



RAMADA
INVESTIMENTOS E INDÚSTRIA

Earnings Announcement

3rd Quarter 2019

(unaudited)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and in accordance with the International Accounting Standard 34, 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.



80 YEARS
Investing in industry

GRUPO RAMADA – BUSINESS PROFILE

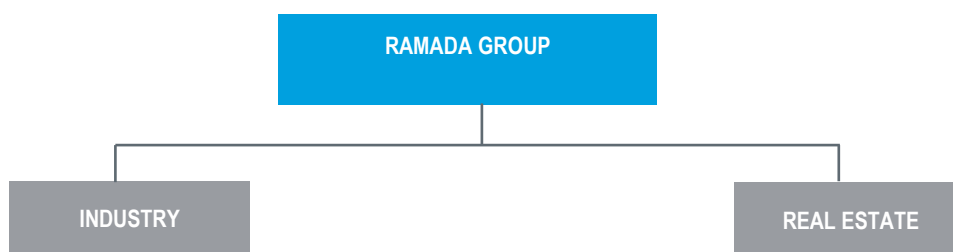
Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments: i) Industry Segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the Group is a minority shareholder; and ii) Real Estate Segment, aimed at the management of real estate assets.

The special steels activity, which develops, especially at the level of the sub-segment of moulds, with a leading position in the domestic market, is developed by three companies: Ramada Aços, Universal Afir and Planfuro Global.

Socitrel's main business is the manufacture and commercialization of steel wires, capable of being used in a wide variety of activities, including industry, agriculture and construction.

In the financial investments management activity, among other portfolio investments held by the Group, it should be highlighted the participation held in Consumo em Verde - Biotecnologia das Plantas, S.A..

The Real Estate Segment includes the real estate asset management activity (composed by the forest assets and the buildings of the group) and is developed by F. Ramada II - Imobiliária, S.A..



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

INCOME STATEMENT

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

	9M 2019	9M 2018	Var. %
Sales and services rendered	86 504	97 895	-11.6%
Other income	463	484	
Total revenue	86 966	98 379	-11.6%
Cost of sales	(54 161)	(59 288)	-8.6%
External supplies and services	(11 082)	(13 011)	-14.8%
Payroll expenses	(9 797)	(10 372)	-5.6%
Other expenses	(437)	(838)	-47.9%
Total Costs (a)	(75 477)	(83 510)	-9.6%
EBITDA (b)	11 490	14 868	-22.7%
EBITDA Margin	13.2%	15.1%	
Amortization and depreciation	(3 246)	(4 261)	-23.8%
EBIT (c)	8 244	10 607	-22.3%
EBIT Margin	9.5%	10.8%	
Financial expenses	(1 203)	(1 281)	-6.1%
Financial income	141	26	446.1%
Net profit before income tax from continuing operations	7 181	9 352	-23.2%
Income tax	(1 454)	(2 238)	
Net profit after tax from continuing operations	5 727	7 113	-19.5%
Net profit after tax income from discontinued operations	0	60 214	-100.0%
Consolidated net profit	5 727	67 327	-91.5%

(Amounts in thousands of Euro)

(a) Operating costs excluding depreciation and amortization, financial costs and income taxes

(b) EBITDA = earnings before financial results, taxes on income, amortization and depreciation

(c) EBIT = earnings before financial results and taxes on income

During the first nine months of 2019, total revenues of Ramada Group amounted to 86,966 thousand Euro, presenting a 11.6% decrease over the total revenues recorded in the same period of 2018.

Total costs, excluding amortizations, financial results and income taxes, amounting to 75,477 thousand Euro, recorded a 9.6% decrease over September 2018.

EBITDA amounted to 11,490 thousand Euro, 22.7% lower when compared to the first nine months of 2018. EBITDA margin amounted 13.2%, which compares with 15.1% recorded in the same period of 2018.

Operating income (EBIT), in the amount of 8,244 thousand Euro, recorded a decrease of 22.3% when compared to 10,607 thousand Euro in 2018.

The negative financial results, in the amount of 1,062 thousand Euro, recorded a 15.4% increase over the same period of the previous year.

During the first nine months of 2019, consolidated net profit amounted to 5,727 thousand Euro, being 67,327 thousand Euro in the same period of 2018.

