RAMADA

INVESTIMENTOS E INDÚSTRIA

2018 Annual Report and Accounts

80 ANOS

A investir na indústria

CONTENTS

MANAGEMENT REPORT

Shaping Industry

**From steel
to engineering and storage solutions,
our brands reflect our know-how.**

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 31 December 2018. According to Article 508-C (6) 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. The shares have been listed on its main reference index, the PSI-20, since 19 March 2018.

Ramada Investimentos[1] is the parent company of a group of companies that, as a whole, operate 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.

At the end of 2017, Ramada Investimentos acquired indirect control of 99% of the share capital of SOCITREL – Sociedade Industrial de Trefilaria, S.A. ("Socitrel"). It should be noted, in this regard, that Socitrel's financial statements only began to be consolidated on 1 January 2018. Moreover, Ramada Investimentos acquired the remaining shares of Socitrel in the first quarter of 2018. Since then, it holds the entire share capital of that subsidiary.

With this Ramada Investimentos was able to widen its industrial activity, embracing a new business area. Socitrel manufactures and sells steel wires for application in the most diverse areas of activity, namely industry, agriculture and civil construction.

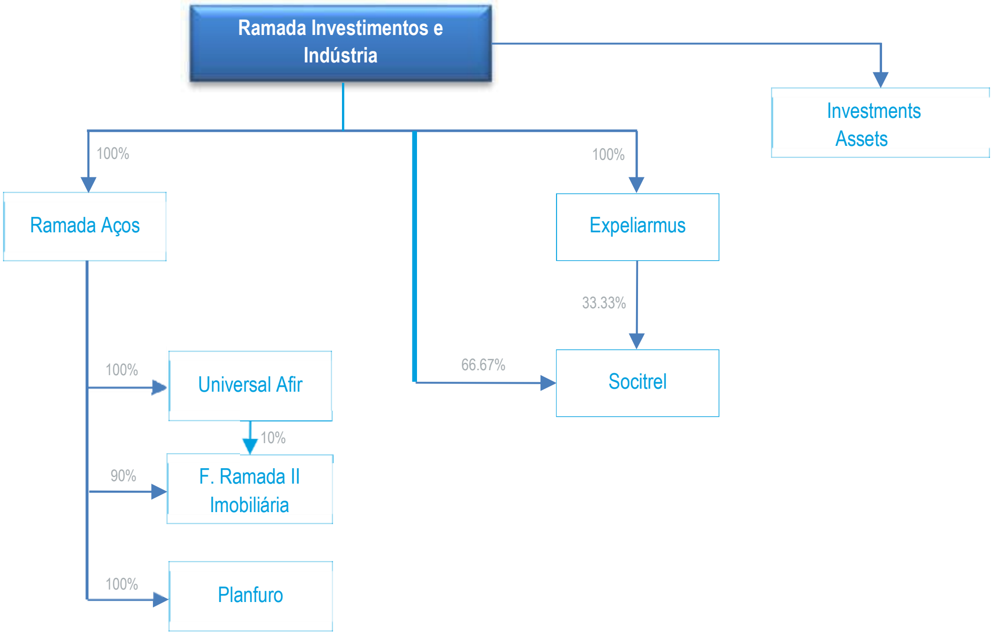
Of the set of investments held in portfolio by the Group, we highlight, in the financial investment management field, the stake held in the company called Consumo em Verde-Biotecnologia das Plantas, S.A., which comprises 15.48% of the respective capital.

The Real Estate segment 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 2018, can be detailed as follows:



ECONOMIC ENVIRONMENT

The implementation of customs tariffs by some of the world's largest countries – especially the USA – and resulting retaliation, including from China, has led to a negative environment for the market and for economic operators in general. Nevertheless, 2018 posted growth in almost all geographical areas. The global economy is estimated to have grown by 3.7%, slightly above the 3.6% in 2017 (OECD data) and above the average of 3.4% recorded since 2011. There was, however, a slight slowdown in growth among the OECD economies, from 2.5% in 2017 to 2.4% in 2018, due to the slowdown in the eurozone and Japan.

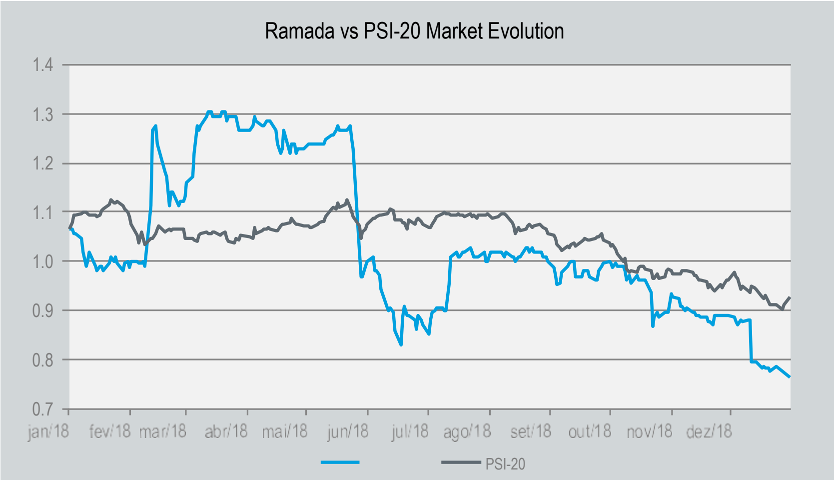
European Commission studies expect eurozone inflation to have stood at 1.7% and that it will fall back to 1.4% this year. In the IMF's October half-yearly report, which covers all the single-currency countries , forecast, on the other hand, the inflation rate in 2018 to accelerate (+1.7%) compared to 2017 (1.5%), whilst it is expected to remain unchanged in 2019 at 1.7%. The European Commission reported that the unemployment rate stood at 7.9% in December, the lowest figure since October 2008. It is expected to remain unchanged in 2019.

In Portugal, 2018 was clearly marked by deceleration, which is yet another example of how mature the economic cycle is. GDP grew 2.1% in 2018, compared to 2.8% in 2017, driven by domestic demand and tourism. The effect of this economic cooling off among some of its main trading partners, particularly Spain and Germany, has already been felt by Portugal. Exports, however, continued to grow at a good pace (6%). The unemployment rate fell again in 2018, as a result of the economic and tourism growth. Average inflation in Portugal was 1%, below the early year forecasts and well below the European average of 1.9%.

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 28.8% in 2018, following the trend of the PSI-20 index which depreciated 12.2% in the same period.

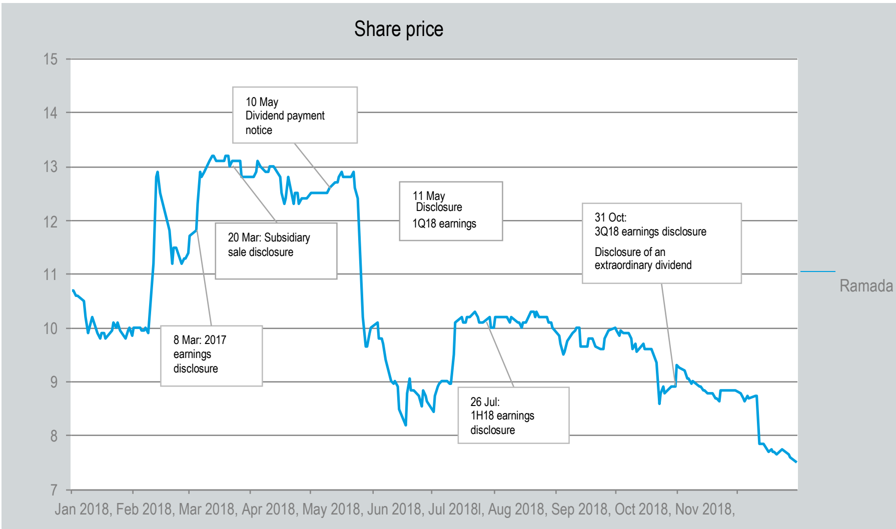


The market price of Ramada Investimentos shares at the year's end was EUR 7.50 per share. This is equivalent to a market capitalisation of EUR 192 000 000.

Ramada Investimentos shares were traded at a maximum price of EUR 13.20 per share and a minimum of EUR 7.50 per share in 2018. A total of 3,546,232 shares of Ramada Investimentos e Indústria were traded in 2018.

Performance of the Ramada Investimentos share price

The main events that marked how the Ramada Investimentos share price performed in 2018 can be described as follows:



- The Group announced its financial performance for 2017 through a statement made on 8 March 2018. Consolidated net income was around EUR 56.7 million, which represents growth of 307.2% from the previous year. Total revenue totalled EUR 158.2 million and consolidated EBITDA amounted to around EUR 24.8 million. The closing price of shares on that date was EUR 12.8 per share;

- In an announcement made on 20 March, Ramada Investimentos informed the market that, together with its subsidiary Ramada Aços, S.A., it had signed an agreement with the Averys Group for the sale of all the share capital of its wholly owned subsidiary, Ramada Storax, S.A. (“Storax”). It also informed that the transaction would be subject to the Competition Authority's decision not to oppose it;

- On 10 May, Ramada Investimentos informed the market that the dividends for 2017, corresponding to EUR 2.23 per share, would be paid from 30 May;

- On 11 May 2018, the Ramada Group reported that its financial results for the 1st quarter of 2018 posted a consolidated net profit of around EUR 3.3 million. Consolidated EBITDA reached EUR 4.7 million and total revenue was EUR 31.8 million;

- On 26 July 2018, Ramada Group's results for the first half of 2018 were announced, with a consolidated net profit of EUR 64.7 million. Total revenue totalled EUR 67.8 million and consolidated EBITDA amounted to around EUR 9.8 million.

- The Group announced its financial performance for the first nine months of 2018, through a statement made on 31 October 2018, with consolidated net profit of around EUR 67.3 million. Consolidated EBITDA amounted to around EUR 14.9 million, with an EBITDA margin of 16%. Operating income reached EUR 98.4 million.

- Ramada Investimentos also advised the market on 31 October of the extraordinary dividend payment of EUR 1.15 per share, due to the favourable performance of earnings in the first nine months of 2018 and the liquidity availability to allow for advance dividends against profits.

GROUP'S BUSINESS ACTIVITY

Ramada Investimentos is the parent company of a group of companies that, as a whole, operate 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.

Steel Activity

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.

The steel activity turnover recorded growth in 2018, compared to the previous year.

Demand increased sharply in all market segments in the first half of the year, especially in the moulds and tools segments, which are the most significant for the business. The higher and renewed production capacity, as a result of the investments made in recent years, drove turnover growth of the steel activity, compared to the same period in 2017.

Many of the Group's customers used up their capacity and outsourced services to meet demand. Conventional and customised machining services, as well as heat treatment services benefitted from this high number of projects and their sales grew strongly. This environment was expected to remain unchanged, fuelled by news of a considerable number of automotive projects, mostly for hybrid and electric vehicles, which would cause heavy demand for the construction of moulds and tools for all manufacturing markets.
However, in the second half of the year the expected environment failed to materialize car sales in the Chinese market, the world's main market, dropped. The first decline in about 20 years began in June (-3%) and the decline intensified until the end of the year (December: -13%). Several global impacts caused this recession in the most important and decisive market for the automotive sector such as: Trump's tariffs threatening exports and the Chinese economy; the prohibition on vehicles entering the most polluted cities (especially those with diesel engines); the emergence of other forms of mobility based on the sharing economy; the huge contingencies in the new approval of vehicle emissions (Worldwide Harmonised Light Vehicle Test Procedure (WLTP)); as well as many other volatile political and economic situations, which cooled consumer confidence.

Consumer confidence, or rather the lack of it, was perhaps the most relevant cause of the adverse environment prevailing in the world's largest manufacturing industry. New models that will allow travel without pollution restrictions, which are greener, more economical and more technologically advanced, are eagerly expected. Models that will also have guaranteed demand in the future second-hand market.

Many of the ongoing projects are cancelled or put on hold in order to redesign the models and adapt them to new market requirements and/or policies related to the emissions and use of light-duty passenger

vehicles. Almost every project in line with the new requirements have pursued its course, but have slowed down the pace of implementation given the need to reduce investments in periods sales declines.
This limited demand for steel and associated services for the manufacture of moulds and tools and increased pressure on the Group's supply and price terms.
All customers have been increasing their production capacity over the last few years and, with fewer orders and more internal capacity, they are reducing outsourced services.

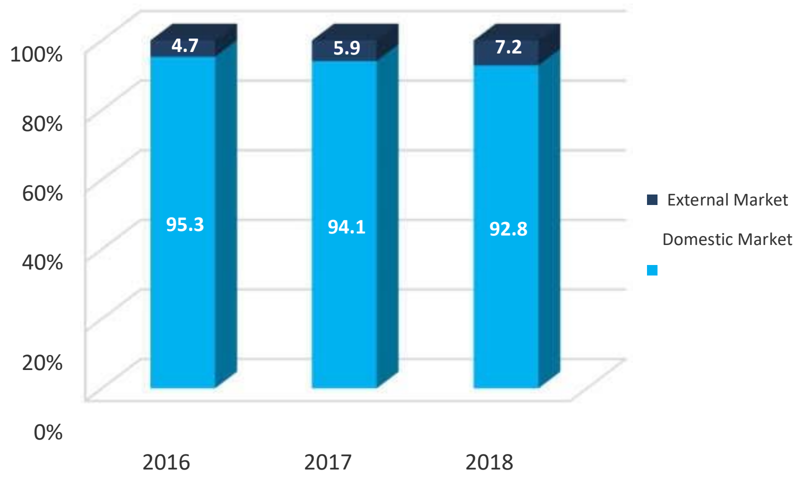
The Ramada Group performance in the second half of the year was strongly impacted by the restructuring that the automobile industry was undergoing. Other areas of metalworking, such as equipment construction and components manufacture, have not declined and helped to balance aggregate sales.

Stocks were also impacted by these limiting factors. In the first half of the year, suppliers warned of the rise in price of raw materials and consequent extension of delivery times as demand grew and market transactions increased. In some cases, a possible shortage of stocks was also envisaged, which could compromise the Group's ability to meet its commitments. There was, therefore, an increase in stocks to prepare for this possibility. However, the market slowdown in the second half of the year, coupled with the commitments made to suppliers in the first half of the year, in the light of the conditions prevailing then, has made it difficult to maintain stocks at optimal levels. Hence the year closed with stock levels higher than usual as far as time in stock is concerned.

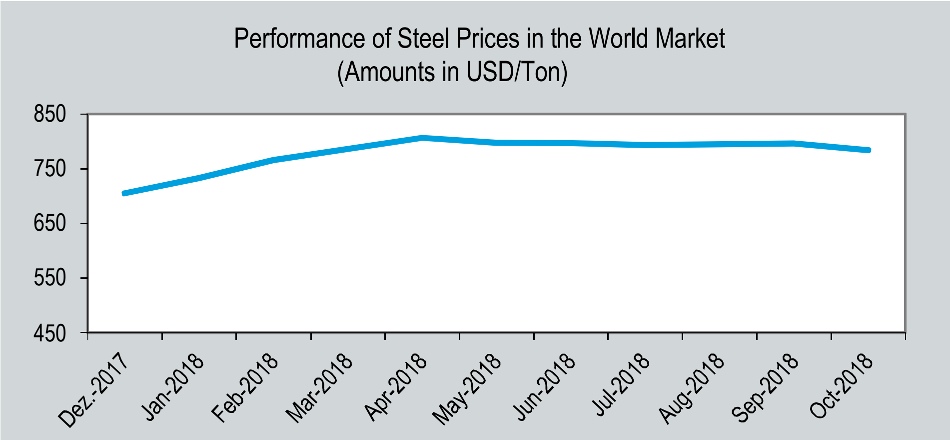
The steel activity is mainly directed at the domestic market, which accounted for 93% of sales turnover in 2018.

Exports, which until now had been a growth factor in the moulds and tools sector, now have the same impact as that of the domestic market. However, the Group is still committed to foreign markets, seeking to increase its export capacity.

Performance of steel activity turnover by market



Basically, the Steel activity operates in the domestic market which, in 2018, represented 92.8% of sales turnover. The European market is the main destination for exports of this activity, and the significant growth in sales to Germany, England and Spain is worth noting.



The growing level of global demand throughout 2018, following on from the 2017 trend, dragged along with it the raw materials prices and, consequently, the prices of all steel items. The projections of a slowdown in global economic growth at the end of the year, together with the worsening of environmental problems in the automotive industry, caused the price of certain steel items to show some decline.

Drawing Mill Activity

The Socitrel's business significantly grew again in 2018, following a trend started in 2015 of recovery of production levels, sales and financial performance.

Socitrel's return to the market was very well received by its customers, who expressed their appreciation for once again being able to count on a company of recognised quality. Although the long period of stoppage until September 2015 opened the door to new players in the market, bringing along quite naturally an additional competitive factor, the Company has been able to overcome. The strengthening of Socitrel's exports has allowed it to consolidate its recovery.

Socitrel's sales turnover grew strongly in 2018 compared to 2017, and the significant growth in sales to the domestic market is worth noting.

Socitrel operates mainly in the foreign market which, in 2018, accounted for 63% of sales turnover, with Europe being the destination market responsible and holding the largest share.

In the second half of 2018, pressure on the supply side increased for all products in the markets where Socitrel operates, after the pressure was primarily on the demand side, mainly pre-stressed products, in the first half of the year. Price stability remained in the Wire Rod market, although there is uncertainty regarding it will perform in coming months.

Financial Investment Activity

In the activity of financial investment management, the Group's stake in Consumo em Verde-Biotecnologia das Plantas, S.A. (CEV/Converde) was significant at 31 December 2018.

The activity of CEV/Converde consists of the development and respective intellectual protection, production and marketing of organic fungicides for agriculture, based on an edible protein – BLAD. The product, unique in the world, is obtained by extraction of BLAD from sweet lupin seeds (Lupinus Albus) during their germination stage.

The sales turnover of this subsidiary amounted to EUR 2.27 million in 2018, compared with EUR 2.33 million the previous year. Sales were wholly in external markets.

A series of activities and tests were carried out during the year in order to obtain sales licenses in new target markets as defined by the company, namely: Europe, Japan, Mexico, South Africa and Chile. In the markets where sales licenses have already been granted, USA, South Korea, Australia and China, the strategy is to carry out new field trials showing the product effectiveness, to enable its sale for new crops and diseases, thus expanding its target market.
A contract with a renowned Japanese company was signed for the distribution of the product in Japan. In Europe, discussions on distribution agreements are in their final stages, also with prestigious and very well-established companies in this sector of activity.

The development of intellectual property and products containing BLAD as an active ingredient remains one of the key points in the company's long-term strategy. At the end of 2018, the product was already being tested in new applications, both in the agricultural sector and in new market sectors.

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.

The income statement for 2018 was restated in order to split the profit/loss attributable to the discontinued units (subsidiaries devoted to the storage systems activity) onto a separate line.

	2018	**2017 (Restated)**	**Var. %**
Sales and services rendered	127,424	77,908	63.6%
Other income	2,009	1,430	
Total income	**129,433**	**79,338**	**63.1%**
Cost of sales	(77,720)	(41,874)	85.6%
External supplies and services	(17,138)	(10,115)	69.4%
Payroll expenses	(14,046)	(9,568)	46.8%
Other costs	(1,693)	(443)	282.1%
Total costs (a)	**(110,596)**	**(62,000)**	**78.4%**
EBITDA (b)	**18,837**	**17,338**	8.6%
EBITDA margin	**14.6%**	**16.7%**	
Amortisation and depreciation	(5,254)	(5,480)	-4.1%
EBIT (c)	**13,582**	**11,857**	**14.5%**
EBIT Margin	**10.5%**	**12.7%**	
Gains/Losses in associate companies	0	42,527	-100.0%
Financial costs	(1,696)	(1,833)	-7.5%
Financial gains	126	200	-36.8%
Profit before income tax from continuing operations	**12,013**	**52,751**	**-77.2%**
Income tax for the financial year	(2,509)	(1,450)	
Profit after income tax from continuing operations	**9,504**	**51,302**	**-81.5%**
Profit after income tax from discontinued operations	60,214	5,407	1013.7%
Consolidated profit/loss for the financial year	**69,718**	**56,708**	**22.9%**
Consolidated net profit attributable to shareholders of the parent company	69,718	56,708	22.9%

Amounts in thousands of euros

(a) Operating expenses excluding depreciation, financial expenses and income tax

(b) EBITDA= earnings before financial results, income tax, depreciation and amortisation

(c) EBIT= earnings before financial results and income tax

Total income of the Ramada Group in 2018 was EUR 129,433 thousand, an increase of 61.6% over the total income recorded in 2017. This growth is due to the impact of consolidation of the subsidiary Socitrel only in 2018.

Total costs, excluding amortisation, financial results and income taxes, were EUR 110,596 thousand, posting growth of 76.2% compared to 2017.

EBITDA was EUR 18,837 thousand, 8.6% higher over the previous year. The EBITDA margin was 14.6% compared to 16.7% in the previous year.

The operating profit (EBIT) was EUR 13,582 thousand, posting growth of 14.5% compared to EUR 11,857 thousand in 2017.

Negative financial results totalled EUR 1,570 thousand, showing a decrease of 3.9% compared to 2017.

The net profit of discontinued operations amounted to EUR 60,214 thousand, which includes the gain on the sale of the entire storage systems business activity.

The consolidated net profit, including discontinued operations, amounted to EUR 69,718 thousand, compared to EUR 56,708 thousand in 2017.

