate, longer average life expectancy and discount rate.

Liabilities regarding the Socitrel Pension Plan as at 31 December 2019 were determined based on the following assumptions:

(i) 'Projected Unit Credit' calculation method;
(ii) Mortality Tables TV 88/90;
(iii) Discount rate 0.5%;
(iv) Pension growth rate 1.5%.

Liabilities regarding the Socitrel Pension Plan as at 31 December 2018 were determined based on the following assumptions:

(i) Projected Unit Credit' calculation method;
(ii) Mortality Tables TV 88/90;
(iii) Discount rate 1.4%;
(iv) Pension growth rate 1.5%.

According to the company responsible for managing the Socitrel Pension Fund, the calculation of liabilities with pension and benefit supplements and the value of the corresponding assets, in order to determine the discount rate corresponding to the duration of the liabilities, was made using a methodology based on the Market IBoxx Benchmark indices for corporate AA bonds and on the extrapolation of discount rates using the Smith-Wilson method (method recommended by the EIOPA - European Insurance and Occupational Pensions Authority).

(amounts expressed in Euros)

The Ramada Group considered the discount rate to be a relevant assumption, and carried out the following sensitivity analysis:

A decrease in the discount rate used to calculate the current value of liabilities for past services by 0.5 percentage points would generate an increase in the estimate of the current value of liabilities for past services with reference to 31 December, 2019 of approximately EUR 23,600 (EUR 21,100 as at 31 December, 2018).

As at 31 December, 2019, the Socitrel Pension Fund was detailed as follows:

(i) 35.5 % shares;
(ii) 45.8 % fixed-rate bonds;
(iii) 9.5 % variable-rate bonds; and
(iii) 9.2% Liquidity and other assets.

As at 31 December, 2018, the Socitrel Pension Fund was detailed as follows:

(i) 32.6 % shares;
(ii) 45.1 % fixed-rate bonds;
(iii) 9.8 % variable-rate bonds; and
(iv) 12.5% Liquidity and other assets

15. *CURRENT AND DEFERRED TAXES*

According to current legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when there have been tax losses, tax benefits granted, or when audits, complaints or challenges are in progress, in which cases, depending on the circumstances, the deadlines are extended or suspended. Thus, the Group's tax from 2016 to 2019 may still be subject to review.

Ramada heads a group of companies based in Portugal (Ramada Group) that are taxed according to the Special Taxation Scheme for Group Companies ('RETGS').

15.1. Deferred taxes

The movements that occurred in deferred tax assets and liabilities in the periods ended 31 December 2019 and 2018 were detailed as follows:

	2019		2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Balance as at 1 January 2019	3,982,259	928,341	4,552,283	955,993
Consolidation in perimeter	-	-	(1,148,445)	-
Effect on the income statement	(257,529)	(5,515)	578,421	(27,652)
Balance as at 31 December	3,724,730	922,826	3,982,259	928,341

Deferred taxes detailed according to the temporary differences that generated them are as follows:

(amounts expressed in Euros)

	2019		2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Provisions and impairment losses not accepted for tax purposes	1,708,614	-	1,739,768	-
Reportable Tax Losses	982,862	-	960,000	-
Extraordinary Fixed Asset Revaluation	683,245	-	865,280	-
Reinvestment of capital gains	-	-	-	3,999
Depreciation not accepted as tax cost	-	14,542	-	16,058
Tax benefits	201,600	-	268,800	-
Fair value adjustments in business combinations	148,409	908,284	148,411	908,284
	3,724,730	922,826	3,982,259	928,341

The item 'Extraordinary Fixed Asset Revaluation' corresponds to the accounting impact associated with the recognition of deferred tax assets resulting from the adoption of the fixed asset revaluation scheme published by Decree-Law No. 66/2017, of 3 November.

During the year ended 31 December, 2018, deferred tax assets in the amount of EUR 960,000 were recorded in relation to reportable tax losses generated in 2015, which are estimated to be recoverable in the next three years.

As at 31 December, 2019, SOCITREL had reportable tax losses in the amount of approximately EUR 25.1 million, which were generated in 2015 (approximately EUR 24 million), 2016 (approximately EUR 490,000), and 2019 (approximately EUR 600,000) with a reporting period of 12 years for those generated in 2015 and 2016, i.e., until 2027 and 2028, respectively, and 5 years for those generated in 2019, i.e., until 2024. As a result of inspections carried out by the Tax Authority for the years ended on 31 December, 2014 and 2015, the Tax Authority did not consider as deductible cost the amount of approximately EUR 19,410,000 related to charges incurred in the year ended 31 December, 2015, disregarding the debt of Socitrel's previous shareholder within the scope of the agreements included in Socitrel's Special Revitalisation Process. Since it disagrees with the Tax Authority's decision, SOCITREL filed a Judicial Objection, and the legal proceedings are currently underway.

15.2. Current taxes

Income tax recognised in the income statement for the periods ended 31 December 2019 and 2018 is detailed as follows:

	31.12.2019	31.12.2018
Income tax for the period:		
Estimated tax for the period	2,331,756	3,681,350
Tax estimate surplus	(740)	(566,359)
	2,331,016	3,114,991
Deferred tax	252,014	(606,073)
	2,583,030	2,508,918

Income before tax and income for the financial year are reconciled as follows:

(amounts expressed in Euros)

	31.12.2019	31.12.2018
Profit/(loss) before income tax	10,713,276	12,013,077
Tax rate	21%	21%
	2,249,788	2,522,746
Municipal surcharge	132,231	99,915
State surcharge	97,618	109,106
Autonomous taxation	90,212	101,947
Tax estimate surplus	(740)	(566,359)
Tax Benefits	(280,920)	(294,974)
Tax loss used	-	(283,879)
Others	294,841	820,416
Income tax	2,583,030	2,508,918

As at 31 December, 2019, the item Others shows the net impact of the use of the provision and the expense incurred in the settlement of the Corporate Income Tax (IRC) process, the amount of which is approximately EUR 178,000 (Note 27).

16. INVENTORIES

As at 31 December 2019 and 2018, the amount recorded under the line 'Inventories' is detailed as follows:

	31.12.2019	31.12.2018
Goods	487,115	20,534,538
Raw materials, subsidiaries and consumables	18,870,898	6,410,960
Finished products and intermediate goods	2,695,698	3,392,024
Products and works in progress	593,772	267,946
	22,647,483	30,605,468
Accumulated impairment losses (Note 27)	(2,003,407)	(2,003,329)
	20,644,076	28,602,139

The amounts recorded in inventories for accumulated impairment losses as at 31 December, 2019 and 2018 correspond to the best estimate of the Board of Directors to reduce their value to their net realisable value or market price.

Cost of sales and variation in production for the years ended 31 December 2019 and 2018 was detailed as follows:

31 December 2019	Raw materials, consumables, goods and other inventories	Finished and intermediate products and work in progress	Total
Opening balance	26,945,498	3,659,970	30,605,468
Inventories associated with discontinued operations	-	-	-
Purchases and regularisations	63,348,545	(40,390)	63,308,155
Closing balance	(19,358,013)	(3,289,468)	(22,647,481)
Cost of sales and variation in production	70,936,030	330,112	71,266,142

(amounts expressed in Euros)

31 December 2018	Raw materials, consumables, goods and other inventories	Finished and intermediate products and work in progress	Total
Opening balance	24,246,689	6,164,392	30,411,081
Inventories associated with discontinued operations	(5,317,106)	(2,940,086)	(8,257,191)
Purchases and regularisations	86,265,909	(94,549)	86,171,360
Closing balance	(26,945,498)	(3,659,967)	(30,605,465)
Cost of sales and variation in production	78,249,994	(530,209)	77,719,785

17. TRADE RECEIVABLES

As at 31 December 2019 and 2018, this item is detailed as follows:

	31.12.2019	31.12.2018
Trade receivables - Gross Value	45,767,012	43,328,833
Impairment Losses (Note 27)	(7,194,002)	(7,075,677)
Closing balance	38,573,010	36,253,156

The ageing of customer balances receivable can be analysed as follows:

	31 December 2019					
	Gross Value			Net Value		
	Industry	Real estate	Total	Industry	Real estate	Total
Not due	25,333,618	6,605,727	31,939,345	23,163,410	6,605,727	29,769,137
Due						
0 - 180 days	10,284,974	-	10,284,974	8,803,874	-	8,803,874
+ 180 days	3,542,693	-	3,542,693	-	-	-
	39,161,285	6,605,727	45,767,012	31,967,283	6,605,727	38,573,010

	31 December 2018					
	Gross Value			Net Value		
	Industry	Real estate	Total	Industry	Real estate	Total
Not due	24,713,548	6,495,786	31,209,334	22,228,757	6,495,786	28,724,544
Due						
0 - 180 days	8,939,752	-	8,939,752	7,464,152	-	7,464,152
+ 180 days	3,179,747	-	3,179,747	64,461	-	64,461
	36,833,046	6,495,786	43,328,833	29,757,370	6,495,786	36,253,157

The Group's exposure to credit risk is attributable, first and to receivables from its operating activity. The amounts given in the consolidated statement of financial position are net of accumulated impairment losses that were estimated by the Group, in accordance with IFRS 9.

(amounts expressed in Euros)

The Group does not charge any interest while set payment terms (90 days, on average) are being complied with. Upon expiry of these time limits, contractually set interest is charged under legislation to each situation. This will tend to occur only in extreme situations. As a matter of prudence, debited interest is deferred and is only recognised in the income statement on the date it is charged.

We should note that the information shown for comparative purposes in the table above does not match the information disclosed in the notes attached to the financial statements for the year ended 31 December, 2018. Since 2019, after the financial statements had been approved at the General Shareholders' Meeting, we found an inaccuracy in the preparation of the aforementioned note, essentially relating to the classification of outstanding balances according to age intervals, and we corrected it.

18. STATE AND OTHER PUBLIC ENTITIES

As at 31 December 2019 and 2018, these asset and liability items were detailed as follows:

	31.12.2019	31.12.2018
Debit balances		
Income tax	132,136	1,421,633
Total income tax	132,136	1,421,633
Debit balances		
VAT - Value Added Tax	299,672	1,315,467
Total other taxes (Note 19)	299,672	1,315,467
Credit balances		
Income tax	751,407	22,952
Total income tax	751,407	22,952
Credit balances		
VAT - Value Added Tax	1,801,844	2,794,351
Social security contributions	236,038	284,030
Personal Income Tax	212,616	253,312
Other Taxes	304	1,630
Total other taxes (Note 25)	2,250,802	3,333,323

19. OTHER DEBTS FROM THIRD PARTIES

As at 31 December 2019 and 2018, this line item was detailed as follows:

	31.12.2019	31.12.2018
Advance payments to suppliers	416,167	4,597
Receivables from the State and other public entities (Note 18)	299,672	1,315,467
Other debtors	846,633	1,435,340
	1,562,472	2,755,404
Accumulated impairment Losses	-	-
	1,562,472	2,755,404

(amounts expressed in Euros)

As at 31 December 2019 and 2018, the item 'Other debtors' includes mainly accounts receivable related to the sale of investments, which resulted from the sale of the companies Base M – Investimentos e Serviços S.A. and Base Holding SGPS, S.A.. The amounts recorded in Other Debtors are not due.

20. CASH AND CASH EQUIVALENTS

As at 31 December 2019 and 2018, the item 'Cash and cash equivalents' was detailed as follows:

	31.12.2019	31.12.2018
Cash	26,030	18,533
Bank deposits	53,614,724	74,960,738
	53,640,754	74,979,271
Bank overdrafts (Note 23)	(2,347,170)	(4,888,707)
Cash and cash equivalents	51,293,584	70,090,564

21. SHARE CAPITAL AND RESERVES

21.1. Share capital

As at 31 December 2019 and 2018, the Group's share capital was fully subscribed and paid up and consisted of 25,641,459 nominative shares with a nominal unit value of EUR 1.

21.2. Reserves

(I) Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net profit must be allocated to the 'Legal reserve' until it represents at least 20% of the share capital.

As at 31 December 2019 and 2018, the Group's financial statements included an amount of EUR 7,193,058 related to legal reserve, which may not be distributed among shareholders, except in the event of closing up the Group, but can be used either for absorbing losses after the other reserves have been exhausted or incorporated in capital.

(II) Other reserves

As at 31 December 2019 and 2018, the item 'Other reserves and retained earnings' is detailed as follows:

	31.12.2019	31.12.2018
Reserves actuarial changes	(271,428)	(170,110)
Reserve DL 66/2016	1,047,315	1,047,315
Retained earnings	81,024,782	56,911,132
	81,800,669	57,788,337

Pursuant to Portuguese legislation, the distributable reserves amount is determined based on the individual financial statements of Ramada Investimentos SGPS, S.A., submitted in accordance with the International Financial Reporting Standards, as adopted by the European Union. As at 31 December 2019, the distributable reserves amount comes to EUR 11,986,554.

(amounts expressed in Euros)

22. NON-CONTROLLING INTERESTS

The movements occurred in this item during the periods ended 31 December 2019 and 2018 were as follows:

	31.12.2019	31.12.2018
Opening Balance	-	4,923
Change in holding percentage	-	(4,923)
Consolidation in perimeter	-	-
Income for the year attributable to non-controlling interests	-	-
Closing Balance	-	-

23. BANK LOANS AND OTHER LOANS

As at 31 December 2019 and 2018, the line items 'Bank loans' and 'Other loans' were detailed as follows:

	31.12.2019		31.12.2018	
	Current	Non-current	Current	Non-current
Bank loans	4,000,000	49,487,401	8,340,737	53,487,401
Bank loans	4,000,000	49,487,401	8,340,737	53,487,401
Commercial paper	20,500,000	-	20,500,000	3,000,000
Escrow accounts	4,050,000	-	1,050,000	-
Bank overdrafts (Note 20)	2,347,170	-	4,888,707	-
Factoring	1,435,914	-	2,067,648	-
Investment grants	341,910	2,330,007	-	2,754,523
Financial leases	-	-	26,358	238,752
Other loans	28,674,994	2,330,007	28,532,713	5,993,275
	32,674,994	51,817,408	36,873,450	59,480,676

The Board of Directors considers that there are no significant differences between the book value of loans and their fair value.