INDUSTRY SEGMENT

	9M 2019	9M 2018	Var. %
Total Revenues	81 661	93 069	-12.3%
Total Costs (a)	74 425	82 405	-9.7%
EBITDA (b)	7 237	10 664	-32.1%
EBITDA Margin	8.9%	11.5%	
EBIT (c)	4 196	6 577	-36.2%
EBIT Margin	5.1%	7.1%	
Financial results	(469)	(626)	-25.0%
Net profit before income tax from continuing operations	3 727	5 951	-37.4%
Income tax	694	1 388	-50.0%
Net profit from continuing operations	3 033	4 563	-33.5%
Net profit from discontinued operations	0	60 214	-100.0%
Consolidated net profit	3 033	64 777	-95.3%

(Amounts in thousands of Euro)

(a) Operating costs excluding depreciation and amortization, financial costs and income taxes

(b) EBITDA = earnings before financial results, taxes on income, amortization and depreciation

(c) EBIT = earnings before financial results and taxes on income

In the first nine months of 2019, total revenues from the Industry segment amounted to 81,661 thousand Euro, recording a 12.3% decrease over total revenues of the same period of 2018.

The EBITDA of the Industry segment achieved 7,237 thousand Euro, decreasing 32.1% over the first nine months of 2018.

EBITDA margin amounted to 8.9%, that compares with 11.5% recorded in the previous year.

Operational income (EBIT), in the amount of 4,196 thousand Euro, recorded a 36.2% decrease over the 6,577 thousand Euro in the same period of 2018.

In the first nine months of 2019, the steel business recorded a decrease in turnover when compared to the homologous period of the previous year.

After a semester marked by market uncertainties and business difficulties due to market stagnation, the third quarter began better.

In this context, exports made an important contribution, reflecting the commercial effort that has been made at a international level.

The steel business is mainly developed in the domestic market which, in the first three months of 2019, accounted for 93% of turnover.

In the first nine months of 2019, Socitrel recorded a turnover decrease over the same period of 2018.

The market is keeping an intense supply pressure in all products, having as a consequence a decrease in price and in gross margin.

Socitrel operates mainly in the foreign market, which in the first nine months of 2019 represented 61% of turnover, with Europe being the major target market.

REAL ESTATE SEGMENT

	9M 2019	9M 2018	Var. %
Total revenues	5 305	5 310	-0.1%
Total costs (a)	1 052	1 106	-4.9%
EBITDA (b)	4 253	4 204	1.2%
EBIT (c)	4 048	4 030	0.4%
Financial results	(593)	(630)	-5.8%
Net profit before income tax	3 455	3 400	1.6%

(Amounts in thousands of Euro)

(a) Operating costs excluding depreciation and amortization, financial costs and income taxes

(b) EBITDA= earnings before financial results, taxes on income, amortization and depreciation

(c) EBIT = earnings before financial results and taxes on income

In the first nine months of 2019, total revenues of the Real Estate segment amounted to 5,305 thousand Euro, reaching the same level of 2018.

Income from long-term leases of forest land represent approximately 90% of total Real Estate revenues.

During the first nine months of 2019, EBITDA of the Real Estate segment amounted to 4,253 thousand Euro, recording a 1.2% increase over the same period of 2018. The operational profit (EBIT), in the amount of 4,048 thousand Euro, achieved a slightly increase comparatively to the same period of 2018.

The financial results of the Real Estate segment were negative by 593 thousand Euro, recording a 5.8% increase over the negative 630 thousand Euro recorded in the same period of 2018.

During the first nine months of 2019, profit before taxes for the Real Estate segment amounted to 3,455 thousand Euro, 1.6% higher than the recorded in the same period of 2018.

INVESTMENTS AND DEBT

Ramada Group's investments, during the first nine months of 2019, amounted to, approximately, 1,720 thousand Euro.

As of 30 September 2019, the nominal net debt amounted to 27,166 thousand Euro. As of 31 December 2018, this amount was 21,375 thousand Euro.