INDUSTRY

	2018	2017 (Restated)	Var. %
Total income	121,595	72,996	66.6%
Total costs (a)	108,553	61,732	75.8%
EBITDA (b)	13,042	11,264	15.8%
EBITDA margin	10.7%	13.6%	
EBIT (c)	8,047	6,089	32.1%
EBIT Margin	6.6%	9.7%	
Financial results	(778)	(717)	8.5%
Gains/Losses in associate companies	0	42,527	-100.0%
Profit before income tax from continuing operations	7,268	47,899	-84.8%
Income tax	1,212	528	129.6%
Profit after income tax from continuing operations	6,056	47,371	-87.2%
Profit after income tax from discontinued operations	60,214	5,407	1013.7%
Net income	66,269	52,778	25.6%

(amounts in thousands of euros)

(a) Operating expenses excluding amortisation, financial expenses and income tax

(b) EBITDA= earnings before financial results, income tax, depreciation and amortisation
(c) EBIT= earnings before financial results and income tax

Total income of the Industry segment in 2018 amounted to EUR 121,595 thousand, posting a 66.6% growth on the total income recorded in 2017. This growth is due to the impact of consolidation of the subsidiary Socitrel just in 2018.

The EBITDA of the Industry segment was EUR 13,042 thousand, posting growth of 15.8% on the EUR 11,264 thousand in 2017. The EBITDA margin amounted to 10.7% compared to 13.6% in the previous year.

The operating profit (EBIT) was EUR 8,047 thousand, posting a 32.1% growth compared to EUR 6,089 thousand over the previous year.

REAL ESTATE

	2018	2017 (Restated)	Var. %
Total income	7,838	7,096	10.5%
Total costs (a)	2,043	1,022	100.0%
EBITDA (b)	5,794	6,074	-4.6%
EBIT (c)	5,536	5,768	-4.0%
Financial results	(791)	(916)	-13.6%
Results before tax	4,745	4,852	-2.2%

(amounts in thousands of euros)
(a) Operating expenses excluding amortisation, financial expenses and income tax
(b) EBITDA= earnings before financial results, income tax, depreciation and amortisation
(c) EBIT= earnings before financial results and income tax

Total income of the Real Estate segment in 2018 amounted to EUR 7,838 thousand, posting a 10.5% growth on the 2017 figure.

The rents obtained from long term leasing of forest land represent about 80% of the total Real Estate revenue.

The EBITDA of the Real Estate segment of 2018 amounted to EUR 5,794 thousand, featuring a 4.6% decreased over the previous year.
The operational result (EBIT) of the Real Estate segment, in the amount of EUR 5,536 thousand, also decreased 4.0% compared to 2017.

Although the financial results of the Real Estate segment were negative at EUR 791 thousand, they scored a 13.6% improvement on the negative EUR 916 thousand in 2017.

The profit before income tax of the Real Estate segment amounted to EUR 4,745 thousand, which is 2.2% down on the previous year.

INVESTMENT AND DEBT

Investment in production in 2018 by the Ramada Group amounted to EUR 3,629 thousand.

The nominal net debt of Ramada Group at 31 December 2018 amounted to EUR 21,375 thousand. The nominal net debt at 31 December 2017 totalled EUR 7,872 thousand.

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 2018 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 2018. 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 2018 financial year and in the course of the meetings of the Board of Directors.

OUTLOOK FOR 2019

The European economic slowdown combined with the uncertainties and paradigm shift in the automotive industry have had an impact on the Portuguese mould industry in particular. The Group expects a very challenging year in 2019. In the first quarter, the Industry segment should post lower EBITDA compared with the first quarter 2018 figures.

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 61,098,165.25. The Board of Directors decided, on 22 November 2018, to pay an advance dividend on profits of EUR 29,487,677.85, corresponding to a gross dividend of EUR 1.15 (one euro and fifteen cents) per share.

The Board of Directors proposes to the General Meeting the following appropriation of the net profit for the year in the amount of EUR 61,098,165.25 and the amount of EUR 29,487,677.85 already paid as an advance dividend on profits for 2018:

Legal reserve	732,180.93
Free reserves	15,493,431.07
Dividends pay-out	44,872,553.25 *

	61,098,165.25
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* The total dividend per share for 2018 amounts to EUR 1.75 per share; taking into account that an advance dividend on the profit for the year was approved in November 2018, the remaining amount to be distributed to shareholders will be EUR 15,384,875.40, corresponding to EUR 0.60 per share.

CORPORATE GOVERNANCE REPORT

CORPORATE

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 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**).

RAMADA INVESTIMENTOS began the process during 2018 of adapting its structure to comply with the Corporate Governance Code of the Portuguese Institute of Corporate Governance (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

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 (treasury) shares in its portfolio, at 31 December 2018.

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%, 20%, 33% and 50% of the voting rights, at 31 December 2018, 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. shares held at 31/12/2018	% share capital with voting rights
Directly	631,943	2.46%
Total attributable	**631,943**	**2.46%**

Magallanes Value Investors	No. shares held at 31/12/2018	% share capital with voting rights
Directly	894,128	3.49%
Total attributable	**894,128**	**3.49%**

1 Thing, Investments, S.A.	No. shares held at 31/12/2018	% share capital with voting rights
Directly [(a)]	2,565,293	10.004%
Total attributable	**2,565,293**	**10.004%**

(a) – The 2,565,293 shares correspond to the total number of shares of Ramada Investimentos e Indústria, S.A. held directly by the company 1 Thing, Investments, S.A. on whose Board of Directors sits the director Pedro Miguel Matos Borges de Oliveira

Domingos José Vieira de Matos	No. shares held at 31/12/2018	% share capital with voting rights
Through the company Livrefluxo, S.A. (of which he is the controlling shareholder and director)	3,118,408	12.162%
Total attributable	**3,118,408**	**12.162%**

Paulo Jorge dos Santos Fernandes	No. shares held at 31/12/2018	% share capital with voting rights
Through the company Actium Capital, S.A. (of which he is the controlling shareholder and director)	4,009,402	15.64%
Total attributable	**4,009,402**	**15.64%**

Ana Rebelo Carvalho Menéres de Mendonça	No. shares held at 31/12/2018	% share capital with voting rights
Through the company PROMENDO INVESTIMENTOS, S.A. (of which she is the controlling shareholder and director)	4,845,383	18.90%
Total attributable	**4,845,383**	**18.90%**

João Manuel Matos Borges de Oliveira	No. shares held at 31/12/2018	% share capital with voting rights
Through the company Caderno Azul, S.A. (of which he is a director and shareholder)	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 2018, 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 30 of the Notes to the Consolidated Accounts and note 19 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 2018:

Chairman: Manuel Eugénio Pimentel Cavaleiro Brandão
Secretary: Maria Conceição Henriques Fernandes Cabaços
The term of office began in 2017 and will end 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 2018 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 beginning in 2017 and ending 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 2018.

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 2018 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

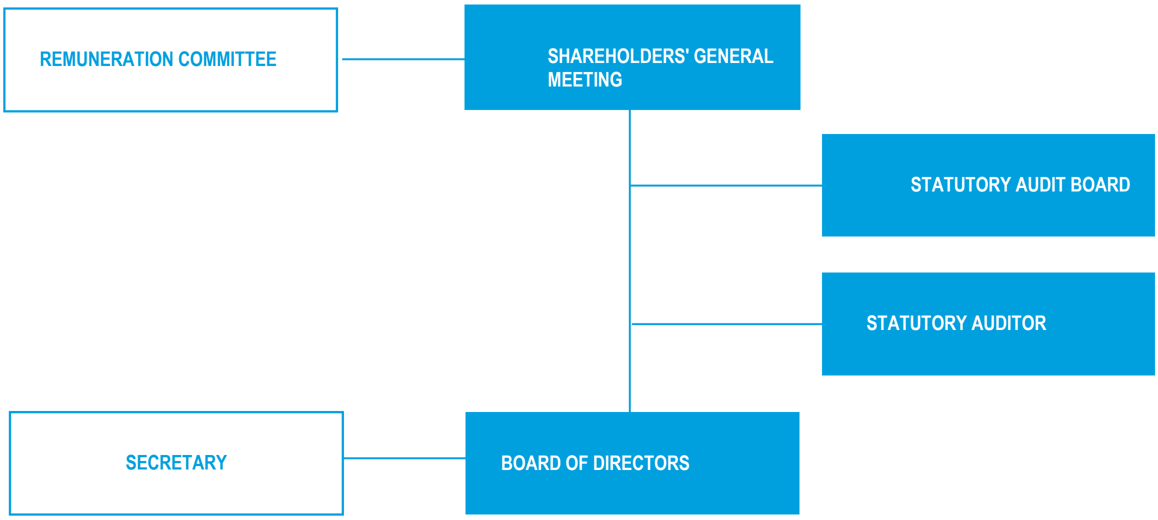
The Chairman of the Board of Directors João Manuel Matos Borges de Oliveira is a director and shareholder of CADERNO AZUL, S.A., a company which holds a 20.67% stake in RAMADA INVESTIMENTOS. Additionally, that director is the brother of Pedro Miguel Matos Borges de Oliveira, who is Chairman of the Board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

<table>
<tr><th colspan="4">RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.
Paulo Fernandes
João Borges de Oliveira
Domingos Matos
Pedro Borges de Oliveira
Ana Mendonça</th></tr>
<tr><td>RAMADA AÇOS

João Borges de Oliveira
Paulo Fernandes
Domingos Matos
Pedro Borges de Oliveira
Ana Mendonça</td><td>F. RAMADA II IMOBILIÁRIA

João Borges de Oliveira
Paulo Fernandes
Domingos Matos
Pedro Borges de Oliveira
Ana Mendonça</td><td>UNIVERSAL AFIR

João Borges de Oliveira
Domingos Matos
Pedro Borges de Oliveira</td><td>SOCITREL

Joaquim Pereira
Carlos Faria
Alfredo Luís Portocarrero</td></tr>
</table>

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 2018, 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 approved by 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 2018, 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 2017/2019 three-year term of office. The members of that committee are 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 approved by 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 2018.

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 beginning in 2017 and ending 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 five times during 2018, 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 2018 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 2018 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 ending 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 is therefore in the second year of its first term of office. The partner who represents it has been in office since 2017.

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 2018, 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:

By the Company	2018	%	2017	%
Statutory audit services (EUR)	11,500	12.7%	13,000	19.5%
annual accounts	10,500	11.6%	-	0,0%
interim accounts	1,000	1.1%	-	0,0%
Assurance services (EUR)	-	0,0%	-	0,0%
Tax consultancy services (EUR)	-	0,0%	-	0,0%
Services other than statutory audit services (EUR)	-	0,0%	-	0,0%
By Group entities				
Statutory audit services (EUR)	79,250	87.3%	66,500	100.0%
annual accounts	60,250	66.4%	66,500	
interim accounts	19,000	20.9%	-	
Assurance services (EUR)	-	0.0%	-	0.0%
Tax consultancy services (EUR)	-	0.0%	-	0.0%
Services other than statutory audit services (EUR)	-	0.0%	-	0.0%
	79,250	87.33%	66,500	119.55%
Total				
Statutory audit services (EUR)	90,750	100.00%	79,500	100.00%
Assurance services (EUR)	-	0.00%	-	0.00%
Sub-total audit services	90,750	100.00%	79,500	100.00%
Tax consultancy services (EUR)	-	0.00%	-	0.00%
Value of other services (EUR)	-	0.00%	-	0.00%
	90,750	100.00%	79,500	100.00%

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 2018 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;
- 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: adilia.miranda@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

Adília Miranda 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 reports 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

Ramada Investimentos has currently defined a Remuneration Committee for the three-year period of 2017/2019. The composition is 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 2018, 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 4 May 2018, complies with the following principles:

BOARD OF DIRECTORS:

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.

STATUTORY AUDIT BOARD

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 4 May 2018, 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 2018, 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 2018, 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 2018 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 2018 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 30 of the Notes to the Consolidated Accounts and note 19 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 2018 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 and by CMVM Regulation no. 5/2008 of 2 October 2008, are also complied with.

All the legal provisions mentioned in this Report and the Recommendations contained in the 2018 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 2018 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)(o) of the Portuguese Securities Code, the following are the Recommendations contained in the 2018 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 (not specified)
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
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 2018 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 4 May 2018, 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 2018, 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 2018 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.

NON-FINANCIAL INFORMATION 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.

The content of this chapter was determined through an analysis of the reporting requirements of that directive, using the guidelines associated with it. The focus was placed on the topics considered the most important, considering sustainability benchmarks, peer reports and an internal reflection of relevance based on the degree of impact.

The information presented is intended to reflect the reality of the Ramada Group, in a balanced manner. The main impacts and risks of the activity carried out are considered, which provide a more comprehensive view of its performance to stakeholders.

We expect the contribution in the future of stakeholders who want to know more about the Group's performance in these matters, encouraging contact through the Investor Support Office and referring to content they may want to see detailed in the annual report.

The results that allow us to illustrate the above analysis are presented through various performance indicators of the Ramada Group in these areas. The reported information always reflects the most representative reality of the Group.

Ramada Group
Ramada Group is currently composed of two separate business segments:

i. The Industry segment, which includes the specialised 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. Steel Group is defined, for the purposes of this chapter, as the group of the first three companies referred to above.

The Steel Group's business is mainly developed in the machine building and components sectors, as well as in the production of tools (dies, cutters and moulds). The Group's activity also includes the transformation of steel for various purposes, such as the manufacture of moulds for plastic, components for the automotive industry, capital goods and components for household appliances and electronics. Its business is basically carried out in the domestic market, with total coverage of the country's industrial areas, with six points of sale and distribution (of which the central warehouse in Ovar is part). Added to these are the two points of sale and distribution of Universal Afir.

This network is, based on the data available to the Group, despite the fact that data collection is difficult due to lack of detailed sector statistics, the largest network of points of sale existing in relation to the businesses in which the Group operates.

Ramada Aços is also the player with the widest offer of products and services in the whole country, which allows the application of the one-stop-shop concept for many customers.

Obtaining the control of the majority of SOCITREL's share capital in 2018 – a company specialised in wire production – allowed the Group to expand its activity, strengthening its leadership position in the steel market. It has increased its range of solutions, from mild steel wires to more sophisticated products with a high carbon content, which includes steel wire for pre-stressing. SOCITREL is currently the only company to produce galvanised wire in Portugal, which has various uses in the agricultural, construction and industrial sectors.

The Group also features the Real Estate segment, operated by Ramada Imobiliária, in addition to the Industry segment. Ramada Imobiliária manages rural land that is leased to the pulp and paper industry, which exploits it and takes up its management. This is why it is not covered in this chapter.

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

Group Customers.
The customer is one of the focuses of the Ramada Group. It is particularly important in the steel business, where the potential for recurrence is high.

The Group has invested in the diversification of its offer and in the establishment of ever closer relations with its Customers, in order to meet their expectations and requirements. It has strengthened its technical support, follow up and monitoring of the level of satisfaction, following the strategy of permanent quality improvement, as regards the services it provides and the products it sells.

The Group again promoted the Ramada Academy in 2018 as well as several technical seminars. Additional details of these will be given in the following items.

Ramada Academy and Technical Seminars
Designed to provide Ramada customers with in-depth knowledge and continuous learning on various technical topics, the Ramada Academy was again attended by technicians from Uddeholm (the Group's main steel supplier).

The Ramada Academy represented a total of:

- 6 0 – Hours of training provided to customers
- 2 3 2 – Number of trainees who have completed the courses

The topics in 2018 included raw materials and their work processes, with emphasis given to the modules of failure mechanisms, heat treatment and steel selection.

On the other hand, technical seminars were organised with the aim of bringing together the academic community, companies and industry, thus promoting discussion around topics of mutual interest. These technical seminars also 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:

- 13 – Number of technical seminars and training courses at universities and companies
- 43 – Hours of seminars conducted at universities and companies
- 257 – 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.

Customer Care
Customer care is one of the Group's main concerns. Ramada Aços established the Customer Care department in January 2018; its purpose is to improve the process of responding to suggestions and complaints from customers and, in this way, consolidating the trust they place in the Company'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.

Client satisfaction
The level of satisfaction of Ramada Aços' customers is measured through surveys, carried out every two years, to measure the level of trust. The results 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.

The survey conducted in 2018 in SOCITREL 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 response was 4.3 – "Probably yes" (on a scale of 1 to 5).

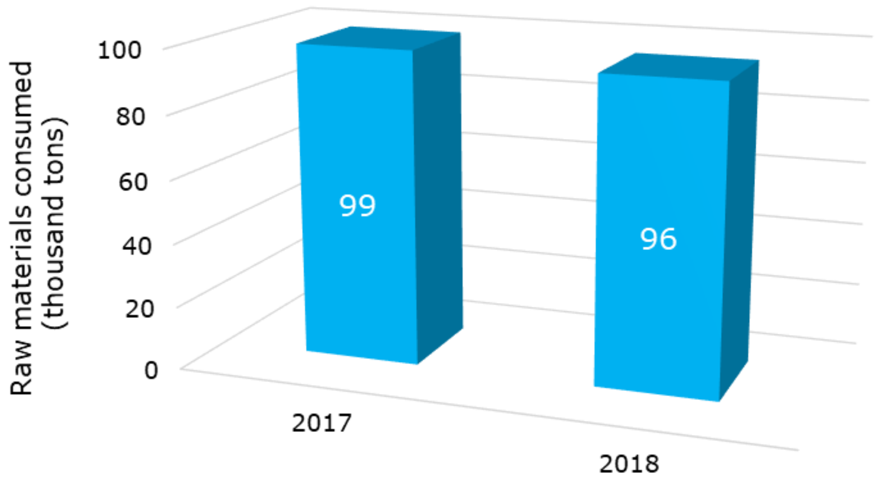
The customer satisfaction survey In Ramada Aços showed that the overall level of satisfaction is 98%.

Environmental Area
Respect for the environment is one of the guidelines of the Ramada Group, which has been increasingly improving its environmental performance, although the activities it carries out do not have a particularly extensive impact in this regard. However, there is an ongoing concern to make the operations more sustainable.

The environmental management of operations is ensured, for this purpose, by 2 employees with specific training in the environmental area.

Raw materials
The main raw material transformed by the Group companies is steel. Its consumption in 2018 was close to 96 thousand tons, most of which came from the recycling of scrap, which accounts for more than 70% of the total raw material consumed.

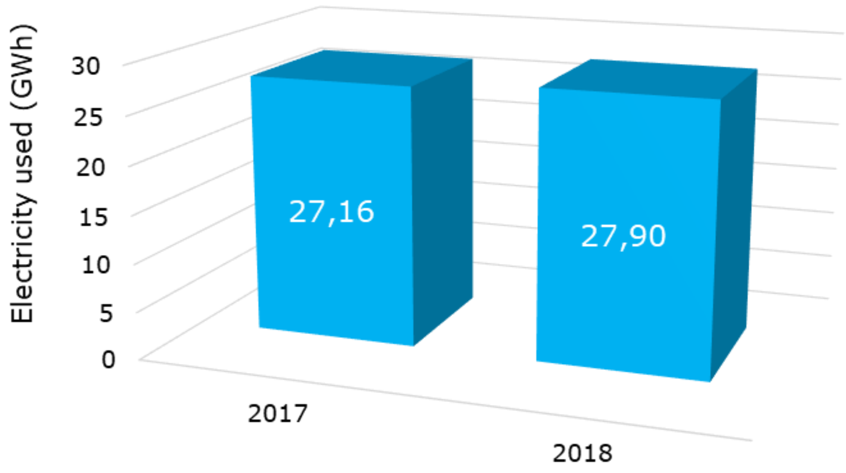
SOCITREL also uses zinc and PVC as raw materials. The consumption of these is, however, residual, accounting for about 2% of the total raw materials consumed.



Raw materials used by Ramada Group

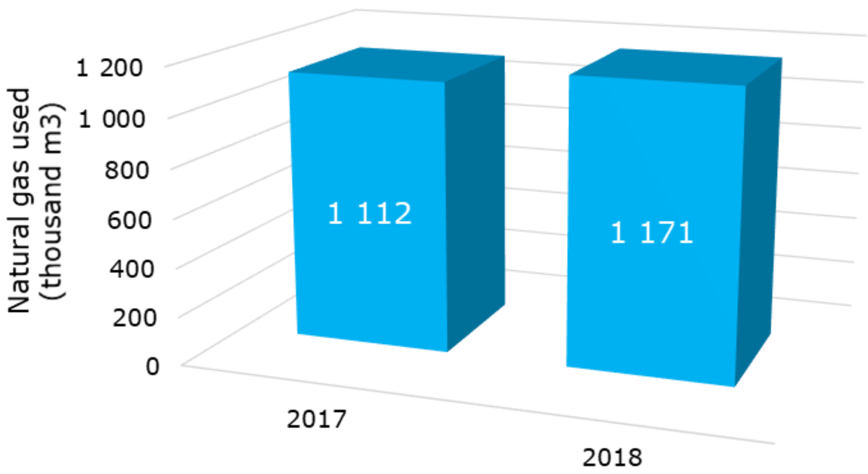
The Steels Group used 42 thousand tons of steel in 2018. In the same period, SOCITREL used more than 53 thousand tons.

Energy
The Group's main sources of energy usage are associated with manufacturing activities, which correspond to electricity and thermal energy (based on natural gas). Approximately 27.9 GWh of electricity and 1,171 thousand m^3 of natural gas were used in 2018.



Electricity used by Ramada Group

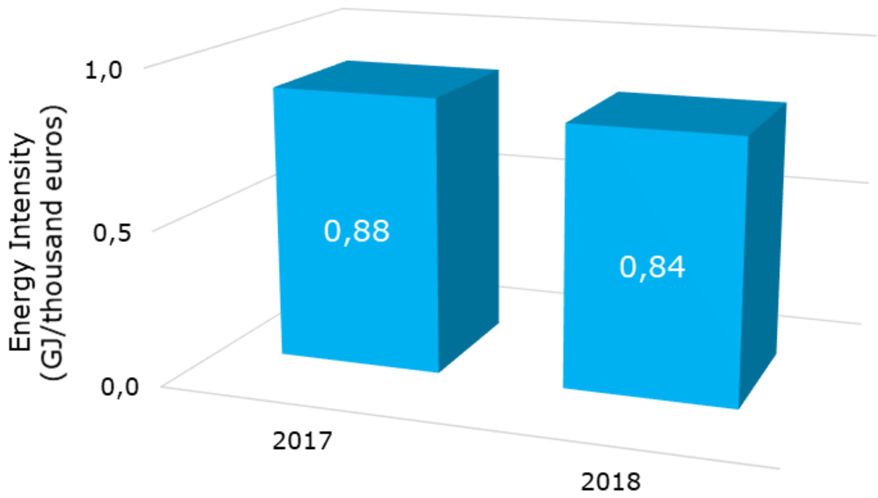
In the 2018 electricity component, the Steels Group used more than 10 GWh. SOCITREL's electricity usage in the same year was about 17 GWh.