As at 1 January 2019, the amount corresponding to financial leases was reclassified under the item 'Lease Liabilities'.

The nominal value of the bank loans recorded as liabilities has the following repayment plan:

(amounts expressed in Euros)

2019			2018		
Repayment Year	Amount	Estimated Interest [1]	Repayment Year	Amount	Estimated Interest [1]
Current			**Current**		
2020	32,674,994	571,812	2019	36,873,450	679,000
Non-current			**Non-current**		
2021	-	-	2020	7,927,370	783,948
2022	7,582,502	640,193	2021	7,582,502	640,193
2023	7,582,502	497,893	2022	7,582,502	497,893
2024	7,582,502	355,593	2023	7,582,502	355,593
2025	7,569,902	254,886	2024	7,305,800	254,886
2026	6,500,000	190,937	2025	6,500,000	190,937
2027	6,500,000	138,937	2026	6,500,000	138,937
2028	3,500,000	86,937	2027	3,500,000	86,937
2029	5,000,000	14,225	2028	5,000,000	14,225
2030	-	-	2029	-	-
	51,817,408	2,179,601		59,480,676	2,963,549
	84,492,402	2,751,413		96,354,126	3,642,549

[1] Interest estimated according to the existing contractual conditions, based on the market conditions for 2019 and 2018, respectively.

The financing lines used by the Group and the corresponding maximum authorised amounts were detailed as follows:

	31 December 2019		31 December 2018	
Maturity	Contracted amount	Used Amount	Contracted amount	Used Amount
Current escrow accounts	26,700,000	4,050,000	23,700,000	1,050,000
Authorised bank overdrafts	15,000,000	2,347,170	15,000,000	4,888,707
Commercial paper programs				
08/2019	-	-	5,000,000	5,000,000
07/2019	-	-	7,500,000	1,000,000
07/2020	3,000,000	-	3,000,000	-
06/2020	3,000,000	1,000,000	3,000,000	3,000,000
07/2020	4,000,000	4,000,000	4,000,000	4,000,000
11/2020	3,000,000	-	3,000,000	-
12/2020	10,000,000	5,000,000	-	-
06/2021	3,000,000	3,000,000	3,000,000	3,000,000
12/2021	7,500,000	7,500,000	7,500,000	7,500,000
	33,500,000	20,500,000	36,000,000	23,500,000

(amounts expressed in Euros)

During the years ended 31 December 2019 and 2918, these loans earned interest at normal market rates depending on the nature and term of the loan in question.

During the periods ended 31 December 2019 and 2018, the Company did not default on any borrowing. Additionally, as at 31 December, 2018, there are no 'covenants' associated with the loans that had been taken out.

Factoring

The Ramada Group has a factoring agreement with a credit institution, according to which it may assign accounts receivable up to the limit of EUR 3,500,000.

On the discounted amounts, the Group paid a 3-month Euribor interest rate plus spread, and as at 31 December, 2019, the used amount totalled EUR 1,435,914 (EUR 2,067,648 on 31 December, 2018).

The Ramada Group considers that the risks and benefits associated with accounts receivable were not transferred to the entity with which it concluded this factoring agreement. This is why it will only derecognise accounts receivable transferred via factoring at the time when they are settled by the original debtor, according to the accounting policy disclosed in Note 2.12.

24. TRADE PAYABLES

As at 31 December 2019 and 2018, this line item was detailed by maturity as follows:

	31.12.2019			31.12.2018		
	Industry	Real estate	Total	Industry	Real estate	Total
0 to 90 days	14,812,285	1,180,993	15,993,278	15,144,682	1,173,043	16,317,725
	14,812,285	1,180,993	15,993,278	15,144,682	1,173,043	16,317,725

As at 31 December 2019 and 2018, this line item includes balances payable to suppliers arising from the Ramada Group's operating activity. The Board of Directors believes that there are no significant differences between the fair value and the book value of these balances and that the effect of updating these amounts is not material.

25. OTHER DEBTS TO THIRD PARTIES

As at 31 December 2019 and 2018, the line item 'Other debts to third parties' is detailed as follows:

	31.12.2019	31.12.2018
Current liabilities		
Suppliers of fixed assets	757,359	902,100
Payables for investments	17,500	17,500
Payables to the State and other public entities (Note 18)	2,250,802	3,333,323
Other creditors	364,883	1,246,497
	3,390,544	5,499,420

As at 31 December 2019 and 2018, the liabilities included in the item 'Suppliers of fixed assets' are due in less than 3 months.

As at 31 December, 2018, the item 'Other creditors' includes a net amount of approximately EUR 800 thousand payable to Ramada Storax, S.A. related to balances of the Special Taxation Scheme for Group Companies, most of which correspond to amounts received from the latter as payments on account to be made by Ramada Investimentos Indústria S.A. as dominant consolidation entity for tax purposes which were paid in 2019 to that company upon its exclusion from the consolidation perimeter in 2018.

(amounts expressed in Euros)

26. OTHER CURRENT LIABILITIES

As at 31 December 2019 and 2018, the line item 'Other current liabilities' is detailed as follows:

	31.12.2019	31.12.2018
Accrued expenses:		
Wages and salaries payable, bonuses and other payroll expenses	4,048,389	4,393,714
Other accrued expenses	617,990	1,382,201
Deferred income	372,609	463,325
	5,038,988	6,239,240

27. PROVISIONS AND IMPAIRMENT LOSSES

The movements occurring under provisions and impairment losses during the periods ended 31 December 2019 and 2018 are detailed as follows:

2019	Provisions	Impairment losses in debts from third parties	Impairment losses in inventories	Impairment losses in investments	Impairment losses in investment properties	Total
		(Note 17)	(Note 16)	(Note 7)	(Note 10)	
Opening balance	2,610,000	7,075,677	2,003,329	4,445,498	1,100,000	17,234,504
Increases	-	401,994	78	-	-	402,072
Reversals	(1,950,000)	(514,745)	-	-	-	(2,464,745)
Utilizations	-	231,076	-	-	-	231,076
Closing balance	660,000	7,194,002	2,003,407	4,445,498	1,100,000	15,402,907

2018	Provisions	Impairment losses in debts from third parties	Impairment losses in inventories	Impairment losses in investments	Impairment losses in investment properties	Total
		(Note 17)	(Note 16)	(Note 7)	(Note 10)	
Opening balance	3,100,736	11,966,585	1,539,113	3,733,458	1,100,000	21,439,892
Consolidation in perimeter	(2,238,047)	(1,925,981)	(372,219)	(10,000)	-	(4,546,246)
Increases	1,750,000	336,758	836,435	722,040	-	3,645,233
Reversals	(2,689)	(1,082,132)	-	-	-	(1,084,821)
Utilizations	-	(2,219,553)	-	-	-	(2,219,553)
Closing balance	2,610,000	7,075,677	2,003,329	4,445,498	1,100,000	17,234,504

As at 31 December 2019 and 2018, the reconciliation between the amounts recognised in the items of the statement of financial position and income statement related to provisions and impairment losses is detailed as follows:

(amounts expressed in Euros)

	31.12.2019			
	Provisions	Impairment losses on accounts receivable	Impairment losses in Inventories	Total
Provisions and impairment losses	(200,000)	(112,751)	78	(312,673)
Income tax	(1,750,000)	-	-	(1,750,000)
Income from continued operations	(1,950,000)	(112,751)	78	(2,062,673)

On 31 December, 2019, the Group received a tax assessment note from the Tax Administration regarding the contingency under Corporate Income Tax (IRC), which was settled in the year (Note 15.2).

The figure shown in the item 'Provisions' as at 31 December 2019 and 2018 corresponds to the best estimate of the Boards of Directors of the Group Companies for the amount required to face future losses with contingencies associated with imports.

The Board of Directors believes, based on the opinion of its legal and tax advisors, that as at 31 December, 2019, there are no material assets or liabilities associated with probable or possible tax contingencies that should be subject to recognition or disclosure in the financial statements as at 31 December, 2019, other than those that support the amounts that have been recorded.

28. OPERATING LEASES

Most of the operating lease agreements held by the Group as lessee were related to vehicles and the corresponding minimum payments are due as follows:

	31 December 2018
Liabilities with operating lease rents	Minimum operating lease payments
2018	-
2019	226,149
2020	127,936
2021	67,731
2022	25,148
2023	7,436
	454,399

29. OTHER INCOME

As at 31 December 2019 and 2018, the line item 'Other income' was detailed as follows

	31.12.2019	31.12.2018
Cash payment discounts obtained	6,724	17,257
Favourable exchange differences	6,109	77,959
Gains on the sale of non-financial instruments	29,361	774,412
Supplementary income	620,602	231,749
Recovery of amounts charged to customers	41,264	277,060
Operating subsidies	16,550	12,165
Other income	275,173	618,375
	995,783	2,008,977

(amounts expressed in Euros)

30. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2019 and 2018, the line item 'External supplies and services' is detailed as follows:

	31.12.2019	31.12.2018
Subcontracts and specialised work	2,176,190	1,898,617
Maintenance and repair	2,053,488	2,972,963
Fast-wearing tools and utensils	376,542	1,034,749
Electricity	2,956,774	3,612,674
Fuels and other fluids	990,882	749,638
Travel and accommodation	429,418	610,592
Transport of goods	3,052,423	3,261,963
Rents	491,541	841,348
Insurance	729,866	676,409
Other miscellaneous services	1,546,976	1,479,025
	14,804,100	17,137,978

As at 31 December 2019 and 2018, the costs recorded in item 'Subcontracts and specialised work' are mainly related to the contracting of heat treatment and machining services.

31. PAYROLL EXPENSES

As at 31 December 2019 and 2018, the line item 'Payroll Expenses' is detailed as follows:

	31.12.2019	31.12.2018
Remunerations	9,665,653	10,701,813
Indemnities	64,546	82,223
Social security contributions	2,215,614	2,347,359
Insurance expenses	131,444	321,550
Social cost	257,393	346,526
Other payroll expenses	789,550	246,261
	13,124,200	14,045,732

AVERAGE STAFF

During the periods ended 31 December 2019 and 2018, the average number of employees working for the Ramada Group was 512 and 572, respectively.

32. AMORTISATION AND DEPRECIATION

The income statement line item 'Amortisation and depreciation' regarding periods ended 31 December 2019 and 2018 is detailed as follows:

(amounts expressed in Euros)

	31.12.2019	31.12.2018
Property, plant and equipment (Note 11)	3,089,458	5,224,553
Right-of-use asset (Note 12)	390,171	-
Intangible assets (Note 13)	37,483	29,680
	3,517,112	5,254,233

33. OTHER EXPENSES

As at 31 December 2018 and 2017, the line item 'Other expenses' is detailed as follows:

	31.12.2019	31.12.2018
Taxes and fees	273,569	345,236
Other expenses and bank commissions	161,305	186,675
Unfavourable exchange differences	3,619	115,477
Donations and contributions	29,387	36,197
Cash payment discounts granted	32,084	40,744
Losses on the sale of non-financial instruments	-	900
Fines and other penalties	4,580	3,983
Other expenses	72,548	153,076
	577,092	882,288

34. FINANCIAL RESULTS

The financial results for the years ended 31 December 2019 and 2018 are detailed as follows:

	31.12.2019	31.12.2018
Financial Expenses:		
Interest expenses	1,126,292	1,507,689
Other financial expenses and losses	291,537	187,936
	1,417,829	1,695,625
Financial Income:		
Interest income	24,549	102,515
Other financial income and gains	58,896	23,805
	83,445	126,320

All interest paid recorded in the financial statements for the years ended 31 December 2019 and 2018 is related to loans obtained.

Most of the interest income recorded in the financial statements for the years ended 31 December 2019 and 2018 results from investments made during the year.

(amounts expressed in Euros)

35. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

35.1. Related parties

In addition to the companies included in the consolidation (Note 6), entities deemed related as at 31 December, 2019 are detailed as follows:

- Actium Capital, S.A.
- Caderno Azul, S.A.
- Livrefluxo, S.A.
- Promendo Investimentos, S.A.
- 1 Thing Investments, S.A.
- Altri Florestal, S.A.
- Altri Sales, S.A.
- Altri, Participaciones Y Trading, S.L.
- Altri, SGPS, S.A.
- Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- Caima Indústria de Celulose, S.A.
- Captaraiz Unipessoal, Lda.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Celulose da Beira Industrial (Celbi), S.A.
- Cofihold, S.A.
- Cofihold II, S.A.
- Cofina Media, S.A.
- Cofina, SGPS, S.A.
- Elege Valor, Lda.
- Grafedisport – Impressão e Artes Gráficas, S.A.
- Inflora – Sociedade de Investimentos Florestais, S.A.
- Mercados Globais – Publicação de Conteúdos, Lda.
- Préstimo – Prestígio Imobiliário, S.A.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.
- Valor Autêntico, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- Viveiros do Furadouro Unipessoal, Lda.

35.2. Commercial transactions

Group companies have relationships with each other that qualify as transactions with related parties. All these transactions are performed at market prices.

In consolidation procedures, transactions between companies included in the consolidation using the full consolidation method (Note 6) are eliminated, since the consolidated financial statements show information on the holder and its subsidiaries as if they were a single company.

As at 31 December 2019 and 2018, balances with related parties are detailed as follows:

	31 December 2019		31 December 2018	
Related entities	Trade receivables and Other debts from third parties	Trade payables and other debts to third parties	Trade receivables and Other debts from third parties	Trade payables and other debts to third parties
Other related parties	6,641,819	129,514	6,456,547	129,514

Transactions that occurred in the periods ended 31 December 2019 and 2018 can be presented as follows:

(amounts expressed in Euros)

Related entities	31 December 2019 Sales and services rendered	31 December 2019 External supplies and services	31 December 2018 Sales and services rendered	31 December 2018 External supplies and services
Other related parties	6,635,071	129,514	6,635,004	129,514

The amounts related to trade payables and other debts to third parties and trade receivables and other debts from third parties recorded in the periods ended 31 December 2019 and 2018, as well as Sales and Services rendered refer mainly to rent instalments associated with the lease of the lands classified as 'Investment properties' (Note 10).

35.3. Remunerations of the Board of Directors

Remuneration paid to key management who, based on the Group's governance model, were members of Ramada's Board of Directors during the periods ended 31 December 2019 and 2018, amounted to EUR 523,500 and EUR 523,500, respectively, and only include the fixed remuneration component. Remunerations in the 2019 and 2018 periods were fully paid by the Company.