Oporto, November 7, 2019

The Board of Directors



Shaping industry

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RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

(Translation of financial statements originally issued in Portuguese - Note 18)

(Amounts expressed in Euro)

ASSETS	Notes	30.09.2019	31.12.2018
NON CURRENT ASSETS:			
Investment properties	6	87,841,729	86,935,676
Tangible assets		19,706,445	20,482,273
Intangible assets		22,411	42,174
Goodwill		1,245,520	1,245,520
Other investments	4.2	-	-
Other debtors		663,425	-
Other non-current assets		1,322,464	1,319,512
Deferred tax assets	7	3,982,259	3,982,259
Total non current assets		114,784,253	114,007,414
CURRENT ASSETS:			
Inventories		26,209,686	28,602,139
Clients		36,109,433	36,253,156
State and other public entities		986,749	2,737,100
Other debtors		1,419,703	1,439,937
Other current assets		109,559	73,682
Cash and cash equivalents	8	55,492,404	74,979,271
Total current assets		120,327,534	144,085,285
Total assets		235,111,787	258,092,699
EQUITY AND LIABILITIES	Notes	30.09.2019	31.12.2018
EQUITY:			
Share capital	9	25,641,459	25,641,459
Legal reserve		6,460,877	6,460,877
Advance on profits		-	(29,487,678)
Other reserves and retained earnings		82,634,169	57,788,337
Consolidated net profit for the year		5,727,434	69,717,900
Total equity attributable to equity holders of the parent company		120,463,939	130,120,895
Non-controlling interests		-	-
Total equity		120,463,939	130,120,895
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans	10	49,487,401	53,487,401
Other loans	10	3,129,456	5,993,275
Provisions	12	2,114,000	2,610,000
Deferred tax liabilities	7	928,341	928,341
Total non current liabilities		55,659,198	63,019,017
CURRENT LIABILITIES:			
Bank loans	10	4,000,000	8,340,737
Other loans	10	26,041,402	28,532,713
Suppliers		18,107,962	16,317,725
State and other public entities		3,417,341	3,356,275
Other creditors		1,249,550	2,166,097
Other current liabilities	11	6,172,395	6,239,240
Total current liabilities		58,988,650	64,952,787
Total liabilities		114,647,848	127,971,804
Total equity and liabilities		235,111,787	258,092,699

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE
FOR THE NINE AND THREE MONTHS PERIODS ENDED AS 30 SEPTEMBER 2019 AND 2018**
(Translation of financial statements originally issued in Portuguese - Note 18)
(Amounts expressed in Euro)

		Nine months period ended as:		Three months period ended as:	
	Notes	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Sales and services rendered		86,503,534	97,895,083	27,437,561	30,652,246
Other income		462,533	483,596	150,971	(47,149)
Cost of sales and production variation		(54,160,764)	(59,288,238)	(17,334,115)	(18,335,981)
External supplies and services		(11,082,326)	(13,011,152)	(3,548,034)	(4,116,081)
Payroll expenses		(9,796,643)	(10,372,379)	(2,690,638)	(3,049,158)
Amortization and depreciation		(3,245,721)	(4,261,377)	(980,321)	(1,263,468)
Provisions and impairment losses	12	6,454	(159,679)	(43,683)	196,215
Other expenses		(443,265)	(678,806)	(108,245)	(203,172)
Financial expenses		(1,203,122)	(1,281,156)	(419,412)	(388,383)
Financial income		140,506	25,731	47,169	25,244
Profit before income tax		7,181,186	9,351,623	2,511,253	3,470,313
Income tax		(1,453,752)	(2,238,182)	(533,962)	(867,855)
Consolidated net profit from continuing operations		5,727,434	7,113,441	1,977,291	2,602,458
Profit after tax income from discontinued operations	5	-	60,213,741	-	-
Consolidated net profit		5,727,434	67,327,182	1,977,291	2,602,458
Attributable to:					
Parent company's shareholders		5,727,434	67,327,182	1,977,291	2,602,458
Continuing operations		5,727,434	7,113,441	1,977,291	2,602,458
Discontinued Operations		-	60,213,741	-	-
Earnings per share:					
Continuing operations					
Basic	13	0.22	0.28	0.08	0.10
Diluted	13	0.22	0.28	0.08	0.10
Discontinued Operations					
Basic	13	-	2.35	-	-
Diluted	13	-	2.35	-	-

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE AND THREE MONTHS PERIODS ENDED AS 30 SEPTEMBER 2019 AND 2018
 (Translation of financial statements originally issued in Portuguese - Note 18)
 (Amounts expressed in Euro)