Natural gas used by Ramada Group

The Steel Group used 35 thousand m^3 of natural gas, with regard to thermal energy usage in 2018. In the same year, SOCITREL used 1,136 thousand m^3 of gas.

The energy intensity in 2018 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 2018 compared to 2017, reflecting a positive evolution in energy efficiency. The energy intensity of the Steels Group was 0.53 GJ/thousand euros in 2017 and 0.51 GJ/thousand euros in 2018. SOCITREL recorded a reduction from 1.53 to 1.39 GJ / thousand euros from 2017 to 2018, respectively.

Gas Emissions

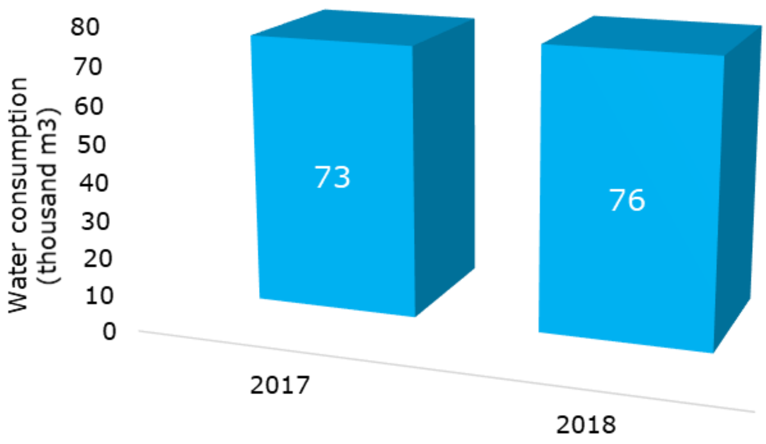
The main emissions associated with the Group's activity are related to its industrial units, the most relevant being the heat treatment furnaces, the production of drawn products and industrial tools.

The Group does not have any source covered by the European Emissions Trading Scheme and all sources are monitored every 3 years.

Water and Effluents

Water usage in the group is mainly for the industrial process, but also for human consumption.

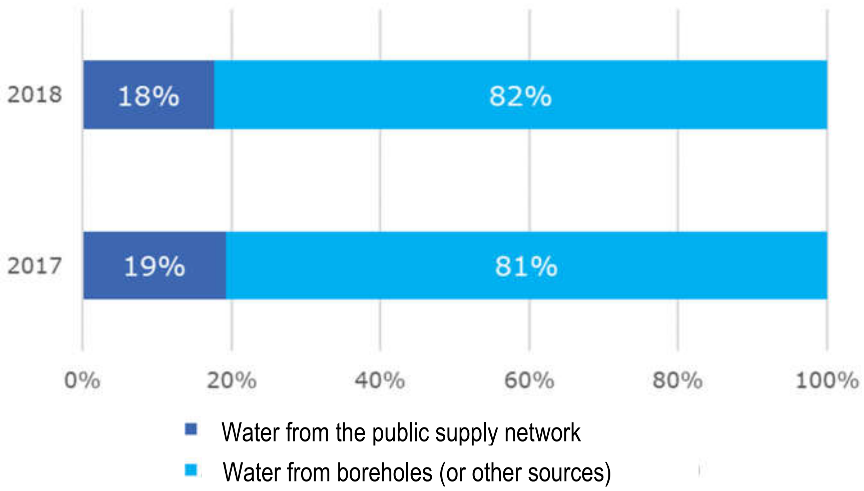
Total water usage in 2018 was 75.52 thousand m^3. The industrial component was the most representative. The main source of water was from the group's own abstractions, which account for 82% of the total. Water usage for human purposes (canteen, drinking fountains, toilets, among others) comes from the public water distribution network and represents 18% of the Group's usage.



Water used by Ramada Group

The Steels Group used 22 thousand m³ of water in 2018. As to SOCITREL, its usage in the same period was approximately 55 thousand m³.

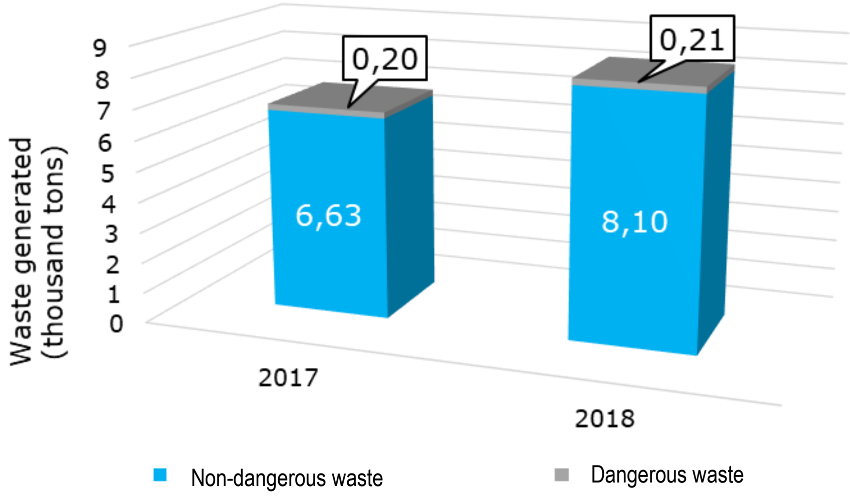
The chart below shows the sources of the water supply used within the Group, as well as their development.



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

Waste

The Ramada Group was responsible for the production of 8,096 tons of waste in 2018, resulting from its production process.



Quantity of waste produced by Ramada Group

The waste produced, as shown in the previous chart, is mostly non-hazardous (97%), and is basically made up of steel chips and filings. Hazardous waste accounts for about 3% of the waste produced, and it is duly sent to certified companies for treatment. The Steel Group was responsible for the production of around 5 thousand tons of non-hazardous waste in 2018. SOCITREL produced approximately 3 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 characterise the management of a complex and competitive business.

The management of the Group's Human Resources ensures compliance with all legal requirements and the workforce harmony. National legislation ensures compliance with the conventions of the International Labour Organisation.

The strong dynamic trend in human resources management proceeded in 2018, with the added challenge of including SOCITREL in the group.

Workforce in figures

The Ramada Group staff numbers totalled 572 employees at year end, comprising more than 5 different nationalities. 90% of which were men and 10% were women. This gender distribution is due to the nature of the activities associated with the sector. The top management bodies were composed, on that date, of 80% men and 20% women. 121 employees were hired in 2018, and 100 employment contracts terminated. These figures translate into a hiring rate of 21% and a termination rate of 17%. The age bracket of the Group ranges from 18 to 66 years.

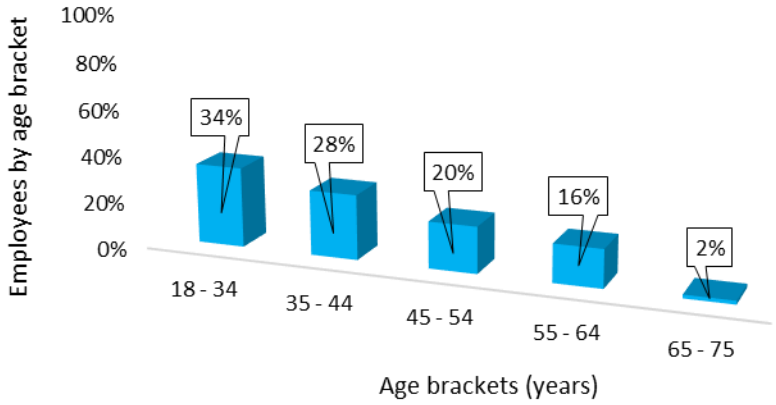
At present, there are more than 20 employees in all companies with more than 40 years of service, reflecting the culture of the Group.

Within the organisation's universe, there are 459 employees on permanent work contracts, representing 80% of the group (89% men and 11% women). On the other hand, there are 113 employees on fixed-term contracts, representing 20% of the group (90% men and 10% women). In addition to these employees, there are 58 subcontracted employees and 14 trainees.

Gender		male	fem.	Total
Contract with Ramada Group		512	60	572
Type of Contract	Permanente work contract	80%	82%	80%
	Fixed-term contract	20%	18%	20%
Staff Turnover	Hiring	21%	18%	21%
	Terminations	17%	18%	17%

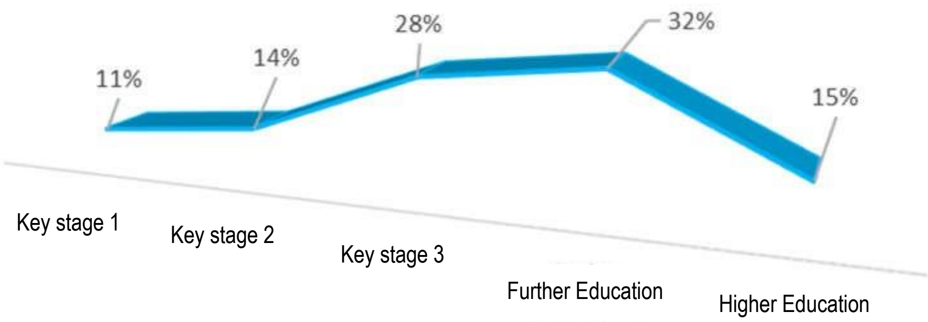
Ramada Group staff numbers

The Group respects trade union membership, with approximately 12% of employees being trade union members. The age breakdown of the Group's employees is shown in the following chart, in percentage terms.



Ramada Group staff numbers, by age bracket

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



Percentage of employees of Ramada Group, by level of education

Training
Developing on-the-job training is key for the Group to remain a leader in its sector of activity. It is viewed as a profitable investment in the long term.

The Ramada Group conducted over 36,000 training hours for more than 500 employees in 2018; this was achieved by designing different training courses, adjusted to the needs of the business and the employees.

Gender	male	fem.	Total
Technical	1,267	160	1,426
Quality	167	150	316
Health, safety and environment	1,394	144	1,538
Information technology	1,158	451	1,609
Foreign languages	561	170	731
Personal and professional development	900	200	1,100
Workplace context	21,603	2,723	24,326
Incorporation in the organisation	4,980	344	5,324

Training hours of Ramada Group employees, by training category

Performance Assessment Process

The Group has implemented a performance assessment process carried out on an annual basis. It comprises two different components – self-assessment and face-to-face assessment. The participation rate in 2018 was 87%.

Occupational Health and Safety

The staff safety and the continuous search for improvement is key for the Ramada Group, which operates in accordance with the “Zero Risk” and “Continuous Improvement” policies. Accordingly, the risks of a workplace are reassessed whenever an event is recorded, and improvement measures are cumulatively defined.

There were no fatalities in 2018, and the 149 occupational accidents were the result of musculoskeletal injuries, entrapment and shock/fall of objects. In the case of accidents occurring in Steel Group, the severity rate was 0.8, while the frequency rate was 66. In the case of SOCITREL, the severity rate was 2.9, while the frequency rate was 171.

Several actions were taken in 2018 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.

With regard to 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 2019 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:
    - o 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;
  - Design of a study/test of new Personal Protective Equipment, taking into account 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.

- Conducting training activities with a domestic insurance company focused on the risks and accountability of Team Leaders in relation to accidents.

2018 was marked, in the perspective of organisational improvement, by the implementation of a set of measures that are described 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;
- Establishing an Occupational Accident Monitoring Committee, whose purpose is to discuss, analyse and propose corrective actions whenever an occupational accident occurs. Monthly meetings will be held in 2019 to monitor the implementation of the resulting corrective actions.

It is also worth noting that the initial training of new employees is conducted by the Environment, Occupational Health and Safety team (ASST), which provides specific training for the sector in which they start operating, 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 aim of the actions under development is to increase the organisation's Safety Culture, where the concern for a safe workplace begins with the actual employee.

Benefits, Allowances and Events
Ramada Group has established a set of significant benefits and allowances showing how important employees are in its sustainability strategy. In addition, events that should be highlighted are also promoted.

Benefits and Allowances

Study grant and scholarship of excellence	**Pension Funds**
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: in 2017 its value was increased and in 2018 its scope was extended – to now include students from the 1st year of school up to higher education.	SOCITREL provides a defined contribution pension fund and life insurance to which all permanent staff have access.

In addition, the Group also recognises the academic effort of staff descendants who have an average of 18 (on a scale of 0 to 20 – B level) or more and who are enrolled in secondary or higher education.

In 2018, the Group was proud to award 86 study grants and one scholarship of excellence to the descendants of 74 employees.

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.

An agreement was signed with a gymnasium in Ovar in 2019, offering lower prices for the Group's employees.

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.

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.

Events

Spinal Day

The celebration of this day was marked by the presence of the Group's physiotherapist at the Ramada Aços plant, who, in an action of prevention and advice in relation to employees' postures, helped to identify potential situations of risk to health.

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.

In addition to proceeding in 2019 some of the events already held, a number of new initiatives are planned for 2019, including the International Day of Thanks and Praise. The aim is also to promote the responsible use of water, through the celebration of Water Day.

Human rights

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 defence 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

Since any economic activity has underlying corruption and bribery risks, a historical analysis shows no relevant risk associated with this issue. No situations of corruption or bribery were identified in the companies that make up the group in 2018.

The new Code of Good Conduct for Preventing and Fighting Harassment was approved in 2018, which applies to all employees of Ramada Aços, Universal Afir, Ramada Imobiliária and Ramada Investimentos. 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. SOCITREL and Planfuro Global should adopt this Code of Good Conduct in 2019, thus leaving the entire group covered.

Interaction with the Community

Social responsibility is a concern and a relevant aspect of its impact on society in general and on local communities.

The Group, since its inception and given its growth based on family values, has established that it is its civic and community duty to support the people and communities in which it operates.

In 2018, as has been its practice of recent years, various donations were made in an amount in excess of twenty thousand euros, embracing more than 45 charity institutions. These cover a wide geographical area and very diverse areas, 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.

The “Ramada Social Project” is being planned in partnership with Ovar Municipal Council. This project aims to create a pool of volunteers, who will offer their time (outside working hours), skills and expertise to help elderly people in need.

LEGAL MATTERS

Treasury shares

Pursuant to and for the purposes of Article 66 and Article 324 (2) of the Companies Act, Ramada Investimentos reports that, on 31 December 2018 and 2017, it did not own any of its own 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. 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 2018, hold shares representing the share capital of Ramada Investimentos.

Interests in the share capital of the Company

According to notices received at the registered office of Ramada Investimentos on 31 December 2018, the following companies and/or natural persons have a qualifying holding of more than 2%, 5%, 10%, 20%, 33% and 50% of the voting rights, 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. shares held at 31/12/2018	% share capital with voting rights
Directly	631,943	2.46%
Total attributable	**631,943**	**2.46%**

Magallanes Value Investors	No. shares held at 31/12/2018	% share capital with voting rights
Directly	894,128	3.49%
Total attributable	**894,128**	**3.49%**

1 Thing, Investments, S.A.	No. shares held at 31/12/2018	% share capital with voting rights
Directly (a)	2,565,293	10.004%
Total attributable	**2,565,293**	**10.004%**

(a) – The 2,565,293 shares correspond to the total number of shares of Ramada Investimentos e Indústria, S.A. held directly by the company 1 Thing, Investments, S.A. on whose Board of Directors sits the director Pedro Miguel Matos Borges de Oliveira

Domingos José Vieira de Matos	No. shares held at 31/12/2018	% share capital with voting rights
Through the company Livrefluxo, S.A. (of which he is the controlling shareholder and director)	3,118,408	12.162%
Total attributable	**3,118,408**	**12.162%**

Paulo Jorge dos Santos Fernandes	No. shares held at 31/12/2018	% share capital with voting rights
Through the company Actium Capital, S.A. (of which he is the controlling shareholder and director)	4,009,402	15.64%
Total attributable	**4,009,402**	**15.64%**

Ana Rebelo Carvalho Menéres de Mendonça	No. shares held at 31/12/2018	% share capital with voting rights
Through the company PROMENDO INVESTIMENTOS, S.A. (of which she is the controlling shareholder and director)	4,845,383	18.90%
Total attributable	**4,845,383**	**18.90%**

João Manuel Matos Borges de Oliveira	No. shares held at 31/12/2018	% share capital with voting rights
Through the company Caderno Azul, S.A. (of which he is a director and shareholder)	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.

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 the External Auditor for the cooperation provided in 2018 and the Statutory Audit Board for the continued monitoring of our operations.

Porto, 9 April 2019

The Board of Directors

____
João Manuel Matos Borges de Oliveira

____
Paulo Jorge dos Santos Fernandes

____
Domingos José Vieira de Matos

____
Pedro Miguel Matos Borges de Oliveira

____
Ana Rebelo de Carvalho Menéres de Mendonça

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

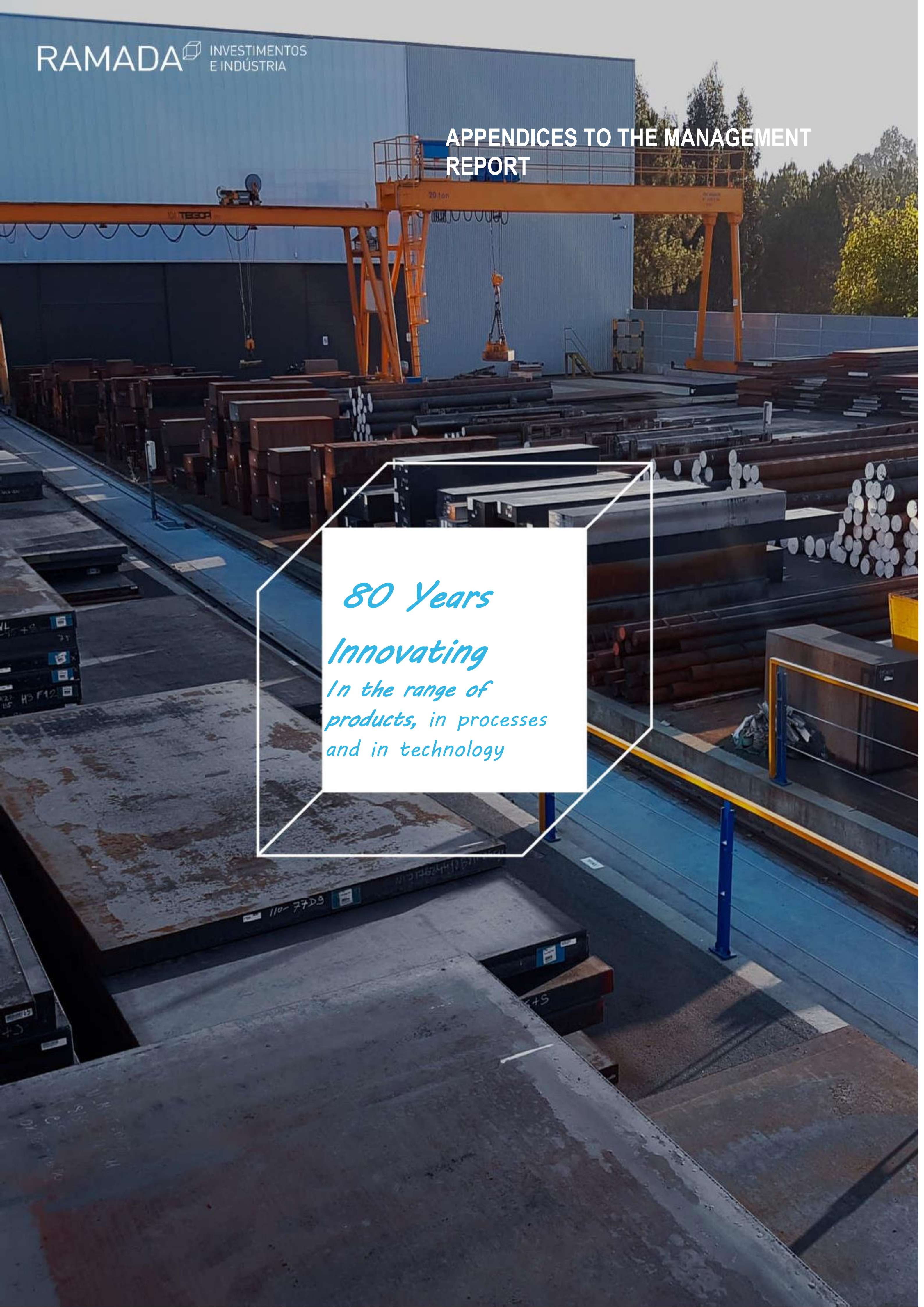
The signatories individually declare that, to the best of their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in accordance with the International Financial Reporting Standards ("IFRS") 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 know of.

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.