Pursuant to Article 3 of Law no. 28/2009, of 19 June, we hereby inform that the remunerations earned by the members of the Board of Directors can be detailed as follows: João Borges de Oliveira - EUR 123,000; Paulo Fernandes – EUR 123,000; Domingos Matos – EUR 109,000; Pedro Borges de Oliveira – EUR 109,000; Ana Mendonça – EUR 59,500.

As at 31 December 2019, there were no: (i) incentive plans or schemes with regard to granting shares to members of the Board of Directors; (ii) supplementary pension or early retirement schemes for directors; (iii) indemnities paid or owed to former directors regarding the suspension of duties during the period; or (iv) non-monetary benefits considered remuneration.

As at 31 December 2019 and 2018, there are no outstanding balances or commitments, and the security deposit required from the directors pursuant to Article 396 of the Portuguese Companies Code is the responsibility of each director and is not a charge attributable to the Group.

Ramada Investimentos, S.G.P.S., S.A. does not have a plan for granting shares or purchasing options for acquiring shares from members of its governing bodies or from its employees.

36. *EARNINGS PER SHARE*

Earnings per share for the period were calculated based on the following amounts:

(amounts expressed in Euros)

	31.12.2019	31.12.2018
Result for calculating basic and diluted earnings per share		
Continued operations	8,130,246	9,504,159
Discontinued operations	-	60,213,741
Weighted average number of shares for calculating net income per share	25,641,459	25,641,459
Earnings per share		
For continued operations		
Basic	0.32	0.37
Diluted	0.32	0.37
For discontinued operations		
Basic	-	2.35
Diluted	-	2.35

The Group is not affected by any situation that could represent a reduction in earnings per share arising from options, warrants, convertible bonds or other rights associated with ordinary shares.

37. Information by segments

According to the origin and nature of the income generated by the Group, the following were defined as main segments:

- ☐ Industry - includes steel trading activities and activities related to the management of investments associated with holdings in which the Group is a minority shareholder;
- ☐ Real estate - includes assets and activities related to the Group's real estate business.

These segments were identified considering the units that carry out activities regarding which it is possible to identify income and expenses for which financial information is produced separately; their operating income is reviewed by management and all decisions are made based on this information.

(amounts expressed in Euros)

	31 December 2019			
	Industry	Real estate	Intragroup eliminations	Total equity
Total assets	144,941,607	99,029,761	(9,382,358)	234,589,010
Total liabilities	40,178,074	62,263,146	9,382,358	111,823,578
Investments made in the period (a)	3,050,424	2,098,559	-	5,148,984
Sales and services rendered and other income from operations with external customers	107,591,819	7,431,814	-	115,023,633
Sales and services rendered and other operating income with other EBITDA segments (b)	525,000	826,161	(1,351,161)	-
	9,308,895	6,255,877	-	15,564,772
Amortisation and depreciation	(3,267,943)	(249,169)	-	(3,517,112)
EBIT (c)	6,040,952	6,006,708	-	12,047,660
Financial income	206,589	99	(123,243)	83,445
Financial expenses	(841,497)	(699,574)	123,243	(1,417,829)
Results related to investments	-	-	-	-
Income before tax for continued operations	5,406,043	5,307,233	-	10,713,276
Income tax	(1,267,116)	(1,315,914)	-	(2,583,030)
Profit/(loss) after income tax for continued operations	4,138,928	3,991,318	-	8,130,246
Profit/(loss) after income tax for discontinued operations	-	-	-	-
Consolidated net profit/(loss) for the period	4,138,928	3,991,318	-	8,130,246

	31 December 2018			
	Industry	Real estate	Intragroup eliminations	Total equity
Total assets	167,298,687	97,531,480	(6,737,468)	258,092,699
Total liabilities	56,478,152	64,756,184	6,737,468	127,971,804
Investments made in the period (a)	3,956,437	2,090,935	-	6,047,373
Sales and services rendered and other income from operations with external customers	121,595,105	7,837,706	-	129,432,811
Sales and services rendered and other operating income with other EBITDA	230,000	803,781	(1,033,781)	-
segments (b)	12,468,611	6,368,005	-	18,836,616
Amortisation and depreciation	(4,995,877)	(258,357)	-	(5,254,234)
EBIT (c)	7,472,734	6,109,648	-	13,582,382
Financial income	195,060	235	(68,975)	126,320
Financial expenses	(904,516)	(860,084)	68,975	(1,695,625)
Results related to investments		-	-	-
Income before tax for continued operations	6,763,278	5,249,800	-	12,013,077
Income tax	(1,095,718)	(1,413,200)	-	(2,508,918)
Profit/(loss) after income tax for continued operations	5,667,559	3,836,600		9,504,159
Profit/(loss) after income tax for discontinued operations	60,213,741			60,213,741
Consolidated net profit/(loss) for the period	65,881,300	3,836,600	-	69,717,900

(a) - Acquisitions of property, plant and equipment, intangible assets and investment properties during the year.

(b) - EBITDA = Income before taxes for continued operations + Financial expenses – Financial income + Amortisation and depreciation

(c) - EBIT = EBITDA + Amortisation and depreciation

(amounts expressed in Euros)

The liability attributed to the Real Estate segment is related to the debt that was specifically incurred within the scope of the acquisition of investment properties, which were actually given as collateral; the corresponding financing is being gradually settled according to the agreed settlement plans.

Geographically, the distribution of the Group's sales and services rendered by market is as follows:

	31 December 2019			31 December 2018		
	Domestic Market	Foreign Market	Total equity	Domestic Market	Foreign Market	Total equity
Sales and Services Rendered	78,450,248	28,300,152	106,750,400	86,681,132	33,688,702	120,369,834
Rents	7,277,450	-	7,277,450	7,054,000	-	7,054,000
	85,727,699	28,300,152	114,027,850	93,735,132	33,688,702	127,423,834

Sales and Services Rendered covered by IFRS 15 relate to:

- ☐ Steel and/or alloy parts, cutting tools and industrial tools trade;
- ☐ Services rendered related to steel and/or alloy parts, cutting tools and industrial tools;
- ☐ Steel wire manufacturing and trade.

We should note that Sales and Services Rendered referring to real estate income are treated under IFRS 16 as from 1 January, 2019 (until then they were treated under IAS 17).

38. RESPONSABILITIES FOR GUARANTEE LIABILITIES

As at 31 December 2019 and 2018, Ramada Group companies had bank guarantee liabilities in the amount of EUR 92,401.

In addition, we should note that there are real guarantees in the amount of EUR 74 million corresponding to forest land.

39. APPROPRIATION OF NET PROFIT

Regarding the 2018 period, the Board of Directors proposed in its annual report, which was approved in the General Meeting held on 28 May 2019, that the individual net profit of Ramada Investimentos, SGPS, S.A. in the amount of EUR 61,098,165.25, should have the following application:

Legal reserve	732,180.93
Free reserves	15,493,431.07
Dividend distribution	44,872,553.25

	61,098,165.25
	============

Regarding FY 2019, the Board of Directors proposed in its annual report, which was approved in the General Meeting held on 28 May 2019, that the individual net profit of Ramada Investimentos, SGPS, S.A. in the amount of EUR 11,986,554 be fully transferred to Free reserves.

40. SUBSEQUENT EVENTS

The first quarter of 2020 was marked by the emergence of a global epidemic called COVID-19, and on 11 March 2020 the World Health Organization declared it a pandemic. This pandemic, spread internationally, has a relevant impact on the world economy and financial markets, and it is therefore essential to consider the impacts arising from COVID-19.

As at 31 December 2019, the destination market of approximately 30% of the sales and services rendered by the Ramada Group was the foreign market, as disclosed in Note 37 to the financial statements.

The COVID-19 pandemic could end up having a direct and indirect impact on our Customers, Suppliers, Employees, Local Communities, and other stakeholders of the value chain.

The magnitude, extent and durability of the current moment of uncertainty make assessing its direct and indirect impacts an arduous and uncertain task. Thus, to date, the Group has no available information to allow quantifying them. Still, the following aspects need to be pointed out:

Assessment of impacts on the operation:

Industry Segment:

- following the publication of Order number 3372-C/2020, concerning the Declaration of Disaster Situation in the Municipality of Ovar, its subsidiary Ramada Aços, S.A., responsible for more than 50% of the Group's turnover is closed until 2 April, 2020, as its main production plant is located in Ovar;

- due to the declaration of disaster situation in Ovar and the consequent closure of its Head offices, the Ramada Group invested in inventories and means for its branches across the country, in order to respond to its Customers requests;

- the Ramada Group, together with its commercial and logistics department, is currently managing orders with the inventories available at these facilities, as well as making efforts aimed at finding solutions to current and future orders;

- together with these procedures, and with regard to the strong partnership it has with its Customers, the Group is proactively managing all pending orders and will make its best efforts to continue serving its Customers;

- the Ramada Group is currently in the process of internally and carefully reviewing and assessing the investments that had been planned for FY 2020, while reassessing cost-benefit of the projects in its portfolio, as well as their feasibility, considering the current reality;

- as a result of the performances achieved in previous years, and to its capacity to manage credit and liquidity risk, the Group has a solid statement of financial position, as the item Cash and Cash Equivalents accounts for approximately 90% of its current liabilities.

Assessment of commercial impacts:

Industry Segment:

- up until now, there have been no relevant billing difficulties with our Customers;

- we expect a significant drop in the commercial activity of the subsidiary Socitrel, as a significant portion of its turnover is associated with the Spanish market, which is currently in lockdown for an indefinite period of time;

Real Estate Segment:

- no decrease in turnover has occurred in this segment as a result of the pandemic, as virtually all rents were charged to a related party.

Employees:

- ensuring the permanent well-being of all our Employees, their families and the community has always been and will continue to be a priority for the Ramada Group;

- we have put in place a set of additional preventive measures to protect our Employees' health and safety, based on recommendations from the Portuguese Health Authority to address the pandemic. We feel that the preventive, control and surveillance measures put in place by our Human Resources department, which are continually adjusted as the pandemic evolves, is pivotal for the purpose of containing the pandemic's impacts among our Employees and within the Local Community.

- Teleworking is also being implemented for several administrative, financial and shared services staff.

- The Ramada Group hereby informs that, up to date, it is unaware of any of its employees testing positive for COVID-19. The Group is prepared for this possibility.

- The Ramada Group will continue to monitor the developments in legal requirements and recommendations issued by the competent authorities, keeping the market informed of any developments that may have an impact on its activity;

Ramada Group will remain alert and cautious in the face of the risks that may arise for its business area, whether in operational, investment or financial terms.

It is our conviction that through prevention, serenity and cooperation with our partners, namely customers, suppliers and local communities, we are ready to face this challenge.

From 31 December 2019 to the date of issue of this report, there were no other relevant facts that could materially affect the financial position and future results of the Ramada Group and its subsidiaries and associated companies included in the consolidation.

41. TRANSLATION NOTE

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IFRS/IAS) as adopted by the European Union, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Chartered Accountant

The Board of Directors

João Manuel Matos Borges de Oliveira – President

Paulo Jorge dos Santos Fernandes

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

RAMADA INVESTIMENTOS E INDÚSTRIA

INDIVIDUAL FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

Shaping industry

More than a commitment, our pride

80 YEARS
Investing in industry

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

INDIVIDUAL STATEMENTS OF FINANCIAL POSITION AS AT
31 DECEMBER 2019 AND 2018
(Translation of financial statements originally issued in Portuguese - Note 28)
(Amounts expressed in Euros)

ASSETS	Notes	31.12.2019	31.12.2018
NON-CURRENT ASSETS:			
Property, plant and equipment		19,435	35,114
Intangible assets		2,193	11,646
Right-of-use assets	7	134,631	-
Investments in subsidiaries and associates	8	72,753,748	68,253,748
Other investments	9	-	-
Total non-current assets		72,910,007	68,300,508
CURRENT ASSETS:			
Trade receivables	10	880,208	773,526
Other debts from third parties	12	4,490,105	814,385
Income tax	11	-	1,358,581
Other current assets		2,204	2,387
Cash and cash equivalents	13	26,731,205	39,123,692
Total current assets		32,103,722	42,072,571
Total assets		105,013,729	110,373,079

EQUITY AND LIABILITIES	Notes	31.12.2019	31.12.2018
EQUITY:			
Share capital		25,641,459	25,641,459
Legal reserve		5,128,292	4,396,111
Other reserves		42,980,723	27,487,292
Advance payments on profit		-	(29,487,678)
Net profit/(loss) for the period		11,986,554	61,098,165
Total equity	14	85,737,028	89,135,349
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	15	18,000,000	18,000,000
Lease liabilities	7	104,202	-
Provisions	23	-	1,750,000
		18,104,202	19,750,000
CURRENT LIABILITIES:			
Lease liabilities	7	31,154	-
Trade payables	16	121,446	42,472
Other debts to third parties	17	237,542	1,094,807
Income tax	11	685,061	-
Other current liabilities	18	97,296	350,451
Total current liabilities		1,172,499	1,487,730
Total liabilities		19,276,701	21,237,730
Total equity and liabilities		105,013,729	110,373,079

The accompanying notes are an integral part of the financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

INDIVIDUAL INCOME STATEMENTS FOR THE PERODS ENDED
DECEMBER 31, 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 28)

(Amounts expressed in Euros)

	Notes	31.12.2019	31.12.2018
Services rendered	19	2,105,062	2,829,382
Results related to investments	20	10,000,000	63,395,154
Other income		21,712	57,531
External supplies and services	21	(641,787)	(940,783)
Payroll expenses	22	(828,956)	(1,530,297)
Amortisation and depreciation		(72,929)	(70,988)
Provisions and impairment losses	23	-	(635,557)
Other expenses		(63,149)	(88,848)
Financial expenses		(275,882)	(213,750)
Financial income		27,765	98,862
Profit/(Loss) before income tax		10,271,836	62,900,704
Income tax	25	1,714,718	(1,802,539)
Net profit/(loss) for the period		11,986,554	61,098,165
Earnings per share:			
Basic	26	0.47	2.38
Diluted	26	0.47	2.38

The accompanying notes are an integral part of the financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