	Notes	Nine months period ended as:		Three months period ended as:	
		30.09.2019	30.09.2018	30.09.2019	30.09.2018
Net consolidated profit for the period		5,727,434	67,327,182	1,977,291	2,602,458
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from discontinued operations		-	82,120	-	-
Items that were reclassified to profit or loss:					
Exchange differences arising from discontinued operations	5	-	998,289	-	-
Other comprehensive income for the period		-	1,080,409	-	-
Total comprehensive income for the period		5,727,434	68,407,591	1,977,291	2,602,458
Attributable to:					
Parent company's shareholders		5,727,434	68,407,591	1,977,291	2,602,458
Continuing operations		5,727,434	7,113,441	1,977,291	2,602,458
Discontinued Operations		-	61,294,150	-	-

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED AS 30 SEPTEMBER 2019 AND 2018**
(Translation of financial statements originally issued in Portuguese - Note 18)
(Amounts expressed in Euro)

Attributable to the parent company's shareholders											
Notes	Share capital	Own shares	Legal reserve	Currency translation reserves	Advance on profits	Other reserves and retained earnings	Net profit	Total	Non-controlling interests	Total Equity	
Balance as of 1 January 2018	9	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		-	-	-	1,080,409	-	-	67,327,182	68,407,591	-	68,407,591
Appropriation of the consolidated net profit for 2017:											
Transfer to other reserves		-	-	-	-	-	56,708,187	(56,708,187)	-	-	-
Dividends paid		-	-	-	-	-	(57,180,455)	-	(57,180,455)	-	(57,180,455)
Acquisition of non-controlling interests		-	-	-	-	-	1,923	-	1,923	(4,923)	(3,000)
Balance as of 30 September 2018		25,641,459	-	6,460,877	-	-	57,959,369	67,327,182	157,388,887	-	157,388,887
Balance as of 1 January 2019	9	25,641,459	-	6,460,877	-	(29,487,678)	57,788,337	69,717,900	130,120,895	-	130,120,895
Total consolidated comprehensive income for the year		-	-	-	-	-	-	5,727,434	5,727,434	-	5,727,434
Appropriation of the consolidated net profit for 2018:											
Transfer to other reserves		-	-	-	-	29,487,678	40,230,222	(69,717,900)	-	-	-
Dividends paid		-	-	-	-	-	(15,384,875)	-	(15,384,875)	-	(15,384,875)
Others		-	-	-	-	-	485	-	485	-	485
Balance as of 30 September 2019		25,641,459	-	6,460,877	-	-	82,634,169	5,727,434	120,463,939	-	120,463,939

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE AND THREE MONTHS PERIODS ENDED AS 30 SEPTEMBER 2019 AND 2018
(Translation of financial statements originally issued in Portuguese - Note 18)

		(Amounts expressed in Euro)			
		Nine months period ended as:		Three months period ended as:	
Notes	30.09.2019	30.09.2018	30.09.2019	30.09.2018	
Operating activities:					
Collections from customers	76,781,652	113,328,852	21,659,043	36,640,917	
Payments to suppliers	(48,765,970)	(90,786,612)	(13,483,530)	(37,726,537)	
Payments to personnel	(6,268,831)	(6,757,938)	(2,699,266)	(2,292,409)	(3,378,028)
Income tax paid/received	(776,033)	(2,150,860)	(689,442)	(1,982,801)	
Other collections/payments relating to operating activities	(7,236,079)	(8,012,112)	(15,737,638)	(1,894,876)	(797,218)
<i>Cash flow from operating activities (1)</i>		<u>13,734,739</u>	<u>46,465</u>	<u>3,582,368</u>	<u>(4,175,246)</u>
Investment activities:					
Collections arising from:					
Tangible assets	249,690	11,138	-	-	
Other assets	-	734,892	-	658,619	
Investment subsidies	-	-	-	-	
Financial investments	5	81,000,000	-	-	
Dividends	-	4,000,000	-	-	
Interests and similar income	31,845	16,415	9,044	16,415	675,034
Payments arising from:					
Financial investments	4.2	(537,779)	-	(107,779)	
Investment properties	(909,648)	(183,285)	(180,230)	(118,710)	
Intangible assets	-	-	-	-	
Tangible assets	(1,619,531)	(3,410,178)	(239,370)	(1,721,386)	
Loans granted	-	(2,529,179)	(4,131,242)	(419,600)	(1,947,875)
<i>Cash flow from investment activities (2)</i>		<u>(2,247,644)</u>	<u>81,631,203</u>	<u>(410,556)</u>	<u>(1,272,841)</u>
Financing activities:					
Collections arising from:					
Loans obtained	83,712,643	83,712,643	6,786,908	37,745,388	1,911,310
Payments arising from:					
Interests and similar costs	(920,177)	(1,418,568)	(117,089)	(185,903)	
Dividends	9	(15,384,875)	(57,180,455)	-	-
Loans obtained	(93,841,668)	(110,146,720)	(78,511,881)	(36,909,341)	(13,372,018)
<i>Cash flow from financing activities (3)</i>		<u>(26,434,077)</u>	<u>(71,724,973)</u>	<u>836,047</u>	<u>(11,646,611)</u>
Cash and cash equivalents at the beginning of the period	8	70,090,564	97,418,384	51,135,723	116,393,320
Change in cash and cash equivalents: (1) + (2) + (3)		(14,946,982)	9,952,695	4,007,859	(17,094,699)
Effect of exchange rate changes		-	-	-	-
Cash and cash equivalents associated with discontinued operations		-	(8,072,458)	-	-
Cash and cash equivalents at the end of the period	8	55,143,582	99,298,621	55,143,582	99,298,621