APPENDICES TO THE MANAGEMENT REPORT



80 Years

Innovating

In the range of products, in processes and in technology

APPENDIX 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 2018 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 2018, 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 2018 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)

(a) – companies that, at 31 December 2018, 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 2018 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.
- Livrefluxo, 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 2018, 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 2018 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.
- 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 2018, 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 2018 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 2018, 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 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 Supervisory Board of Banco Português de Investimento,S.A. (a)
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)
Chairman of the Supervisory Board of BPI Private Equity – Sociedade de Capital de Risco, 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)
Honorary Consul of Belgium in Porto (a)

(a) – companies that, at 31 December 2018, 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 2018, 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)

(a) – companies that, at 31 December 2018, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

André Seabra Ferreira Pinto – Alternate

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 2018, 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	Self-employed Lawyer specialised in Labour and Family Law

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 2018, 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 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 Supervisory Board of Banco Português de Investimento, S.A. (a)
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)
Chairman of the Supervisory Board of BPI Private Equity – Sociedade de Capital de Risco, 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)
Honorary Consul of Belgium in Porto (a)

(a) – companies that, at 31 December 2018, 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 2018, 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 and Article 19 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council

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

Member of the Board of Directors	No. shares held at 31/12/2017	Acquisitions	Disposals	No. shares held at 31/12/2018
João Manuel Matos Borges de Oliveira (attributed via CADERNO AZUL, S.A.)	5,300,000	-	-	5,300,000
Paulo Jorge dos Santos Fernandes (attributed via ACTIUM CAPITAL, S.A.)	4,009,402	-	-	4,009,402
Domingos José Vieira de Matos (attributed via LIVREFLUXO, S.A.)	2,606,124	512,284	-	3,118,408
Domingos José Vieira de Matos (directly)	512,284	-	(512,284)	-
Ana Rebelo de Carvalho Menéres de Mendonça (attributed via PROMENDO – SGPS, S.A.)	4,845,383	-	-	4,845,383
Pedro Miguel Matos Borges de Oliveira (attributed via 1 THING, INVESTMENTS, S.A.)	2,565,293	-	-	2,565,293

Domingos José Vieira de Matos (attributed via LIVREFLUXO, S.A.)

Date	Nature	Amount	Price (euros)	Venue	Number of shares
31 Dec 2017	-	-	-	-	2,606,124
8 Mar 2018	Purchase	512,284	10,880000	Over the counter	3,118,408
31 Dec 2018	-	-	-	-	3,118,408

Domingos José Vieira de Matos (directly)

Date	Nature	Amount	Price (euros)	Venue	Number of shares
31 Dec 2017	-	-	-	-	512,284
8 Mar 2018	Sale	512,284	10,880000	Over the counter	-
31 Dec 2018	-	-	-	-	-

RAMADA INVESTMENTS AND INDUSTRY

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

80 YEARS
Investing in industry

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

Consolidated Statements of Financial Position
At 31 December 2018 and 2017
(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

Assets	Notes	31.12.2018	31.12.2017
Non-Current Assets:			
Investment properties	8	86,935,676	84,921,939
Property, plant and equipment	9	20,482,273	22,800,147
Intangible assets	10	42,174	116,152
Goodwill	6	1,245,520	1,245,520
Investment in an associate	6	-	-
Other Investments	6	-	8,492
Non-current financial assets	11	1,319,512	1,439,631
Deferred Tax Assets	12	3,982,259	4,552,283
Total Non-Current Assets		114,007,414	115,084,164
Current Assets:			
Inventories	13	28,602,139	28,871,968
Trade receivables	14	36,253,156	54,403,293
State and other public entities	15	2,737,100	3,170,043
Other accounts receivables	16	1,439,937	1,862,228
Other current assets	11	73,682	5,626,683
Cash and cash equivalents	17	74,979,271	105,099,639
Total Current Assets		144,085,285	199,033,854
Total Assets		258,092,699	314,118,018

Equity and Liabilities	Notes	31.12.2018	31.12.2017
Equity			
Issued capital		25,641,459	25,641,459
Legal reserve		6,460,877	6,460,877
Foreign currency translation reserve		-	(1,080,409)
Advance payments on profit		(29,487,678)	-
Other capital reserves and retained earnings		57,788,337	58,429,714
Current year consolidated net profit		69,717,900	56,708,187
Equity attributable to equity holders of theparent	18	130,120,895	146,159,828
Non-controlling Interests	19	-	4,923
Total Equity		130,120,895	146,164,751
Liabilities:			
Non-Current Liabilities			
Long-term bank loans	20	53,487,401	57,455,951
Other long-term loans	20	5,993,275	6,874,761
Other accounts payables	23	-	238,752
Provisions	25	2,610,000	3,100,736
Deferred tax liabilities	12	928,341	955,993
Total Non-Current Liabilities		63,019,017	68,626,193
Current Liabilities			
Short-term bank loans	20	8,340,737	7,511,465
Other short-term loans	20	28,532,713	41,128,981
Trade accounts payable	22	16,317,725	26,429,496
State and other public entities	15	3,356,275	6,612,242
Other accounts payable	23	2,166,097	2,868,687
Other current liabilities	24	6,239,240	14,776,203
Total Current Liabilities		64,952,787	99,327,074
Total Liabilities		127,971,804	167,953,267
Total Equity and Liabilities		258,092,699	314,118,018

The accompanying notes form an integral part of the consolidated financial statements

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

Consolidated Statements of Profit and Loss
At 31 December 2018 and 2017
(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

	Notes	31.12.2018	31.12.2017* (Restated)
Sales and rendered services	34	127,423,834	77,907,879
Other income	37	2,008,977	1,430,464
Cost of sales and variation in production	13	(77,719,785)	(41,874,350)
Suppliers and external services	28	(17,137,978)	(10,114,700)
Payroll expenses	29	(14,045,732)	(9,568,277)
Amortizations and depreciations	9 ; 10	(5,254,234)	(5,480,217)
Provisions and impairment losses	25	(810,412)	465,770
Other expenses	30	(882,288)	(909,296)
Share of profits of joint ventures and associated companies	6	-	42,527,206
Financial expenses	31	(1,695,625)	(1,833,064)
Financial income	31	126,320	199,996
Earnings before tax		**12,013,077**	**52,751,413**
Corporate income tax	12	(2,508,918)	(1,449,873)
Consolidated net profit		**9,504,159**	**51,301,540**
Profit after tax of the discontinued operations	6	60,213,741	5,406,647
Consolidated net profit		**69,717,900**	**56,708,187**
Attributable to:			
Parent company´s shareholders	18	**69,717,900**	**56,708,187**
Continued operations		9,504,159	51,301,540
Discontinued operations		60,213,741	5,406,647
Earnings per share			
Continued operations			
Basic	33	0.37	2.12
Diluted	33	0.37	2.12
Discontinued operations			
Basic	33	2.35	0.22
Diluted	33	2.35	0.22

The accompanying notes form an integral part of the consolidated financial statements

The Chartered Accountant

The Board of Directors

*in accordance with IFRS 5

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

Consolidated Statements of Comprehensive Income
At 31 December 2018 and 2017
(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

	Notes	31.12.2018	31.12.2017
Consolidated net profit		**69,717,900**	**56,708,187**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gains and losses	11	(170,110)	-
Items that may be reclassified to profit or loss in subsequent periods			
Exchange rate differences	6	82,120	(189,168)
Items that were reclassified to Consolidated Statements of Financial Position			
Exchange rate differences related to discontinued operations	6	998,289	-
Other comprehensive income for the year		**910,299**	**(189,168)**
Total comprehensive income for the year		**70,628,199**	**56,519,019**
Attributable to::			
Equity holders of the Parent		**70,628,199**	**56,519,019**
Continued operations		9,334,049	51,301,540
Discontinued operations		61,294,150	5,217,479

The accompanying notes form an integral part of the consolidated financial statements

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

Consolidated Statements of Changes in Equity
At 31 December 2018 and 2017
(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

		Attributable to the parent company´s shareholders									
	Notes	Issued capital	Treasury shares	Legal reserve	Foreign currency translation reserve	Advance payments on profit	Other capital reserves and retained earnings	Net Profit	Total	Non-controlling interests	Total Equity
Balance as of 1 January 2017		25,641,459	(1,641,053)	6,231,961	(891,241)	-	34,737,106	13,860,952	77,939,184	142,364	78,081,548
Total consolidated comprehensive income for the year		-	-	-	(189,168)	-	-	56,708,187	56,519,019	-	56,519,019
Appropriation of the consolidated net profit for 2016:											
Transfer to other reserves		-	-	228,916	-	-	13,632,036	(13,860,952)	-	-	-
Dividends		-	-	-	-	-	(6,461,648)	-	(6,461,648)	-	(6,461,648)
Alteration of own shares		-	1,641,053	-	-	-	16,384,887	-	18,025,940	-	18,025,940
Alteration in the holding percentage		-	-	-	-	-	42,364	-	42,364	(142,364)	(100,000)
Perimeter variation		-	-	-	-	-	-	-	-	4,923	4,923
Other movements		-	-	-	-	-	94,969	-	94,969	-	94,969
Balance as of 31 December 2017	**18**	**25,641,459**	**-**	**6,460,877**	**(1,080,409)**	**-**	**58,429,714**	**56,708,187**	**146,159,828**	**4,923**	**146,164,751**
Balance as of 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 year		-	-	-	82,120	-	-	69,717,900	69,800,020	-	69,800,020
Appropriation of the consolidated net profit for 2017:											
Transfer to other reserves		-	-	-	-	-	56,708,187	(56,708,187)	-	-	-
Dividends		-	-	-	-	-	(57,180,455)	-	(57,180,455)	-	(57,180,455)
Advance payments 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
Other		-	-	-	-	-	(171,032)	-	(171,032)	-	(171,032)
Balance as of 31 December 2018	**18**	**25,641,459**	**-**	**6,460,877**	**-**	**(29,487,678)**	**57,788,337**	**69,717,900**	**130,120,895**	**-**	**130,120,895**
					-	-					

The accompanying notes form 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
At 31 December 2018 and 2017
(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

	Notes	31.12.2018		31.12.2017 (Restated)*	
Operational activities:					
Collections from customers		153,350,575		122,822,415	
Payments to suppliers		(116,269,739)		(84,701,833)	
Payments to personnel		(9,279,349)	27,801,487	(6,894,298)	31,226,284
Paid/Received Corporate Income Tax		(3,234,419)		(3,294,549)	
Other payments/collections related to operational activities		(19,585,011)	(22,819,430)	(2,842,725)	(6,137,274)
Cash-flow from operational activities (1)			4,982,057		25,089,010
Investment activities:					
Collections arising from:					
Tangible assets		24,404		294,856	
Investment properties		-		84,000	
Financial investments	6	81,000,000		61,264,579	
Investment subsidies		879,762		-	
Interests and similar income		116,649	82,020,815	189,985	61,833,420
Payments arising from:					
Financial investments	6	(638,557)		(1,255,836)	
Intangible assets		-		(38,842)	
Tangible assets		(4,310,343)		(9,805,887)	
Investment properties		(2,186,151)		(96,970)	
Loans granted		-	(7,135,051)	-	(11,197,535)
Cash-flow from investment activities (2)			74,885,764		50,635,885
Financing activities:					
Collections arising from:					
Capital increases and of other shares capital´s instruments		-		18,025,939	
Dividends		4,000,000		2,900,000	
Other financing operations		-		1,874,761	
Loans obtained		10,692,828	14,692,828	6,636,087	29,436,787
Payments arising from:					
Interests and similar costs:		(1,750,804)		(2,012,226)	
Dividends	18	(86,668,133)		(6,461,422)	
Loans obtained		(25,397,074)	(113,816,011)	(7,723,986)	(16,197,634)
Cash-flows from financing activities (3)			(99,123,183)		13,239,153
Cash and cash equivalents at the beginning of the year	17		**97,418,384**		**10,037,127**
Effect of exchage rate changes	6		(8,072,458)		(3,937,220)
Changes in scope of consolidation			-		2,354,428
Variation of cash and cash equivalents: (1)+(2)+(3)			(19,255,362)		88,964,049
Cash and cash equivalents at the end of the year	17		70,090,564		97,418,384

The accompanying notes form an integral part of the consolidated financial statements

The Chartered Accountant

The Board of Directors

in accordance with IFRS 5

1. INTRODUCTORY NOTE

RAMADA INVESTIMENTOS E INDÚSTIA, S.A. ("Ramada" or "Company") is a Company incorporated as of 1 June 2008, with its head-office located at Rua do General Norton de Matos, 68, r/c - Porto, Portugal, and whose main activity is the management of financial investments, being its shares listed in the Euronext Lisbon Stock Exchange. In May 2018, formerly named as F. Ramada - Investimentos SGPS, S.A., changed its corporate objective, from management of financial investments to consulting services, including financial, administrative, and property management, (with areas and functions related to real estate) as its name changed to RAMADA INVESTIMENTOS E INDÚSTRIA, S.A, as it was deliberated in General Assembly on 4 May 2018.

Ramada was created as a result of the reorganization process of Altri, SGPS, S.A. through the demerger of the business areas of steel and storage systems, namely the participation held in F. Ramada – Aços e Indústrias, S.A., which represented the voting rights of the mentioned company. The restructuring involved a simple demerger operation, as predicted in item 1.a), article 118, of the Portuguese Companies Act ("Código das Sociedades Comerciais").

Following this process, the assets corresponding to the shareholdings of the business units of steel and storage systems, including all the resources (such as human resources, assets and liabilities) related to that business unit were transferred from Altri, SGPS, S.A. to Ramada.

Currently, Ramada is the parent company of the group of companies listed in Note 6 (designated as Ramada Group), and, through these financial holdings structure, it focuses its operations in (i) Industrial activity, which includes steel trade and management of financial investments related to participations in which the group has a minority position, and (ii) real estate, which consists in the management of this type of assets.

The consolidated financial statements of Ramada Group are presented in Euro (rounded to units), which is the currency used by the Group in its operations and, therefore, is considered to be its functional currency.

Ramada group is listed in Euronext Lisbon since 2008.

2. MAIN ACCOUNTING POLICIES

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

2.1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included in the consolidation, maintained in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union for financial years started as from 1 January 2018. These standards include the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and respective interpretations issued by the International Financial Reporting Standards - Interpretations Committee ("IFRS - IC") and by the Standing Interpretations Committee ("SIC"), as adopted by the European Union as of the publication of the consolidated financial statement, the Board of Directors used on estimates and assumptions that affect adoption of the accounting standards and assets and liabilities measurement. Actual results can be different from the estimates. The estimates and judgments used in the preparation of the financial statements are disclosed in Note 3.

The Board of Directors assessed the Company and its subsidiaries ability to operate on a going concern basis, by using the available information including facts and circumstances of various natures (financial, commercial and other), and subsequent events after. As a result of the evaluation, the Board of Directors concluded that the Company has capacity to operate in the future, having no intentions to halt the operation in the short-term, which considered adequate the use of the assumption of continuity of operations in the preparation of the financial statements.

With the exception of the new accounting standards that came into force in the year, namely IFRS 9 and IFRS 16, for which was used the modified retrospective method, with an initial application date of 1 January 2018, the remaining accounting policies and the measurement criteria adopted by the Group at 31 December 2018 are comparable to those used in the preparation of the consolidated financial statements as at 31 December 2017.

The Consolidated Statements of Profit and Loss and the Consolidated Statement of Cash Flows were restated in accordance with IFRS 5 (see note 6).

(I) **Standards, interpretations, amendments and revisions which have mandatory application in the financial year**

The following standards, interpretations, amendments and revisions were endorsed by the European Union and have mandatory application for the first time in the financial year ended as of 31 December 2018:

IFRS 15 – Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The norm applies to all revenue from contracts with customers, exept if the contract is under the IAS 17 (or IFRS 16 – leasing).

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers: (1) identifying the contract, (2) identifying performance obligations, (3) determine the transaction price, (4) allocate the transaction price and (5) recognising revenue. Therefore requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption, with an initial application date of 1 January 2018. The Group reviewed in the light of the standard the contracts with customers that were not concluded on 1 January 2018 and concludes by the absence of material impacts in the methods of revenue recognition and measurement of revenue from contracts with customers.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group applied IFRS 9 prospectively with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity. No material differences were identify in relation to IAS 39 when adopting IFRS 9.

a) <u>Classification and measurement</u>

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39.

All other financial liability classification and measurement requirements of IAS 39 were transposed into IFRS 9, including, when applicable, embedded derivatives separation rules and the criteria for using the fair value option.

The Group does not hold investments in debt instruments and does not hold investments in equity instruments, so this change in the classification and measurement of financial assets had no impact on the financial statements. Accounts receivable were and are still measured at amortized cost.

b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and for all contract assets (reviewed under IFRS 15)

On the date of initial IFRS 9 adoption at 1 January 2018, no material value differences were identified in relation to IAS 39 arising from the adoption of IFRS 9; since the impairment test carried out on 31 December 2017, within the scope of IAS 39, on accounts receivable, mainly in the steel business, the identification of the accounts receivable with impairment and the determination of their recoverable value was a process that already involved several assumptions and factors, including the seniority of the debt, known financial condition of the debtor, default events and collection prospects. The Group assumes a conservative position in the management of credit risk and liquidity of accounts receivable.

The Group reassessed the amount of impairment and concluded that there was no need to increase the impairment loss due to IFRS 9 at the time of its initial application.

c) Hedge accounting

A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measurable.

The Group has not contracted hedging instruments, so this situation had no impact on the financial statements.

Other standards, interpretations, amendments and revisions endorsed by European Union with mandatory application in the financial years beginning on 1 January 2018:

Standard/Interpretation	
Amendments to IFRS 4 – Insurance contracts	The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IASB Insurance Contracts, which replaces IFRS 4.
Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice	The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.
Amendments to IFRS 1 First-time Adoption of International Financial	Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose.

Reporting Standards (annual improvements 2014-2016)	
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.
Amendment to IFRS 9 - Prepayment features with negative compensation	Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.
Amendments to IFRS 2 – Share-based payments	The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas: (i) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, (ii) The classification of a share-based payment transaction with net settlement features for withholding tax obligations), (iii) The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.
Amendments to IAS 40 – Investment properties	The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

No impacts on the financial statements arise from the adoption of the standards/interpretation included above.

(Amounts expressed in Euros)

(II) Standards, interpretations, amendments and revisions with mandatory application in future years

The following standards, interpretations, amendments and revisions were endorsed by the European Union:

Standard/Interpretation	Applicable in the European Union in the years beginning on after	
IFRS 16 – Leases	1-jan-19	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance heet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability)
IFRIC 23 - Uncertainty over income tax treatments	1-jan-19	The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.
Amendment to IFRS 9 - Prepayment features with negative compensation	1-jan-19	Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The Group did not proceed to the early adoption of any of these standards on the financial statements for the year ended on the 31 December 2018, since their application is not yet mandatory. There is no estimated significant impact on the financial statements, resulting from their application. (except for IFRS 16)

IFRS 16 - Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

(Amounts expressed in Euros)

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Group plans to adopt IFRS 16 retrospectively to each prior reporting period presented. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

Financial impact

The impact on the financial statement due to the adoption of IFRS 16, is as follows: the recognition of assets and liabilities are estimated to be between 700 thousand euros and 1 million euros, increases in depreciation and decrease in operation expenses approximately between 300 thousand euros to 350 thousand euros.

(III) Standards, interpretations, amendments and revisions not yet endorsed by the European Union

The following standards, amendments and revisions applicable to future years have not yet been endorsed by the European Union up to the date of approval of these financial statements:

Standard / Interpretation	
Improvements to IFRS 3 – Business combinations (annual improvements 2015-2017)	The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.
Improvements to IFRS 11 – Joint arrangements (annual improvements 2015-2017)	A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

(Amounts expressed in Euros)

Improvements to IAS 12 – Income Taxes (annual improvements 2015-2017)	The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
Improvements to IAS 23 – Borrowing costs (annual improvements 2015-2017)	The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.
IFRS 17 – Insurance Contracts	The IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. In September 2017, the Board established a Transition Resource Group (TRG) for IFRS 17 that will be tasked with analysing implementation-related questions on IFRS 17.
Amendments to IAS 28 – Long-term interest in associates and join venture	The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests).
Amendments to IFRS 3 – Definition of a business	The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.
Definition of materiality - Changes to IAS 1 e à IAS 8	The purpose of this amendment was to make the definition of "material" consistent across all existing standards and to clarify certain aspects related to their definition. The new definition states that "information is material if it is omission, error or concealment can reasonably be expected to influence the decisions that the primary users of the financial statements make on the basis of those financial statements which provide financial information about a given reporting entity ". The changes clarify that materiality depends on the nature and magnitude of the information, or both. An entity has to assess whether certain information, either individually or in combination with other information, is material in the context of the financial statements.
Amendment to IAS 19 – Plan amendment, curtailment or settlement	The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period.

(Amounts expressed in Euros)

IFRS 14 Regulatory Deferral Accounts	This standard allows an entity whose activities are subject to regulated rates to continue to apply most of its previous accounting policies to deferred accounts related to regulated activities when adopting IFRSs for the first time
The conceptual framework for financial reporting	The conceptual framework for the revised financial reporting is not a standard and none of its concepts prevail over the concepts present in standards or other requirements of any of the standards.
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3,

These standards have not yet been endorsed by the European Union and therefore have not been applied by the Group in the year ended as 31 December 2018. No significant impacts are expected to arise in the financial statements because of the adoption of these standards

2.2. BASIS OF CONSOLIDATION

The basis of policies adopted by Ramada Group in the preparation of the consolidated financial statements are as follows:

a) **Investments in subsidiaries**

Investments in companies in which Ramada Group has control, directly or indirectly, are included in the consolidated financial statements by the full consolidation method. The Group has control on its subsidiaries if the following conditions are observed: i) the Group has influence on its subsidiary; ii) it is exposed to, or has the right to, changeable results, according to the relationship between its subsidiary; iii) has the capacity to use its power on its subsidiary in a way that can affect its results. When any change occurs to one or more of these conditions, the control is evaluated again.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ☐ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ☐ Exposure, or rights, to variable returns from its involvement with the investee
- ☐ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ☐ The contractual arrangement(s) with the other vote holders of the investee
- ☐ Rights arising from other contractual arrangements
- ☐ The Group's voting rights and potential voting rights

The existence of control by the Group is assessed whenever there is a change in any facts and circumstances that lead to changes in one of the three factors of control mentioned above.

The accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are included in the scope of consolidation according to the full consolidation method, from the date when control is acquired until the date it effectively ends. Intergroup balances and transactions, as well as any unrealised gains on transactions between companies in the Group, are eliminated. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

A change in the participating interest in a subsidiary that does not entail loss of control is recorded as a transaction between shareholders. If the Group loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised and any gains or losses are recognised in the income statement.

Investments retained are recognised at fair value at the time of the loss of control.

In situations where the Group has substantial control of entities created for a specific purpose, even if it has no direct shareholdings in these entities, they shall be consolidated using the full consolidation method.

Net assets of subsidiaries consolidated through the full consolidation method attributable to the equity stake or shares held by any third parties are recorded in the consolidated statement of financial position, in the line item Non-Controlling Interests.

Interests held by any third parties over the net income of subsidiaries are identified and adjusted by deduction from the equity attributable to the Group shareholders and recorded in the consolidated income statement, in the line item Non-Controlling Interests.

b) Investment in associated

Associates are companies over which the Group exercises significant influence, understood as the power to participate in their financial and operating policy-making process, without, however, exercising control or joint control. Generally, it is assumed that there is a significant influence whenever the holding percentage exceeds 20% until 50%.

The classification of financial investments in joint ventures is determined based on the existence of shareholders' agreements that demonstrate and regulate joint control, which is understood to exist when decisions on activities relevant to the venture require a unanimous agreement between the parties.

These financial investments are consolidated by the equity method; i.e.,the consolidated financial statements include the Group's interest in the total recognised gains and losses of the associate/joint venture, from the date on which significant influence/control begins until the date on which it effectively ends. Dividends received from these entities are recorded as a reduction in the value of financial investments.

The Group's participation in the gains and losses of its associates/joint ventures is recognised in the income statement, and its share of movements in Post-acquisition. Reserves are recognised in Reserves.

The differences between the acquisition cost and the fair value of the identifiable assets and liabilities of the associate at the acquisition date, if positive, are recognized in the caption "Investments in associates and joint ventures". If these differences are negative, they are recorded as income for the year in the caption "Imputed gains / losses of associates and joint ventures" after reconfirmation of the fair value attributed.

When the Group's share of losses in an associate/joint venture equals or exceeds its investment in that entity, including any unsecured receipt transaction, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate/ joint venture.

Any excess of the cost of acquisition of a financial investment over the Group's share in the fair value of the assets, liabilities and contingent liabilities identified on the date of acquisition of the associate/joint venture is recognised as goodwill, which is included in the value of the financial holding and whose recovery is assessed annually as part of the financial investment. If the cost of acquisition is lower than the fair value of the net amount of the assets of the associate/ joint venture, the difference is recorded directly in the consolidated income statement.

Unrealised gains from transactions between the Group and its associates/joint ventures are eliminated to the extent of the Group's share in the respective associates/joint ventures. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of associates/joint ventures are changed whenever necessary to ensure consistency with the policies adopted by the Group.

Following the application of the equity method, the Group assesses the existence of impairment indicators; should they exist, the Group calculates the recoverable amount of the investment and recognises an impairment loss if the recoverable amount is lower than the book value of the investment, under item "Gains/losses in associates and joint ventures" of the income statement.

After the loss of significant influence or joint control, the Group initially recognises the retained investment at fair value, and the difference between the carrying value and the fair value held plus the revenue from the sale, are recognised in the income statement.

2.3. Business Combinations and Goodwill

In the acquisition method, the difference between: (i) the consideration transferred along with the non-controlling interests and the fair value of the equity interests previously held, and (ii) the net amount of identifiable assets acquired and liabilities assumed, is recognised, on the date of acquisition, as goodwill, if positive, or as a gain, if negative.

The consideration transferred is measured at fair value, calculated as the aggregate amount of fair values, on the date of acquisition, of assets transferred, liabilities incurred and equity instruments issued by the Group. For the purpose of determining goodwill/gains resulting from the combination, the transferred consideration is removed from any part of the consideration that concerns another transaction (e.g. remuneration for the provision of future services or settlement of pre-existing relationships) whose margin is recognised separately in profit or loss.

The transferred consideration includes the fair value, on the date of acquisition, of any contingent consideration. Subsequent changes in this value are recognised: (i) as equity if the contingent consideration is classified as equity, (ii) as an expense or income in profit or loss or as other comprehensive income if the contingent consideration is classified as a financial asset or liability under IAS 39 and (iii) as expenses, pursuant to IAS 37 or other applicable standards, in remaining cases.

Expenses related to the acquisition are not part of the transferred consideration, so they do not affect the determination of goodwill/gains resulting from the acquisition and are recognised as expenses in the year they occur.

On the date of acquisition, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with IFRS, with the exception of lease and insurance contracts, which are classified and designated based on the contractual terms and conditions, on the commencement date.

Assets arising from contractual indemnities paid by the seller concerning the outcome of contingencies related, in whole or in part, to a specific liability of the combined entity, shall be recognised and measured using the same principles and assumptions of the related liabilities.

The determination of the fair value of assets acquired and liabilities assumed takes into account the fair value of contingent liabilities arising from a present obligation caused by a past event (if the fair value can be reliably measured), regardless of whether an outflow is expected or not.

For each acquisition, the Group can choose to measure "non-controlling interests" at their fair value or by their respective share in the assets and liabilities transferred from the acquiree. The choice of a method influences the determination of the amount of goodwill to be recognised. When the business combination is achieved in stages, the fair value on the date of acquisition of the interests held is remeasured at fair value on the date when control is obtained, with the corresponding changes in income for the period in which control is achieved, thus affecting the calculation of goodwill.

Whenever a combination is not completed on the reporting date, the provisional amounts recognised on the date of acquisition shall be adjusted retrospectively, for a maximum period of one year counting from the date of acquisition and any additional assets and liabilities shall be recognised if new information is obtained on facts and circumstances existing on the date of acquisition which would result in the recognition of such assets and liabilities, should it have been known on that date.

Goodwill is considered to have an indefinite useful life and thus is not amortisable, being subject to annual impairment tests, regardless of whether or not there is any indication of impairment.

For the purpose of impairment testing, goodwill is allocated, on the date of acquisition, to each of the cash generating units expected to benefit from the business combination, regardless of the remaining assets and liabilities also associated with the cash-generating unit. When the operation, or part of it, associated with a cash generating unit is disposed of, the allocated goodwill is also derecognised and included in the balance of gains/losses of the disposal, calculated as the base for its relative value.

Goodwill related to investments in companies based abroad, acquired after 1 January 2005, is recorded in those companies' reporting currency and translated into euros at the exchange rate in force on the balance sheet date.

Acquisitions made before 2010: Compared to the treatment described above, applicable as of 1 January 2010, the main differences are the following:

- The cost of an acquisition would include costs directly attributable to such acquisition, thus affecting the calculation of goodwill;
- The acquiree's "non-controlling interests" (formerly designated "minority interests") were measured only by the acquiree's share in the identifiable net assets, but would not influence the determination of goodwill/gains resulting from the combination;
- When the business combination was effected in stages, the fair value on the previous acquisition date of the interests held was not remeasured on the date when control was obtained and the goodwill amount previously acknowledged remained unchanged;
- Any contingent acquisition value was only recognised if the Group had a present obligation, the outflow was likely and the estimate was reliably determinable; subsequent changes in this value were recognised against goodwill

Other changes in interests controlled entities

The acquisition of interests in entities already considered is considered a transaction between equity holders and, consequently, unlike the acquisition of control by phases, does not create any goodwill or gain, any difference between the cost of acquisition and the amount of non-controlling interests directly recorded in equity. Likewise, in the sale of interests in a controlled entity without loss of control, any difference between the price received from interests that it does not control and the amount transferred to themselves is recorded directly in equity.

2.4. Intangible Assets

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

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

Internal costs related with the maintenance and development of software are recorded as expenses in the statement of profit and loss for the period in which they are incurred, except in situations when these costs are directly attributable to projects for which the existence of future economic benefits for the Group is likely. Being this the case, they are capitalized as intangible assets.

Amortization is calculated on a straight line basis, as from the date the asset is available for use, over its expected useful life (usually 3 to 5 years).

2.5. Property, plant and equipment

Property, plant and equipment acquired until 1 January 2004 (IFRS transition date) and transferred following the demerger process (Introductory Note), are recorded at their respective deemed cost, which corresponds to its acquisition cost, or its acquisition cost restated in accordance with generally accepted accounting principles in Portugal until that date, net of accumulated depreciations and accumulated impairment losses.

Property, plant and equipment acquired after that date are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciations are calculated on a decreasing basis, as from the date the asset is available for use, over the expected useful life for each group of assets.

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

Type	Years
Buildings and other contructions	10 to 50
Plant and machinery	2 to 15
Vehicles	2 to 10
Tools	4 to 14
Office equipment	2 to 10
Other tangible assets	3 to 10

Maintenance and repair costs related to Property, plant and equipment which do not increase the useful life or do not result in significant benefits or improvements in Property, plant and equipment are recorded as expenses in the period they are incurred.

Property, plant and equipment in progress correspond to fixed assets still in construction and are stated at acquisition cost, net of impairment losses. These assets are depreciated as from the date they are concluded or ready to be used.

Gains or losses arising from the sale or disposal of Property, plant and equipment are calculated as the difference between the selling price and the asset's net book value as of the date of its sale/disposal, and are recorded in the statement of profit and loss.

2.6. Leasings

The determination whether an agreement is or contains a lease should be based on the substance of the agreement at the beginning of the agreement, which is the earliest date between the date of the agreement and the date of the commitment by the parties in relation to the main terms of the agreement, taking into account all the facts and circumstances. The agreement is or contains a lease if the fulfillment of the agreement is dependent on the use of a specific asset or assets and the agreement conveys a right to use the asset even if that asset is not explicitly identified in the agreement.

The duration of the lease is the sum of the period during which the lease can not be canceled with an additional period that the lessee is expected to have the option to maintain the lease and at the start of the lease the Group has reasonable certainty if the lessee will exercise or not.

A lease is classified at the beginning of the agreement as a finance lease or operating lease. A lease that transfers substantially all the risks and rewards of ownership of an asset to the Group is classified as a finance lease. Finance leases are recorded in assets at fair value in assets or, if lower, the present value of minimum lease payments. The minimum lease payments are divided between the financial burden and the reduction of the outstanding liability in order to produce a constant periodic interest rate on the remaining balance of the liability.

The financial charges are recorded in the income statement as financial expenses.

The leased asset is depreciated over its useful life. However, if there is reasonable certainty that the lessee will obtain the property at the end of the term of the lease, the asset is depreciated over the term of the lease or its useful life, the shorter of the two.

An operating lease is a lease that is non financial. Operating lease payments are recorded as operating expense in the straight-line statement of income over the lease period.

2.7. Government subsidies

Government subsidies for personnel training programs or production support are recorded in the statement of profit and loss caption "Other profits" when attributed, independently of when they are received.

Non-repayable subsidies obtained to finance investments in Property, plant and equipment are recorded as "Other non-current liabilities" and "Other current liabilities" corresponding to the instalments repayable in the long and short term, respectively. These subsidies are recognized in the statement of profit and loss in accordance with the depreciation of the related Property, plant and equipment.

2.8. Impairment of assets, except goodwill

Group's assets impairment is assessed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss under the caption "Provisions and impairment losses".

The recoverable amount is the higher of an asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of the disposal. The value in use is the present value of the estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognized in prior years is recorded when the Group concludes that the impairment losses previously recognized for the asset no longer exist or have decreased. This analysis is made when there is evidence that the impairment loss previously recognized, no longer exists. The reversal is recorded in the statement of profit and loss as "Provisions and impairment losses". However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment loss been recognized for that asset in prior years.

2.9. Borrowing costs

Borrowing costs are usually recognized as expense in the statement of profit and loss for the period in which they are incurred, on an accrual basis.

When the Company becomes part of a loan agreement to specifically finance capital assets, the corresponding interests are capitalized, being part of the cost of the asset. The capitalization of these interests starts after the beginning of the preparation of the activities of construction, and ceases when the asset is ready for use or in case the project is suspended.

2.10. Inventories

Goods, raw, subsidiary and consumable materials are stated at acquisition average cost, deducted from quantity discounts granted by suppliers, which is lower than its market value.

Finished and intermediate goods, sub-products and work in progress are stated at production cost, which includes the cost of raw materials, direct labour and production overheads, which is lower than market value.

When necessary, the Group companies record impairment losses to reduce inventories to its net realizable or market value.

2.11. Provisions

Provisions are recognized when, and only when, the Group (i) has a present obligation (legal or constructive) arising from a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at each statement of financial position date to reflect the best estimate as of that date.

Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and has been communicated to the affected parties.

When a provision is computed taking into consideration the cash flows necessary to eliminate such obligation, it is recorded by its net present value.

2.12. Financial assets and liabilities

In 2018, the Group adopted IFRS 9 and did not restate the comparative information for the year 2017, which is presented in accordance with IAS 39.

2.12.1 Accounting policy adopted as of 1 January 2018 (IFRS 9)

a. Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories: i) Financial assets at amortised cost (debt instruments); ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments); iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); iv) Financial assets at fair value through profit or loss.

i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

ii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

At 31 December 2018, the Group did not hold financial assets classified under this caption.

iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

At 31 December 2018, the Group did not hold financial assets classified under this caption.

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 at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either i) the Group has transferred substantially all the risks and rewards of the asset, or ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. 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 transferred substantially all the risks and rewards of the asset, or the Group did not transfer or substantially retain all the assets and benefits of the asset but transferred control over the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Consequently, customer balances denominated in discounted and unpaid bills and receivables assigned in factoring at the date of each statement of financial position, with the exception of non-recourse factoring operations (and for which it is unequivocally transferred the risks and benefits inherent to these accounts receivable) are recognized in the Group's financial statements up to the time of their receipt.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For this purpose, the balances of customers and other debtors have been segregated taking into account their risk profiles and the length of default. For balances receivable from associates, which are not considered as part of the financial investment in these companies, impairment is assessed according to risk criteria.

For all other situations and nature of receivables, the Group adopts the general approach of the impairment model. Expected credit losses are recognized in two stages. For situations where there has not been a significant increase in credit risk since the initial recognition, the expected credit losses are related to losses that may be incurred for defaults that are likely to occur within the next 12 months; For situations where there has been a significant increase in credit risk since the initial recognition, the impairment loss is calculated for all expected credit losses over the life of the asset, regardless of when the default occurs, in accordance with the policies risk management disclosed in Note 4.

The Group considers a financial asset in default when contractual payments are 90 days past due.

However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to accounts payable to suppliers and other creditors, and to loans including bank loans and overdrafts.

Financial liabilities related to factoring and financial leasing are also measured at amortized cost.

Loans in the form of commercial paper are classified as non-current liabilities when they are guaranteed placement for a period of more than one year and it is the intention of the Board of Directors to use this financing instrument for a term longer than one year.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

d. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

• Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

• Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

• Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

i) There is ‘an economic relationship’ between the hedged item and the hedging instrument;
ii) The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship; and
iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised as other expense and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

The Group designates only the spot element of forward contracts as a hedging instrument

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges.

Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

2.12.2 Accounting policy adopted until 31 December 2017 (IAS 39):

The Group classifies its financial instruments in the categories presented and reconciled with the consolidated statement of financial position as indicated in Note 5.

Investment

Investments held by the Group are divided into the following categories:

- ☐ Investments held to maturity, are non-derivative assets, with fixed or determinable payments and fixed maturity. There is a purpose and ability to maintain them until their maturity date. These investments are classified as non-current assets, unless they mature within 12 months of the balance sheet date;

- ☐ Investments measured at fair value through profit and loss are classified as current assets. The purpose of these investments is to obtain short term profits. This category is divided into two subcategories: "Financial assets held for trading" and "Investments at fair value through profit and loss." Derivatives are also classified as held for trading unless they are engaged in hedging transactions;

- ☐ Investments available for sale, includes all the other investments that were not addressed above. They are classified as non-current assets, unless the Board of Directors has the intention to sell the investment within 12 months from the balance sheet date.

Investments are initially measured at acquisition cost, which is the fair value of the price paid, including transaction costs if related with held to maturity and available for sale investments.

After initial recognition, investments available for sale and investments measured at fair value through profit and loss are subsequently measured at fair value by reference to the market value as of the statement of financial position date without any deduction for transaction costs which may be incurred until its sale. Investments in equity instruments which are not listed on a stock exchange market and whose fair value cannot be reliably measured are stated at cost net of impairment losses. Investments held to maturity are recorded at amortized cost, using the effective interest rate method.

Gains or losses arising from a change in the fair value of available for sale investments are recognized under the equity caption “Hedging reserve” included in caption “Other reserves and retained earnings”, until the investment is sold or disposed, or until it is determined to be impaired, at which time the cumulative loss previously recognized in equity is transferred to the profit and loss account for the period.

All purchases and sales of investments are recorded on its trade date, independently of the liquidation date.

Accounts receivable

Receivables from third parties, that do not bear interests, are stated at their nominal value less impairment losses so that those receivables reflect their respective net realizable value.

Impairment losses are recognized if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each Group company takes into consideration market information which shows the customer default in their responsibilities’, as well as historic information on outstanding debts not received.

Recognized impairment losses correspond to the difference between the nominal value of the receivable balance and the corresponding present value of future estimated cash-flows, discounted at the initial effective interest rate; when the payment is expected to occur within a one year period, the rate is considered null.

Loans

Loans are recorded as liabilities at their respective nominal value, net of up-front fees and commissions directly related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the statement of profit and loss on an accrual basis. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Assets and liabilities are compensated and presented by its net amount as long as there is the right for compulsory fulfilment of compensation and the Board of Directors intends to realize them on a net basis or realize the asset and simultaneously settle the liability.

Trade payable and others payable

Non-interest bearing accounts payable are stated at nominal value, which is substantially equivalent to its fair value.

Derivatives

The Group may use derivatives to manage its exposure to financial risks. Derivatives are only used for hedge accounting purposes and not for speculation purposes.

The criteria used by the Group to classify the derivative instruments as cash flow hedges are the following:

- ☐ At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- ☐ Hedge effectiveness can be reliably measured;
- ☐ There is adequate documentation about the transaction till the inception of the hedge;
- ☐ The transaction to be hedged is highly probable to occur.

The hedge instruments related to interest rate and exchange rate are recorded at its fair value. Changes in the fair value of these instruments are recorded under the equity caption "Other reserves and retained earnings", and transferred to the statement of profit and loss when the operation subject to hedging affects the net result.

When derivative instruments, although specifically engaged to hedge financial risks, do not fulfil the requirements listed above to be classified and accounted for as hedge instruments, the changes in fair value are directly recorded in the profit and loss statement.

Hedge accounting of derivatives is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded and deferred in equity under the caption "Other reserves and retained earnings" are transferred to profit and loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract and when these are not stated at fair value with gains and losses not realizable being recorded in the profit and loss statement.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for based upon its contractual substance. Equity instruments are those that represent a residual interest upon the Group's net assets and are recorded by the amount received, net of costs incurred with its issuance.

Own shares

Own shares are recorded at acquisition cost as a deduction to equity captions. Gains or losses on its sale are recorded in the equity caption "Other reserves and retained earnings", thus not affecting net results.

Discounted bills and trade accounts receivable transferred to factoring companies

Only when the assets´ cash flows contractual right has expired or when the risks and benefits inherent to those assets are property transferred to a third party, the Group derecognizes the financial assets of its financial statements. If the Group substantially retains the risks and benefits inherent to the property of such assets, it continues to recognize them in its financial statements, by recording in the caption "Loans" the monetary counterparty for the conceded assets.

Consequently, the customers' balances secured by non-outstanding discounted bills and accounts assigned under factoring arrangements as of the financial position date, except for the non-appealing factoring operations, are recognized in the Group's financial statements until the moment of its collection.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks on demand and term deposits and other treasury applications which reach maturity within less than three months and may be mobilized without significant risk of change in value.

For purposes of the consolidated statement of cash flows, "Cash and cash equivalents" caption also includes bank overdrafts, which are included in the balance sheet caption "Other loans".

2.13. Contingent assets and liabilities

Contingent assets are possible assets arising from past events and whose existence will be confirmed, or not, by uncertain future events not controlled by the Company.

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

Contingent liabilities are defined by the Company as (i) possible obligations that arise from past events and which existence will be confirmed, or not, by one or more occurrences of uncertain future events not controlled by the Company, or (ii) present obligations that arise from past events but that are not recorded because it is unlikely that an outflow of resources occurs to settle the obligation or the obligation amount cannot be reliably measured.

Contingent liabilities are not recorded in the consolidated financial statements, being disclosed, unless the probability of a cash outflow is remote, in which case no disclosure is made.

2.14. Corporate income tax

Income tax for the period is determined based on the taxable results of the companies included in consolidation and takes into consideration deferred taxation.

Current income tax is determined based on the taxable results of the companies included in consolidation, in accordance with the tax legislation in force at the location of the head office of each Group company, considering the annual estimated income tax rate.

Deferred taxes are computed using the balance sheet liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes. Deferred taxes are computed using the tax rate that is expected to be in force at the time these temporary differences are reversed.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will arise in the future to allow such deferred tax assets to be used. At the end of each period the Company reviews these deferred tax assets which are reduced whenever its realisation ceases to be likely.

Deferred tax assets and liabilities are recorded in the statement of profit and loss, except if they relate to items directly recorded in equity. In these cases, the corresponding deferred tax is recorded in equity captions.

2.15. Revenue from contracts with customers

2.15.1 Accounting policy adopted as of 1 January 2018 (IFRS 15)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Notes 14 e 34.

Sale of products

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 0 to 120 days upon invoicing.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled.

The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

Volume rebates

The Group provides once in a while volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group used historical data relating to each customer.