INDIVIDUAL STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED DECEMBER 31, 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 28)

(Amounts expressed in Euros)

	31.12.2019	31.12.2018
Net profit/(loss) for the period	11,986,554	61,098,165
Other comprehensive income:		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified to profit or loss in the future	-	-
Total comprehensive income for the period	11,986,554	61,098,165

The accompanying notes are an integral part of the financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY FOR PERIODS ENDED 31 DECEMBER 2019 AND 2018
(Translation of financial statements originally issued in Portuguese - Note 28)
(Amounts expressed in Euro)

	Notes	Share capital	Own shares	Legal reserve	Other reserves and retained earnings	Advance payments on profit	Net profit/(loss) for the period	Total Equity
		25,641,459	-	1,828,767	35,888,214	-	51,346,875	114,705,315
Total comprehensive income for the period			- -	-	-	-	61,098,165	61,098,165
Appropriation of the net income for 2017:								-
Transfer to the legal reserve and other reserves	14		- -	2,567,344	48,779,531	-	(51,346,875)	0
Dividends distributed	14	-	-	-	(57,180,454)	(29,487,678)	-	(86,668,132)
Balance as at 31 December 2018		25,641,459	-	4,396,111	27,487,291	(29,487,678)	61,098,165	89,135,349
Balance as at 1 January 2019		25,641,459	-	4,396,111	27,487,291	(29,487,678)	61,098,165	89,135,349
Total comprehensive income for the period		-	-	-	-	-	11,986,554	11,986,554
Appropriation of the net income for 2018:								-
Transfer to the legal reserve and other reserves	14	-	-	732,181	30,878,306	29,487,678	(61,098,165)	-
Dividends distributed	14	-	-	-	(15,384,875)	-	-	(15,384,875)
Balance as at 31 December 2019		25,641,459	-	5,128,292	42,980,723	-	11,986,554	85,737,028

The accompanying notes are an integral part of the financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

INDIVIDUAL STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2018
(Translation of financial statements originally issued in Portuguese - Note 28)
(Amounts expressed in Euros)

	Notes	31.12.2019		31.12.2018	
Operating activities:					
Receipts from costumers		4,545,433		3,750,968	
Payments to suppliers		(2,355,663)		(1,377,652)	
Payments to personnel		(606,558)	1,583,212	(1,160,188)	1,213,128
Income Tax (paid)/received		(1,132,310)		(3,097,274)	
Other receipts/payments relating to operating activities		(650,447)	(1,782,757)	2,101,239	(996,034)
Cash flows generated by operating activities (1)			(199,545)		217,094
Investing activities:					
Receipts arising from:					
Investments	8 and 9	-		-	
Interest and similar income		25,196		98,862	
Dividends	20	10,000,000	10,025,196	55,645,154	55,744,016
Payments relating to:					
Investments	8 and 9	(6,500,000)		(32,678,557)	
Property, plant and equipment		-		-	
Intangible assets		-	(6,500,000)	-	(32,678,557)
Cash flows generated by operating activities (2)			3,525,196		23,065,459
Financing activities:					
Payments relating to:					
Interest and similar costs		(284,700)		(144,750)	
Dividends	14	(15,384,875)		(86,668,133)	
Lease liabilities		(48,563)		-	
Loans obtained		-	(15,718,138)	-	(86,812,883)
Receipts arising from:					
Loans obtained	15	-		18,000,000	
Issue of capital and other instruments of equity			-	- -	18,000,000
Cash flows generated by operating activities (3)			(15,718,138)		(68,812,883)
Cash and cash equivalents at beginning of the period	13		39,123,692		84,654,022
Cash and cash equivalents variation: (1)+(2)+(3)			(12,392,487)		(45,530,330)
Cash and cash equivalents at the end of the period	13		26,731,205		39,123,692

The accompanying notes are an integral part of the financial statements.

The Chartered Accountant

The Board of Directors

1. INTRODUCTORY NOTE

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. ('Ramada Investimentos', or 'The Company') is a public limited company incorporated on 1 June, 2008, with headquarters at Rua Manuel Pinto de Azevedo, 818, in Porto, and whose main activity is the management of investments, being its shares listed in the Euronext Lisbon Stock Exchange since 2018.

As at May 2018, the then called F. Ramada - Investimentos SGPS, S.A. changed the objects of the company as well as the corporate name to RAMADA INVESTIMENTOS E INDÚSTRIA, S.A, as approved on 4 May 2018, when the General Meeting changed the object of the holding company as an indirect form of exercising economic activities to the services rendered in management consulting, including financial and administrative consulting; execution and management of investments in real estate, securities and financing; acquisition and disposal of securities; leasing; property construction, rehabilitation, management, administration and conservation.

Ramada Investimentos was incorporated as part of the restructuring of Altri, SGPS, S.A. through the division of the steel and storage solutions management business area, namely the participating interest held in Ramada Aços S.A., representing all the voting rights of this subsidiary, in accordance with the simple division provided for in Article 118(1).(a) of the Commercial Companies Code.

This process allowed transferring the share of Altri, SGPS, S.A.'s assets corresponding to the steel and storage solutions management business area, including all the resources allocated to its activity (namely staff, assets and liabilities), to Ramada Investimentos.

Currently, Ramada Investimentos is the parent company of the group of companies indicated in Note 8 which, as a whole, operate in two different business segments: i) the Industry Segment, which includes the special steel and drawing mill activity, as well as activities related to the management of investments associated with participating interests in which the Company is a minority shareholder; and ii) the Real Estate Segment, focused on real estate assets management.

The financial statements were approved by the Board of Directors and authorised for reporting on 31 March 2020. Final approval of the financial statements is still subject to acceptance by the Shareholders' General Meeting. The Board of Directors, however, believes that the financial statements will be approved without any significant changes.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the attached financial statements are described below. These policies were consistently applied during the periods being compared, except for those resulting from the adoption of IFRS 16, which is mandatorily applied for periods beginning on or after 1 January 2019.

In addition, there were no significant changes to the main estimates used by the Company in preparing the consolidated financial statements.

2.1. Basis of Presentation

The attached financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU") in force for the period ended beginning on 1 January 2019. These correspond to the International Financial Reporting Standards, as issued by the International Accounting Standards Board ('IASB') and interpretations issued by the IFRS Interpretations Committee ('IFRS - IC') or by the former Standing Interpretations Committee ('SIC'), which have been adopted by the European Union on the account publication date.

The Board of Directors assessed the capacity of the Company to operate on a going concern basis, based on the entire relevant information, facts and circumstances, of a financial, commercial or other nature, including events subsequent to the financial statements' reference date, as available regarding the future. As a result of the assessment conducted, the Board of Directors concluded that it has adequate resources to keep up its operations, which it does not intend to cease in the short term; therefore, it was considered appropriate to use the going concern basis in preparing the financial statements.

The attached financial statements were prepared from the accounting books and records of the company, in the assumption of going concern basis. The attached financial statements have been prepared on a historical cost basis.

The preparation of financial statements under IFRS-EU requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies to be adopted by the Company, with significant impact on the book value of assets and liabilities, as well as on income and expenses for the period. Although these estimates are based on the best experience of the Board of Directors and on its best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas with significant assumptions and estimates are presented in Note 3.

(i) Adopting new standards and interpretations, amendments or reviews

Up to the approval date of these financial statements, the European Union endorsed the following accounting standards, interpretations, amendments and revisions, mandatorily applied to the financial year beginning on 1 January 2019:

Standard / Interpretation	Applicable in the European Union in the periods begun on or after	
IFRS 16 – Leases	1-Jan-19	This standard introduces the leasing recognition and measurement principles, replacing IAS 17 – Leases. The standard establishes a single accounting model in order to account for lease agreements resulting in the lessee asset and liability recognition for every lease agreement, except for leases for periods under 12 months or for leases involving low-value assets. Lessors will keep on classifying leases between operating or financial, as IFRS 16 does not entail substantial changes for such entities, given what is set forth under IAS 17.
Amendment to IFRS 9: prepayment features with negative compensation	1-Jan-19	With this amendment, financial assets whose contractual conditions provide, in its early amortisation, for payment of a considerable amount by the creditor, can be measured at amortised cost or at fair value for reserves (depending on the business model), provided: (i) on the asset's initial recognition, the fair value of the early amortisation component is insignificant; and (ii) the possibility of negative compensation in early amortisation is the sole reason for the asset in question not to be deemed an instrument that considers only principal and interest payments.

(amounts expressed in Euros)

IFRIC 23 - Uncertainties over income tax treatments	1-Jan-19	This interpretation provides guidelines on determining taxable income, tax bases, tax losses carried forward, tax credits to be used and tax rates in scenarios of uncertainty regarding income tax treatments.
Annual improvements to IFRS (2015-2017 cycle)	1-Jan-19	These improvements involve clarifying a few aspects related to: IFRS 3 – Business combination: requires remeasuring previously held interests when an entity obtains control over an investee company over which it had previous joint control; IFRS 11 – Joint ventures: clarifies that previously held interests should not be remeasured when an entity obtains joint control over a joint operation; IAS 12 – Income taxes: clarifies that every tax outcome for dividends is to be recorded under results, regardless of how the tax occurs; IAS 23 - Borrowing costs: clarifies that the part of the loan directly related to the purchase/construction of an asset, still outstanding after the corresponding asset has been ready for its intended use, is, for the purpose of determining capitalisation rate, deemed to be an integral part of the entity's general funding.
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1-Jan-19	If an amendment, cut or liquidation of the plan occurs, now it is mandatory for the current service cost and the interest paid during the period following remeasurement to be determined using the assumptions used for remeasurement. Moreover, changes were included in order to clarify the effect of a change, reduction or deletion of the plan on requirements regarding the asset's maximum limit.

(amounts expressed in Euros)

Amendment to IAS 28: Long-term interests in associated and joint ventures	1-Jan-19	This amendment clarifies that IFRS 9 needs to be applied (including the corresponding requirements linked to impairment) to investments in associated companies and joint agreements when the equity method is not applied in measuring them.

From the application of these standards and interpretations there were not relevant impact for the Company's financial statements, despite the adoption of IFRS 16.

IFRS 16 – Leases

In the period ended 31 December 2019, the Company applied IFRS 16 – Leases and related amendments that are in effect for periods begun on or after 1 January 2019.

This standard introduced the lease recognition and measurement principles, replacing IAS 17 - Leases, IFRIC 4 - Determining whether an Agreement contains a Lease, SIC 15 - Operational Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets forth the principles for recognising, measuring, presenting and disclosing leases, while calling for lessees to recognise most leases in the balance sheet in accordance with a single model.

Ramada chose to adopt the modified retrospective approach in applying IFRS 16, as set forth under paragraphs C3(a), C5(b), C7 and C8 thereof. It subsequently determined the discount rate based on the incremental interest rate, assuming the currency, maturity and cash flow profiles inherent to the lease as well as the Company's very credit risk on the initial application date.

The Company decided to apply recognition exemptions for lease agreements that, on the start date, comprised a lease term for no more than 12 months and not containing a purchase options (short-term lease) and lease agreements for which the underlying asset is of low value (low value assets).

Recognition

The Company presents right-of-use assets and lease liabilities under items duly separated in the statement of financial position. The Company recognises a right-of-use asset and a lease liability on the agreement's start date.

The asset recorded under 'Right-of-use assets' is initially measured at cost, comprising the initial value of the lease liability adjusted for any lease payments made on or prior to the start date, on top of any initial direct costs incurred.

The liability recorded under 'Lease liability' corresponds to the current value, on 1 January 2019, of remaining lease payments of agreements that had been classified as operating leases, under IAS 17, and which did not correspond to a short-term lease, as provided for under IFRS 16. Lease payments included in measuring lease liability include fixed payments, net of any variable payments associated with an index or rate.

The Company uses its incremental interest rate as the applicable discount rate.

The lease liability is measured at amortised cost, using the effective interest method. It is remeasured when changes occur to future payments derived from a change to the rate or index, as well as possible modifications to the lease agreements.

(amounts expressed in Euros)

Variable payments not associated with any indices or rates are recognised as an expense during the period, in the period when the event or condition leading to the payment occurs.

When the lease liability is remeasured, the amount of the right-of-use asset is also adjusted, or a gain or loss is recorded in the income account, if the carrying amount of the right-of-use asset was already reduced to zero and an additional reduction occurs in the lease liability.

The right-of-use asset is depreciated using the straight-line depreciation method, based on the lease term. The Company does not hold any contractual positions as a lessor.

Reconciliation between liabilities with operating leases disclosed from the previous year and the lease liabilities recognised on the initial application date is as follows:

Liabilities with operating leases as at 31 December 2018	**€60,953**
Service agreements remeasured as lease agreements	€88,165
Non-discounted lease liabilities recognised as at 1 January 2019	**€149,118**
Incremental financing rate (weighted average 2.9 %)	€127,495
Lease liabilities recognised as at 1 January 2019	**€127,495**

Briefly, the main impacts resulting from adopting IFRS 16 on the initial application date (1 January 2019) are detailed as follows:

	01.01.2019
NON-CURRENT ASSETS:	
Right-of-use asset	127,495
Deferred tax assets	-
Total assets	127,495
LIABILITIES:	
Lease liabilities	127,495
Other current liabilities	-
Total liabilities	127,495
EQUITY:	
Other reserves	-
Non-controlling interests	-
	-

(ii) Standards, interpretations, amendments and revisions that will have mandatory application in future economic exercises

On the approval date of these financial statements, the following accounting standards and interpretations, to be mandatorily applied in future periods, were endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the periods begun on or after

Amendments to references to the Conceptual Framework in IFRS Standards	1-Jan-20	Corresponds to amendments in various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC 32) in relation to references to the Conceptual Framework revised in March 2018. The revised Conceptual Framework includes revised outlines on an asset and a liability, as well as new measuring, derecognising, presentation, and disclosure guidelines.
Amendment to IAS 1 and IAS 8 – Definition of material	1-Jan-20	Corresponds to amendments in order to clarify the definition of material under IAS 1. The definition of material under IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards in order to ensure consistency. Information is material if, when omitted, misrepresented or concealed, it is reasonably expected to influence decisions by primary users of financial statements, using financial statements as the basis.
Amendments to standards IFRS 9, IAS 39 and IFRS 7 – Interest rate Benchmark reform (IBOR Reform)	1-Jan-20	Corresponds to amendments to standards IFRS 9, IAS 39 and IFRS 7 as related to the benchmark interest rate reform project (known as the “IBOR reform”), in order to reduce the potential impact of changing benchmark interest rates on financial reporting, namely in hedge accounting.