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

**NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019**
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 18)
(Amounts expressed in Euro)

1. INTRODUCTORY NOTE

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. ("Ramada Investimentos", "Ramada Group" or "Company") is a Company incorporated as of 1 June 2008, with its head-office located at Rua Manuel Pinto de Azevedo, 818, - 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 Group 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 Ramada Aços, 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 Investimentos.

Currently, Ramada is the parent company of the group of companies listed in Note 4 (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.

Ramada Group is listed in Euronext Lisbon since 2008.

The condensed 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.

2. MAIN ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements of Ramada Group are consistent with those used in the comparative periods.

The accompanying condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"). These correspond to the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as from the consolidated financial statements issuance date.

The interim condensed consolidated financial statements are presented quarterly and in accordance with the International Accounting Standard 34 – Interim Financial Reporting and includes the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows as well as the selected explanatory notes.

The accompanying condensed consolidated financial statements have been prepared from the books and accounting records of the company and subsidiaries, adjusted in the consolidation process, on a going concern basis and under the historical cost convention

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the reporting period there were no changes in the accounting policies and no material mistakes related with previous periods were identified.

**NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019**
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 18)
(Amounts expressed in Euro)

New accounting standards and their impact in these condensed consolidated financial statements:

Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during 2019:

With mandatory application during 2019	Effective date (for financial year beginning on or after)
Annual Improvements to IFRS standards (cycle 2015-2017)	01 Jan 2019
IAS 19 (amendment) – Employee benefits (Plan amendment, curtailment or settlement)	01 Jan 2019
IAS 28 (amendment) – Long-term interests in Associates and Joint ventures	01 Jan 2019
IFRIC 23 – Uncertainty over income tax treatments	01 Jan 2019
IFRS 9 (amendment) – Prepayment features with negative compensation	01 Jan 2019
IFRS 16 – Leases - (recognition and measurement principles)	01 Jan 2019

The following standards, interpretations, amendments and revisions were not at to the date of approval of these consolidated financial statements endorsed by the European Union:

With mandatory application after 2019	Effective date (for financial year beginning on or after)
IFRS 17 – Insurance contracts	01 Jan 2021
Amendments to references to the Conceptual Framework in IFRS Standards	01 Jan 2020
IFRS 3 (amendment) – Business combinations	01 Jan 2020
IAS 1 and IAS 8 (amendment) – Definition of material	01 Jan 2020
IFRS 7 and IFRS 9 (amendment) – Interest Rate benchmark reform	01 Jan 2020

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 30 September 2019 due to the fact that their application is not mandatory, lying in the process of analyzing expected effects of those standards.

**NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019**
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 18)
(Amounts expressed in Euro)

4. SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND OTHER INVESTMENTS

4.1 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 September 30, 2019, and December 31, 2018, are as follows:

Designation	Headquarters	Percentage of participation held		Activity
		30.09.2019	31.12.2018	
<u>Parent company:</u>				
Ramada Investimentos e Indústria S.A.	Porto	-	-	Management of financial investment and consulting services
<u>Ramada Group</u>				
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%	100%	Manufacture and sale of steel wires
Socitrel España, S.A.	Spain	100%	100%	Manufacture and sale of steel wires
Expeliarmus - Consultoria, S.A.	Portugal	100%	100%	Holding company

All the above companies were included in the consolidated financial statements of Ramada Group in accordance with the full consolidation method.

4.2 Other investments

As of September 30, 2019 and December 31, 2018, the caption “Other investments” and respective impairment losses can be detailed as follows:

	30.09.2019	31.12.2018
Equity investments and loans	4,445,498	4,445,498
Accumulated impairment losses (note 12)	(4,445,498)	(4,445,498)
	-	-

The caption “Other investments” includes investments in companies in which the group does not have control or significant influence, like CEV, S.A. Loans granted to these companies are also included in this caption.

The assessment of whether or not there is an impairment in investments in other entities takes into account, among others, the financial indicators of the companies, the results of their operations and their profitability for the shareholder, especially taking into account their capacity to distribute dividends.

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5. DISCONTINUED OPERATIONS

On 20 March 2018, the Ramada Group reached an agreement with the Averys Group to disinvest 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.

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
Accounts receivable/payable from continuing units with alienated entities and other liabilities	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

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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

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.

6. INVESTMENT PROPERTIES

Investment properties held by Ramada Group relate to lands rented to third parties (Altri Group) under operational leases, through contracts with an average duration of 20 years, and with the possibility of an additional period of four to six years if certain events occur. Investment properties are measured at acquisition cost. The movement occurred in this caption during the nine months period ended as of 30 September 2019 and the year ended 31 December 2018 is as follows:

	30.09.2019	31.12.2018
Opening balance (gross)	88,035,676	86,021,939
Acquisitions	906,053	2,020,943
Disposals	-	(7,206)
Closing balance (gross)	88,941,729	88,035,676
Accumulated impairment losses (note 12)	(1,100,000)	(1,100,000)
Closing balance (net)	87,841,729	86,935,676

The lease land generated, during the nine months period ended as of September 30, 2019, income amounting, to approximately, 4,790,000 Euro (approximately 6,406,000 Euro in 2018).

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The minimum future receipts for leases of forest land amounting, to approximately, 6.4 million Euro in each of the following 5 years. After this period and until the end of the contracts, the minimum future receipts total, approximately 43 million Euro. The leases provided in each lease contract are updated at the end of each two-year period, starting from the beginning of the calendar year immediately following the signing of the contract, based on the consumer price index.

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, the market value of these assets will not be significantly different from its book value.

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

7. 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 granted, 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 September 30, 2019.

The movement occurred in deferred tax assets and liabilities in the nine months period ended as of September 30, 2019 and 2018, was as follows:

	30.09.2019	
	Deferred tax assets	Deferred tax liabilities
Balance as of 01.01.2019	3,982,259	928,341
Effects on income statement	-	-
Balance as of 30.09.2019	3,982,259	928,341

	30.09.2018	
	Deferred tax assets	Deferred tax liabilities
Balance as of 01.01.2018	4,552,283	955,993
Effects on income statement	59,406	(21,108)
Transfer to discontinued operations	(1,207,851)	(3,232)
Balance as of 30.09.2018	3,403,838	931,653

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8. CASH AND CASH EQUIVALENTS

As of September 30, 2019 and December 31, 2018 the caption “Cash and cash equivalents” included in the condensed consolidated statement of financial position can be detailed as follows:

	30.09.2019	31.12.2018
Cash	32,114	18,533
Bank deposits	55,460,290	74,960,738
	<u>55,492,404</u>	<u>74,979,271</u>
Bank overdrafts (Note 10)	(348,822)	(4,888,707)
Cash and cash equivalents	<u>55,143,582</u>	<u>70,090,564</u>

9. SHARE CAPITAL

As of September 30, 2019, Ramada's fully subscribed and paid up capital consisted of 25,641,459 shares with a nominal value of 1 Euro each.

On May 2019, it was approved in the annual shareholders' general meeting the distribution of gross dividends amounting to 0.60 Euro per share. Additionally, on November 2018 was equally approved an extraordinary dividend distribution through an advance on 2018 profits, in the amount of 29,487,678 Euro (corresponding to a gross dividend of 1.15 Euro per share).