The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

(ii) Significant financing component

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

In case of the Group also receives long-term advances from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) - Note 14.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the

Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for bundled sales of equipment and installation services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

2.15.2 Accounting policy adopted until 31 December 2017 (IAS 18):

Revenue arising from the sale of goods is recognized in the consolidated income statement when (i) the risks and benefits have been transferred to the buyer, (ii) the Company retains neither continued management involvement in a degree usually associated with ownership nor effective control over the goods sold, (iii) the amount of the revenue can be reasonably measured, (iv) it is likely that the economic benefits associated with the transaction will flow to the Group, and (v) the costs incurred or to be incurred related with the transaction can be reliably measured. Sales are recorded net of taxes, discounts and other expenses arising from the sale, and are measured at the fair value of the amount received or receivable.

Income related with storage systems activity is recognized under the "stage of completion method", provided that all the following conditions are satisfied:

- the amount of revenue can be reliably measured;
- it is probable that the economic benefits will flow to the seller;
- the costs incurred, or to be incurred, in respect of the transaction can be reliably measured;
- the stage of completion at the balance sheet date can be reliably measured.

Dividends are recognized as income in the period its distribution is approved.

All other income and expenses are recognized in the period to which they relate, independently of when the amounts are received or paid. Differences between the amounts received and paid and the corresponding income and expenses are recorded in the captions "Other current assets" and "Other current liabilities".

2.16. Investment Properties

Investment properties represent assets held to earn rentals or for capital appreciation, and are measured at acquisition cost, including transaction costs. Investment properties held as of 31 December 2018 and 2017 represent land held to earn rentals and not held for administrative purposes or for disposal under the current business activity of the Group.

2.17. Non-current assets available for sale

This category includes assets or a group of assets whose value is realizable through a sale transaction or jointly as a group in a single transaction and the liabilities directly associated with these assets that are transferred in the same transaction. Assets and liabilities in this situation are measured at the lowest value of either their accounting value or their fair value calculated by its costs to sell.

In order for this situation to occur, it is necessary that the sale is very likely to happen (expected to take place within a period of less than 12 months), and that the asset is available for immediate sale under the current conditions, in addition to the commitment of the Group on its sale. The amortization of assets under these conditions ceases once they are classified as held for sale and are presented as current in assets, liabilities and equity lines.

A discontinued operating unit is a component (operating units and cash flows that can be clearly distinguished operationally and for financial reporting purposes from the rest of the entity) from an entity that has either been disposed of or is classified as held for sale and:

- represents an important line of business or area
- separate geographical operations;
- is an integral part of a single coordinated plan
- to alienate an important line of business or area
- separate geographical operations; or
- is a wholly-owned subsidiary
- for resale.

The results of the discontinued operations are presented as a single amount in the income statement, comprising the after-tax profits or losses of the discontinued operations, plus the after-tax gains or losses recognized in the fair value measurement less costs to sell or in the disposal of assets or group (s) for disposal that constitute the discontinued operation. Balances and transactions between continuing operations and discontinued operations are eliminated to the extent that they represent the operations that will no longer be carried out by the Group.

There are no assets in these conditions as at 31 December 2018 and 2017.

2.18. Balances and transactions expressed in foreign currencies

All assets and liabilities expressed in foreign currencies were translated to Euro using the exchange rates in force as of the balance sheet date.

Favorable and unfavorable exchange differences arising from changes in the exchange rates between those prevailing on the dates of the transactions and those in force on the payment dates, collection or as of the balance sheet date are recorded in the consolidated statement of profit and loss, except the ones related to non-monetary values which fair value variation is directly recorded in equity.

2.19. Subsequent events

Post balance sheet date events which provide additional information about conditions that existed at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post balance sheet date events that provide information about conditions that have only arisen after the balance sheet date are considered non-adjusting events and are disclosed in the notes to the financial statements, if material.

2.20. Segment information

In each period, the Group identifies the most adequate segment division taking into consideration the business areas in which the Group is present.

Information regarding the business segments identified is included in Note 34.

2.21. Cash flows statement

Consolidated cash flows statement is prepared, using the direct method, in accordance with IAS 7. The Group classifies as "Cash and cash equivalents" applications which mature in less than three months and which are subject to insignificant risk of change in value.

Consolidated cash flow statement is classified as operating, investing and financing activities. Operating activities include cash receipts from customers, cash payments to suppliers, cash payments to and on behalf of employees and other operating activities payments and receipts. Investing activities cash flows include, essentially, acquisitions and sales of investments in subsidiaries and payments and receipts related with acquisitions and sales of Property, plant and equipment.

Financing activities cash flows include, essentially, payments and receipts of loans and borrowings, financial lease contracts and dividend payments.

2.22. Employee benefits

2.22.1 Provisions for retirement pensions

The group company Socitrel have assigned pension schemes to former employees, in the form of a defined benefit plan, which is a pension plan that defines the amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and remuneration.

Defined benefit plan

The liability amount recognised in the balance sheet which concerns defined benefit plans is the presente value of the defined benefit obligation on the balance sheet date. The defined benefit 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 the estimated future cash outflows, using interest rates of high-qualitybonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approaching the terms of the related pension liability.

All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in equity and presented in other comprehensive income in the period in which they occur, and are not subsequently reclassified in profit or loss. Net financial costs and income derived from the plan's assets are recognised in profit or loss.

Financial costs are calculated by applying the discount rate to the liability of a defined or active benefit. The Group recognises the costs of current or past services, the gains and losses in curtailments and/or settlements, as well as the net financial costs in the line item "Staff costs".

Past-service costs are immediately recognised in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Gains or losses resulting from the curtailment or settlement of a defined benefit plan are recognised in profit or loss for the period in which the curtailment or settlement takes place. A curtailment occurs when there is a material reduction in the number of employees or the plan is changed so that the defined benefits are reduced, with material effects, causing a reduction in the plan's liability.

Defined contribution plans

Defined contribution plans are pension plans for which defined contributions are made to independent entities (funds) and for which there is no legal or constructive obligation to pay any additional contribution at the time the employees benefit from those benefits.

The contributions consist of a percentage of the fixed and variable remuneration received by the employees included in the plan, which is defined in the Regulation of the plan and which varies only according to the seniority of its beneficiaries.

Contributions to defined contribution plans are accounted for as costs in the period in which they are due.

2.22.2 Termination of employment

Termination benefits are due when there is termination of employment before the normal retirement date or when an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises these benefits when it can prove to be forced to eliminate current positions, according to a detailed formal plan for termination and there is no realistic alternative or these benefits are granted to encourage voluntary termination. Where termination benefits fall due more than 12 months after the balance sheet date, they shall be discounted to their current value.

Termination benefits must be recognised at the moment immediately before: (i) a commitment to their assignment cannot be revoked, and (ii) the provision for restructuring is formed in accordance with IAS 37.

2.22.3 Holiday, holiday pay and bonuses

According to Portuguese labour law, employees are entitled to 22 annual leave days, as well as one month of holiday allowance, vested in the year prior to their payment. These liabilities are recorded when incurred, regardless of when they are paid, and are reflected in the line item 'Accounts payable and other".

2.22.4 Labour Compensation Fund (LCF) and Labour Compensation Guarantee Fund (LCGF) – Portugal

With the publication of Law No. 70/2013 and subsequent regulation through Order No. 294-A/2013, the Labour Compensation Fund (LCF) and the Labour Compensation Guarantee Fund (LCGF) entered into force on 1 October 2013. In this context, companies that hire a new employee are required to deduct a percentage of their salary for these two new funds (0.925% for LCF and 0.075% for LCGF), in order to ensure the future partial payment of the corresponding compensation in case of dismissal. Taking into account the characteristics of each Fund, the following was considered:

- ☐ Monthly payments made by the employer to the LCGF are recognised as expenses for the period when they occur.
- ☐ The monthly payments made by the employer to the LCF are recognised as a financial asset of that entity, measured at fair value and with the respective changes recognised in profit or loss.

3. JUDGEMENTS AND ESTIMATES

In the process of preparation of the Group's financial statements, the Board of Directors used its best knowledge and accumulated experience in past and current events considering certain assumptions relating to future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended as of 31 December 2018 and 2017 correspond to the recognition of provisions and impairment losses.

Estimates used are based on the best available information during the preparation of consolidated financial statements. Although future events are neither controlled by the Group nor foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the date of these consolidated financial statements will be recognized in net income, in accordance with IAS 8, using a prospective methodology.

(Amounts expressed in Euros)

For this reason, and given the degree of uncertainty, actual results of the transactions in question may differ from the corresponding estimates.

4. FINANCIAL RISK MANAGEMENT

Ramada Group is essentially exposed to a) market risk; b) interest rate risk, c) exchange rate risk, d) variability in commodities' price risk, e) credit risk and f) liquidity risk. The main objective of the Board of Directors, concerning risk management, is to reduce these risks to a level considered acceptable for the development of the Group's activities.

The guidelines of the risk management policy are defined by Ramada's Board of Directors, which determines the acceptable risk limits. The operational concretization of the risk management policy is made by the Board of Directors and by the management of each participated company.

The main risks Ramada Group is exposed to are as follows:

a) Market risk

At this level of risk, particular relevance is given to interest rate risk, exchange rate risk and variability of the commodities' price risk.

b) Interest rate risk

The interest rate risk mainly arises from the Group's indebtedness indexed to variable rates (mostly Euribor), thus leading the cost of debt to be quite volatile.

The Board of Directors approves the terms and conditions of the relevant funding to the Company, analyzing the structure of such debt, the inherent risks and the different options available in the market, particularly regarding the type of interest rate (fixed / variable).

Sensitivity analysis of interest rate fluctuations

The sensitivity analysis presented below was computed based on the exposure to interest rates in force as of the statement of financial position date. It was considered, as a basic assumption, that the financial structure (interest bearing assets and liabilities) remains stable throughout the year and similar to the one existing as of 31 December, 2017.

Therefore, during the years ended as of 31 December 2018 and 2017, the Group's sensitivity to changes in the interest rate indexing resulting from an increase / decrease by 100 basis points, measured as the change in financial results, can be analyzed as follows:

	31.12.2018	31.12.2017 (Restated)
Interests (Note 31)	1,507,689	1,374,132
Positive change of 100 basis points in interest rate on the entire indebtedness	186,000	(79,000)
Negative change of 100 basis points in interest rate on the entire indebtedness	186,000	(79,000)

c) Exchange rate risk

The Group's exposure to exchange rate risk arises, essentially, from inventory acquisition to non-resident entities in currencies other than Euro. Given the fact that the supplier's payment period is reduced, the exposure to the exchange rate risk under this factor is also reduced. However, in the event of transactions with non-resident entities and settled in a currency other than Euro where the variation of exchange rate may have a significant impact on its performance, the Group aims to hedge its position by entering into financial derivative contracts whenever applicable and considered necessary to reduce the volatility of its results.

Additionally, the Group also holds no financial investment whose functional currency is different from Euro.

d) Variability risk on commodities' prices

By developing its activity in an industry which trades commodities (namely, steel), the Group is particularly exposed to its price fluctuations, with the corresponding impacts in its results. However, in order to manage this risk, the Group may engage in derivative financial instruments contracts. On the other hand, in a commercial point of view, steel price variations are usually passed to Group customers.

e) Credit Risk

The Group's exposure to credit risk is mainly related with trade accounts receivable arising from its operating activities. The credit risk relates to the risk of the counterparty not fulfilling its contractual obligations, resulting in a loss for the Group.

The evaluation of credit risk is made on a regular basis, taking into consideration the current conditions of economic environment and the specific situation of credit rating of each debtor, adopting corrective measures whenever necessary.

The Group's credit risk is not concentrated in any particular customer or group of customers with similar characteristics; with trade accounts receivable being distributed over a high number of customers, different areas of business and geographic areas.

The impairment adjustments to trade accounts receivable are calculated taking into consideration (i) the customer's risk profile, (ii) the average collection period, and (iii) the customer's financial condition. The adjustments movement occurred for the year ended as of 31 December 2018 are disclosed in Note 25.

The Group has a conservative policy to calculate the adjustments on trade accounts receivable.

f) Liquidity risk

The aim of liquidity risk management is to ensure that the Group can meet its responsibilities and pursue the defined strategic goals, complying with all the commitments set with third parties within the established deadlines.

The Group defines as active policy (i) to keep an adequate level of immediately available resources to face the necessary payments in its due date, (ii) reduce the probability of default in the reimbursement of loans, negotiating the amplitude of its contractual clauses and (iii) minimize the cost of opportunity of excessive short term liquidity.

The Group aims to make compatible the due dates of assets and liabilities through an active management of its maturities.

5. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the year, there were no changes in accounting policies and no material mistakes related with previous periods were identified. In note 2.1 are defined new accounting policies that go into effect starting January 2018.

(Amounts expressed in Euros)

6. SUBSIDIARY COMPANIES INCLUDED IN THE CONCOLIDATED FINANCIAL STATEMENTS, INVESTMENT IN AN ASSOCIATE,JOINT VENTURES AND INVESTMENTS HELD FOR SALE

6.1. Companies included in the consolidated financial statements

The companies included in the consolidated financial statements by the full consolidation method, its headquarters, percentage of participation held and main activity as of 31 December 2018 and 2017, are as follows:

Designation	Headquarters	Percentage of participation held 31.12.2018	31.12.2017	Activity
Parent company:				
Ramada Investimentos e Indústria S.A.	Porto	-	-	Management of financial investment and consulting services
Ramada Group				
Ramada Aços, S.A.	Ovar	100%	100%	Steel comercialization
Planfuro Global, S.A.	Leiria	100%	100%	Manufacture of metal molds
Universal Afir, S.A.	Ovar	100%	100%	Steel comercialization
F. Ramada II, Imobiliária, S.A.	Ovar	100%	100%	Real Estate
Socitrel - Sociedade Industrial de Trefilaria, S.A.	Trofa	100%	99%	Manufacture and commercialization of steel molds and welded mesh
Socitrel España, S.A.	Spain	100%	99%	Manufacture and commercialization of steel molds and welded mesh
Expeliarmus - Consultoria, S.A.	Portugal	100%	99%	Management of financial investments
Ramada Storax, S.A.	Ovar	-	100%	Production and commercialization of storage systems
Storax, S.A.	France	-	100%	Commercialization of storage system
Storax, Ltd.	United Kingdom	-	100%	Commercialization of storage system
Storax Benelux, S.A.	Belgic	-	100%	Commercialization of storage system
Storax España S.L.	Spain	-	100%	Commercialization of storage system

This subsidiaries have been included in Ramada Group consolidation by the full consolidation method, as referred in Note 2.2

6.2. Discontinued operations

On 20 March 2018, the Ramada Group reached an agreement with the Averys Group to disinvestment the entire share capital of its wholly owned subsidiary, Ramada Storax, S.A. ("Storax").

The execution of the transaction was subject to prior notification to the Competition Authority (“Autoridade da Concorrência”), under the terms established in the legal regime of competition and, therefore, conditioned to the decision of non-opposition of that entity. On 4 May 2018 the Competition Authority notified the non-opposition to this transaction.

Storax is a company that hold four subsidiaries - Storax, SARL (France), Storax Limited (UK), Storax Benelux (Belgium) and Storax España, all of them dedicated to storage solutions.

(Amounts expressed in Euros)

The effects of this operation in the consolidated financial statements (March 31 2018) can be detailed as follows:

Net assets	
Property, plant and equipment	1,109,244
Intangible assets	99,314
Deferred tax assets	1,207,851
Inventories	12,195,290
Clients	24,885,767
Cash and cash equivalents	8,072,458
Provisions	(2,256,438)
Deferred tax liabilities	(3,232)
Other current liabilities	(26,996,808)
Total net assets	18,313,446
Foreign currency translation reserve	998,289
Contas a receber e a pagar das unidades continuadas com as entidades alienadas e outros passivos	1,150,404
	20,462,139
Amount received	81,000,000
Transaction costs	(1,500,000)
Operation gains	59,037,861

Gains after discontinued operations tax	
Income from the discontinued units at the data of disinvestment	1,175,880
Operation gains	59,037,861
	60,213,741

Earnings after tax of the discontinued operations up to the disposal date are as follows:

Income statement	
Sales and rendered services	18,061,693
Other income	31,597
Cost of sales and variation in production	(9,657,663)
Suppliers and external services	(4,068,030)
Payroll expenses	(2,573,452)
Amortizations and depreciations	(123,175)
Provisions and impairment losses	(42,950)
Other expenses	(61,274)
Share of results of joint ventures and associated companies	-
Financial expenses	(5,574)
Financial income	6,668
Earnings before tax	1,567,840
Corporate income tax	(391,960)
Earnings after tax	1,175,880

(Amounts expressed in Euros)

The impact on the discontinued operations on the statement of financial position is as follows:

Statement of financial position	
Cash-flow from operational activities	1,989,090
Cash-flow from investment activities	(312,539)
Cash-flow from financing activities	-

It is worth mentioning that prior to the sale of the Storax Group, the group distributed dividends, related to accumulated reserves from prior periods to the Ramada Group in the amount of 4,000,000 Euros.

The statement of results by nature of 2017, in accordance with IFRS 5, was restated by the reclassification of the Storax Group's transactions to "Profit after tax of discontinued operations", as follows:

	31.12.2017 (Restated)	Storax group	31.12.2017
Sales and rendered services	77,907,879	78,978,114	156,885,993
Other income	1,430,464	(96,945)	1,333,519
Cost of sales and variation in production	(41,874,350)	(41,798,756)	(83,673,106)
Suppliers and external services	(10,114,700)	(19,553,628)	(29,668,328)
Payroll expenses	(9,568,277)	(9,643,420)	(19,211,697)
Amortizations and depreciations	(5,480,217)	(450,812)	(5,931,029)
Provisions and impairment losses	465,770	(161,461)	304,309
Other expenses	(909,296)	(230,296)	(1,139,592)
Share of results of joint ventures and associated companies	42,527,206	-	42,527,206
Financial expenses	(1,833,064)	(30,550)	(1,863,614)
Financial income	199,996	12,917	212,913
Earnings before tax	52,751,413	7,025,161	59,776,574
Corporate income tax	(1,449,873)	(1,618,514)	(3,068,387)
Consolidated net profit	51,301,540	5,406,647	56,708,187
Profit after tax of the discontinued operations	5,406,647	(5,406,647)	-
Consolidated net profit	56,708,187	-	56,708,187

6.3. Acquisitions of subsidiaries

2017 the Group acquired an additional stake of 49.004% in Expeliarmus – Consultoria, S.A, , whose main asset is the 100% holding in SOCITREL (which, in turn, holds 100% of Socitrel España) for the amount of 150,000 Euros, taking full control of its activity at the end of 2017. Although the purchase agreement was concluded at the end of September 2017, that acquisition was conditional on obtaining the non-opposition approval by the Competition Authority ("Autoridade da Concorrência"), which only occurred in December 2017. Accordingly, these consolidated financial statements only include the statement of financial position of the three entities acquired as of 31 December 2017, and not the respective profit and loss accounts for the period then ended.

(Amounts expressed in Euros)

The effects of this operation in the consolidated financial statements can be detailed as follows:

	Financial Position Fair Value
Tangible fixed assets	10,103,787
Other financial assets	1,045
Deferred tax assets	148,411
Other non-current assets	1,439,631
Inventories	6,993,917
Accounts receivable	6,178,817
State and other public entities	2,169,499
Other debtors	7,945,738
Other current assets	242,763
Cash and cash equivalents	2,354,428
Total assets	**37,578,036**
Other loans	21,493,262
Provisions	200,000
Deferred tax liabilities	908,284
Accounts payable	12,674,350
State and other public entities	143,712
Other creditors	676,427
Other current liabilities	993,470
Total liabiilities	**37,089,505**
Total net assets	**488,531**
Financial investments as the moment of control acquisition	59,998
Consideration	
Payments	150,000
Debt	-
	209,998
Goodwill	**(278,533)**

Following the acquisition, and in accordance with IFRS 3 – Business combination, we proceeded with a fair value evaluation of the acquired assets and the liabilities incurred. The fair value was determined following several methodologies of valorization for each type of asset or liability, based on the best information currently available. The main adjustments from the analyse are:

a) Taking into account the option to purchase part of the borrowing funds by the subsidiaries for less than its nominal value, it has a fair value of approximately 14,6 million euros;

b) The land held by the subsidiaries was evaluated by an independent party, it was found out that the fair value was found to be higher than the book value by approximately 4 million euros.

This transaction resulted in the recognition of a gain (negative goodwill) of 278,533 euros.

6.4. Investments in Goodwill

The goodwill recorded in assets as of 31 December 2018 and 2017 refers to the subsidiary Planfuro Global, S.A., which was generated in the year end 31 December 2016.

In order to assess the existence or impairment losses as of 31 December 2018, the Group compared the net free assets generated annually by the subsidiary, as well as market multiples, with a corresponding contribution to the financial statements (including goodwill), having concluded that there was no impairment.

(Amounts expressed in Euros)

6.5. Investments in affiliates

In 31 December 2018 and 2017, there was no investment in affiliates.

On the 19 July 2017, an agreement was celebrated between Ramada, jointly with the other shareholders, and Laboratório Médico - Doutor Carlos da Silva Torres, SA for the sale of all of its shares. Subsidiary Holding Holding, SGPS, SA The transaction took place on the 19 September 2017 after the decision to not oppose the transaction by the Competition Authority was taken, as notified to the Portuguese Securities Markets Commission. The impact of this operation on the consolidated income statement at the 31 December 2017 amounted to 42,248,672 Euros.

6.6. Other Investments

As of the 31 December 2018 and 2017 the caption “Other investments” and respective impairment losses can be detailed as follows:

	31.12.2018	31.12.2017
Gross amount	4,445,498	3,910,822
Impairment losses (Note 25)	(4,445,498)	(3,902,330)
	-	8,492

At the 31 December 2018 and 2017, the caption includes investments on the capital of companies, CEV – Comsumo em Verde, Biotecnologia das Plantas, S.A.