Despite having been endorsed by the European Union, these amendments were not adopted by the Company in 2019, since their application is not yet mandatory. It is not believed that the future adoption of said amendments will entail significant impacts on financial statements.

(iii) New, amended or revised standards and interpretations not adopted by the European Union

The following accounting standards and interpretations were issued by IASB and were not yet endorsed (“by the European Union:

Standard / Interpretation	Applicable in the European Union in the periods begun on or after	

IFRS 17 - Insurance contracts	1-Jan-21	For insurance contracts within its scope of application, this standard sets forth the principles for their recognition, measurement, presentation, and disclosure. This standard replaces standard IFRS 4 - Insurance Contracts
Amendment to IFRS 3 – Business combinations	1-Jan-20	Corresponds to amendments to the definition of a business, aimed at clarifying the identification of an acquisition of a business or a group of assets. The revised definition further emphasises that the output of a business is the provision of goods and services to customers. The amendments include examples for identifying acquisition of a business.

These standards have yet to be endorsed by the European Union. As such, they were not applied by the Company in the period ended 31 December 2019.

Regarding these standards and interpretations, as issued by the IASB but yet to be endorsed by the European Union, the future adoption thereof is not expected to have any significant impacts on the accompanying financial statements.

2.2. Intangible assets

Intangible assets are recorded at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are recognised only if they are likely to result in future economic benefits for the Company, if they can be controlled by the Company and if their value can be reasonably measured.

Development expenses for which the Company is shown as being able to complete its development and begin its sell and/or use and relative to which the created asset is likely to generate future economic benefits, are capitalised. Development expenses that do not meet these criteria are recorded as cost in the period when incurred.

Internal expenses associated with software maintenance and development are recorded as costs in the income statement when incurred, except when said costs are directly associated with projects for which future economic benefits are likely to be generated for the Company. In such situations, costs are capitalised as intangible assets.

After the assets are available for use, amortisation is calculated using the straight-line method in accordance with the estimated useful life period (generally 3 to 5 years).

2.3. Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost, net of accumulated depreciation and impairment losses.

After the date when the assets are available for use, amortisation is calculated using the straight-line method in accordance with the estimated useful life period for each group of assets.

Amortization rates used correspond to the following estimated useful life periods:

Type	Years
Vehicles	2 to 10
Office equipment	2 to 10

Maintenance and repair expenses that do not increase the assets' useful life or result in significant upgrades or improvements to components of property, plant and equipment are recorded as an expense in the period ended when they are incurred.

Gains or losses resulting from the sale or write-off of property, plant and equipment are determined as the difference between the sales price and the net book value on the disposal or write-off date. They are recorded in the income under 'Other income' or 'Other expenses'."

2.4. Leases

Policy applicable since 1 January 2019

At the start of every agreement, the Company assesses whether the agreement is, or contains, a lease. That is, whether the right-of-use of a specific asset or assets is being transferred for a certain period of time in exchange for a payment.

The Company as lessee

The Company applies the same recognition and measurement method to every lease, except for short-term leases and leases associated with low-value assets. The Company recognises a liability related to lease payments and an asset identified as a right-of-use of the underlying asset.

(i) Right-of-use assets

On the lease start date (that is, the date from which the asset is available for use), the Company recognises an asset relative to the right of use. 'Right-of-use assets' are measured at cost, net of depreciation and accumulated impairment losses, adjusted by remeasuring lease liability. The cost comprises the initial value of the lease liability adjusted for any lease payments made on or prior to the start date, on top of any initial direct costs incurred, as well as a cost estimate for dismantling and removing the underlying asset (as applicable), net of any incentive granted (as applicable).

The right-of-use asset is depreciated using the straight-line depreciation method, based on the lease term.

If ownership of the asset is transferred to the Company at the end of the lease period, or the cost includes a purchase option, depreciation is calculated by taking into account the asset's estimated useful life.

(ii) Lease Liabilities

On the lease start date, the Company recognises a liability measured at present value of the lease payments to be made throughout the agreement. Lease payments included in measuring lease liability include fixed payments, net of any incentives already received (as applicable) and variable payments associated with an index or rate. Where applicable, payments also include the cost of exercising a purchase option, which shall be exercised by the Company with reasonable certainty, and payments of penalties for ending the agreement, if the lease terms reflect the Company's exercise option.

The lease liability is measured at amortised cost, using the effective interest method. It is remeasured when changes occur to future payments derived from a change to the rate or index, as well as possible modifications to the lease agreements.

Variable payments not associated with any indices or rates are recognised as an expense during the period, in the period when the event or condition leading to the payment occurs.

To calculate the present value of future lease payments, the Company uses its incremental interest rate on the lease start date, since the interest rate implicit in the agreement cannot be readily determined. After that date, the lease liability amount is increased by adding interest and reduced by lease payments made. In addition, the amount is remeasured in the event of a change in the terms of the agreement, the in lease amounts (e.g., changes in future payments caused by a change to an index or rate used in determining said payments) or a change in the assessment of a purchase option associated with the underlying asset.

(iii) Short-term leases and low-value leases

The Company applies the recognition exemption to its assets' short-term leases (i.e., leases lasting up to 12 months and not containing a purchase option). The Company also applies the recognition exemption to leases of assets deemed to be of low-value. Payments of short-term and low-value leases are recognised as an expense in the period, throughout the lease period.

Policy applicable prior to 1 January 2019

Determining whether an agreement is, or contains, a lease is based on the substance of the agreement at the start thereof, which is either the agreement date and the date of the parties' commitment relative to the main terms of the agreement, whichever is earlier, based on every fact and circumstance. The agreement is, or contains, a lease if the fulfilment of the agreement is contingent on the use of a specific asset or assets and the agreement transfers a right-to-use the asset, even if said asset is not explicitly identified in the agreement.

The lease duration is the sum of the period during which the lease cannot be cancelled and an additional period providing for the lessee to have the option to maintain the lease and, at the start of the agreement, the Company is reasonably certain that the lessee will exercise said option.

A lease is classified as a financial lease or operating lease at the start of the agreement. A lease that substantially transfers all the risks and advantages associated with an asset's ownership to the Company, is classified as a finance lease. Financial leases are recorded at fair value in the asset or, if lower, at the current minimum lease payment amounts. Minimum lease payments are distributed between the financial charge and the reduced outstanding liability in order to produce a constant periodic interest rate on the liability's remaining balance.

The financial charges are recorded in the income statement as financial expenses.

The leased asset is depreciated during its useful life. However, if there is no reasonable certainty that the lessee will own the asset at the end of the lease period, the asset is depreciated during the lease period or during its useful life, whichever is shorter.

An operating lease is a lease other than a financial lease. Payments of operating leases are recorded as operational expenses in the income account in a straight-line during the lease period.

2.5. Borrowing costs

Financial expenses related to loans are generally recognised as an expense in the income statement in accordance with the accrual basis.

In cases where loans are taken to finance assets, the corresponding interests are capitalised, becoming part of the asset's cost. The capitalisation of these expenses starts after the preparation of construction activities begins and ends once the asset is available for use or if the project is suspended.

There were no financial expenses on capitalised loans obtained on 31 December 2019 and 2018.

2.6. Provisions

Provisions are recognised when, and only when, the Company (i) has a present obligation (legal or implicit) obligation resulting from a past event, (ii) it is likely that, to resolve this obligation an outflow of resources occurs, and (iii) the obligation's amount might be reasonably estimated. Provisions are reviewed on the date of each statement of financial position and adjusted to reflect the best estimate on that date.

When a provision is determined taking into consideration the cash flows required to settle such an obligation, it is recorded at its present value.

2.7. Investments in subsidiaries and associated companies

Investments in equity holdings in subsidiaries and associated companies are measured in accordance with 'IAS 27 - Separate Financial Statements', at acquisition cost net of any impairment losses.

Ramada conducts impairment tests to financial investments in subsidiaries whenever events or changes in the circumstances indicating that the amount for which they are recorded in the separate financial statements might not be recoverable.

The impairment analysis is based on the evaluation of financial investments, using the 'discounted cash-flow' method, based on the cash-flow financial projections of cash-flow at six years of each, including the year of perpetuity starting from the fifth year, deducted from the fair value of the liabilities of the subsidiaries.

The Board of Directors believes that the methodology described above leads to reliable results on the existence of any impairment of the investments under analysis, as they take into consideration the best information available at the time of preparation of the financial statements.

Dividends received from these investments are recorded as investment income, when attributed. Dividends are recorded in the income statement under 'Results related to investments'.

2.8. Financial assets and liabilities

a. Financial assets

Initial recognition and measurement

Initially, assets are classified and subsequently measured at amortised cost, fair value through other comprehensive income, and at fair value through profit or loss.

The initial classification of financial assets depends on the contractual characteristics of the cash flows and the business model adopted by the Company to manage them. Except for customer accounts receivable that do not have a significant financial component and for which the Company adopts the practical expedient, the Company initially measures a financial asset at fair value plus transaction costs, if an asset is not classified as of fair value through profit or loss.

Customer accounts receivable that do not have a significant financial component and for which the Company adopts the practical expedient are measured at transaction price calculated in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income, it must provide cash flows that represent solely payments of principal and interest (SPPI) on the outstanding debt. This assessment, known as the 'cash flows that are solely payments of principal and interest' test, is performed for each financial instrument.

The business model established for managing financial assets concerns the way financial assets are managed by the Company with a view to obtaining cash flows. The business model can be designed to obtain contractual cash flows, to dispose of financial assets or both.

Subsequent measurement

For its subsequent measurement, financial assets are classified in four categories: i) financial assets at amortised cost (debt instruments); ii) financial assets at fair value through other comprehensive income, with recycling of accumulated gains and losses (debt instruments); iii) financial assets at fair value through other comprehensive income, without recycling of accumulated gains and losses upon derecognition (equity instrument); and iv) financial assets at fair value through profit or loss.

i) **Financial assets at amortised cost (debt instrument)**

The Company measures financial assets at amortised cost if both the following conditions are fulfilled:

- The financial asset is held under a business model which purpose consists on holding the financial asset to obtain the cash flows provided for contractually; and

- The contractual terms of the financial asset generate, on specified dates, cash flows that are only payments of principal and interest on the amount of principal outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recorded in the income statement when the asset is derecognised, modified or becomes impaired. Financial assets measured by the Company at amortised cost include customer accounts receivable and other receivables, and loans to related parties (Note 6.1)

ii) **Financial assets at fair value through other comprehensive income (debt instruments)**

The Company measures debt instruments at fair value through other comprehensive income if both the following conditions are fulfilled:

- The financial asset is held under a business model which purpose consists on holding the financial asset to obtain the cash flows provided for contractually and those resulting from its sale; and
- The contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of principal outstanding.

In the case of debt instruments measured at fair value through other comprehensive income, interest income, exchange differences and impairment losses and reversals are recorded in the income statement and calculated in the same way as financial assets measured at amortised cost. The remaining changes in fair value are recorded in other comprehensive income. Upon derecognition, changes in fair value accumulated in other comprehensive income are transferred (recycled) to profit or loss.

As at 31 December 2019 and 2018, the Company did not held financial assets classified under this item.

iii) **Financial assets at fair value through other comprehensive income (equity instruments)**

Upon initial recognition, the Company may choose to classify irrevocably the equity instruments held as equity instruments designated at fair value through other comprehensive income when they comply with the definition of equity under IAS 32 - Financial instruments: Presentation, and are not held for trading. Classification is determined on an instrument-by- instrument basis.

Gains and losses from these financial assets are never recycled for profit or loss. Dividends are recorded as financial gain in profit or loss when the right to receive a dividend payment is established, except when the Company benefits from those dividends as recovery of part of the financial asset's cost and which, in this case, the dividends are recorded in other comprehensive income. Equity instruments held as equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

As at 31 December 2019 and 2018, the Company did not held financial assets classified under this item.

iv) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition as measured at fair value through profit or loss, or financial assets that are mandatorily measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of being sold or repurchased within a very short period. Derivatives, including separate embedded derivatives, are also classified as held for trading, except if designated as effective hedging instruments.

Financial assets with cash flows that do not correspond solely to payments of principal and interest on the amount of principal outstanding are measured at fair value regardless of the underlying business model. Notwithstanding the classification criterion for debt instruments at amortised cost or at fair value through other comprehensive income described above, debt instruments can be designated at fair value through profit or loss upon initial recognition if it would eliminate or significantly reduce a measurement or recognition inaccuracy. Financial assets at fair value through income statement are presented in the Statement of Financial Position at fair value, with the fair value net changes presented in the profit or loss.

As at 31 December 2019 and 2018, the Company did not held financial assets classified under this item.

Derecognition

A financial asset (or, where applicable, a part of the financial asset or part of a group of financial assets) is derecognised (i.e., removed from the Statement of Financial Position) when:

- The contractual rights to receive cash flows resulting from the financial asset expire; or
- The Company transferred its contractual rights to receive cash flows resulting from the financial asset or undertook an obligation to pay the cash flows received in full within a short period under an agreement in which the Company i) has no obligation to pay any amounts to final recipients unless it receives equivalent amounts resulting from the original asset; ii) is prohibited by the terms of the transfer agreement to sell or pledge the original asset other than as a guarantee to the final recipients due to the obligation to pay them cash flows; and iii) the Company has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delays; and
- The Company substantially transferred all the asset's risks and benefits, or the Company did not substantially transfer or retain all the assets and benefits of the asset, but has transferred control over the asset.

When the Company transfers its rights to receive cash flows from an asset or is party to an agreement that may allow derecognition, it assesses whether, and to what extent, the risks and benefits associated with the ownership of the asset have been retained. When substantially every risk and benefit arising from ownership of an asset is neither transferred nor retained, or control over the asset is not transferred, the Company keeps on recognising the transferred asset to the extent of its continuing involvement. In this case, the Company also recognises the corresponding liability. The transferred asset and corresponding liability are measured on a basis that reflects the rights and obligations retained by the Company.