10. BANK LOANS AND OTHER LOANS

As of September 30, 2019 and December 31, 2018, the captions “Bank loans” and “Other loans” can be detailed as follows:

	30.09.2019		31.12.2018	
	Current	Non current	Current	Non current
Bank loans	4,000,000	49,487,401	8,340,737	53,487,401
Bank loans	4,000,000	49,487,401	8,340,737	53,487,401
Commercial paper	21,500,000	-	20,500,000	3,000,000
Guaranteed accounts	1,050,000	-	1,050,000	-
Bank overdrafts	348,822	-	4,888,707	-
Factoring	2,752,472	-	2,067,648	-
Investment subsidies	82,606	2,671,917	-	2,754,523
Leasing	307,502	457,539	26,358	238,752
Other bank loans	26,041,402	3,129,456	28,532,713	5,993,275
	<u>30,041,402</u>	<u>52,616,857</u>	<u>36,873,450</u>	<u>59,480,676</u>

It is the Board of Directors understanding that the loans' book value does not differ significantly from its fair value.

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10.1 Bank Loans:

The nominal amount of bank loans as of September 30, 2019, will be reimbursed as follows:

30 September 2019			31 December 2018		
Reimbursement year	Amount	Estimated interests	Reimbursement year	Amount	Estimated interests
Current			Current		
06/2020	30,041,402	553,192	2019	36,873,450	679,000
Non current			Non current		
06/2021	8,646,053	729,989	2020	7,927,370	783,948
06/2022	7,582,502	497,893	2021	7,582,502	640,193
06/2023	7,582,502	355,593	2022	7,582,502	497,893
06/2024	7,305,800	254,886	2023	7,582,502	355,593
06/2025	6,500,000	190,937	2024	7,305,800	254,886
06/2026	6,500,000	138,937	2025	6,500,000	190,937
06/2027	3,500,000	86,937	2026	6,500,000	138,937
06/2028	5,000,000	14,225	2027	3,500,000	86,937
06/2029	-	-	2028	5,000,000	14,225
	52,616,857	2,269,397		59,480,676	2,963,549
	82,658,259	2,822,589		96,354,126	3,642,549

During the period of nine months ended as of September 30, 2019, these loans bear interest at normal market rates depending on the nature and term of the credit obtained.

During the period of nine months ended as of September 30, 2019, and the year ended as of December 31, 2018, the Group did not enter into any loan default.

Additionally, as of September 30, 2019, there are no covenants associated with the loans obtained.

11. OTHER CURRENT LIABILITIES

As of September 30, 2019, and December 31, 2018, the caption "Other current liabilities" can be detailed as follows:

	30.09.2019	31.12.2018
Accrued expenses		
Accrued payroll	3,991,987	4,393,714
Interest payable	532,983	88,536
Other accrued expenses	1,092,901	1,293,665
Deferred income	554,523	463,325
	6,172,393	6,239,240

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12. PROVISIONS AND IMPAIRMENT LOSSES

The movements that occurred in provisions and impairment losses for the nine months period ended as of September 30, 2019, can be detailed as follows:

	Provisions	Impairment losses in accounts receivables	Impairment losses in investments (note 4.2)	Impairment losses in inventory	Impairment losses in investments properties (note 6)	Total
Opening balance	2,610,000	7,075,677	4,445,498	2,003,329	1,100,000	17,234,504
Increases	-	130,937	-	-	-	130,937
Reversals	-	(137,391)	-	-	-	(137,391)
Utilizations	(496,000)	-	-	-	-	(496,000)
Closing balance	2,114,000	7,069,223	4,445,498	2,003,329	1,100,000	16,732,050

The constitutions and reversals of provisions and impairment losses recorded in the nine-month period ended September 30, 2019 and in the year ended December 31, 2018 were recorded against the income statement caption "Provisions and impairment losses".

The amount recorded under "Provisions" at 30 September 2019 corresponds to the best estimate by the Board of Directors of the Group Companies to cover losses to be incurred with lawsuits currently in progress and other liabilities.

It is the opinion of the Board of Directors, based on its legal and tax advisors, that as of September 30, 2019, there are no material assets or liabilities associated with probable or possible tax contingencies that should be recognized or disclosed in the financial statements on September 30, 2019.

13. EARNINGS PER SHARE

Earnings per share for the nine months periods ended as of 30 September 2019 and 2018 were determined taking into consideration the following amounts:

	30.09.2019		30.09.2018	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Net profit considered for the computation of basic and diluted earnings per share	5,727,434	-	7,113,441	60,213,741
Number of shares	25,641,459	25,641,459	25,641,459	25,641,459
Number of own shares	-	-	-	-
Weighted average number of shares used to compute the basic and diluted earnings per share	25,641,459	25,641,459	25,641,459	25,641,459
Earnings per share				
Basic	0.22	0.00	0.28	2.35
Diluted	0.22	0.00	0.28	2.35

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.

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14. RELATED PARTIES

The main balances with related parties as of September 30, 2019 and 2018 are related with Altri Group and may be detailed as follows:

	Rents	
	30.09.2019	30.09.2018
Altri Group	4,790,016	4,694,994
	<u>4,790,016</u>	<u>4,694,994</u>

Apart from the companies included in the consolidation (Note 4), the companies considered to be related parties as of September 30, 2019, 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.

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15. 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 support services (being the latest a residual activity);
- ☐ 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 it is produced separate financial information and its operating results are reviewed and taken decisions by the management. The segregation of activities by segments as of September 30, 2019 and 2018 is made up as follows:

	30 September 2019			
	Industry	Real Estate	Intra-group eliminations	Total
Total assets	150 617 062	96 666 167	(12 171 442)	235 111 787
Total liabilities	65 944 902	60 874 389	(12 171 442)	114 647 849
Opening investments (a)	1 713 644	9 700	-	1 723 344
Revenue and other gains from foreign markets customers	81 661 194	5 304 873	-	86 966 067
Revenue and other gains from other segment operations	206 956	619 619	(826 575)	-
Cash-flow from operational activities (b)	6 823 929	4 665 594	-	11 489 523
Amortizations / Depreciations	(3 040 658)	(205 063)	-	(3 245 721)
Profit from operational activities (c)	3 783 271	4 460 531	-	8 243 802
Financial profits	140 407	99	-	140 506
Financial costs	(609 776)	(593 346)	-	(1 203 122)
Gains / losses from associated companies	-	-	-	-
Profit before taxes	3 313 902	3 867 284	-	7 181 186
Corporate income tax	(602 949)	(850 803)	-	(1 453 752)
Net profit from continued operations	2 710 953	3 016 482	-	5 727 434
Net profit from discontinued operations	-	-	-	-
Net profit	2 710 953	3 016 482	-	5 727 434

(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

	30 September 2018			
	Industry	Real Estate	Intra-group eliminations	Total
Total assets	195 877 561	94 589 732	(5 255 973)	285 211 320
Total liabilities	70 269 885	62 808 521	(5 255 973)	127 822 433
Opening investments (a)	2 346 907	182 982	-	2 529 889
Revenue and other gains from foreign markets customers	93 068 845	5 309 834	-	98 378 679
Revenue and other gains from other segment operations	31 042	601 446	(632 488)	-
Cash-flow from operational activities (b)	10 093 877	4 774 548	-	14 868 425
Amortizations / Depreciations	(4 087 322)	(174 055)	-	(4 261 378)
Profit from operational activities (c)	6 006 555	4 600 493	-	10 607 048
Financial profits	76 948	235	(51 452)	25 731
Financial costs	(702 589)	(630 019)	51 452	(1 281 156)
Gains / losses from associated companies	-	-	-	-
Profit before taxes	5 380 914	3 970 710	-	9 351 623
Corporate income tax	(1 159 987)	(1 078 195)	-	(2 238 182)
Net profit from continued operations	4 220 927	2 892 515	-	7 113 441
Net profit from discontinued operations	60 213 741	-	-	60 213 741
Net profit	64 434 668	2 892 515	-	67 327 182

(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

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16. SUBSEQUENT EVENTS

There were no significant subsequent events from 30 September 2019 until the date of approval of these financial statements.

17. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance in November 7, 2019.

18. FINANCIAL STATEMENTS TRANSLATION

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and in accordance with the International Accounting Standard 34 – Interim Financial Reporting, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Chartered Account

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