At the 31 December 2018 and 2017, these investments correspond to investments in non-public companies in which the Group has no significant influence.

The assessment on the existence, or not, of impairments on the investments in joint ventures and associated companies is based on their financial indicators, on the operating results and on the capacity to distribute dividends.

6.7. Payments from financial investments

At the 31 December 2018 and 2017 the payments related to financial investments are as follows:

	31.12.2018	31.12.2017
Investments in associated companies	3,000	772,198
Other investments	635,557	583,787
	638,557	1,355,985

(Amounts expressed in Euros)

7. *FINANCIAL INSTRUMENTS*

The financial instruments, in accordance with the policies described in Note 2, were classified as follows:

7.1. Financial assets

31 December 2017	Note	Receivables and cash equivalents	Sub-total	Assets out of scope of IFRS7	Total
Non-current assets					
Other investments	6	8,492	8,492	-	8,492
		8,492	8,492	-	8,492
Current assets					
Trade receivable	14	54,403,293	54,403,293	-	54,403,293
Other accounts receivables	16	1,839,295	1,839,295	22,933	1,862,228
Other current assets	11	5,109,709	5,109,709	516,974	5,626,683
Cash and cash equivalents	17	105,099,639	105,099,639	-	105,099,639
		166,451,936	166,451,936	539,907	166,991,843
		166,460,428	166,460,428	539,907	167,000,335

31 December 2018	Note	Receivables and cash equivalents	Sub-total	Assets out of scope of IFRS7	Total
Non-current assets					
Other investments	6	-	-	-	-
		-	-	-	-
Current assets					
Trade receivable	14	36,253,156	36,253,156	-	36,253,156
Other accounts receivables	16	1,435,340	1,435,340	4,597	1,439,937
Other current assets	11	-	-	73,682	73,682
Cash and cash equivalents	17	74,979,271	74,979,271	-	74,979,271
		112,667,767	112,667,767	78,279	112,746,046
		112,667,767	112,667,767	78,279	112,746,046

(Amounts expressed in Euros)

7.2. Financial liabilities

31 December 2017	Note	Derivatives	Short-term liabilities	Sub-total	Liabilities out of scope of IFRS 7	Total
Non-current liabilities						
Bank loans	20	-	57,455,951	57,455,951	-	57,455,951
Other accounts payable	20	-	6,874,761	6,874,761	-	6,874,761
		-	64,330,712	64,330,712	-	64,330,712
Current liabilities						
Bank loans	20	-	7,511,465	7,511,465	-	7,511,465
Other loans	20	-	41,128,981	41,128,981	-	41,128,981
Trade payable	22	-	26,429,496	26,429,496	-	26,429,496
Other accounts payable	23	-	2,659,299	2,659,299	209,388	2,868,687
Other current liabilities	24	-	7,884,257	7,884,257	6,891,946	14,776,203
		-	85,613,498	85,613,498	7,101,334	92,714,832
		-	149,944,210	149,944,210	7,101,334	157,045,544

31 December 2018	Note	Derivatives	Short-term liabilities	Sub-total	Liabilities out of scope of IFRS 7	Total
Non-current liabilities						
Bank loans	20	-	53,487,401	53,487,401	-	53,487,401
Other accounts payable	20	-	5,993,275	5,993,275	-	5,993,275
		-	59,480,676	59,480,676	-	59,480,676
Current liabilities						
Bank loans	20	-	8,340,737	8,340,737	-	8,340,737
Other loans	20	-	28,532,713	28,532,713	-	28,532,713
Trade payable	22	-	16,317,725	16,317,725	-	16,317,725
Other accounts payable	23	-	2,166,097	2,166,097	-	2,166,097
Other current liabilities	24	-	5,775,915	5,775,915	463,325	6,239,240
		-	61,133,187	61,133,187	463,325	61,596,512
		-	120,613,863	120,613,863	463,325	121,077,188

The financial liabilities were stated at amortized costs, near to its fair value.

(Amounts expressed in Euros)

8. INVESTMENT PROPERTIES

The investment properties held by Ramada Group correspond essentially to leased land to a related party (Note 32) under operating leases, through contracts celebrated in 2007 and 2008 with an average duration of 20 years (existing the possibility of extending the period between four to six years, according to the contracts, if the lessee needs this period to complete the established number of wood cuts. Investment properties are measured at acquisition cost. The movement occurred in this caption during the years ended in the 31 December 2018 and 2017 is as follows:

	31.12.2018	31.12.2017
Opening balance	86,021,939	85,953,689
Aquisitions	2,020,943	68,250
Disposals	(7,206)	-
Gross amount	88,035,676	86,021,939
Impairment losses (Note 25)	(1,100,000)	(1,100,000)
Closing balance	86,935,676	84,921,939

The rented land generated, during the year ended at the 31 December 2017, income amounting, to approximately, 6,406,000 Euro (approximately 6,332,000 Euro in 2016).

The minimum cash flows relating to land leases amount to, approximately, 6.4 million Euro, in each one of the next 5 years. After this period and until the end of the contracts, the minimum cash flows amount to, approximately, 43 million Euro. The rents established in each lease contract are updated at the end of a two years' period, counted from the beginning of the subsequent year of the contract signature, taking into consideration the price index on consumption.

Given the land characteristics (land leased to third parties for forestry activity), frequent market transactions comparable for this type of assets do not occur. Accordingly, the Board of Directors considers that it is not possible to reliably estimate the fair value of the land, and, as such, it is recorded at acquisition cost. However, it is the Board of Directors belief that, given the amount of rents collected annually, these assets do not present impairment indications.

Part of the land (amounting to, approximately, 74 million Euros) is given as collateral for certain borrowings (Note 20).

(Amounts expressed in Euros)

9. PROPERTY, PLANT AND EQUIPMENT

During the years ended at the of 31 December 2018 and 2017 the movement occurred in Property, plant and equipment and the corresponding accumulated depreciation and impairment losses were as follows:

2018

Gross assets

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools	Office equipment	Other tangible assets	Tangible assets in progress	**Total**
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
Exchange rate variation	-	(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 depreciations and impairment losses

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools	Office equipment	Other tangible assets	Tangible assets in progress	**Total**
Opening balance	-	15,135,747	39,836,138	3,600,171	1,757,094	5,335,954	11,541	-	65,676,645
Exchange rate variation	-	(77,458)	(7,928,717)	(329,830)	(473,999)	(725,449)	(11,541)	-	(9,546,995)
Exchange rate variation	-	320,507	4,287,312	376,040	59,921	180,774	-	-	5,224,553
Additions	-	-	(1,323,141)	(26,868)	-	(541)	-	-	(1,350,550)
Disposals	-	-	(9,868)	(24,620)	(3,516)	-	-	-	(38,004)
Transfers and write-offs	-	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

2017

Gross assets

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools	Office equipment	Other tangible assets	Tangible assets in progress	**Total**
Opening balance	1,217,756	13,329,969	37,053,837	2,320,193	1,001,397	4,044,879	11,544	322,395	59,301,970
Variations in consolidation perimeter	4,620,000	5,225,038	9,735,766	1,987,575	829,534	1,614,685	-	83,367	24,095,965
Exchange rate variation	-	(20,922)	(43,552)	(57)	-	(11,676)	-	-	(76,207)
Additions	-	549,249	5,061,437	390,890	54,347	82,540	-	1,062,926	7,201,390
Disposals	-	-	(1,981,697)	(34,300)	-	(13,045)	-	-	(2,029,042)
Transfers and write-offs	-	22,463	247,012	49,168	-	(13,494)	-	(322,431)	(17,284)
Closing 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

Accumulated depreciations and impairment losses

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools	Office equipment	Other tangible assets	Tangible assets in progress	**Total**
Opening balance	-	12,087,691	28,841,051	1,902,874	962,051	3,671,926	11,304	-	47,476,897
Variations in consolidation perimeter		2,780,009	7,437,431	1,496,725	748,759	1,529,254	-	-	13,992,178
Exchange rate variation	-	(7,972)	(33,548)	(26)	-	1,079	-	-	(40,466)
Additions	-	271,307	5,118,073	228,116	46,284	148,243	237	-	5,812,260
Disposals	-	-	(1,506,478)	(30,845)	-	(13,080)	-	-	(1,550,404)
Transfers and write-offs	-	4,711	(20,390)	3,327	-	(1,469)	-	-	(13,821)
Closing balance	-	15,135,747	39,836,138	3,600,171	1,757,094	5,335,954	11,541	-	65,676,645
	5,837,756	3,970,049	10,236,665	1,113,297	128,184	367,935	3	1,146,257	22,800,147

The additions in 2018 and 2017 are related to the acquisition of industrial equipment in order to increase the Group's productive capacity, namely, in steel treatment.

At the 31 December 2018 and 2017 there were no interests capitalized to fixed assets.

(Amounts expressed in Euros)

10. INTANGIBLE ASSETS

During the years ended in the 31 December 2018 and 2017, the movement occurred in intangible assets and the corresponding accumulated depreciation and impairment losses were as follows:

2018

Gross assets

	Software	Projects in development	Total
Opening balance	1,097,895	109,917	1,207,812
Variation in perimeter	(666,205)	(109,917)	(776,122)
Additions	47,469	-	47,469
Disposals and write-offs	-	-	-
Closing balance	479,159	-	479,159

Accumulated depreciations and impairment losses

	Software	Projects in development	Total
Opening balance	1,055,021	36,639	1,091,660
Variation 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

2017

Gross assets

	Software	Projects in development	Total
Opening balance	1,061,319	-	1,061,319
Variation in perimeter	(11,230)	-	(11,230)
Additions	55,849	109,917	165,766
Disposals and write-offs	(8,043)	-	(8,043)
Closing balance	1,097,895	109,917	1,207,812

Accumulated depreciations and impairment losses

	Software	Projects in development	Total
Opening balance	1,031,950	-	1,031,950
Variation in perimeter	(3,560)	-	(3,560)
Additions	22,965	36,639	59,604
Disposals and write-offs	3,666	-	3,666
Closing balance	1,055,021	36,639	1,091,660
	42,874	73,278	116,152

(Amounts expressed in Euros)

11. OTHER NON-CURRENT ASSETS AND CURRENT ASSETS

11.1. Other Non-current assets

Other Non-current assets in the amount of 1,319,512 euros corresponds to a pension supplement scheme –Socitrel's Pension Plan with the following characteristics:

(i) All employees in Socitrel´s effective staff who, at the date of retirement, have at least 10 and 5 years of continuous service for the benefit of old-age retirement (at the age established in the General Social Security System) and disability, respectively;

(ii) The pensionable service time is the number of full years of service in the Company at the time of retirement, with a maximum of 20 years, and the pensionable salary is the gross monthly salary;

(iii) This pension is calculated on the basis of the following formula: P=1%xNxSP (P=monthly pension, N=pensionable service time, SP= monthly pensionable salary for the company), where P is maximum difference between the net monthly basic salary and the monthly Social Security pension. This pension is paid 14 times a year.

In order to cover the liabilities created by this benefit scheme, in the previous years SOCITREL has constituted "SOCITREL Pension Fund".

Commencing at 1 January 2018, with the approval of ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões, Socitreal changed its pension system, moving from the current defined benefit system to a defined contribution plan.

"SOCITREL Pension Plan" has two components:

(i) Defined benefit component – Applicable to retired beneficiaries and pensioners at the 31 December 2017 and that will have the same conditions of the Pension Plan that existed until that date.
(ii) Defined contribution component – Applicable to the effective employees at the service of SOCITREL on 31 December 2017, later admitted and whose main characteristics are:
   a. SOCITREL´S initial contribution corresponding to the amount of past service liabilities calculated as of 31 December 2017 (Euros 519,984) assigned to each employee in accordance with the actuarial calculation of the Pension Fund Management Company, to which SOCITREL is a third party.
   b. SOCITREL´s anual contribution, which will be made taking into account the salary base of each employee at the service of SOCITREL and according to SOCITREL´s performance.
   c. Individual contribution of each employee that corresponds to the amount that each employee can contribute to the pension plan if he / she so wishes.

The level of funding calculated by the managing entity of the "Socitrel Pension Fund" as at 31 December 2018 and 2017 is as follows:

	2018	2017
1 - Total liabilities for past services		
Assets	-	519,984
Retirees and pensioners	268,792	335,956
	268,792	855,940
2 - Pensions fund value	1,668,264	2,295,571

Given that the value of the Pension Fund is higher than the present value of past service liabilities, a non-current asset was recorded in the amount of this difference.

The movement recorded during the year ended 31 December 2018, representing the difference between the value of the Pension Fund and the present value of the Liability for Past Services was as follows:

(Amounts expressed in Euros)

Employment practices liability coverage 31.12.2017	1,439,631
Amounts recognized in the income statement	
Interest rates	52,803
Cost of current services	(9,614)
	43,189
Amount recognized directly in comprehensive income	
Atuarial gains and losses	170,110
Employment practices liability coverage 31.12.2018	1,312,710

The liabilities related to the SOCITREL Pension Plan were determined based on the following assumptions:

(i) Calculation Method “Projected Unit Credit”;

(ii) Mortality Tables TV 88/90;

(iii) Discount rate 1.42%;

(iv) Pension growth rate 1.5%.

The decrease in the discount rate used to calculate the current value of past service liabilities by 0.5 percentage points would generate an increase in the estimate of the present value of past service liabilities with reference to 31 December 2018 of approximately 21.100 euros.

The SOCITREL Pension Fund is composed as at 31 December 2018:

(i) 32.6% stocks;

(ii) 45.1% fixed rate bonds;

(iii) 9.8% variable rate bonds; and

(iv) 12.5% Liquidity and other assets.

11.2. Other current assets

At the 31 December 2018 and 2017, this line details and following:

	31.12.2018	31.12.2017
Guarantee for contrcution works in progress	-	5,109,709
Other current assets	73,682	516,974
	73,682	5,626,683

In 31 December 2017, the line “Guarantee for construction work in progress” refers to the values relative to work in progress of the companies of the system and storage segment.

(Amounts expressed in Euros)

12. CURRENT AND DEFERRED INCOME TAXES

In accordance with current legislation, the tax returns are subject to review and correction by the tax authorities over a period of four years (five years for Social Security), except when tax losses have occurred, tax benefits have been conceded, or inspections, complaints or disputes are on-going. In these cases, depending on the circumstances, the above referred period deadlines can be extended or suspended. Therefore, the tax returns of Ramada and its subsidiaries for the years 2015 to 2018 may still be subject to review.

The Board of Directors of Ramada believes that any potential corrections arising from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of the 31 December 2018 and 2017.

Ramada is the dominant company of a group of companies based in Portugal (Ramada Group) which is taxed under the special regime for taxation of groups of companies ("RETGS – Regime Especial de Tributação de Grupos de Sociedades").

12.1. Deferred taxes

The movement occurred in deferred tax assets and liabilities in the years ended at the 31 December 2018 and 2017 was as follows:

	2018		2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Balance as of 1 January	4,552,283	955,993	3,673,642	31,125
Perimeter variation	(1,148,445)	-	148,411	908,284
Effects on the income statemtent	578,421	(27,652)	730,230	16,584
Balance as of 31 December	3,982,259	928,341	4,552,283	955,993

The detail of the deferred taxes at the 31 December 2018 and 2017, in accordance with the nature of the timing differences that generated them, is the following:

	2018		2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Provisions and impairment losses not accepted for tax purposes	1,739,768	-	2,364,176	24,340
Tax losses carried forward	960,000	-	-	-
Extraordinary revaluation of fixed assets	865,280	-	1,703,696	-
Reinvested capital gains	-	3,999	-	7,998
Amortizations not accpeted for tax purposes	-	16,058	-	15,371
Tax benefits	268,800	-	336,000	-
Fair value adjustments in business activities	148,411	908,284	148,411	908,284
	3,982,259	928,341	4,552,283	955,993

The caption "Extraordinary Revaluation of Fixed Assets" includes the impact of the adoption of Law number 66/2016, from 3rd November. This law defines the new fixed assets revaluation regulation.

During 2018, deferred tax assets were recognized amounted to 960,000 euros relating to tax loss carry-forwards generated in 2015 which are estimated to be recoverable in the next two years.

(Amounts expressed in Euros)

At 31 December 2018, Socitrel had tax loss carry-forwards in the amount of approximately 24,450,000 euros, which were generated in 2015 (23,960.000 Euros) and 2016 (490,000 Euros) with a reporting period of 12 years, until 2027 and 2028, respectively. It should be noted that as a result of inspections carried out by the Tax Authority for the years ended at 31 December 2014 and 2015, the Tax Authority did not consider the tax deductible cost of approximately 19,410,000 Euros related to charges incurred in the year ended on 31 December 2015 disregarding the debt of the previous Socitrel shareholder under the agreements included in the Socitrel Special Revitalization Process. Socitrel did not agreed with the Tax Authority position and therefore there is an open legal litigation in progress.

12.2. Current Corporate Income Tax and deferred tax

Income taxes recorded in the income statements during the years ended at the 31 December 2018 and 2017 are detailed as follows:

	31.12.2018	31.12.2017 (restated)
Corporate income tax:		
Corporate income tax for the year	3,681,350	2,231,056
Special autonomous tax	(566,359)	(204,365)
	3,114,991	2,026,691
Deferred tax	(606,073)	(576,818)
	2,508,918	1,449,873

The reconciliation of profit before income tax and the income tax for the year is as follows:

	31.12.2018	31.12.2017 (restated)
Earnings before tax	12,013,077	52,751,413
Income tax rate	21%	21%
	2,522,746	11,077,797
Municipal surcharge	99,915	97,971
State surcharge	109,106	144,228
Autonomous tax	101,947	112,925
Share of results of joint ventures and associated companies	-	(8,930,713)
Fixed assets extraordinary revaluation	-	(200,435)
Corporate income corrections	(566,359)	(204,365)
Fiscal benefits	(294,974)	(114,324)
Tax losses from previous years	(283,879)	-
Other effetcs	820,416	(533,211)
Corporate income tax	2,508,918	1,449,873

(Amounts expressed in Euros)

13. INVENTORIES

At the 31 December 2018 and 2017 the caption “Inventories” was as it follows:

	31.12.2018	31.12.2017
Goods	20,534,538	13,103,122
Raw, subsidiary and consumable materials	6,410,960	11,143,567
Semi-finished, finished products and work in progress	3,392,024	6,164,392
Work in progress	267,946	-
	30,605,468	30,411,081
Accumulated impairment losses (Note 25)	(2,003,329)	(1,539,113)
	28,602,139	28,871,968

These values are the best estimate done by the Board of Directors to reach the market price or the net realizable value of the Company’s inventories.

The cost of sales and the variation in production for the years ended at the 31 December 2018 and 2017 amounted to:

31 December 2018	Raw, subsidiary and consumable materials	Semi-finished, finished products and work in progress	Total
Opening balance	24,246,689	6,164,392	30,411,081
Discontinued operations	(5,317,106)	(2,940,086)	(8,257,191)
Purchases and regularizations	86,265,909	(94,549)	86,171,360
Closing balance	(26,945,498)	(3,659,967)	(30,605,465)
Cost of sales and production variation	78,249,994	(530,209)	77,719,785

31 December 2017*	Raw, subsidiary and consumable materials	Semi-finished, finished products and work in progress	Total
Opening balance	18,926,852	3,999,677	22,926,529
Exchange rate variation	431	605,383	605,814
Variations in consolidation perimeter	4,799,765	2,302,970	7,102,735
Purchases and regularizations	83,449,109	-	83,449,109
Closing balance	(24,246,689)	(6,164,392)	(30,411,081)
Cost of sales and production variation	108,435,328	(10,556,752)	83,673,106

* Not restated with accordance with IFRS 5 – see note 6.2.

(Amounts expressed in Euros)

14. TRADE RECEIVABLE

At the 31 December 2018 and 20176 the caption “Trade receivable” can be detailed as follows:

	31.12.2018	31.12.2017
Accounts receivable - gross amount	43,328,833	66,369,878
Impairment loss (Note 25)	(7,075,677)	(11,966,585)
Net balance	36,253,156	54,403,293

At the 31 December 2018 and 2017, the trade receivable ageing balances can be detailed as follows:

	31 December 2018					
	Gross Value			Net Value		
	Industry	Real Estate	Total	Industry	Real Estate	Total
Not due	23,997,327	6,674,355	30,671,682	21,673,890	6,674,355	28,348,245
Due						
0 - 180 days	9,477,551	-	9,477,551	7,837,881	-	7,837,881
+ 180 days	3,179,600	-	3,179,600	67,030	-	67,030
	36,654,478	6,674,355	43,328,833	29,578,801	6,674,355	36,253,156

	31 December 2017					
	Gross Value			Net Value		
	Industry	Real Estate	Total	Industry	Real Estate	Total
Not due	24,682,022	6,752,494	31,434,516	24,682,022	6,752,494	31,434,516
Due						
0 - 180 days	25,786,264	-	25,786,264	21,307,439	-	21,307,439
+ 180 days	9,149,098	-	9,149,098	1,661,338	-	1,661,338
	59,617,384	6,752,494	66,369,878	47,650,799	6,752,494	54,403,293

The Group’s exposure to credit risk is related to the receivables from its operating activity. The amounts in the consolidated financial position statement are deducted from impairment losses. In accordance to IFRS 9 (IAS 39 for the values related to 31 December 2017)

The impairment of trade accounts receivable was determined following IFRS 9. The Board of Directors believes that the receivables accounting value is similar to their fair value. The past years’ conservative approach in relation to impairment losses on trade accounts receivable has been maintained.

The Group does not charge any interests as long as the defined payment terms (in average 90 days) are respected. After that period, interests defined contractually are charged, and in accordance with the applicable legislation; usually such situations only occur under extreme conditions. On a conservative basis, interests charged are accrued and only recognized in the profit and loss statement in the period they are received.