If the Company's continuing involvement takes the form of a guarantee on the transferred asset, the measure of continuing involvement is the lowest between the asset's original book value and the maximum amount of consideration received that the Company might pay.

Financial assets impairment

Since 1 January 2018, the Company assesses, on a prospectively basis, the expected credit losses associated with its financial assets measured at amortised cost and at fair value through other comprehensive income, in accordance with IFRS 9. The applied impairment methodology considers the receivables credit risk profile, with different approaches being applied according to their nature.

Regarding receivable balances under items 'Trade receivables' and 'Other debts from third parties', the Company applies the simplified approach under IFRS 9, according to which the expected credit losses are recognised from the initial recognition of the receivable balances and throughout the period until its maturity, considering a matrix of historical default rates for the maturity of receivable balances, adjusted by prospective estimates. Therefore, the Company does not monitor changes to credit risk, however, it recognises the impairment loss based on the expected credit loss throughout the duration of the asset, at every reporting date. The Company has established an impairment matrix based on the credits previously lost, adjusted by specific prospective factors from the receivables and economic environment.

The Company considers a financial asset is in default when it is overdue by more than 90 days. In certain cases, the Company may also consider that a financial asset is in default when there is internal and external information that indicates that it is unlikely that the Company will receive the full amount it is owed without having to call its guarantees.

As at 31 December 2019 and 2018, the items referred to above were mainly accounts receivable from Ramada Group's entities (Note 24).

b. <u>Financial liabilities</u>

Initial recognition and measurement

Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss, loans, accounts payable or derivatives designated as hedging instrument in an effective hedging relationship.
Every financial liability is initially recognised at fair value and, in the case of loans and accounts payable, net of transaction costs directly attributable.

The Company's financial liabilities include trade payables, other debts to third parties and loans, including bank overdrafts.

Subsequent measurement

Financial liabilities at amortised cost

Following their initial recognition, loans are measured at amortised cost using the effective interest rate method. Gains and losses are recorded in the income statement when liabilities are derecognised and through the amortisation resulting from the effective interest method.
The amortised cost is calculated taking into account any acquisition discount or premium and the fees and other costs that are an integral part of the effective interest rate. The effect of effective interest is recorded under financial expenses in the income statement. This category usually applies to trade payables, other debts to third parties and loans, including bank loans and bank overdrafts.

Loans in the form of commercial paper are classified as non-current liabilities when they are guaranteed to be placed for at least one year and the Board of Directors intends to use this financial instrument for more than one year. As at 31 December 2019 and 2018, the Company did not report loan figures in the form of commercial paper.

Derecognition
A financial liability is derecognised when the underlying obligation is fulfilled, cancelled or expires. When an existing financial liability is replaced by another with the same counterparty and substantially different terms, or a financial liability's terms are substantially modified, the exchange or modification are treated as a derecognition of the original financial liability and the recognition of a new liability. The difference between the respective book values is recognised in the income statement.

c. Offsetting of financial instruments
Financial assets and financial liabilities are offset and the corresponding net amount is shown under the statement of financial position if there is a present right of mandatory fulfilment to offset the recognised amounts and the intention of either settling on a net basis or realising the asset and simultaneously settling the liability.

d. Derivative financial instruments

When deemed necessary, the Company uses derivatives, such as forward exchange contracts, interest rate swaps and forward contracts on raw materials, to cover its exchange, interest and raw material price risks, respectively.

Such derivatives are initially recorded at fair value at the date they are contracted and are subsequently measured at fair value.

Derivatives are presented in assets when their fair value is positive, and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:
• Fair value hedge, when the purpose is to hedge exposure to changes in the fair value of a recorded asset or liability or an unrecorded Company commitment.
• Cash flow hedge, when the purpose is to hedge exposure to cash flow variability arising from a specific risk associated with a recorded asset or liability, in whole or in part, or a highly probable transaction or the foreign exchange risk associated with an unrecorded Company commitment.
• Net investment hedge, in a foreign operation (foreign exchange risk).

At the beginning of the hedging relationship, the Company formally designates and documents the hedging relationship for which it intends to apply hedge accounting, as well as the management and strategy purpose of that hedge. These documents include the identification of the hedging instrument, the hedged item or transaction, the nature of the risk to be hedged, and how the Company assesses whether the hedging relationship complies with the hedge accounting requirements (including an analysis of the sources of hedging ineffectiveness and how it determines the hedge rate). The hedging relationship is eligible for hedge accounting if it meets all of the following hedge effectiveness requirements:

i) There is an economic relationship between the hedged item and the hedging instrument;
ii) The credit risk effect does not dominate the changes in value that result from this economic relationship; and
iii) The hedge ratio of the hedging relationship is the same as that resulting from the portion of the hedged item that an entity is actually hedging and the portion of the hedging instrument that the entity actually uses to hedge that portion of the hedged item.

During the 2019 and 2018 periods, no derivative financial instruments were contracted to hedge interest rate or foreign exchange rate risks.

(I) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the transaction's contractual substance. Equity instruments are those that show a residual interest in the Company's assets after deducting liabilities, being recorded at amount received, net of costs incurred when issued.

(II) Cash and cash equivalents

The amounts included under 'Cash and cash equivalents' correspond to cash amounts, bank deposits, term deposits and other treasury applications, maturing in less than three months and are subject to insignificant risk of change in value.

In terms of statement of cash flows, the item 'Cash and cash equivalents' also comprises bank overdrafts included under the current liability item 'Bank loans'.

2.9. Contingent assets and liabilities

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence, or non-occurrence, of one or more uncertain future events not fully under the control of the Company.

Contingent assets are not recognised in the Company’s financial statements, being disclosed only when future economic benefits are likely to occur.

Contingent liabilities are defined by the Company as (i) obligations arising from past events, the existence of which will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not under full control of the Company, or (ii) present obligations that arise from past events but that are not recognised because it is unlikely that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Company's financial statements and are actually disclosed unless the possibility of a cash outflow affecting future economic benefits is remote, in which case they are not disclosed at all.

2.10. Income tax

Ramada Investimentos, parent company, is taxed under the Special Taxation Regime for Groups ('RETGS'), with each of the companies covered by this regime recording the income tax in its individual accounts under the item 'Subsidiaries'. Where subsidiaries contribute with losses, the tax amount corresponding to the losses which will be offset by the profits from other companies under this regime, is recorded in the individual accounts.

Deferred taxes are calculated using the financial position statement liability method and reflect the temporary differences between the amount of assets and liabilities for accounting reporting purposes and the respective amounts for tax purposes. Deferred tax assets and liabilities are calculated and annually assessed using the tax rates in force or substantially in force at the expected date of reversal of temporary differences.

Deferred tax assets are recognised only when there are reasonable expectations of sufficient future tax profits for their use, or in situations where there are taxable temporary differences that offset the temporary differences deductible in the period of their reversal. At the end of each period a review is made of these deferred taxes, which are reduced whenever their future use is no longer likely.

Deferred taxes are recorded as expenses or income for the period, except if they result from amounts recorded directly in equity, in which case the deferred tax is also recorded under the same line item.

2.11. Revenue

Ramada recognises revenue according to IFRS 15, which sets forth that an entity recognises revenue in order to reflect the transfer of goods and services contracted by customers, in the amount to which the entity expects to be entitled to receive as consideration for delivery of said goods or services, based on the 5-step model below:

1) contract identification with a client;
2) performance obligation identification;
3) pricing of the transaction;
4) allocation of the transaction price to performance obligation; and
5) recognition of revenue when or as the entity meets a performance obligation.

As at 31 December 2019 and 2018, Ramada's revenue refers to corporate services rendered to other Ramada Group companies.

Revenue is recognised net of bonuses, discounts and taxes (e.g.: trade discounts), and refers to the consideration received or receivable for services sold in line with the type of business identified. Revenue is recognised by the amount of the performance obligation fulfilled. For the transaction price, this is a fixed component.

The Company considers the facts and circumstances when analysing the terms of each contract with clients, applying the requirements that determine the recognition and measurement of revenue in a harmonised way, when dealing with contracts with similar characteristics and circumstances.

2.12. Accrual accounting basis

The remaining income and expenses are recorded on an accrual basis, whereby they are recognised as they are generated regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenses generated are recorded under the items 'Other current assets', and 'Other current liabilities'.

2.13. Subsequent events

The events occurred after the date of the statement of financial position providing additional evidence or information regarding conditions that existed on the date of the statement of financial position (adjusting events) are reflected in the Company's financial statement. Events after the date of the statement of financial position that are indicative of the conditions that arose after the date of the statement of financial position (non-adjusting events), when material, are disclosed in the notes to the financial statements.

2.14. Statement of cash flows

The statement of cash flows is prepared according to IAS 7, using the direct method.

The statement of cash flows is classified under operating activities (which include receipts from costumers, payments to suppliers, payments to personnel and others related to operating activities), financing (which include, payments and receipts related to loans, finance lease contracts and dividend payments) and investment (which include, acquisitions and disposals of investments in subsidiaries and cash receipts and cash payments arising from the purchase and sale of property, plant and equipment).

3. JUDGEMENTS AND ESTIMATES

In preparing the financial statements, in accordance with the accounting standards in force (Note 2.1), the Company's Board of Directors adopted certain assumptions and estimates affecting assets and liabilities, as well as income and expenses incurred in relation to the reported periods. All of the estimates and assumptions by the Board of Directors were carried out based on their existing best knowledge, on the date of approval of financial statements, events and ongoing transactions.

The main value judgements and estimates conducted when preparing financial statements correspond to the recording of provisions and impairment losses.

Estimates were determined based on the best available information on the date when consolidated financial statements were prepared and on the basis of the best knowledge and on the experience with past and/or current events. However, there are situations that could occur in subsequent periods which, while not foreseeable on that date, were not considered in those estimates. Changes to those estimates, which occur after the date of the consolidated financial statements, will be corrected in the income statement on a prospective basis, as provided for under IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

4. FINANCIAL RISK MANAGEMENT

Ramada Investimentos is basically exposed to (i) market risk, (ii) credit risk, and (iii) liquidity risk. The main purpose of risk management is to reduce these risks to a level considered acceptable.

The general principles of risk management are approved by the Board of Directors, which determines the acceptable risk limits. The main risk to which the Company is exposed to are the following:

i) Market risk

Interest rate risk is of particular importance in market risk management.

a) Interest rate risk

Interest rate risk is mainly the result of the Company's indebtedness being indexed to variable rates (mostly indexed to Euribor), which may expose the cost of debt to a volatility risk.

The Company's Board of Directors approves the terms and conditions of financing deemed material for the Company. As such, it examines the debt structure, the inherent risks and the different existing options in the market, namely regarding the type of interest rate (fixed/variable).

Sensitivity analysis to interest rate changes

Considering the Company's financing level and financial expenses as at 31 December 2019 for the period ended on that date, the exposure to the existing interest rate at the date of the statement of financial position is relatively minor.

b) Credit risk

Credit risk is defined as the probability of a financial loss occurring as a result of a counterparty defaulting on its payment contractual obligations.

Ramada is a holding Group, having no commercial activity beyond the normal activities of a portfolio manager and services to its subsidiaries and associated companies. As such, on a regular basis, the Company is only exposed to credit risk arising from financial instruments (investments and deposits with banks and other financial institutions or resulting from derivative financial instruments entered into normal course of its hedging operations), or from loans granted to subsidiaries.

The outstanding amounts on loans granted are considered to have low credit risk and, consequently, the impairments for credit losses recognised during the period were limited to the estimated 12-month credit losses. These financial assets are considered to have 'low credit risk' when they have a reduced risk of default and the debtor has a high capacity to meet its short-term cash flow contractual responsibilities.

In order to reduce the probability of a counterparty defaulting on its payment contractual obligations, the Company follows the following principles:

- It only performs transactions (short-term investments and derivatives) with counterparties that have been selected in accordance with their prestige and recognition at national and international level, their ratings, and which take into consideration the nature, maturity and size of the transactions;

- No financial instruments shall be contracted unless they have been authorised in advance. The definition of eligible instruments for both excess availability and derivatives has been made on the basis of a conservative approach;

- Additionally, regarding cash surpluses: i) they shall preferably be used, whenever possible where it is most efficient, either to repay existing debt, or preferably invested in relationship banks, thereby reducing the net exposure to such institutions, and ii) they may only be applied in previously authorised instruments.

Given the above policies, the Company's Board of Directors does not foresee the possibility of any material breach of contractual payment obligations of its external counterparties.

In the case of loans to subsidiaries, there is no specific credit risk management policy, since the granting of loans to subsidiaries is part of the Company's regular activity.

c) Liquidity risk

The main goal of the liquidity risk management policy is to ensure that the Company has the capacity to settle or meet its responsibilities and to pursue the strategies outlined in compliance with all its commitments to third parties within the stipulated time frame.

The Company defines as an active policy (i) to maintain a sufficient level of free and immediately available resources to meet the necessary payments on maturity, (ii) to limit the probability of default on the repayment of all its investments and loans by negotiating the extent of the contractual clauses, and (iii) to minimise the opportunity cost of holding excess liquidity in the short-term.

It also seeks to make the due dates of assets and liabilities compatible, by streamlining the management of their maturities.

5. CHANGES IN ACCOUNTING POLICIES AND ERROR CORRECTION

Regarding new standards, interpretations, amendments and revisions to IFRS, see Note 2.1.

During the period ended 31 December 2019, there were no voluntary changes in accounting policies. Likewise, no material errors were corrected in relation to previous periods.

(amounts expressed in Euros)

6. CLASSES OF FINANCIAL INSTRUMENTS

In accordance with the accounting policies disclosed in Note 2.7, financial instruments were detailed as follows:

6.1. Financial assets

31 December 2019	Note	Financial assets recorded at amortised cost	Total
Current assets			
Trade receivables	10	880,208	880,208
Other debts from third parties	12	4,490,105	4,490,105
Cash and cash equivalents	13	26,731,205	26,731,205
		32,101,518	32,101,518

31 December 2018	Note	Financial assets recorded at amortised cost	Total
Current assets			
Trade receivables	10	773,526	773,526
Other debts from third parties	12	814,385	814,385
Cash and cash equivalents	13	39,123,692	39,123,692
		40,711,603	40,711,603

(amounts expressed in Euros)

6.2. Financial liabilities

31 December 2019	Note	Financial liabilities at amortised cost	Total
Non-current liabilities			
Bank loans	15	18,000,000	18,000,000
Lease liabilities	7	104,202	104,202
		18,104,202	18,104,202
Current liabilities			
Lease liabilities	7	31,154	31,154
Trade payables	16	121,446	121,446
Other debts to third parties	17	17,985	17,985
Other current liabilities	18	97,296	97,296
		267,881	267,881
		18,372,083	18,372,083

31 December 2018	Note	Financial liabilities at amortised cost	Total
Non-current liabilities			
Bank loans	15	18,000,000	18,000,000
		18,000,000	18,000,000
Current liabilities			
Trade payables	16	42,472	42,472
Other debts to third parties	17	861,497	861,497
Other current liabilities	18	350,451	350,451
		1,254,420	1,254,420
		19,254,420	19,254,420

7. RIGHT OF USE ASSETS

During the period ended on 31 December 2019, the movement occurred in the amount of right of use assets, as well as the corresponding amortisation was as follows:

(amounts expressed in Euros)

	Asset gross value		
	Buildings and other edifications	Vehicles	Total
Opening balance as at 1 January	81,859	45,636	127,495
Additions Reclassifications	-	54,933	54,933
Reductions	-	-	-
	-	-	-
Closing balance	81,859	100,569	182,428

	Accumulated amortisation		
	Buildings and other edifications	Vehicles	Total
Opening balance as at 1 January	-	-	-
Additions	9,095	38,702	47,797
Reclassifications	-	-	-
Reductions	-	-	-
Closing balance	9,095	38,702	47,797
	72,764	61,867	134,631

The item 'Buildings and other edifications' mainly refers to lease contracts of assets related to one of the properties where the Company operates.

The item 'Vehicles' refers to contracts for the lease of vehicles for periods of 4 to 5 years.

During the period ended 31 December, 2019, the movement occurred in the value of lease liabilities were detailed as follows:

	31.12.2019
Opening balance as at 1 January	127,495
Additions	54,374
Accrued interest	2,050
Payments	(48,563)
Closing balance as at 31 December	135,356
Current	31,154
Non-current	104,202

In addition, the following amounts were recognised in 2019 as expenses related to right-of-use assets:

	31.12.2019
Depreciation of right-of-use assets	47,797
Interest expenses related to lease liabilities	2,050
Total amount recognised in the income account	**49,847**

The repayment term of the lease liabilities is as follows:

(amounts expressed in Euros)

	31/12/2019					
	2020	2021	2022	2023	>2023	Total (nominal value)
Lease liabilities	31,154	24,178	20,231	19,280	40,513	135,356
	31,154	24,178	20,231	19,280	40,513	135,356

8. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

As at 31 December 2019 and 2018, 'Investments in subsidiaries and associates' are detailed as follows:

		31 December 2019				
Company	% Held	Opening balance	Transfers	Additions	Reductions	Closing balance
Ramada Aços, S.A.	100 %	38,000,750	-	-	-	38,000,750
Expeliarmus – Consultoria, Unipessoal, Lda.	100 %	252,998	-	-	-	252,998
Socitrel – Sociedade Industrial de Trefilaria, S.A.	66,66 %	30,000,000	-	-	-	30,000,000
Fisio Share – Gestão de Clínicas, S.A	39,71 %	-	-	4,500,000	-	4,500,000
		68,253,748	-	4,500,000	-	72,753,748

		31 December 2018				
Company	% Held	Opening balance	Transfers	Additions	Reductions	Closing balance
Ramada Aços, S.A.	100 %	36,000,750	-	2,000,000	-	38,000,750
Expeliarmus – Consultoria, Unipessoal, Lda.	100 %	209,998	-	43,000	-	252,998
Socitrel – Sociedade Industrial de Trefilaria, S.A.	66,66 %	-	-	30,000,000	-	30,000,000
		36,210,748	-	32,043,000	-	68,253,748

As at 31 December 2019, the increase refers to the Company's participating interest in the incorporation of the company Fisio Share – Gestão de Clínicas, S.A. This company is engaged in the provision of technical and consultancy services in the area of health management and administration. The subsidiary was incorporated in the last quarter of 2019.

In the period ended 31 December 2018, the percentage held in Expeliarmus – Consultoria, S.A. increased from 99 % to 100 %. Additionally, the Company came to directly hold 66.66 % of the company Socitrel – Sociedade Industrial de Trefilaria, S.A. In the period ended 31 December 2018, Ramada Investimentos carried a capital increase in Ramada Aços in the amount of EUR 2,000,000.

8.1. Payments of investments in subsidiaries and associated companies

During the periods ended 31 December 2019 and 2018, the Company carried payments relating to investments in subsidiaries and associated companies, which are detailed as follows:

	31.12.2019	31.12.2018
Acquisition of Fisio Share	4,500,000	-
Advance payment on account of capital increase in Expeliarmus	2,000,000	-
Acquisition of Expeliarmus	-	3,000
Establishment of ancillary payments in Expeliarmus	-	40,000
Capital increase in Ramada Aços	-	2,000,000
Capital increase in Socitrel	-	18,000,000
Establishment of ancillary payments in Socitrel	-	12,000,000
	6,500,000	32,043,000

(amounts expressed in Euros)

9. OTHER INVESTMENTS

As at 31 December 2019 and 2018, the value of 'Other investments' and the corresponding impairment losses are detailed as follows:

	31.12.2019	31.12.2018
Gross value		
Opening balance	4,445,498	3,809,941
Additions	-	635,557
Closing Balance	4,445,498	4,445,498
Accumulated impairment losses (Note 23)		
Opening balance	(4,445,498)	(3,809,941)
Additions	-	(635,557)
Closing Balance	(4,445,498)	(4,445,498)
Net value	-	-

As at 31 December 2019 and 2018, the Company held 22.52% of the company CEV, S.A. This subsidiary is engaged in the development and intellectual protection, production and trade of organic fungicides for agriculture. This subsidiary is not listed and the Company does not have significant influence over this holding, considering, in particular, that:

- It is not represented in the subsidiary's Executive Board;
- It has no power to participate in the definition of operational and financial policies;
- It has no material transactions with the Subsidiary;
- It does not provide technical information to the Subsidiary.

In view of the above, the Company believes that, having no influence on the company's governance bodies, it should consider this holding as another investment and not as an associate.

The assessment of whether or not there are signs of impairment on investments in other investments takes into account, among others, the financial indicators of the Companies in question, their operating results and their profitability for the shareholder, namely considering their ability to distribute dividends.

9.1. Payments of other investments

During the periods ended 31 December 2019 and 2018, the Company carried payments relating to other investments, which are detailed as follows:

	31.12.2019	31.12.2018
Shareholders loans to CEV	-	635,557
	-	635,557

10. TRADE RECEIVABLES

As at December 2019 and 2018, the amount recorded under item 'Trade receivables' mainly refers to the amounts invoiced concerning management fees (Note 24).

At the date of the statement of financial position, there are no outstanding accounts receivables and no impairment losses were recorded, since there is no indication that the customers are not fulfilling their obligations.

(amounts expressed in Euros)

11. STATE AND OTHER PUBLIC ENTITIES

As at 31 December 2019 and 2018, this line item is detailed as follows:

	31.12.2019	31.12.2018
Debit balances:		
Income tax		1,358,581
Total income tax		1,358,581

	31.12.2019	31.12.2018
Credit balances:		
Income tax	685,061	-
Total income tax	685,061	-
VAT - Value Added Tax	187,023	157,319
Personal income tax	13,214	32,692
Social security contributions	19,320	43,299
Total other taxes (Note 17)	219,557	233,310

12. OTHER DEBTS FROM THIRD PARTIES

As at 31 December 2019 and 2018, this line item is detailed as follows:

	31.12.2019	31.12.2018
Other debts from the Group's companies (Note 24)	3,913,699	-
Other debts from the disposal of investments	519,645	807,205
Others	56,761	7,180
	4,490,105	814,385

As at 31 December 2019 and 2018, the item 'Other debts from the Group's companies' includes amounts receivable from subsidiaries, related to the tax for the period estimated individually by the taxed companies according to the Special Taxation Regime for Groups ('RETGS'). As at 31 December 2019, this item also includes the amount of EUR 2 million referring to an advance payment on capital increase in the subsidiary Expeliarmus – Consultoria, Unipessoal, Lda (Note 8.1).

As at 31 December 2019, the amount in 'Other debts from the disposal of investments' results from the disposal of subsidiaries Base M – Investimentos and Serviços S.A. and Base Holding SGPS, S.A..

(amounts expressed in Euros)

13. CASH AND CASH EQUIVALENTS

As at 31 December 2019 and 2018, this line item 'Cash and cash equivalents' included in the statement of financial position was detailed as follows:

	31.12.2019	31.12.2018
Bank deposits on demand	26,731,205	39,123,692
	26,731,205	39,123,692

14. SHARE CAPITAL AND RESERVES

14.1. Share capital

As at 31 December 2019 and 2018, the Company's share capital was fully subscribed and paid up, and consisted of 25,641,459 nominative shares, with a nominal value of EUR 1 each.

14.2. Reserves

Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net profit must be allocated to the 'legal reserve' until it represents at least 20% of the share capital. This reserve is not distributable, except in the event of the liquidation of the Company, but may be used to absorb losses, after all other reserves have been exhausted, and for incorporation into capital.

As at 2019 and 2018, the Company transferred to this item profit or loss in the amount of EUR 732,181 and EUR 2,567,344, respectively.

Other reserves

On 28 May 2019, the General Meeting unanimously approved the gross dividends' distribution of EUR 0.60 per share, at a total of EUR 15,384,875. Additionally, on November 2018, a distribution was also approved to the shareholders as an advance payment of the 2018 period profits in the amount of EUR 29,487,678 (corresponding to a gross dividend of EUR 1.15 per share).

On 4 May 2018, the General Meeting awarded the shareholders as dividends the amount of EUR 57,180,454. Additionally, on November 2018, a distribution was approved on an advance payment of the period's profits in the amount of EUR 29,487,678.

15. BANK LOANS

As at 31 December 2019 and 2018, the line item 'Bank loans' is detailed as follows:

	31.12.2019		31.12.2018	
	Current	Non-current	Current	Non-current
Bank loans	-	18,000,000	-	18,000,000
Bank loans	-	18,000,000	-	18,000,000

The Board of Directors considers that the loans book value does not differ significantly from its fair value, determined based on the discounted cash flow method.

(amounts expressed in Euros)

The nominal value of the bank loans recorded as liabilities has the following repayment plan:

2019		
Repayment year	Amount	Estimated interest [1]
Current		
2020	-	270,000
Non-current		
2021	3,000,000	238,932
2022	3,000,000	193,932
2023	3,000,000	148,932
2024	3,000,000	103,932
2025	3,000,000	58,932
2026	3,000,000	13,929
	18,000,000	758,589
	18,000,000	1,028,589

[1] Interest estimated according to the existing contractual conditions, based on the market conditions for the period of 2019.

During the periods ended 31 December 2019 and 2018, this loan earned interest at normal market rates depending on the nature and term of the loan obtained.

During the periods ended 31 December 2019 and 2018, the Group did not default on any borrowing.

16. TRADE PAYABLES

As at 31 December 2019 and 2018, the item 'Trade payables' shows amounts payable within a period not exceeding 90 days, from acquisitions arising from the Company's regular activity.

17. OTHER DEBTS TO THIRD PARTIES

As at 31 December 2019 and 2018, the line item 'Other debts to third parties' is detailed as follows:

	31.12.2019	31.12.2018
Other debts to the Group's companies (Note 24)	-	841,595
Other debts for investments	17,500	17,500
Payables to the State and other public entities (Note 11)	219,557	233,310
Other debts	485	2,402
	237,542	1,094,807

(amounts expressed in Euros)

18. OTHER CURRENT LIABILITIES

As at 31 December 2019 and 2018, the line item 'Other current liabilities' is detailed as follows:

	31.12.2019	31.12.2018
Remunerations to be settled and premiums	89,410	339,467
Interest to be settled	7,886	7,500
Others	-	3,484
	97,296	350,451

19. SERVICES RENDERED

The amount related to services rendered corresponds to amounts invoiced for administrative and financial services rendered to companies in Portugal (Note 24).

20. RESULTS RELATED TO INVESTMENTS

As at 31 December 2019 and 2018, the item 'Results related to investments' includes dividends awarded by the subsidiary Ramada Aços, S.A. (Note 24). As at 31 December 2018, this item also includes gains/capital gains resulting from the disposal of participating interests in Base Holding SGPS, S.A. and Base M – Investimentos e Serviços, SA..

21. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2019 and 2018, the line item 'External supplies and services' is detailed as follows:

	31.12.2019	31.12.2018
Specialised work	264,308	544,351
Fees	16,567	47,821
Travel and accommodation	23,408	61,198
Rents	8,378	62,864
Maintenance and repair	54,093	31,488
Other miscellaneous services	275,033	193,061
	641,787	940,783

(amounts expressed in Euros)

22. PAYROLL EXPENSES

As at 31 December 2019 and 2018, the line item 'Payroll expenses' is detailed as follows:

	31.12.2019	31.12.2018
Remunerations	565,649	839,603
Indemnities	4,398	358,150
Remuneration expenses	144,892	198,887
Insurance expenses	4,866	4,648
Social cost	48,116	53,330
Other payroll expenses	61,035	75,679
	828,956	1,530,297

As at 31 December 2019, the number of employees working for Ramada Investimentos e Indústria, S.A. was 21 (33 as at 31 December 2018).

23. PROVISIONS AND IMPAIRMENT LOSSES

The movement occurring under provisions and impairment losses during the periods ended 31 December 2019 and 2018 is detailed as follows:

	2019		
	Provisions	Impairment losses in investments (Note 9)	Total
Opening balance	1,750,000	4,445,498	6,195,498
Increases	-	-	-
Reversals	(1,750,000)	-	(1,750,000)
Closing balance	-	4,445,498	4,445,498

	2018		
	Provisions	Impairment losses in investments (Note 9)	Total
Opening balance	-	3,809,941	3,809,941
Increases	1,750,000	635,557	2,385,557
Reversals	-	-	-
Closing balance	1,750,000	4,445,498	6,195,498

The Board of Directors considers, based on the opinion of its legal and tax advisors, that as at 31 December 2019, there are no material assets or liabilities associated with probable or possible tax contingencies that are not being subject to recognition or disclosure in the financial statements as at 31 December 2019.

(amounts expressed in Euros)

24. RELATED ENTITIES

Balances with related entities is detailed as follows:

	31 December 2019			
	Receivables		Payables	
Group's Company	Trade receivables (Note 10)	Other debts from third parties (Note 12)	Trade payables (Note 16)	Other debts to third parties (Note 17)
Subsidiaries	879,584	3,913,699	2,430	-

	31 December 2018			
	Receivables		Payables	
Group's Company	Trade receivables (Note 10)	Other debts from third parties (Note 12)	Trade payables (Note 16)	Other debts to third parties (Note 17)
Subsidiaries	773,526	-	270	841,595

Transactions that occurred in the periods ended 31 December 2019 and 2018 is detailed as follows:

	2019			2018		
Group's Company	Services rendered (Note 19)	External supplies and services	Results related to investments (Note 20)	Services rendered (Note 19)	External supplies and services	Results related to investments (Note 20)
Subsidiaries						
Ramada Aços, S.A.	1,050,000	73,001	10,000,000	1,495,000	-	55,645,154
Universal Afir, S.A.	525,000	-	-	575,000	-	-
Ramada II Imobiliária, S.A.	525,000	37,275	-	230,000	35,255	-
	2,100,000	110,276	10,000,000	2,300,000	35,255	55,645,154

Besides the entities mentioned above, 'Associated companies' and 'Other related parties' are all parties related to and identified as such by Ramada Investimentos, Altri and Cofina Groups, as described and detailed on the public consolidated information made available by these entities.

Remuneration of the Board of Directors

As at 2019 and 2018, no remuneration was awarded to the members of the Board of Directors directly paid by the Company.

25. INCOME TAX

According to current Portuguese legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when there have been tax losses, tax benefits granted, or when audits, complaints or challenges are in progress, in which cases, depending on the circumstances, the deadlines are extended or suspended. Thus, the Company's tax returns from 2016 to 2019 may still be subject to review.

The Company's Board of Directors believes that any corrections resulting from reviews/audits by the tax authorities to those tax returns will not have a material effect on the financial statements as at 31 December 2019 and 2018.

(amounts expressed in Euros)

Ramada Investimentos heads a group of companies (Ramada Investimentos Group) which are taxed under the Special Taxation Regime for Groups ('RETGS').

Income before tax and income for the financial year are detailed as follows:

	31.12.2019	31.12.2018
Profit/(loss) before income tax	10,271,836	62,900,704
Tax rate	21%	21%
	2,157,086	13,209,148
Surcharge	1,003	2,008
Autonomous taxation	22,130	22,412
Elimination of double taxation on dividends received	(2,100,000)	(1,050,000)
Capital gains in disposal of subsidiaries / investment income	-	(12,262,982)
Other effects	(1,794,936)	1,881,953
Income tax	(1,714,717)	1,802,539

26. EARNINGS PER SHARE

Earnings per share were calculated based on the following amounts:

	31.12.2019	31.12.2018
Result for calculating basic and diluted earnings per share	11,986,554	61,098,165
Weighted average number of shares for calculating earnings per share	25,641,459	25,641,459
Earnings per share		
Basic	0.47	2.38
Diluted	0.47	2.38

27. SUBSEQUENT EVENTS

The first quarter of 2020 was marked by the emergence of a global epidemic called COVID-19, and on 11 March, 2020 the World Health Organization declared it a pandemic. This pandemic, spread internationally, has a relevant impact on the world economy and financial markets, and it is therefore essential to consider the impacts arising from COVID-19.

Ramada Group will remain vigilant and cautious in the face of any risks posed to its business area, regarding operational, financial and investment aspects.

We strongly believe that through prevention, equanimity and cooperation with our partners, namely Customers, Suppliers, Employees, and Local Communities, we are prepared to face this challenge.

We refer to the considerations disclosed in Note 40. Subsequent Events, in the notes to the consolidated financial statements.

28. TRANSLATION NOTE

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IFRS/IAS) as adopted by the European Union, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Chartered Accountant

The Board of Directors

João Manuel Matos Borges de Oliveira – President

Paulo Jorge dos Santos Fernandes

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

Building a better
working world

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*(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails.)*

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Ramada Investimentos e Indústria, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2019 (showing a total of 234.589.010 euros and a total equity of 122.765.432 euros, including a net profit for the year attributable to the equity holders of the Group of 8.130.246 euros), the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Ramada Investimentos e Indústria, S.A. as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed 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 guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors code of ethics.

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

Emphasis of matter relating to Covid-19

The recent developments surrounding the Covid-19 pandemic (Coronavirus) have a significant impact on the health of people and on our society as a whole increasing uncertainty around the operational and financial performance of organizations. The impacts and uncertainties resulting from the Covid-19 pandemic (Coronavirus) are disclosed in Note 40 of the notes to the consolidated financial statements and reflect the expectations of the Board of Directors of Ramada Investimentos e Indústria, S.A., based on the information available as at 31 March 2020. Our opinion has not been modified in relation to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. **Impairment of trade receivables**

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2019, trade receivables amount to 38.573.010 euros (2018: 36.253.156 euros), net of impairment losses of 7.194.002 euros (2018: 7.075.677 euros), representing 16% of total assets of the Group (2018: 14%).	Our audit approach to the risk of material misstatement included the following procedures: (i) a global response affecting the way in which the audit was conducted; and (ii) a specific response which resulted in a combined approach of assessment of controls and performance of substantive procedures on trade receivables.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Impairment requirements are based on an expected credit loss model (ECL), that replaces the IAS 39 incurred loss model. The ECL measurement should reflect the probability-weighted outcome, the time value of money, and be based on reasonable and supportable information that is available without undue cost or effort. The expected credit losses model takes into account the following considerations: ► The existence of customer segments, namely the molds sector; ► Collaterals such as credit insurance; ► Evaluation of historical losses as a determination of significant deterioration criteria; and ► Assessment of forward-looking information for the markets where the Group operates. For the main customer balances, an individual analysis of the balances receivable is carried out, which takes into account the particular situation of each debtor, the guarantees held by the Group, and other aspects, including evaluations and judgments made by Management. Audit risk arises from the significant judgment used in this type of calculation.	Our substantive audit procedures included: ► Analysis of the model used by Management to calculate expected credit losses in accordance with IFRS 9; ► Assessment of the appropriateness of the criteria and assumptions used in the model; ► We tested the accuracy and completeness of the ECL model and we identified the balances covered by the insurance policies guaranteed by "bills" and "post-dated checks" having regard to their possible renewal; ► We sent external confirmation requests relating to trade receivables balances and assessed their recoverability by obtaining supporting documentation of subsequent receipts, (specifically relating to clients subject to an individual impairment assessment); and ► We analysed responses to our external confirmation requests from all the lawyers with whom the Group has relations regarding litigation concerning trade receivables. We also assessed the adequacy of the applicable disclosures in Notes 2.12 and 17 of the consolidated financial statements.

2. Impairment of Investment properties

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The Group owns investment properties comprising land parcels for logging, which are fully leased to a related party through contracts for a period of 20 years (with optional extension periods from four up to six years), amounting, as at 31 December 2019, to 88.686.840 euros (2018: 86.935.676 euro), representing 38% of the Group's assets and generating income recognized in the profit for the year then ended of 6.605.727 euros (2018: 6.406.000 euros). Investment properties are measured at cost, and according to management´s assessment it is not possible to reliably estimate their fair values, and accordingly no related disclosures have been made. Nevertheless, an analysis is carried out internally of the existence of	Our audit approach included the following procedures: ► Discussion with Management in relation to their assessment of the existence of impairment indicators for each of the properties classified as investment properties; ► Analysis of the lease contracts currently in force with related parties, in particular with regard to their duration, rents and updates to rents and other conditions; ► For a sample of properties, we reconciled the information included in internal analysis with the relevant property certificates; and ► We involved our internal valuation specialists in order to benchmark the yields and to assess the internal model used for assessing impairment indicators.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
impairment indicators, in order to ensure that the carrying amounts do not exceed their recoverable amounts. Taking into consideration the above, namely the significance of this caption in the Group's assets and the fact that those assets are leased to a related entity, we consider this subject as a key audit matter.	We also assessed the adequacy of the applicable disclosures (IAS 40), included in Note 10 of the consolidated financial statements.

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report, including the Corporate Governance Report in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

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

Our objectives are 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:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code, as well as the verification that the statement of non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

On the Statement of non-financial information set out in article 508-G of the Commercial Companies Code

Pursuant to article 451, nr. 6, of the Commercial Companies Code, we inform that the Group has included in its Consolidated Annual Report the statement of non-financial information as per article 508-G of the Commercial Companies Code.

On the Corporate Governance Report

Pursuant to article 451, nr. 4, of the Commercial Companies Code, in our opinion, the Corporate Governance Report includes the information required to the Group to provide as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Ramada Investimentos e Indústria, S.A. (Group´s Parent Entity) for the first time in the shareholders' general meeting held on 26 April 2017 for a mandate covering the years 2017 to 2019;

- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group as of today; and
- We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Group in conducting the audit.

Porto, 2 April 2020

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154

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Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Ramada Investimentos e Indústria, S.A. (the Entity), which comprise the Statement of Financial Position as at 31 December 2019 (showing a total of 105.013.729 euros and a total equity of 85.737.028 euros, including a net profit for the year of 11.986.554 euros), the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Ramada Investimentos e Indústria, S.A. as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed 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 guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

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

Emphasis of matter relating to Covid-19

The recent developments surrounding the Covid-19 pandemic (Coronavirus) have a significant impact on the health of people and on our society as a whole increasing uncertainty around the operational and financial performance of organizations. The impacts and uncertainties resulting from the Covid-19 pandemic (Coronavirus) are disclosed in Note 27 of the notes to the financial statements and reflect the expectations of the Board of Directors of Ramada Investimentos e Indústria, S.A., based on the information available as at 31 March 2020. Our opinion has not been modified in relation to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the current year's audit, we did not identify any key audit matter.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation of financial statements that presents a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report, including the Corporate Governance Report in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are 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:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are

therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and

- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code, as well as the verification that the statement of non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatement.

On the Statement of non-financial information set out in article 66-B of the Commercial Companies Code

Pursuant to article 451, nr. 6, of the Commercial Companies Code, we inform that the Entity has included in its Annual Report the statement of non-financial information as per article 66-B of the Commercial Companies Code.

On the Corporate Governance Report

Pursuant to article 451, nr. 4, of the Commercial Companies Code, in our opinion, the Corporate Governance Report includes the information required to the Entity to provide as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Entity for the first time in the shareholders' general meeting held on 26 April 2017 for a mandate covering the years 2017 to 2019;
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Entity as of today; and
- We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Entity in conducting the audit.

Porto, 2 April 2020

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154
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Report and Opinion of the Statutory Audit Board

(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

To the Shareholders of
RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

In compliance with the applicable legislation and our mandate, we hereby submit our Report and Opinion, which covers the Management Report and the others documents in the individual and consolidated annual report of RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. ("Company") for the year ended 31 December 2019, which are the responsibility of the Company's Board of Directors.

1. Report over the developed activity

During the year under analysis, the Statutory Audit Board accompanied the operations of the Company and its affiliates, the timely writing up of accounting records, compliance with statutory and legal requirements and the effectiveness of the risk management and internal control systems, having held meetings, in person or by telematic means, with the periodicity and length considered appropriate, namely, on 12 March 2019, 12 April 2019, 29 July 2019, 23 October 2019, 12 March 2020 and 25 March 2020, the latter related with the approval of the 2019 accounts, and having always obtained, from the Board of Directors and personnel of the Company and its affiliates, all the information and explanations required.

As part of its duties, the Statutory Audit Board examined the individual and consolidated statement of financial position as of 31 December 2019, the individual and consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and the corresponding notes.

In the exercise of its competences, the Statutory Audit Board held, regularly, meetings with Statutory and External Auditor's representatives in order to monitor the audit work carried out and take note of its conclusions, in addition to assessing its independence.

The Statutory Audit Board reviewed the Statutory and Auditor's Report regarding the individual and consolidated information for the year 2019, which comprises the individual and consolidated statements of financial position for the year ended as of 31 December 2019, the individual and consolidated statements of profit or loss, the individual and consolidated statements of comprehensive income, the individual and consolidated statements of changes in equity and the individual and consolidated statements of cash flows for the year then ended, and the corresponding notes, documents which does not include a qualified opinion.

The Statutory Audit Board also reviewed the Corporate Governance Report, assuring that it includes all the elements referred to in article 245-A of the Portuguese Securities Market Code, which the Statutory Audit Board verified.

Finally, the Statutory Audit Board also analysed the Additional Report to the Statutory Audit Board and other documentation issued by the representative of Ernst & Young Audit & Associados – SROC, S.A., Statutory and External Auditor of the Company.

2. Declaration of Responsibility

Within the scope of the powers of its competences, the Statutory Audit Board declares that, to its knowledge and conviction, the documents of the annual report above mentioned, were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. and the companies included in the consolidation. And that the Management Report adequately describes the business, performance and financial position of the Group, containing an adequate description of the major risks and uncertainties it faces. It is also declared that the Corporate Governance Report complies with article 245-A of the Portuguese Securities Market Code.

3. Opinion

Accordingly, considering the diligences, opinions and information received from the Board of Directors, the Entity's services and the Statutory and External Auditor, the Statutory Audit Board is of the opinion that:

1. Nothing prevents the approval of Management Report for the year 2019;
2. Nothing prevents the approval of the individual and consolidated Financial Statements for the year 2019;
3. Nothing prevents the approval of the proposal for the net profit appropriation presented by the Board of Directors, which is duly substantiated.

We wish to express our appreciation to the Board of Directors and to the various services of the Company and of its subsidiaries for their collaboration.

Oporto, 2 April 2020

The Statutory Audit Board

____

Pedro Pessanha
Statutory Audit Board President

____

António Pinho
Statutory Audit Board Member

____

Guilherme Monteiro
Statutory Audit Board Member

Shaping industry

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