(Amounts expressed in Euros)

15. STATE AND OTHER PUBLIC ENTITIES

At the 31 December 2018 and 2017 the assets and liabilities included in the caption "State and other public entities" had the following composition:

	31.12.2018	31.12.2017
Assets		
Corporate income tax	1,421,633	-
Value added tax	1,315,467	2,958,009
Other taxes	-	212,034
	2,737,100	3,170,043
Liabilities		
Value added tax	2,794,351	3,325,000
Social Security contributions	284,030	762,882
Personal income tax	253,312	599,850
Corporate income tax	22,952	1,517,046
Other taxes	1,630	407,464
	3,356,275	6,612,242

16. OTHER ACCOUNTS RECEIVABLE

At the 31 December, 2018 and 2017 the caption "Other accounts receivable" had the following composition:

	31.12.2018	31.12.2017
Advances to suppliers	4,597	22,933
Other debtors	1,435,340	1,839,295
	1,439,937	1,862,228
Impairmnet losses	-	-
	1,439,937	1,862,228

The caption "Other debtors" includes VAT receivables on goods' imports.

(Amounts expressed in Euros)

17. CASH AND CASH EQUIVALENTS

At the 31 December 2018 and 2017 the caption “Cash and cash equivalents” included in the consolidated statement of financial position can be detailed as follows:

	31.12.2018	31.12.2017
Cash	18,533	17,594
Bank depositis	74,960,738	105,082,045
	74,979,271	105,099,639
Bank overdrafts (Note 20)	(4,888,707)	(7,681,255)
Cash and cash equivalents	70,090,564	97,418,384

18. ISSUED CAPITAL AND RESERVES

18.1. ISSUED CAPITAL

At the 31 December 2018, Ramada’s fully subscribed and paid up capital consisted of 25,641,459 shares with a nominal value of 1 Euro each.

18.2. RESERVES

(I) Legal reserve

The Portuguese commercial legislation establishes that at least 5% of the annual net result must be allocated to the reinforcement of the "Legal reserve" until it represents at least 20% of the capital stock. This reserve is not distributable, except in the event of liquidation of the Group, nevertheless it may be used to absorb losses, but only after all other reserves have been exhausted, and for incorporation into capital.

(II) Other reserves and retained earnings

At the General Shareholders' Meeting held on 4 April 2018, the amount of 57,180,455 Euros was attributed to shareholders as dividends. Additionally in November 2018 29,487,678 was attributed to shareholders as advanced payments.

At the General Shareholders' Meeting held on 26 April 2017, the amount of 6,461,646 Euros was attributed to shareholders as dividends.

During 2017, the Company sold all its own shares in the portfolio, resulting in a gain recorded directly in the "Other reserves and retained earnings" caption in the amount of 16,384,887 Euros.

According to the Portuguese legislation, the amount of distributable reserves is determined based on the non-consolidated financial statements of the Company.

(Amounts expressed in Euros)

19. NON-CONTROLLING INTERESTS

The movement occurred in this caption during 2018 and 2017 was as follows:

	31.12.2018	31.12.2017
Opening balance	4,923	142,364
Variations in scope of consolidation	(4,923)	(142,364)
Perimeter variation	-	4,923
Dividends allocated to minority interests	-	-
Closing balance	-	4,923

At the 31 December 2017, the non-controlling interests are related to the subsidiaries Expeliarmus, Socitrel and Socitrel España, which are 99% owned by the Group (Note 6).

20. LOANS AND OTHER LOANS

At the 31 December 2018 and 2017 the captions “Banks Loans” and “Other Loans” had the following composition:

	31.12.2018		31.12.2017	
	Current	Non-current	Current	Non-current
Bank Loans	8,340,737	53,487,401	7,511,465	57,455,951
Bank Loans	8,340,737	53,487,401	7,511,465	57,455,951
Comercial paper	20,500,000	3,000,000	22,000,000	5,000,000
Other bank loans	1,050,000	-	10,050,000	-
Overdrafts (note 17)	4,888,707	-	7,681,255	-
Factoring	2,067,648	-	1,397,726	-
Investement subsidies	-	2,754,523	-	1,874,761
Finanse lease	26,358	238,752	-	-
Other loans	28,532,713	5,993,275	41,128,981	6,874,761
	36,873,450	59,480,676	48,640,446	64,330,712

The Board of Directors believes that the loans’ book value does not differ significantly from its fair value, calculated based on the discounted cash-flow method.

(Amounts expressed in Euros)

The nominal amount of bank loans at the 31 December 2018 will be reimbursed as follows:

2018			2017		
Reimbursement year	Amount	Estimated interests [1]	Reimbursement year	Amount	Estimated interests [1]
Current			**Current**		
2019	36,873,450	679,000	2018	48,640,446	708,000
Non-current			**Non-current**		
2019	-	-	2019	11,703,988	1,196,263
2020	7,927,370	783,948	2020	8,880,685	942,179
2021	7,582,502	640,193	2021	7,880,685	755,942
2022	7,582,502	497,893	2022	7,880,685	575,971
2023	7,582,502	355,593	2023	7,880,685	396,001
2024	7,305,800	254,886	2024	4,603,984	270,133
2025	6,500,000	190,937	2025	3,500,000	196,754
2026	6,500,000	138,937	2026	3,500,000	146,088
2027	3,500,000	86,937	2027	3,500,000	95,421
2028	5,000,000	14,225	2028	5,000,000	17,778
2029	-	-	2029	-	-
	59,480,676	2,963,549		64,330,712	4,592,530
	96,354,126	3,642,549		112,971,158	5,300,530

[1] Interest estimated according to the contractual conditions defined, assuming the market conditions verified in 2018 and 2017.

The credit facilities used by the Group and the corresponding maximum amounts allowed were as follows:

	31 de December 2018		31 de December 2017	
Nature	Authorized Amount	Used Amount	Authorized Amount	Used Amount
Other bank loans	23,700,000	1,050,000	26,200,000	10,050,000
Overdrafts	15,000,000	4,888,707	15,000,000	7,681,255
Comercial paper				
12/2016	-	-	-	-
12/2017	-	-	5,000,000	5,000,000
07/2018	-	-	1,750,000	-
08/2019	5,000,000	5,000,000	5,000,000	5,000,000
07/2019	7,500,000	1,000,000	7,500,000	4,000,000
07/2020	3,000,000	-	3,000,000	1,000,000
06/2020	3,000,000	3,000,000	5,000,000	5,000,000
07/2020	4,000,000	4,000,000	4,000,000	4,000,000
11/2020	3,000,000	-	3,000,000	-
06/2021	3,000,000	3,000,000	3,000,000	3,000,000
12/2021	7,500,000	7,500,000		
	36,000,000	23,500,000	37,250,000	27,000,000

(Amounts expressed in Euros)

During the year ended at the 31 December 2018 these loans bear interest at normal market rates depending on the nature and term of the credit obtained.

During this year, and in the previous one, the Group did not enter into any loan default.

Additionally, at the 31 December 2018, there are no covenants associated with the loans obtained.

21. DERIVATIVES

In order to reduce the exposure to interest rate volatility, the Group has engaged in interest rate swap contracts. These contracts were evaluated in accordance with its fair value as of the statement of financial position date, being the corresponding amount recognized in the caption "Derivatives".

At the 31 December 2018 and 2017 there are no derivative financial instruments.

22. TRADE PAYABLE

At the 31 December 2018 and 2017 the caption "Trade Payable" could be presented, considering its maturity, as follows:

	31.12.2018			31.12.2017		
	Industry	Real Estate	Total	Industry	Real Estate	Total
0 to 90 Days	15,144,682	1,173,043	16,317,725	25,517,866	911,630	26,429,496

At the 31 December 2018 and 2017, this caption included accounts payable to suppliers resulting from the Group's operating activities. The Board of Directors believes that the fair value of these amounts does not differ significantly from their book value and that the effect of possible changes is not relevant.

23. OTHER ACCOUNTS PAYABLES

At the 31 December 2018 and 2017 the caption "Other accounts payables" had the following composition:

	31.12.2018	31.12.2017
Non-current liabilities		
Accounts payable related to financial investments	-	238,752
	-	238,752
Current liabilities		
Fixed assets suppliers	902,100	1,190,462
Accounts payable related to financial investments	17,500	25,123
Customers advances	-	209,388
Other debtors	1,246,497	1,443,714
	2,166,097	2,868,687
	2,166,097	3,107,439

At the 31 December 2018 the liabilities recorded under the caption "Fixed assets suppliers" are payable in less than 3 months.

(Amounts expressed in Euros)

24. OTHER CURRENT LIABILITIES

At 31 December 2018 and 2017, the line "Other current liabilities" had the following composition:

	31.12.2018	31.12.2017
Accrued expenses:		
Accrued payroll	4,393,714	5,027,502
Interests payable	88,536	842,107
Other accrued costs	1,293,665	2,014,648
Deferred income	463,325	6,891,946
	6,239,240	14,776,203

At 31 December 2017 the caption "Deferred income" mainly includes anticipated invoicing regarding storage systems sales.

25. PROVISIONS AND IMPAIRMENTS LOSSES

The movements that occurred in provisions and impairment losses can be detailed as follows:

2018	Provisions	Impairment losses in accounts receivable (note 14)	Impairment losses in inventories (note 13)	Impairment losses in investments (note 6)	Impairment losses in investment properties (note 8)	Total
Opening balance	3,100,736	11,966,585	1,539,113	3,733,458	1,100,000	21,439,892
Perimeter variation	(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

2017	Provisions	Impairment losses in accounts receivable (note 14)	Impairment losses in inventories (note 13)	Impairment losses in investments (note 6)	Impairment losses in investment properties (note 8)	Total
Opening balance	2,883,080	14,256,157	1,428,048	4,220,393	1,100,000	23,887,678
Exchange rate variation	(1,812)	(1,997)	(4,597)	-	-	(8,406)
Perimeter variation	200,000	1,014,231	108,818	-	-	1,323,049
Increases	288,138	80,862	17,439	435,112	-	821,551
Reversals	(268,670)	(93,420)	(10,595)	(753,175)	-	(1,125,860)
Transfers	-	-	-	-	-	-
Utilizations	-	(3,289,248)	-	(168,872)	-	(3,458,120)
Closing balance	3,100,736	11,966,585	1,539,113	3,733,458	1,100,000	21,439,892

The increases and reversals recorded in provisions and impairment losses for the years ended at the 31 December 2018 and 2017 were recorded in the profit and loss statement caption "Provisions and impairment losses".

The amount recorded in the caption "Provisions" as of 31 December 2018 relates to the Board of Directors best estimate to cover possible losses arising from legal actions in progress and other liabilities, namely, to guarantees related to storage management systems constructions. Given the great complexity of this constructions, the Board of Directors decided to increase their provisions in 2018.

(Amounts expressed in Euros)

The Board of Directors believes that, based on the opinion of their legal advisors, as of 31 December 2018 there are no assets or liabilities associated with probable or possible tax contingencies that should be reported in the financial statements as of 31 December 2018, besides the ones that are recorded.

26. OPERATING LEASES

The Group held, as lessee, essentially operational lease contracts, whose minimum payments present the following maturity:

	31 de December de 2018	31 de December de 2017
Responsabilities on operational lease rents	Minimum operational leases payments	Minimum operational leases payments
2018	-	361,605
2019	226,149	275,094
2020	127,936	125,298
2021	67,731	45,774
2022	25,148	10,169
2023	7,436	-
	454,399	817,940

27. OTHER INCOME

At the 31 December 2018 and 2017 the caption “Other income” had the following composition:

	31.12.2018	31.12.2017 (Restated)
Prompt payment discounts obtained	17,257	19,862
Foreign currency exchange gains	77,959	64,362
Gais on non financial investments alienation	774,412	82,323
Supplementary income	231,749	481,213
Recovery of charges billed to customers	277,060	282,939
Subsisdies	12,165	22,920
Works for our own company	-	-
Other incomes	618,375	476,845
	2,008,977	1,430,464

(Amounts expressed in Euros)

28. EXTERNAL SUPPLIES AND SERVICES

At the 31 December 2018 and 2017 the caption “External supplies and services” had the following composition:

	31.12.2018	31.12.2017 (Restated)
Subcontracts and specialized services	1,898,617	1,550,221
Maintenence and repair	2,972,963	2,398,632
Engineering tools	1,034,749	1,051,735
Electricity	3,612,674	1,396,713
Fuels and other fluids	749,638	284,657
Travel ans lodging	610,592	382,604
Transport of goods	3,261,963	1,538,178
Rents	841,348	463,816
Insurance	676,409	454,249
Other services	1,479,025	593,895
	17,137,978	10,114,700

At the 31 December 2018 and 2017 the amounts recorded in the caption “Subcontracts and specialized services” are associated with thermal treatment services and machinery.

29. PAYROLL EXPENSES

At the 31 December 2018 and 2017 the caption “Payroll expenses” had the following composition:

	31.12.2018	31.12.2017 (Restated)
Salaries	10,701,813	7,255,529
Indeminizations	82,223	136,205
Changes in salaries	2,347,359	1,521,496
Insurance	321,550	118,350
Social cost	346,526	305,857
Other personell costs	246,261	230,839
	14,045,732	9,568,276

Average number of employees

During the years ended 31 December 2018 and 2017, the number of staff employed by the Ramada Group was 572 and 378, respectively (not including Storax Group).

(Amounts expressed in Euros)

30. OTHER EXPENSES

At the 31 December 2018 and 2017 the caption "Other expenses" had the following composition:

	31.12.2018	31.12.2017 (Restated)
Taxes and fees	345,236	334,586
Charges for Guarantees and comissions	186,675	214,722
Unfavorable exchange rate differences	115,477	50,328
Donations and contributions	36,197	30,658
Prompt payment discounts granted	40,744	39,484
Bad debts	-	-
Losses on non financial investments alienation	900	224,500
Fines and other penalties	3,983	12,131
Other Expenses	153,076	2,887
	882,288	909,295

31. FINANCIAL RESULTS

The consolidated financial results for the years ended at the 31 December 2018 and 2017 can be detailed as follows:

	31.12.2018	31.12.2017 (Restated)
Financial expenses:		
Interests	1,507,689	1,374,132
Other financial costs and losses	187,936	458,932
	1,695,625	1,833,064
Financial income:		
Interests	102,515	193,583
Other financial income and gains	23,805	6,414
	126,320	199,997

Interests paid and recognized in the profit and loss statement for the years ended as of 31 December 2018 and 2017 are totally related with loans obtained.

The interests received in 2018 and 2017 are related to loans conceded to subsidiaries and to financial investments made.

32. TRANSACTIONS WITH RELATED PARTIES

32.1. Related parties

Apart from the companies included in the consolidation (Note 6), the companies considered to be related parties at the 31 December 2018, are the following:

- 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.

32.2. Commercial transactions

Group companies have relations with each other, which are qualified as transactions with related parties. All these transactions are made at market prices.

(Amounts expressed in Euros)

During the consolidating procedures, the transactions between companies included in consolidation by the full consolidation method (Note 6) are eliminated, since the consolidated financial statements disclose information regarding the holding company and its subsidiaries as a unique entity.

The main balances with related parties at the 31 December 2018 and 2017 may be detailed as follows:

	31 December 2018			31 December 2017		
Related parties	Accounts receivable and other debtors	Accounts Payable and other creditors	Loans granted	Accounts receivable and other debtors	Accounts Payable and other creditors	Loans granted
Other related parties	6,456,547	129,514	-	6,376,429	218,418	-

The main transactions with related entities during 2018 and 2017 may be detailed as follows:

	31 December 2018		31 December 2017	
Related parties	Sales and rendered services	Supplies and external services	Sales and rendered services	Supplies and external services
Other related parties	6,635,004	129,514	6,412,878	129,514

The amounts related to Customers, debts of third parties, Suppliers and debts to third parties recorded in the years ended at the 31 December 2018 and 2017, as well as Sales and Services rendered refer to rents for the lease of the lands that are classified in the caption "Investment properties" (Note 8). The amounts related to transactions with Group companies refer to transactions with companies acquired at the end of 2017 (Note 6).

Board of Directors compensation

The Board of Directors of Ramada Investimentos e Indústria, S.A., as of 31 December 2018 is composed by:

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

The compensation conceded to the members of the Board of Directors of Ramada Group during the year ended 31 December 2018 by the companies included in the consolidation under the full consolidation method amounted to 523,500 Euro (the same amount as the previous year).

33. EARNINGS PER SHARE

Earnings per share for the year were calculated on the basis of the following amounts:

	31.12.2018	31.12.2017
Net profit considered for the computation of basic and diluted earnings per share	69,717,900	56,708,187
Weighted average number of shares for the purpose of calculating net income per share	25,641,459	24,194,298
Earnings per share		
Basic	2.72	2.34
Diluted	2.72	2.34

(Amounts expressed in Euros)

There are no situations in the Group that might represent a reduction on earnings per share, arising from stock options, warrants, convertible bonds or other rights embedded in ordinary shares.

34. SEGMENT INFORMATION

In accordance with the origin and nature of the income generated by the Group, the main segments identified are as follows:

- ☐ Industry – includes the commercialization of steel and storage systems, as well as financial investments management;
- ☐ Real Estate – includes the assets and activities related to the Group's real estate development.

These segments were identified considering the business units which develop activities whose income and cost may be distinguished, and for which separate financial information is produced.

	31 December 2018			
	Indústria	Imobiliária	Anulações intragrupo	**Total**
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
Operational investments (a)	3,956,437	2,090,935	-	6,047,373
Revenue and other gains from foreign markets customers	121,595,105	7,837,706	-	129,432,811
Revenue and other gains from other segment operations	230,000	803,781	(1,033,781)	-
Cash flow fro, operational activities (b)	12,468,611	6,368,005	-	18,836,616
Amortizations/Depreciations	(4,995,877)	(258,357)	-	(5,254,234)
Profit from operational activities (c)	7,472,734	6,109,648	-	13,582,382
Financial profits	195,060	235	(68,975)	126,320
Financial costs	(904,516)	(860,084)	68,975	(1,695,625)
Share of results of join ventures and ssociate companies		-	-	-
Earning before taxes	6,763,278	5,249,800	-	12,013,077
Corporate income tax	(1,095,718)	(1,413,200)	-	(2,508,918)
Deferred taxes	-	-	-	-
Net profit from continued operation	5,667,559	3,836,600		9,504,159
Net profit from discontinued operation	60,213,741			60,213,741
Net profit	65,881,300	3,836,600	-	69,717,900

(a) - Investments in non-current assets, except financial instruments, deferred taxes assets and financial investments

(b) - Operational results + amortizations/depreciations (without group transactions)

(c) - Operational results excluding group transactions

(Amounts expressed in Euros)

	31 December 2017			
	Industry	Real Estate	Intercompany eliminations	**Total**
Total assets	227,577,962	97,267,090	(10,727,034)	314,118,018
Total liabilities	88,897,839	68,328,394	10,727,034	167,953,267
Operational investments (a)	5,965,213	528,173	-	6,493,386
Revenue and other gains from foreign markets customers	70,595,631	7,312,248	-	77,907,879
Revenue and other gains from other segment operations	41,998	778,380	(820,378)	-
Cash flow fro, operational activities (b)	10,526,881	6,810,611		17,337,492
Amortizations/Depreciations	(5,173,849)	(306,368)	-	(5,480,217)
Profit from operational activities (c)	5,353,032	6,504,243	-	11,857,275
Financial profits	347,018	1,170	(148,192)	199,996
Financial costs	(916,109)	(1,065,147)	148,192	(1,833,064)
Share of results of join ventures and ssociate companies	42,527,206	-	-	42,527,206
Earning before taxes	47,311,147	5,440,266	-	52,751,413
Corporate income tax	(418,989)	(1,030,884)	-	(1,449,873)
Deferred taxes	-	-	-	-
Net profit from continued operation	46,892,158	4,409,382		51,301,540
Net profit from discontinued operation	5,406,647			5,406,647
Net profit	52,298,805	4,409,382	-	56,708,187

(a) - Investments in non-current assets, except financial instruments, deferred taxes assets and financial investments
(b) - Operational results + amortizations/depreciations (without group transactions)
(c) - Operational results excluding group transactions

The non-current assets held for sale are essentially located in Portugal.

Sales and services rendered by the Group during the financial years of 2018 and 2017 can be detailed by geographical markets as follows:

	31 December 2018			31 December 2017 (Restated)		
	Domestic market	International market	Total	Domestic market	International market	Total
Sales and services	86.681.132	33.688.702	120.369.834	38.096.090	32.886.173	70.982.263
Rent	7.054.000	-	7.054.000	6.925.616	-	6.925.616
	93.735.132	33.688.702	127.423.834	45.021.706	32.886.173	77.907.879

Sales and services rendered are under the scope of IFRS 15 and pertain to:

- ☐ Commercialization of steel and / or alloy parts, cutting tools and industrial tools;
- ☐ Provision of services in steel parts and / or alloys, cutting tools and industrial tools;
- ☐ Manufacture and sale of steel wires;

Within the scope of IFRS 15, they are under the heading of clients in the Statement of Financial Position, and there are no assets or liabilities related to contracts with customers.

(Amounts expressed in Euros)

35. RESPONSABILITIES FOR GUARANTEES PROVIDED

On the 31 December 2018 and 2017, Ramada Group companies had provided the following bank guarantees:

	31.12.2018	31.12.2017
Supply of storage systems	-	4,250,968
Others	92,401	4,534,203
	92,401	8,785,170

Furthermore, there are 74M worth of guarantees with respect to lands.

36. SUBSQUENT EVENTS

There are no subsequent events that justify a disclosure.

37. 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.

38. FINANCIAL STATEMENT APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance at the 9 April of 2019. Its final approval depends on the agreement of the General Shareholders Meeting.

The Chartered Accountant

The Board of Directors

João Manuel Matos Borges de Oliveira – Chairman

Paulo Jorge dos Santos Fernandes

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça