2020

RAMADA

INVESTIMENTOS E INDÚSTRIA

RAMADA INVESTIMENTOS E INDÚSTRIA

Shaping industry

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

80 YEARS
Investing in industry

RAMADA INVESTIMENTOS E INDÚSTRIA

Annual Report 2020

TABLE OF CONTENTS

(CHAPTERS WITHIN THE DOCUMENT)

TABLE OF CONTENTS

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 presents the Annual Report for 2020. According to Article 508(6)(C) of the Companies Act, the Board of Directors has decided to submit a single Management Report, thereby complying with all legal requirements.

INTRODUCTION

Ramada Investimentos[1] was incorporated in 2008, under a group restructuring operation. All the shares that represent its share capital are admitted to trading on a regulated market, on Euronext Lisbon.

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

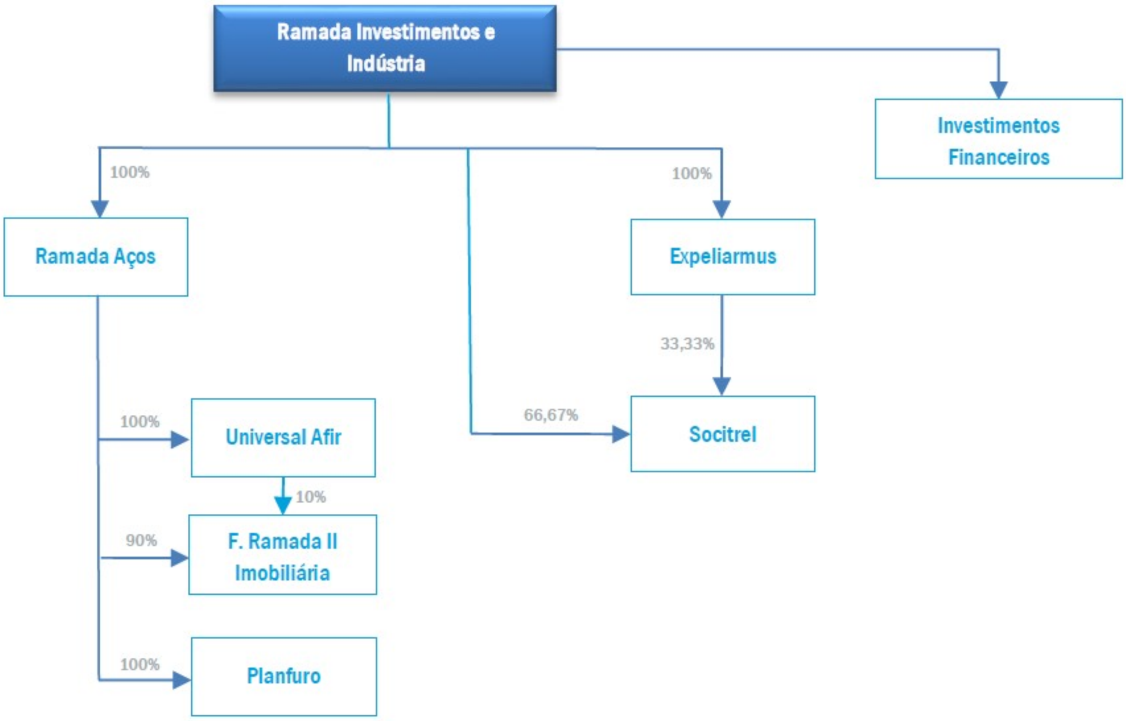
The Special Steel business, which mainly focus on the steel for moulds sub-segment, in which the Group holds a prominent share in the domestic market, is carried out by three companies: Ramada Aços, Universal Afir and Planfuro Global. The drawing activity is carried out by Socitrel. Socitrel manufactures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

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

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

[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 2020, can be detailed as follows:



MACROECONOMIC FRAMEWORK

2020 was a unique year, marked by a huge pandemic crisis that had repercussions on a social, economic and financial level. Behaviors and attitudes such as "social distance", "lockdown" or "restrictive measures", became part of our daily lives. This new reality had a major impact on the evolution of the business and its profitability, which led to levels of global recession that had not been reached since the Second World War. The main global entities put forward estimates of the annual variation of GDP at constant prices (in %) of the world economy in the order of -4%, namely -4.3% by the European Community and the World Bank, -4.2% by the OECD and the International Monetary Fund was slightly more optimistic with -3.5%.

2021 is expected to be a year of turning the page. To this end, the vaccination process will make an indispensable contribution to reaching pre-pandemic economic levels. The OECD advances with projections of 4.25% for 2021 and 3.75% in 2022. The World Bank points to an annual GDP change at constant prices of 4%, while the IMF goes further, with a forecast around 5.5%.

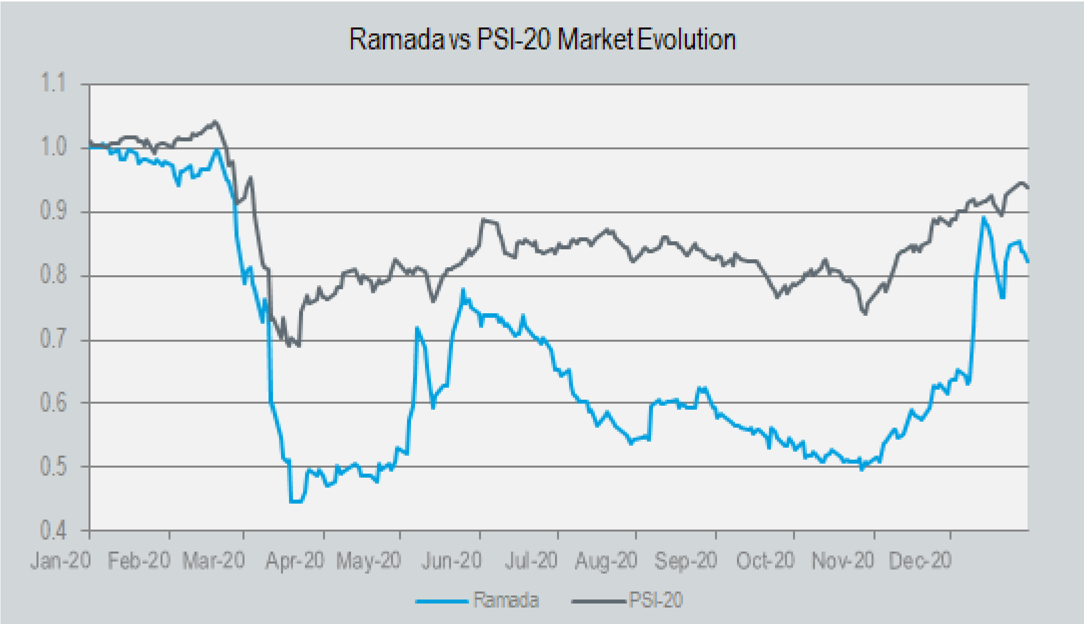
After seven consecutive years of growth, the European economy fell again in 2020. This year, the European economy will have fallen 6.8%. Despite this, the third quarter grew more than expected, reaching levels of 12.6% q/q compared to a forecast of 6.4% q/q in September (Eurostat), which sustained a drop that may have been even more pronounced. According to Eurostat, a moderate GDP recovery is expected at around 4.7% in 2021 and 4.4% in 2022. European Commission forecasts estimate that the unemployment rate in the Eurozone will rise by 7.5% in 2019 to 8.3% in 2020 and 9.4% in 2021, before dropping to 8.9% in 2022. As for Eurozone inflation, it ended 2020 at 0.3%. For 2021 and 2022, Fitch Ratings advances with estimates in the order of 0.8% and 1.3%.

Portuguese economic activity was also severely affected. The most recent INE projections advance with a historical contraction of 7.6% in 2020. The projections of this institute for the years 2021 and 2022, assume that the restrictions will be gradually removed from the first quarter of 2021, around 3.9 % and 4.5%, respectively. At the same time, 2020 was marked by a slight deflation of 0.1%. Banco de Portugal (BdP) projections for the following years point to an inflation of 0.3% in 2021, 0.9% in 2022 and 1.1% in 2023. This entity also estimates that the unemployment rate will go down set at around 7.2% in 2020, 8.8% in 2021 and 8.2% in 2022 (values in% of the active population).

Source: IMF - Informação de Mercados Financeiros, Macroeconomic Framework Report in 2020 and Scenario for 2021, 11 February 2021

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).

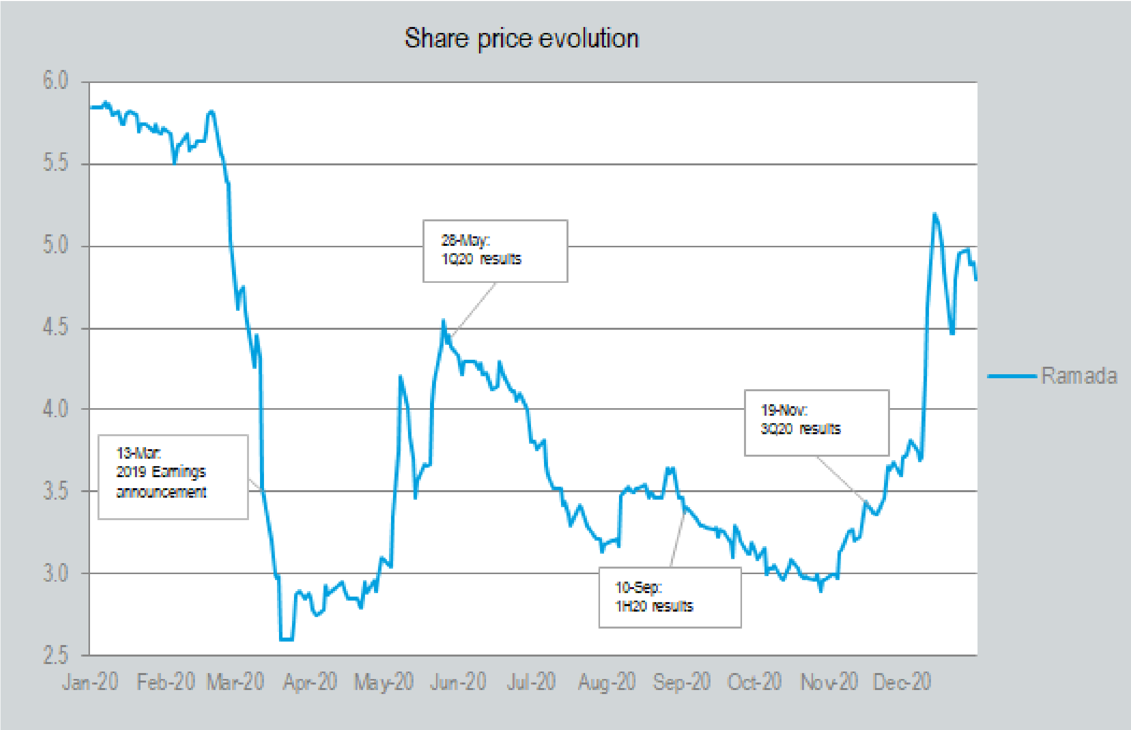


Ramada Investimentos's shares price closed at EUR 4.80 per share. This is equivalent to a market capitalisation of EUR 123.1 million.

Ramada Investimentos shares were traded at a maximum price of EUR 5.88 per share and a minimum of EUR 2.60 per share in 2020. A total of 4,529,307 shares of Ramada Investimentos e Indústria were traded in 2020.

Performance of the Ramada Investimentos share price

The main events that marked how the Ramada Investimentos share price performed in 2020 can be described as follows:



- The Group announced its financial performance for 2019 through a statement made on 13 March 2020. Consolidated net income was around EUR 8.1 million, which represents a 88% decrease from the previous year. Total revenue[2] amounted to EUR 115.0 million and consolidated EBITDA[3] reached around EUR 15.6 million;
- On 28 May 2020, Ramada Group reported that its financial results for the 1st quarter of 2020 reached a consolidated net profit of around EUR 1.3 million. Consolidated EBITDA[3] reached EUR 2.8 million and total revenues[2] amounted to EUR 26.5 million;
- On 10 September 2020, Ramada Group's results for the first half of 2020 were announced, with a consolidated net profit of EUR 2.5 million. Total revenue[2] recorded EUR 49.0 million and consolidated EBITDA[3] amounted to EUR 5.1 million;
- The Group announced its financial performance for the first nine months of 2020, through a statement made on 19 November 2019, with consolidated net profit of around EUR 4.4 million. Consolidated EBITDA[3] amounted to EUR 8.3 million, with an EBITDA margin of 11%. Total revenues[2] reached EUR 74.3 million.

---

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

GROUP'S BUSINESS ACTIVITY

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

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

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

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

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

The year 2020 was anticipated as a year of recovery, with an optimistic expectation of improvement and a break in the negative cycle that had been dragging on for the past two years. The forecasts looked good, especially for the second half, with the start of projects planned for the automotive industry.

However, the year 2020 started with instability and declines in demand, both in the Moulds sector and in the Metalworking sector, showing signs that the changes and the relaunch of the Automotive Industry would not materialise as expected. This less favorable scenario worsened with the spread of the pandemic. Fear of uncertainty and the constraints that the spread of the virus was beginning to cause socially, had economic consequences and declines in markets on a global scale.

The economic impacts were also felt in the Automotive Industry, accentuating the drop in car sales. The stoppage of this Industry in China and consequent fall in the supply chains of the sector, created difficulties for the European Industry.

The Group's activity generically in the first quarter reflected these adversities. The beginning of March was a more positive period compared to previous months, however, still with levels that did not allow to fully offset the adverse effects. The pandemic increasingly assumed a conditioning role in the markets and in the business, especially when in the middle of March, a sanitary fence was established in the municipality of Ovar, which forced the closure of the production facilities. The Group was thus forced to do without the main production unit for three weeks, which caused breaks in all sectors, at a time when the order book was at good levels. Even though the branches continued to operate and all possible efforts were made in an attempt to minimize this situation, the volume of business was affected.

The second quarter started a week later and with activity limitations, as the Ovar facilities remained closed in the first week of April and, when reopened, there was a need to comply with legal requirements and tight security rules.

The fourth quarter brought more positive indicators, with greater activity in customers of moulds and metalworking. As a result of this increase in demand, a recovery in turnover was possible, achieving monthly sales that had not been reached since the same period of 2019.

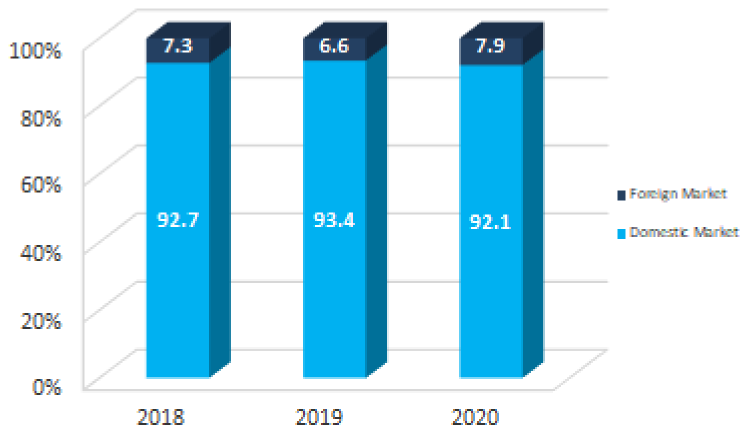
In December, a sharp rise in purchase prices for the various steel categories began.

It should be mentioned some relevant points about key investments for the business and strategic decision making in the restructuring, as example, in the second half, the acquisition of fundamental equipment for the future evolution of the main businesses was formalised, namely, the purchase of the automatic 3D parts warehouse for Ovar and the purchase of overtopping equipment for the Marinha Grande branch, which will allow the consolidation presence of Ramada Group in that region.

Also, a positive highlight for exports should be noted, which continued to increase, registering once again a good performance, with growth in sales and customers.

During 2020, total sales of the steel activity for the foreign market represented 7.9% of total turnover, recording a 12.9% increase over 2019.

Performance of steel activity turnover by market



The activity of Steel is mainly developed in the national market, which in 2020 represented 92.1% of the volume of revenues. The European market represents the main export destination for the activity.

The Wire Drawing Activity

In 2020, the wire drawing activity also recorded a significant drop in turnover compared to the previous year. The impacts of COVID-19, with the cancellation of a significant volume of orders and the fall in the prices of the main manufactured products, had a significant impact on sales in Portugal, Spain, France and the United Kingdom.

The wire drawing activity essentially operates in the foreign market which, in 2020, represented 62.2% of the turnover. In 2019, exports represented 59.9% of total turnover.

FINANCIAL REVIEW

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

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

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

	2020	2019	Var. %
Total revenues (a)	103,302	115,024	-10.2%
Total costs (b)	(90,341)	(99,459)	-9.2%
EBITDA (c)	**12,961**	**15,565**	**-16.7%**
EBITDA margin (d)	**12.5%**	**13.5%**	**-1,0 pp**
Amortisation and depreciation	(3,192)	(3,517)	-9.2%
EBIT (e)	**9,768**	**12,048**	**-18.9%**
EBIT margin (f)	**9.5%**	**10.5%**	**-1,0 pp**
Results related to investments	55	—	—
Financial expenses	(1,190)	(1,418)	-16.1%
Financial income	60	83	-27.7%
Profit before income tax	**8,694**	**10,713**	**-18.9%**
Income tax	(1,705)	(2,583)	-34.0%
Consolidated net profit	**6,989**	**8,130**	**-14.0%**
Net profit attributable to Equity holders of the parent	**6,989**	8,130	-14.0%

Amounts in thousands of Euro

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

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

(c) EBITDA = Profit before income tax, Financial results and Amortisation and depreciation

(d) EBITDA margin = EBITDA / Total revenues

(e) EBIT = EBITDA + Amortisation and depreciation

(f) EBIT margin = EBIT / Total revenues

During 2020, total revenues of Ramada Group amounted to 103,302 thousand Euro, representing a 10.2% decrease over the total revenues recorded in 2019.

Total costs amounted to 90,341 thousand Euro, recording a 9.2% decrease over the previous year.

EBITDA amounted to 12,961 thousand Euro, representing a decrease of 16.7% compared to 2019. EBITDA margin achieved 12.5%, representing a decrease of 1.0 percentage points when compared to the previous year.

EBIT, in the amount of 9,768 thousand Euro, recorded a decrease of 18.9% when compared to 12,048 thousand Euro in 2019.

The financial results (financial income – financial expenses), in the amount of 1,130 thousand Euro, recorded a 15.3% decrease over the previous year.

The consolidated net profit amounted to 6,989 thousand Euro, decreasing 14.0% compared to the net profit of the previous year.

INDUSTRY

	2020	2019	Var. %
Total revenues (a)	**95,855**	107,592	-10.9%
Total costs (b)	**(88,907)**	(97,982)	-9.3%
EBITDA (c)	**6,948**	9,610	-27.7%
EBITDA margin (d)	**7.2%**	8.9%	-1.7 pp
EBIT (e)	**3,982**	6,342	-37.2%
EBIT margin (f)	**4.2%**	5.9%	-1.7 pp
Results related to investments	**55**	—	—
Financial results (g)	**(624)**	(758)	-17.7%
Profit before income tax	**3,413**	**5,584**	**-38.9%**
Income tax	**(508)**	(1,311)	8.1%
Net profit	**2,905**	**4,273**	**-32.0%**

Amounts in thousands of Euro

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

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

(c) EBITDA = Profit before income tax, Financial results and Amortisation and depreciation

(d) EBITDA margin = EBITDA / Total revenues

(e) EBIT = EBITDA + Amortisation and depreciation

(f) EBIT margin = EBIT / Total revenues

(g) Financial results = Financial income – Financial expenses

In 2020, total revenues from the Industry segment amounted to 95,855 thousand Euro, recording a decrease of 10.9% compared to total revenues of 2019.

EBITDA in the Industry segment amounted to 6,948 thousand Euro, representing a negative variation of 27.7% compared to the 9,610 thousand Euro recorded in 2019. EBITDA margin reached 7.2%, recording a decrease of 1.7 percentage points over the previous year.

EBIT, in the amount of 3,982 thousand Euro, recorded a decrease of 37.2% compared to 6,342 thousand Euro in 2019.

In 2020, the net profit of the Industry segment recorded the amount of 2,905 thousand Euro, represented a decrease of 32.0% compared to the net profit of the previous year.

REAL ESTATE

	2020	2019	Var. %
Total revenues (a)	7,447	7,432	0.2%
Total costs (b)	(1,434)	(1,477)	-2.9%
EBITDA (c)	6,013	5,955	1.0%
EBIT (d)	5,786	5,706	1.4%
Financial results (e)	(506)	(576)	-12.2%
Profit before income tax	**5,280**	**5,129**	**2.9%**
Income tax	(1,197)	(1,272)	-5.9%
Net profit	**4,084**	**3,858**	**5.9%**

Amounts in thousands of Euro

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

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

(c) EBITDA = Profit before income tax, Financial results and Amortisation and depreciation

(d) EBIT = EBITDA + Amortisation and depreciation

(e) Financial results = Financial income – Financial expenses

In 2020, total revenues from the Real Estate segment amounted 7,447 thousand Euro, an increase of 0.2% compared to 2019.

The rents obtained from the long-term leases of forest land represent about 90% of the total real estate revenues.

EBITDA from the Real Estate segment in 2020 amounted to 6,013 thousand Euro, 1.0% greater than the amount recorded in the previous year.

EBIT amounted to 5,786 thousand Euro, representing a growth of 1.4% compared to 2019.

In 2020, the financial results of the Real Estate segment were negative by 506 thousand Euro, having improved 12.2% compared to the negative 576 thousand Euro in 2019.

The net profit of the Real Estate segment amounted to 4,084 thousand Euro, an increase of 5.9% compared to the same period of 2019.

INVESTMENTS AND INDEBTEDNESS

The investments[4] made by Ramada Group during 2020 amounted to approximately 1.5 million Euro.

Ramada Group's net nominal indebtedness[5] on December 31, 2020 amounted to approximately 11 million Euro. As of December 31, 2019, the net nominal indebtedness was approximately 31 million Euro.

[4] Investments: Acquisitions of property, plant and equipment and intangible assets related to the operational activity of the Industry segment.

[5] Net nominal indebtedness: Bank loans (nominal values) + Other loans (nominal values) – Cash and cash equivalents.

ACTIVITY DEVELOPED BY THE 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 2020 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 2020. 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 2020 financial year and in the course of the meetings of the Board of Directors.

RISK MANAGEMENT

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

For a more detailed description of the risks related to the Group's activities please consult the Corporate Governance Report, the Consolidated Financial Statements and Accompanying Notes, the Separate Financial Statements and Accompanying Notes and the Non-financial Information Report.

OUTLOOK

The recovery in sales in the last quarter and a more optimistic outlook for the automotive and metalworking industry, combined with the recent sharp rise in raw material prices, leads the Group to face 2021 with more confidence, expecting a significant increase in sales and profitability.

It should be noted that these perspectives are based on the assumption that the pandemic is controlled and that mass vaccination takes place, allowing the economy to relaunch.

Ramada's Board of Directors expresses its appreciation and thanks to all Employees of the Ramada Group, for their dedication and commitment to overcome this phase that we are going through.

We refer to the considerations disclosed in Note 40. Subsequent events in the notes to the consolidated financial statements.

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF INDIVIDUAL NET PROFIT

Ramada Investimentos e Indústria, S.A., as holding company of the Group, recorded in its separate 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 9,661,225, for which, under the legal and statutory terms, the Board of Directors proposes to the General Meeting, that is fully distributed in the form of dividends. The Board of Directors also proposes to the General Meeting the distribution of free reserves in the amount of EUR 5,723,650, in the form of dividends, to be added to the aforementioned profit distribution for the year.

The distribution of profits for the year and free reserves now proposed will imply the payment of a gross dividend of EUR 0.60 share.

LEGAL MATTERS

Treasury shares

Pursuant to and for the purposes of Article 66 of the Companies Act, Ramada Investimentos reports that, on 31 December 2020, it did not treasury any of its treasury shares.

Shares held by the governing bodies

It is hereby stated, pursuant to and for the purposes of Article 447 of the Companies Act, that the following directors of Ramada Investimentos e Indústria, S.A., as of 31 December 2020, 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 majority 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 majority shareholder.

[d] – he 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 2020, hold shares representing the share capital of Ramada Investimentos.

Interests in the share capital of the Company

Pursuant to the requirements of articles 16 and 20 of the Securities Code and article 448 of the Portuguese Companies Act, Ramada Investimentos informs that the companies and/or individuals that have a qualifying holding that exceeds 2%, 5%, 10%, 15%, 20%, 25%, 33% and 50% of the voting rights, accordingly to the notifications received at the company head office by 31 December 2020, are as follows:

Magallanes Value Investors	**No. of shares held on 31-Dec-2020**	**% Share capital with voting rights**
Directly	894,128	3,49%
Total attributable	**894,128**	**3,49%**

1 Thing, Investments, S.A.	**No. of shares held on 31-Dec-2020**	**% Share capital with voting rights**
Directly (a)	2,565,293	10,00%
Total attributable	**2,565,293**	**10,00%**

(a) - the 2,565,293 Ramada Investimentos e Indústria, S.A. shares are directly held by the company 1 Thing, Investments, S.A whose board of directors includes Ramada's director Pedro Miguel Matos Borges de Oliveira

Domingos José Vieira de Matos	**No. of shares held on 31-Dec-2020**	**% Share capital with voting rights**
Through Livrefluxo, S.A. (of which he is dominant shareholder and director)	3,118,408	12,16%
Total attributable	**3,118,408**	**12,16%**

Paulo Jorge dos Santos Fernandes	**No. of shares held on 31-Dec-2020**	**% Share capital with voting rights**
Through Actium Capital, S.A. (of which he is dominant shareholder and director)	4,009,402	15,64%
Total attributable	**4,009,402**	**15,64%**

Ana Rebelo Carvalho Menéres de Mendonça	**No. of shares held on 31-Dec-2020**	**% Share capital with voting rights**
Through PROMENDO INVESTIMENTOS, S.A. (of which she is dominant shareholder and director)	4,845,383	18,90%
Total attributable	**4,845,383**	**18,90%**

João Manuel Matos Borges de Oliveira	**No. of shares held on 31-Dec-2020**	**% Share capital with voting rights**
Through Caderno Azul, S.A. (of which he is shareholder and director)	5,300,000	20,67%
Total attributable	**5,300,000**	**20,67%**

Ramada Investimentos has not been advised of any holdings with over 25% of the voting rights.

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

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

The Company, from an early age, promoted the assumption of top positions by women, with Dra. Laurentina da Silva Martins being elected in 2020, in a board currently composed of six members.

Additionally, Ramada Investimentos published, during the year of 2020, the Plan for Gender Equality, to be executed during the year of 2021, which has as its fundamental objective, under the terms and for the purposes set out in article 7, no. 1, of Law no. 62/2017, of 1 August, contribute even more to achieving effective equality of treatment and opportunities between women and men, promoting the elimination of discrimination based on sex and promoting reconciliation between personal, family and professional life.

Likewise, Ramada Investimentos continued its activities in strict compliance with legal requirements, namely when electing new members to integrate the governing bodies, regarding the beginning of a new mandate, which happened at the Annual General Meeting, held on 30 April 2020.

Ramada's Board of Directors, elected in April 2020 for the term of office corresponding to the 2020/2022 triennium is composed by six members, four men and two women; these represent one third of that governing body. This composition is higher than the previous term office, corresponding to the 2017/2019 triennium, whose composition was already 20% (and, therefore, even before the entry into force of Law 62/2017, of 1 August).

The members of the Board of Directors who are in office have revealed, and have already proven themselves in this regard, to be holders of individual characteristics (namely competence, independence, integrity, availability and experience, as already mentioned) for the full and thorough exercise of the functions assigned to them in a manner aligned with the interests of the Company and its Shareholders, first of all for their seniority and experience.

On the other hand, but no less relevant, Ramada Investimentos considers that the gender balance within its management body, and that it is prior to the entry into force of Law No. 62/2017, of 1 August, demonstrates that the Diversity policy is not a new theme in the Group, which, faithful to the principles of true meritocracy, has for many years attributed top positions in its management to women.

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

- Instructions to the human resources area so that:
  - career progression, performance evaluation and salary review policies are defined based on diversity promotion concerns.
  - in recruitment processes, they seek to promote diversity, always presenting lists of potential employees to be recruited that are sufficiently representative of both genders.
- Instructions to the operational areas so that the multidisciplinary teams formed within the scope of the most varied projects are always based on the concern for balanced representation.

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

This matter is developed in Point 15 of the Corporate Governance Report.

Non-financial information

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

The non-financial information required by Decree-Law No. 89/2017 is included on the non-financial information chapter regarding the year 2020.

CLOSING REMARKS

Before finishing this report, we would like to thank our stakeholders for their trust in our organisation. We would also like to extend our thanks to our employees for their dedication and commitment.

Porto, 7 April 2021

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

____
Laurentina da Silva Martins

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

DECLARATION OF RESPONSABILITY

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

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

80 YEARS
Investing in industry

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 Director of Production of Cortal
1984/1985	Production Director of Cortal
1987/1989	Marketing Director of Cortal
1989/1994	General Director of Cortal
1989/1995	Vice President of the Board of Cortal
1989/1994	Director of Seldex
1996/2000	Non-executive Director of Atlantis, S.A.
1997/2000	Non-executive Director of Vista Alegre, S.A.
1998/1999	Director of Efacec Capital, S.G.P.S., S.A.
2008/2015	Chairman of the Supervisory Council of Porto Business School
2008/2011	Non-executive director of Zon Multimédia, S.G.P.S., S.A.
2011/2013	Member of University Library CFO Advisory Forum

The other companies where he holds management functions at 31 December 2020 are:

- Altri, S.G.P.S., S.A. (a)
- Caderno Azul, 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 2020, 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. (company that led to the creation Ramada Investimentos, by spin-off), has been managing the Company since its incorporation. Graduated from Porto University with a degree in Electronic Engineering, also has an MBA from the University of Lisbon. He develops functions in the media and industry, as well as in the strategic definition of the Group. He is a shareholder of the Company since 2008 having also been appointed director since then.
He develops its activities in the Media area, Internet and pulp industry. He is currently CEO of Cofina, Vice-Chairman of Altri, SGPS, S.A., of which he is a founder, shareholder and member of the Board of Directors.

In addition to the Companies which currently holds functions of director, 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

Throughout his career, also played roles in several associations:

1989/1994	President of FEMB (Fédération Européene de Mobilier de Bureau) for Portugal
1989/1990	President of the General Assembly Assoc. Industr. Águeda
1991/1993	Member of the Advisory Board Assoc. Ind. Portuense
Since 2005	Board Member of the Association of Former Students of MBA
2013/2016	Chairman of the Supervisory Board of BCSD
Since 2006	Advisory Board Member for Engineering and Management IST
Since 2016	Board Member of CELPA - Paper Industry Association

The other companies where he holds management functions at 31 December 2020 are:

- A Nossa Aposta – Jogos e Apostas On-Line, S.A. (a)
- Actium Capital, S.A. (a)
- Altri, S.G.P.S., S.A. (a)
- Articulado – Actividades Imobiliárias, 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)

On December 31 2020, the other companies where he carries out supervision functions are as follows:

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

(a) – companies that, at 31 December 2020, 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 2020 are:

- Altri, S.G.P.S., 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.
- Santos Fernandes & Vieira Matos, Lda. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Universal - Afir, S.A.

(a) – companies that, at 31 December 2020, 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 she holds management functions at 31 December 2020 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 2020, 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 2020 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.
- 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 2020, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

Laurentina da Silva Martins

With formation in Finance and Administration from Instituto Superior do Porto. She was designated Director in April 2020.

Her professional experience includes:

1965	Finance Director Assessor of Companhia de Celulose do Caima, S.A.
1990	Finance Director of Companhia de Celulose do Caima, S.A.
2001	Director of Cofina Media, S.G.P.S., S.A.
2001	Director of Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
2004	Director of Grafedisport – Impressão e Artes Gráficas, S.A.
2005	Director of Silvicaima – Sociedade Silvícola do Caima, S.A.
2006	Director of EDP – Produção Bioeléctrica, S.A.

The other companies where she holds management functions at 31 December 2020 are:

– Altri, S.G.P.S., S.A. (a)
– Cofina, S.G.P.S., S.A. (a)

(a) – companies that, at 31 December 2020, 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
Complementary training in Company Management and Economic and Financial Analysis at the School of Law of the Portuguese Catholic University, Porto, 1982 and 1983

Professional Experience: Member of the Bar Association since 1983

Chairman of the General and Supervisory Board of a public company from 1996 to 2010

Chairman of the Fiscal Council of Banco Português de Investimento S.A. since 2016 and BPI Private Equity - Sociedade de Capital de Risco, S.A. from 2018 to August 2019, the date on which both companies were extinguished by merger into Banco BPI, S.A.

Chairman of the board of the general meeting of several listed and unlisted companies

Continuous law practice since 1983, with a special focus on commercial law 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" by Jannot / Frodermann, published by C.F. Müller Verlag

Other companies where he carries out functions:

Altri, S.G.P.S., S.A. (President of the Supervisory board) (a)
Cofina, S.G.P.S., S.A. (President of the Supervisory board) (a)
Altri, S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
Cofina, S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
SOGRAPE S.G.P.S., S.A. (Chairman of the Shareholders' General Meeting) (a)
SOGRAPE Vinhos, S.A. (Chairman of the Shareholders' General Meeting) (a)
SOGRAPE Distribuição S.A. (Chairman of the Shareholders' General Meeting) (a)
Sandeman & CA, S.A. (Chairman of the Shareholders' General Meeting) (a)
SOGRAPE S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
Adriano Ramos Pinto, S.A. (Chairman of the Shareholders' General Meeting) (a)
Aquitex – Acabamentos Químicos Têxteis, S.A. (Chairman of the Shareholders' General Meeting) (a)
Stow Ovar Manufactoring, S.A. (Chairman of the General Shareholders Meeting) (a)
Honorary Consul of Belgium in Porto (a)

(a) – companies that, at 31 December 2020, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

António Luís Isidro de **Pinho**

Qualifications:

Degree in Economics, from Instituto Superior de Ciências do Trabalho e da Empresa (I.S.C.T.E.), (1973 – 1978)

Degree in Corporate Organization and Business Administration, from Instituto Superior de Ciências do Trabalho e da Empresa (I.S.C.T.E.), (1986 – 1989)

Statutory Auditor, since 1987

Member of the Order of Economists, the Order of Technical Officials Accounts and the Portuguese Association of Tax Consultants.

Professional Experience:

35 years of professional experience centered in the area of external and internal audit and financial management of several companies.

Beginning of professional activity in 1976 at Lacticoop, as an intern.

Joined Gremetal in January 1979 as a member of the company's financial department, which participated in the construction of the Sines refinery.

Completion of compulsory military service between March 1980 and December 1981.

From January 1982 until December 1986, he joined Arthur Andersen & Co as an Audit Manager.

From 1987 to 1991 he was a member of the SOPORCEL group, having served as Internal Auditor, as Chief Financial Officer of Emporsil and as head of the Land Acquisition Department.

From 1991 to 1996 he was a member of the Executive Board of SOCTIP, a leading company in its market segment that employed around 200 employees and was in charge of the financial area of the company.

Since 1996, he was a full-time Statutory Auditor, having initially, between October 1997 and November 2008, joined the staff of Moore Stephens, as a partner at A. Gonçalves Monteiro & Associados, SROC, a company that was later transformed into Kreston & Associados - SROC, Lda.

He currently has the functions of a Statutory Auditor, member of the Statutory Audit Committee or External Auditor, in several companies of significant size and from different sectors of activity, being, as Managing Partner of Kreston & Associados - SROC, Lda, responsible for the statutory audit of accounts various industrial, commercial and service companies

In addition to the technical functions of Auditor, he also holds the position of responsible for the Quality Control of the firm and controller-rapporteur of the Quality Control Commission of the Order of Statutory Auditors.

Other companies where he carries out functions:

Cofina, S.G.P.S., S.A. (Member of the Supervisory board) (a)
Altri, SGPS, S.A. (Member of the Supervisory board) (a)

(a) – companies that, at 31 December 2020, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

Ana Paula dos Santos Silva e **Pinho**

Qualifications:	Degree in Economics – Faculdade de Economia do Porto Statutory Auditor (ROC nr. 1 374) Post Graduate in Finance and Tax – Porto Business School Post Graduate in Tax Law – Faculdade de Direito da Universidade do Porto
Professional Experience:	Between September 2001 and September 2010 auditor at Deloitte & Associados, SROC, S.A. (initially as a staff member and later, as Manager) Between October 2010 and October 2019 Manager at Altri's Group Corporate Center with responsibilities in financial reporting, consolidation and tax Since November 2019 head of accounting at Sonae MC's shared services

Other companies where she carries out functions:

Altri, SGPS, S.A. (Member of the Supervisory board) (a)
Cofina, S.G.P.S., S.A. (Member of the Supervisory board) (a)

(a) – companies that, at 31 December 2020, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

André Seabra Ferreira **Pinto**

Qualifications:	Degree in Economics at University Portucalense Chartered Accountant (ROC no. 1,243) Executive MBA - Management School of Porto - University of Porto Business School
Professional Experience:	Between September 1999 and May 2008, worked in the Audit Department of Deloitte & Associados, SROC, S.A. (initially as a member of staff and since September 2004 as Manager). Between June 2008 and December 2010, Senior Manager of Corporate Finance department - Transaction Services at Deloitte Consultores. Between January 2011 and March 2013, CFO of companies of the WireCoWorld Group in Portugal. Since April 2013, Director (CFO) of Mecwide Group MWIDE, SGPS, S.A. (Member of the Board of Directors) Manager of Together We Change Investments, LDA., Virtusai, LDA. And Apparently Relevant, Lda.

Other companies where he carries out functions:

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 2020, 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

Profissional Experience:

1979	Managing Director of the Luanda/Viana branch of F. Ramada, by joint nomination of the Board and the Ministry of Industry in Angola
1983	Director of the Polyester and Buttons Department at F. Ramada, Aços e Indústrias, S.A.
1984/2000	Human Resources Director at F. Ramada, Aços e Indústrias, S.A.
1993/1995	Board Member of Universal – Aços, Máquinas e Ferramentas, S.A.
2000/2018	Lawyer with an independent practice, specialised in labour law and family law
	Retired

Other companies where he carries out functions:

President of the Supervisory Board of Celulose Beira Industrial (CELBI), S.A. (a)
President of the Remuneration Commission of Altri, SGPS, S.A. (a)
President of the Remuneration Commission of Cofina, SGPS, S.A. (a)

(a) – companies that, at 31 December 2020, 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 the University of Coimbra in 1981 Complementar training in Company Management and Economic and Financial Analysis at the School of Law of the Portuguese Catholic University, Porto, 1982 and 1983
Professional Experience:	Member of the Bar Association since 1983 Chairman of the General and Supervisory Board of a public company from 1996 to 2010 Chairman of the Fiscal Council of Banco Português de Investimento S.A. since 2016 and BPI Private Equity - Sociedade de Capital de Risco, S.A. from 2018 to August 2019, the date on which both companies were extinguished by merger into Banco BPI, S.A. Chairman of the board of the general meeting of several listed and unlisted companies Continuous law practice since 1983, with a special focus on commercial law 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” by Jannot / Frodermann, published by C.F. Müller Verlag

Other companies where he carries out functions:

Altri, S.G.P.S., S.A. (President of the Supervisory board) (a)
Cofina, S.G.P.S., S.A. (President of the Supervisory board) (a)
Altri, S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
Cofina, S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
SOGRAPE S.G.P.S., S.A. (Chairman of the Shareholders’ General Meeting) (a)
SOGRAPE Vinhos, S.A. (Chairman of the Shareholders’ General Meeting) (a)
SOGRAPE Distribuição S.A. (Chairman of the Shareholders’ General Meeting) (a)
Sandeman & CA, S.A. (Chairman of the Shareholders’ General Meeting) (a)
SOGRAPE S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
Adriano Ramos Pinto, S.A. (Chairman of the Shareholders’ General Meeting) (a)
Aquitex – Acabamentos Químicos Têxteis, S.A. (Chairman of the Shareholders’ General Meeting) (a)
Stow Ovar Manufactoring, S.A. (Chairman of the General Shareholders Meeting) (a)
Honorary Consul of Belgium in Porto (a)

(a) – companies that, at 31 December 2020, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

André Seabra Ferreira **Pinto**

Qualifications: Degree in Economics at University Portucalense
Chartered Accountant (ROC no. 1,243)
Executive MBA - Management School of Porto - University of Porto Business School

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

Between June 2008 and December 2010, Senior Manager of Corporate Finance department - Transaction Services at Deloitte Consultores.

Between January 2011 and March 2013, CFO of companies of the WireCoWorld Group in Portugal.

Since April 2013, Director (CFO) of Mecwide Group

MWIDE, SGPS, S.A. (Member of the Board of Directors)

Manager of Together We Change Investments, LDA., Virtusai, LDA. And Apparently Relevant, Lda.

Other companies where he carries out functions:
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 2020, cannot be considered part of the Ramada Investimentos e Indústria, S.A. group

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

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

Board of Directors	No shares held at 31-Dec-2019	Acquisitions	Disposals	No shares held at 31-Dec-2020
João Manuel Matos Borges de Oliveira (imputation through CADERNO AZUL, S.A.)	5,300,000	—	—	5,300,000
Paulo Jorge dos Santos Fernandes (imputation through ACTIUM CAPITAL, S.A.)	4,009,402	—	—	4,009,402
Domingos José Vieira de Matos (imputation through LIVREFLUXO, S.A.)	3,118,408	—	—	3,118,408
Ana Rebelo de Carvalho Menéres de Mendonça (imputation through PROMENDO INVESTIMENTOS, S.A.)	4,845,383	—	—	4,845,383
Pedro Miguel Matos Borges de Oliveira (imputation through 1 THING, INVESTMENTS, S.A.)	2,565,293	—	—	2,565,293

RAMADA INVESTIMENTOS E INDÚSTRIA

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

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

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

Throughout 2020, RAMADA INVESTIMENTOS continued the process of adapting its structure to comply with Corporate Governance Code of the Portuguese Institute for Corporate Governance (IPCG) from 2018 (Corporate Governance Code of IPCG).

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

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

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

CORPORATE GOVERNANCE

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. **Treasury shares**

The Company does not hold any of its treasury shares in its portfolio, at 31 December 2020.

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

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

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

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

RAMADA INVESTIMENTOS has adopted no defensive measures.

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

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

II. Holdings and Bonds held

7. Qualified shareholdings

According to notices received by the Company, the following companies and/or individuals have a qualifying holding of more than 2%, 5%, 10%, 15%, 20%, 25%, 33% and 50% of the voting rights, at 31 December 2020, 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:

Magallanes Value Investors	No. of shares held on em 31-Dec-2020	% Share capital with voting rights
Directly	894,128	3.49%
Total attributable	**894,128**	**3.49%**

1 Thing, Investments, S.A.	No. of shares held on em 31-Dec-2020	% Share capital with voting rights
Directly [(a)]	2,565,293	10.00 %
Total attributable	**2,565,293**	**10.00 %**

(a) - the 2,565,293 Ramada Investimentos e Indústria, S.A. shares are directly held by the company 1 Thing, Investments, S.A. w hose board of directors includes Ramada's director Pedro Miguel Matos Borges de Oliveira

Domingos José Vieira de Matos	No. of shares held on em 31-Dec-2020	% Share capital with voting rights
Through Livrefluxo, S.A. (of which he is dominant shareholder and director)	3,118,408	12.16%
Total attributable	**3,118,408**	**12.16%**

Paulo Jorge dos Santos Fernandes	No. of shares held on em 31-Dec-2020	% Share capital with voting rights
Through Actium Capital, S.A. (of which he is dominant shareholder and director)	4,009,402	15.64%
Total attributablel	**4,009,402**	**15.64%**

Ana Rebelo Carvalho Menéres de Mendonça	No. of shares held on em 31-Dec-2020	% Share capital with voting rights
Through PROMENDO INVESTIMENTOS, S.A. (of which she is dominant shareholder and director)	4,845,383	18.90%
Total attributable	**4,845,383**	**18.90%**

João Manuel Matos Borges de Oliveira	No. of shares held on em 31-Dec-2020	% Share capital with voting rights
Through Caderno Azul, S.A. (of which he is shareholder and director)	5,300,000	20.67%
Total attributable	**5,300,000**	**20.67%**

Ramada Investimentos has not been advised of any holdings with over 25% 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 2020, except those which, under the normal Company business, were carried out under normal market conditions for similar transactions. It should be noted, however, that the amounts involved are not important.

Information on business between the Company and related parties can be found in note 35 of the Notes to the Consolidated Accounts and note 24 of the Notes to the separate 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 2020:

Chairman: Manuel Eugénio Pimentel Cavaleiro Brandão

Secretary: Maria Conceição Henriques Fernandes Cabaços

The term of office began in 2020 and ends in 2022.

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, having been elected in 2020, Laurentina da Silva Martins, to a 6-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.

Additionally, RAMADA INVESTIMENTOS published, during the year of 2020, the Plan for Gender Equality, to be executed during the year of 2021, which has as its fundamental objective, under the terms and for the purposes set out in article 7 (1) of Law 62/2017, of August 1, contribute even more to achieving effective equality of treatment and opportunities between women and men, promoting the elimination of discrimination based on sex and promoting reconciliation between personal, family and professional life.

Likewise, RAMADA INVESTIMENTOS continued its activities in strict compliance with legal requirements, namely when electing new members to join the governing bodies, regarding the beginning of a new mandate, which happened at the Annual General Meeting, held in April 30, 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 an odd or even number of members, a minimum of three and a maximum of twelve 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 director, 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 director 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 2020 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

• Laurentina da Silva Martins – Non-Executive Director

All members of the Board of Directors were elected at the Shareholders' General Meeting of 30 April 2020 for the three-year period that began in 2020 and will end in 2022.

NAME	FIRST APPOINTED	DATE OF END OF TERM OF OFFICE
João Manuel Matos Borges de Oliveira	June, 2008	December 31, 2022
Paulo Jorge dos Santos Fernandes	June, 2008	December 31, 2022
Domingos José Vieira de Matos	June, 2008	December 31, 2022
Pedro Miguel Matos Borges de Oliveira	May, 2009	December 31, 2022
Ana Rebelo de Carvalho Menéres de Mendonça	May, 2009	December 31, 2022
Laurentina da Silva Martins	April, 2020	December 31, 2022

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

On 31 December 2020, the Board of Directors included two non-executive director: Ana Rebelo de Carvalho Menéres de Mendonça and Laurentina da Silva Martins.

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 two non-executive directors 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 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;

• 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 2020 in its chapter "Activity of the non-executive members of the Board of Directors".

The Board of Directors includes an independent member, Laurentina da Silva Martins.

Therefore, RAMADA INVESTIMENTOS considers the independence criteria provided for in point 18.1. of the Appendix to CMVM Regulation number 4/2013 to be fully verified, which classifies this administrator as an independent administrator, and the independence criteria set out in recommendation III.4 of IPCG Corporate Governance Code.

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

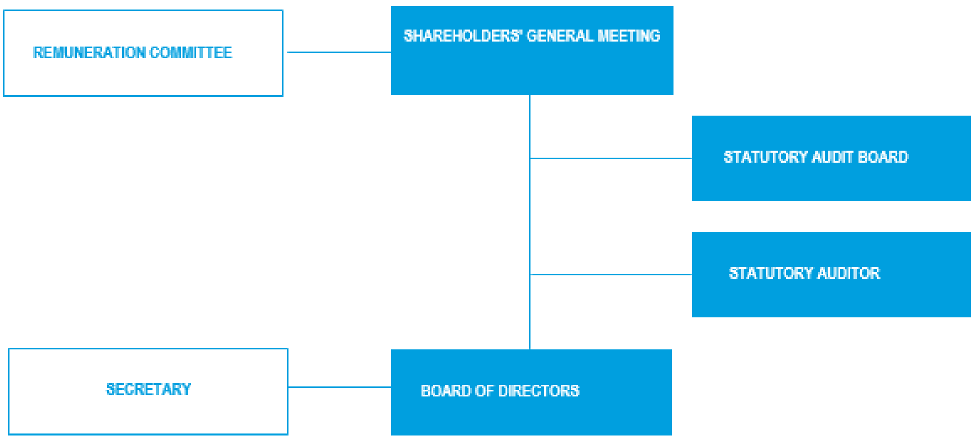
The Chairman of the Board of Directors João Manuel Matos Borges de Oliveira is a director and shareholder of CADERNO AZUL, S.A., a company which holds a 20.67% stake in RAMADA INVESTIMENTOS. Additionally, that director is the brother of Pedro Miguel Matos Borges de Oliveira, who is Chairman of the Board 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 six members, elected at the Shareholders' General Meeting, one of whom is chairman and five directors, two of whom is non-executive.

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

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

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

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

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

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

Remuneration Committee

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

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

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

RAMADA INVESTIMENTOS highlights the following corporate management areas:

Corporate Finance Area

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

Management Planning and Control Area

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

Legal & Compliance Area

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

Investor Relations Area

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

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

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

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

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

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

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

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

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.
João Borges de Oliveira
Paulo Fernandes
Domingos Matos
Pedro Borges de Oliveira
Ana Mendonça
Laurentina da Silva Martins

RAMADA AÇOS	F. RAMADA II IMOBILIÁRIA	UNIVERSAL AFIR	SOCITREL
João Borges de Oliveira Paulo Fernandes Domingos Matos Pedro Borges de Oliveira Ana Mendonça	João Borges de Oliveira Paulo Fernandes Domingos Matos Pedro Borges de Oliveira Ana Mendonça	João Borges de Oliveira Domingos Matos Pedro Borges de Oliveira	Carlos Faria Joaquim Pereira Alfredo Luís Portocarrero

b) Operation

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

The rules of procedure of the Board of Directors are available for consultation on the Company's website

(www.ramadainvestimentos.pt) (“Investors” tab, “Corporate Governance” section).

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

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

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 ten times during 2020, and attendance was 100%.

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

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

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

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

At least one member of the Remuneration Committee shall attend the Annual General Meetings where the Governing Bodies' Remuneration and Compensation Policy Statement is discussed, in order to ensure the clarification of any issues that may arise in relation to that statement. A member of that committee was present at the Annual General Meeting held in 2020, 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 and is intended to more sharply align the interests of executive directors with those of shareholders, with a view to increasing awareness of the importance of their performance for the overall success of the Company and will be calculated covering the period corresponding to a term of office, based on 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 3 years (2020 to 2022) and; (iii) performance of the Company's business.

The total value of the medium-term component cannot exceed 50% of the fixed remuneration earned during the 3-year period.

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.

<u>c) Committees within the management or supervisory body and delegated administrators</u>

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

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

RAMADA INVESTIMENTOS has therefore formally established a Remuneration Committee, elected by the Shareholders' General Meeting for the three-year term of office which began in 2020 and that will end in 2022. The members of that committee were as follows:

- João da Silva Natária – Chairman
- André Seabra Ferreira Pinto – Member

• Pedro Nuno Fernandes de Sá Pessanha da Costa – Member

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

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

RAMADA INVESTIMENTOS continuously monitors the adequacy of the current model, as has already been widely explained throughout this Report. Accordingly, and as a result of this permanent monitoring, it has come to the conclusion that its organisational structure, and given the small size of the Board of Directors, which is composed of six 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 six members of the Board of Directors carry out duties that can be considered of an executive nature – more practical or operational. As such, the following is complied with:

• Prior and timely dispatch to all members of the Board of Directors of the notices of meetings of that body, including the agenda of the meeting, even if provisional, as well as other relevant information and documentation;

• Availability to provide the referred non-executive directors with all additional information deemed relevant or necessary, as well as to carry out further studies and analyses in relation to all matters that are the object of a resolution or which, if not, are in any way under consideration by the Company; and also

• Making the Company's and subsidiaries' books available for review, such as the minutes books, share registry books, and supporting documentation of operations carried out by the Company or its subsidiaries, for control and verification purposes, as well as providing and promoting a direct channel for obtaining information from the directors and operational and financial managers of the Group's subsidiaries, without the need for any intervention by the referred executive directors in this process.

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

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

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

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

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

Company Secretary

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

The Company's secretarial duties were performed accurately during 2020, having been elected, under the period, a new Company Secretary due to the cessation of functions.

III. SUPERVISION

a) Composition

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

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

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

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

This body is composed of the following members in the three-year period which began in 2020 and ends in 2022:

- Pedro Nuno Fernandes de Sá Pessanha da Costa – Chairman
- António Luís Isidro de Pinho – Member
- Ana Paula dos Santos Silva e Pinho – Member
- André Seabra Ferreira Pinto – Alternate

The Chairman of the Statutory Audit Board was elected for the first time in April 2014, for the term that started in 2014 and ended in 2016, having been re-elected in April 2017 for the three-year term that started in 2017 and ended in 2019, and is therefore in the exercise of a third term. The remaining members were elected for the first time to the described positions in April 2017, for the three-year period that started in 2017 and ended in 2019, being in the second term, with the exception of member Ana Paula dos Santos Silva e Pinho, who was elected, for the first time, in April 2020, for the three-year term started in 2020 and ends in 2022.

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 2020, 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 separate 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 2020 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 2020 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 mandate corresponding to the year 2020 was Ernst & Young Audit & Associados - SROC, S.A., represented by Rui Manuel da Cunha Vieira.

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, SA has been responsible for the statutory audit of the Company and the Group's companies since 2017, having been elected for the first term, on a proposal from the Supervisory Board, at the General Meeting of April 26, 2017 through 2019, and for a second annual term in April 2020.

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.

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

The External Auditor was elected for the first time in 2017, and accomplished in 2020 its second term of office (of one year), as well as the partner he represents.

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 2020, the external auditor did not provide services other than audit services.

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

	31.12.2020		31.12.2019	
Company				
Annual audit services value (€)	10,710	14.7%	10,710	14.7%
Annual accounts	10,710	14.7%	10,710	14.7%
Group entities				
Annual audit services value (€)	61,905	85.3%	61,905	85.3%
Annual accounts	61,905	85.3%	61,905	85.3%
Value of reliability assurance services (€)	—	—%	—	0,0%
Total				
Audit and statutory audit (€)	72,615	100.0%	72,615	100.0%
Other assurance services (€)	—	—%	—	—%
	72,615		72,615	

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 2020 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 financial risk factors are highlighted, which are detailed and analyzed in the Annex to the Consolidated Financial Statements:

1. Market Risk
    1.1. Interest rate risk
    1.2. Risk of variability in commodity prices
2. Liquidity risk
3. Credit risk
4. Capital risk

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 separate financial statements of the various Group companies, the administration and accounting services ensure the accounting records and the preparation of the financial statements. The financial statements are prepared by the chartered accountants and reviewed by the financial management of each subsidiary. After approval, the documents are sent to the External Auditor, who issues its Legal Certification of Accounts.

- The consolidated financial statements are prepared on a quarterly basis by the consolidation team. This process is an additional element to control the reliability of the financial information, namely by ensuring the consistent application of the accounting principles and cut-off procedures for operations as well as the verification of balances and transactions between Group companies;

- The consolidated financial statements are prepared under the supervision of the financial department. The documents comprising the annual report are sent for review and approval by the Board of Directors. After approval, the documents are sent to the External Auditor, who issues its Legal Certification of Accounts and the Audit Report; and

- The process of preparing the separate and consolidated financial information and the Management Report is coordinated by the Board of Directors and supervised by the Statutory Audit Board. These bodies analyse the Company's consolidated financial statements on a quarterly basis.

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

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

IV. Investor Support

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

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

The Company has an Investor Relations Office, which includes the Market Relations Representative and Investor Relations. Contacts in order to obtain information from investors may be made through the following channels:

Rua Manuel Pinto de Azevedo, 818 4100-320 Porto

Telephone: 22 83 47 100

E-mail: mvalente@ramadainvestimentos.pt

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

57. Representative for market relations

Miguel Valente is the market relations representative.

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

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

V. Website

59. Address (es).

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

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

www.ramadainvestimentos.pt \ investors \ company identification

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

www.ramadainvestimentos.pt \ investors \ corporate governance

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

www.ramadainvestimentos.pt \ investors \ corporate governance

www.ramadainvestimentos.pt \ investors \ Investor support office

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

www.ramadainvestimentos.pt \ investors \ financial report

www.ramadainvestimentos.pt \ investors \ financial calendar

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

www.ramadainvestimentos.pt \ investors \ general meetings

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

www.ramadainvestimentos.pt \ investors \ general meetings

D. REMUNERATION

I. Decision-making powers

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

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

II. Remuneration Committee

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

Currently, Ramada Investimentos has a Remuneration Committee elected at a general shareholder meeting for a three-year term of office, starting in 2020 and ends in 2022, which is composed as follows:

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

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

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

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

In 2020, 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/2020/Appendices: Curricula vitae" section, which were made available as a result of the respective election at the 2020 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 30 April, 2020, complies with the following principles:

PRINCIPLES OF THE REMUNERATION POLICY OF THE CORPORATE BODIES OF RAMADA INVESTIMENTOS

The Remuneration Policy of the Governing Bodies of RAMADA INVESTIMENTOS is based on the assumption that competence, dedication, availability and performance are the determining elements of a good performance, and that only with a good performance is it possible to ensure the necessary alignment with the employees interests of the company and its shareholders.

In view of the interest, culture and long-term strategy of the Company, the Remuneration Policy of the Governing Bodies of RAMADA INVESTIMENTOS aims to:

• Attract and retain the best professionals for the functions to be performed, providing the necessary conditions of stability in the exercise of the functions;

• Reward performance, by means of an adequate remuneration to the mechanisms for defending the interests of Shareholders, discouraging excessive risk taking, by providing mechanisms for deferring variable remuneration;

• Reward the focus on continuous improvement, productivity and the creation of long-term value for shareholders;

• Reward the environmental sustainability and energy efficiency of relevant activities of the Company.

The Policy is based on criteria aimed at the sustainability of the Company, is aligned with comparable benchmarking and, complying with legal requirements, is based on the following vectors:

Nature of the functions performed

The functions performed and the responsibilities assumed by each member are, necessarily, taken into account in the definition of remuneration. Not all members are in the same position, which imposes a carefully case-by-case definition. In assessing the level of responsibility, the time of dedication, the requirement imposed by the areas under their supervision and the functions performed in the subsidiaries must be taken into account.

The economic situation of society

The definition of remuneration must be compatible with the size and economic capacity of the Company, while ensuring adequate and fair remuneration.

Market criteria

The observance of market rules is essential to adequately reward, under market conditions, the activity developed and the results obtained.

BOARD OF DIRECTORS

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) Non-Executive Directors

The remuneration of the non-executive members of the Board of Directors corresponds to a fixed monthly fee, the amount of which is determined by the Remuneration Committee, having an exclusively fixed nature.

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

2) Executive Directors

The remuneration of the Executive Directors of RAMADA INVESTIMENTOS comprises two components:

a) Fixed component, amount paid monthly.

b) Variable component, which includes a medium-term variable premium.

The variable component is intended to more closely align the interests of executive directors with those of shareholders and will be calculated covering the entire term of a term, corresponding to the period between 2020 and 2022, based on:

- Total shareholder return (appreciation of the share plus dividend distributed)
- Sum of net income for the 3 years (2020 to 2022)
- Performance of the Group's business

The total value of the medium-term component may not exceed 50% of the fixed remuneration earned during the 3-year period.

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.

NUMBER OF SHARES AND OPTIONS GRANTED

No form of remuneration is in force or foreseen in which there is a place for the attribution of shares or options, or any other system of incentives in shares or options.

COMPENSATION FOR TERMINATION OF FUNCTIONS BEFORE OR UNDER THEIR RESPECTIVE MANDATES AND RESTITUTION OF VARIABLE REMUNERATION

In the event of early termination of the term of office of the members of the Board of Directors, generally, there are no additional compensatory conditions to those legally established, except in the case of the existence of a management contract, which, on this matter, I may contemplate particular conditions.

There are no mechanisms in the Company that provide for the possibility of requesting the refund, from administrators, of variable remuneration.

In 2020, no compensation was paid to former members of the Board of Directors, or members of the other governing bodies, for terminating their duties.

SCOPE OF PRINCIPLES

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

During the year of 2020, no director or member of the other corporate bodies received remuneration from companies directly or indirectly controlled by RAMADA INVESTIMENTOS.

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 30 April 2020, the remuneration policy was approved as detailed in item 69 above, which provides for a variable component.

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, with the exception of Laurentina Martins, who is remunerated directly by Ramada Investimentos and who earned 13,000 Euros.

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 2020, 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 31,620 in the year ended 31 December 2020, distributed as follows: Pedro Pessanha – EUR 12,000; António Pinho – EUR 8,310; Ana Paula Pinho – EUR 5,540; Guilherme Monteiro – EUR 2,770.

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 2020 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 transaction to be carried out, with a rigorous level of detail, and may also request any clarifications and additional information it deems 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.

The Company approved, by resolution of the Board of Directors on November 24, 2020, after a prior opinion of the Fiscal Council on November 18, 2020, the Regulation on Transactions with Related Parties and Conflicts of Interest, which is available at Company website (http://www.ramadainvestimentos.pt/pt/investidores/governance/governance_1.html).

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 2020 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 businesse

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

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

PART II – ASSESSMENT OF CORPORATE GOVERNANCE

1. Identification of the corporate governance code adopted

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

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

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

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

This Report shall be read as an integral part of the Annual Management Report and Separate and Consolidated Financial Statements for the 2020 financial year, as well as with the Sustainability Report that complies with the provisions of Article 66(B) of the Companies Act, as amended by Decree-Law 89/2017 of 28 July.

2. Analysis of compliance with the Corporate Governance Code adopted

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

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

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

Recommendations	Compliance	Remarks
Chapter I · GENERAL PROVISIONS		
General Principle **Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.**		
I.1. Company's relationship with investors and disclosure		
Principle: Companies and, in particular, their administrators must treat shareholders and other investors fairly, ensuring in particular mechanisms and procedures for the adequate treatment and disclosure of information		
Recommendation		
I.1.1. The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in generall	**Adopted**	Part 1, item 21, 22, 38, 59 to 65
I.2. Diversity in the composition and functioning of the company's governing bodies		
Principles:		
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*		
I.2.C *The companies ensure that the functioning of their bodies and commissions is duly recorded, namely in minutes, which make it possible to know not only the meaning of the decisions taken, but also their reasons and the opinions expressed by their members.*		
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, item 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 —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.	**Adopted**	Part 1, item 22, 27, 29, 34 and 61
I.2.3. The composition and 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, item 61
I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	**Adopted**	Part 1, item 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, item 18, 38 e 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	**Adopted**	Part 1, item 18, 23, 28 e 38
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 members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may 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 disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.*	**Adopted**	Part 1, item 89
I.5.2. *The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, 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*		
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 for reflection about the company itself.*		
II.C *The company should implement adequate means for the participation and remote voting by shareholders in meetings.*		
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 remote participation by shareholders in the general meeting, which should be proportionate to its size.	**Partially adopted**	Part 1, item 12 clarification on recommendations partially adopted below
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	**Partially adopted**	Part 1, item 12 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, item 4 and 84
Chapter III · NON - EXECUTIVE MANAGEMEN T, 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 the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator 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. The formation of such suitability judgment should be included in the corporate governance report.	**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 twelve 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	**Not adopted**	Clarification on recommendations not adopted below
III.5. The provisions of paragraph (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. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	**Adopted**	Part 1, item 15 and 38
III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	**Adopted**	Part 1, item 27 and 29
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*		
V.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 applicable to their performance of 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, item 21 and 28
IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.	**Adopted**	Part 1, item 21, 50 and 54
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		
Recommendation:		
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and executive 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.2 Remuneration		

Principles:		
V.2.A *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, sustainability, promotion of merit and transparency within the*		
V.2.B *Directors should receive compensation:* *i) that suitably remunerates the responsibility taken, the availability and the expertise placed at the disposal of the company;* *ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and* *iii) that rewards performance.*		
Recommendations		
V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	**Adopted**	Part 1, item 66, 67 and 68
V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	**Adopted**	Part 1, item 66, 67 and 68
V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve 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 said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	**Recommendation not applicable**	Clarification on recommendations not applicable below
V.2.4 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	**Adopted**	Part 1, item 24
V.2.5. 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	**Adopted**	Part 1, item 67
V.2.6. The remuneration committee should ensure that those 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.2.7. 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, item 69 to 76
V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected 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.2.9. 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.2.10. 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 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.3.1. 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, item 16, 19, 22, 29, 31 and 33
V.3.2. 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 on recommendations not applicable below
V.3.3. This nomination committee includes a majority of non-executive, independent members.	**Recommendation not applicable**	Clarification on recommendations not applicable below
V.3.4. 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 · INTERNAL CONTROL		
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		
Recommendations:		
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking	**Adopted**	Part 1, item 21, 51 to 54
VI.2. 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**	Part 1, item 51

VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be	**Adopted**	Part 1, item 27, 29, 38 and 50 to 55
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	**Adopted**	Part 1, item 37, 38 and 50
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities	**Adopted**	Part 1, item 37, 38 and 50
VI.6. Based on its risk policy, the company should establish a risk management function, 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; and (iv) the monitoring procedures, aiming at their accompaniment	**Adopted**	Part 1, item 50 to 55
VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined	**Adopted**	Part 1, item 38 and 50 to 55
Chapter VII · FINANCIAL INFORMATION		
VII.1 Financial information		
Princípios:		
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*		
Recommendation:		
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		
VII.2 Statutory audit of accounts and supervision		
Principle:		
The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.		
Recommendations:		
VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	**Adopted**	Part 1, item 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, item 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, item 37 and 38

- **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 6, 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. In any case, the number of non-executive directors must be superior to that of executive directors**

Taking into account the personal profile, the trajectory and the professional experience of the members that integrate the Board of Directors of RAMADA INVESTIMENTOS, it is considered that the number of non-executive directors, in relation to the total number of members that make up the body, proves to be adequate and balanced in view of the nature and dimension of the Company. In this sense, RAMADA INVESTIMENTOS considers that two non-executive directors is adequate and sufficient to guarantee an effective follow-up, as well as a supervision and inspection, to the activity carried out by the executives, especially considering that the Society has developed mechanisms to allow non-executive directors to make decisions independent and informed as further detailed in point 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 12 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**

The Board of Directors does not include one third of members who complies with the independence criteria, notwithstanding this circumstance, the Company has developed mechanisms to allow the non-executive directors to make independent and informed decisions, such as:

- Prior and timely notification to all members of the Board of Directors of meetings of that body, including the agenda, even if provisional, of the meeting, accompanied by other relevant information and documentation;

- Availability of executive directors to provide non-executive directors with all additional information deemed relevant or necessary, as well as for carrying out further studies and analyses in relation to all matters that are the subject of deliberation or that are in any way under consideration in the Company;

- Availability of the minutes books, records, documents and other information on operations carried out in the Company or its subsidiaries, for examination, as well as the availability and promotion of a direct channel for obtaining information from the directors and operations and financial managers of the various companies in the group, without requiring any intervention by executive directors in this process.

The Company weighed 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 collegiate body, the Supervisory Board and the Statutory Auditor, with their inherent independence) having concluded that the possible appointment, for merely formal reasons, of independent directors would not bring significant benefits to the performance of the Company, or to (possible) better functioning of the adopted model, considering that both this one and the other one have proven to be positive, relevant, adequate and efficient.

It should be added that the management report includes, in the chapter "Activities carried out by non- executive members of the Board of Directors", a description of the activity carried out by non-executive directors during the 2020 financial year.

- **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 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 six 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 6 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 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 once a quarter, 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. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve 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 said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report**

The approved remuneration policy does not establish any scheme of retirement benefits or payment of compensation.

- **Recommendation V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected 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 defined any variable remuneration whose payment has been deferred over time.

- **Recommendation V.2.9. 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 allocation of options or other instruments directly or indirectly dependent on the value of the shares.

- **Recommendation V.2.10. 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 General Meeting following a proposal from the Remuneration Committee establishes that the individual remuneration of any non-executive director is exclusively fixed in nature.

- **Recommendation V.3.2. 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 a nomination committee, for the reasons listed in points 27, 29 and 67 of Part I of this Report.

- **Recommendation V.3.3. This nomination committee includes a majority of non-executive, independent members**

The Company does not have a nomination committee, for the reasons listed in points 27, 29 and 67 of Part I of this Report.

- **Recommendation V.3.4. 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 a nomination committee, for the reasons listed in points 27, 29 and 67 of Part I of this Report.

3. **Further information**

In line with the above, RAMADA INVESTIMENTOS would like to point out that, given its significant compliance with the majority of the recommendations, the Company's has almost fully adopted the recommendations of the IPCG Corporate Governance Code, which can be seen in its diligent and careful management, absolutely focused on the creation of value for the Company and, consequently, for the shareholders.

TABLE OF CONTENTS

NON-FINANCIAL INFORMATION REPORT

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

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

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

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

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

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

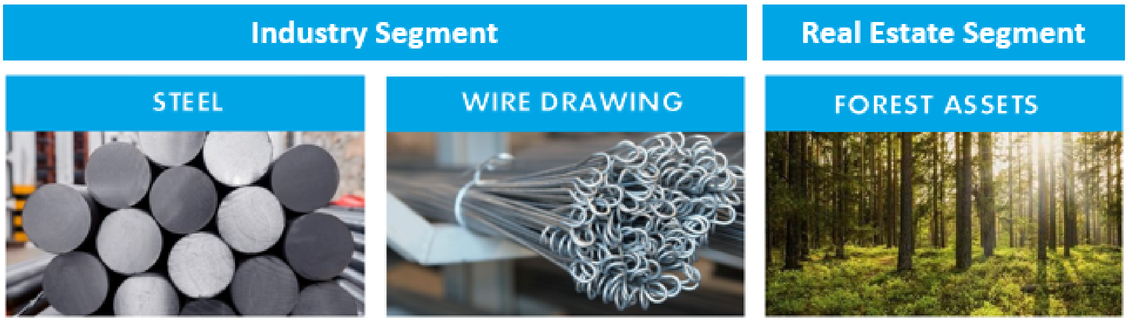
RAMADA GROUP

Ramada Group was born more than 85 years ago, in the steel business. Steel is part of your DNA and for that reason, it dominates its chemistry, how it is made and what its applications are. It was in the rigor, solidity and confidence of steel that Ramada Group sought its values and made a path to expand its activity.

Challenging the potential of steel, it innovated in solutions and transformed the industry, making it stronger and more competitive.

"*Shaping Industry*, more than a commitment is a pride"

From steel to the management of forest assets, through the wire drawing, the Group has been gaining in size and currently there are two strong business segments.



Industry Segment

RAMADA AÇOS SPECIAL STEEL SOLUTIONS · PFG MACHINING SERVICES · SOCITREL · UNIVERSAL AFIR AÇOS E LIGAS ESPECIAIS · RAMADA INVESTIMENTOS E INDÚSTRIA

The Industry segment includes the activity of special steels and wire drawing and also the activity related to the management of financial investments related to holdings in which the Group is a minority. It consists of the companies Ramada Aços, Universal Afir, Planfuro Global, Socitrel and Ramada Investimentos.

The activity of this sector is mainly concentrated in the domestic market, registering a significant growth of its presence in the foreign market.

STEEL

The special steel business started in 1935 with the production and distribution of tools for wood, through the company F. Ramada - Aços e Indústrias.

In 1940, the distribution of special steels started and a few years later a new unit for the production of stretched and rolled steels was started in Ovar.

The activity of special steels is mainly developed in the sub-segment of steel for molds (as well as in the sector of construction of machines and their components and production of tools), with a solid prominent position in the domestic market, it is developed three companies: Ramada Aços, Universal Afir and Planfuro Global.

RAMADA AÇOS SPECIAL STEEL SOLUTIONS

UNIVERSAL AFIR AÇOS E LIGAS ESPECIAIS

Ramada Aços and Universal Afir, companies that concentrate all the steel activity developed by the group. Ramada Aços is a company with more than eighty years of existence and activity, a market leader and recognized for its high know-how, prestige and credibility in its areas of activity. Universal Afir, which has been operating for over forty years, also enjoys a strong reputation in the market in which it operates, and is also an undeniable reference for know-how and quality.

PFG MACHINING SERVICES

Planfuro Global, a company that has been part of the Ramada group since 2016, focuses on the machining and manufacturing of structures for the group's molds. It develops activity from its factories in Marinha Grande and Vieira de Leiria, solid and recognized in the market in which it operates, it stands out among the leading companies in this sector.

WIRE DRAWING

The wire drawing business is developed by SOCITREL - Sociedade Industrial de Trefilaria, S.A. founded in 1971 and located in Porto (S. Romão do Coronado).

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

SOCITREL

SOCITREL concentrates the industrial activity of wire drawing (manufacture of steel wires) for application in the most diverse areas of activity: industry, agriculture and civil construction. It is an eminently exporting company that has been operating from its factory in São Romão do Coronado, in Trofa, for fifty years.

It is a reference company in its sector of activity, being the only one to produce galvanized wire in Portugal and one of the most modern in Europe.

Real Estate Segment

This segment is dedicated to the management of real estate assets.

FOREST ASSETS

Ramada Group also owns an important set of forest land.

These assets are currently leased to the pulp production industry, which, within the scope of its activity, exploits the forest stands on these lands.

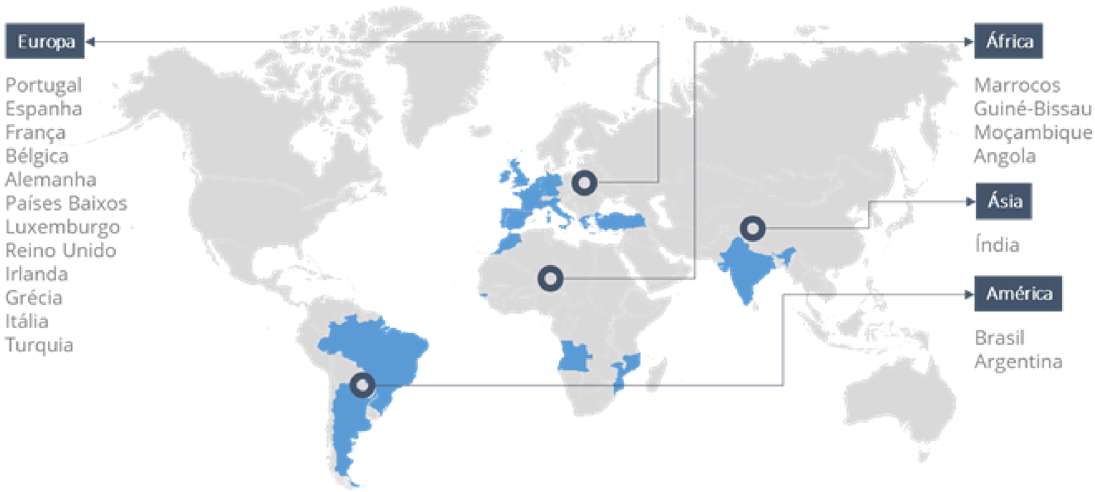
Ramada Imobiliária is the company that dedicates itself and concentrates the group's real estate activity, mainly through the acquisition and leasing of forest assets.

CUSTOMERS OF THE GROUP

In an increasingly dynamic and competitive market, the Ramada Group adds to the quality and competitiveness of its services the focus on its customers.

The activity of this sector is mainly concentrated in the national market, about 92%. Due to an increasing weight of exports, there is an increase in the international presence, which to date already represents about 8%.

The following map shows the global presence of the Ramada businesses:



RAMADA ACADEMY AND TECHNICAL SEMINARS

With the purpose of forming and reinforcing in-depth knowledge of the Group's Clients, promoting continuous learning of technical topics, the Ramada Academy and Technical Seminars are once again present initiatives in 2020. With a focus on clients' needs, these initiatives have been a constant success over the last few years.

In this year marked by the pandemic, new forms of transmission and updating of knowledge have been adapted and sought through a digital transformation so that the training and seminars will start to take place online. In 2021, it is intended that all Ramada Academy sessions will be held online, maintaining no costs associated with the participation of customers.

CUSTOMER SUPPORT

In 2019, the ERP system was implemented, which made it possible to reinforce the support, follow-up and monitoring of customer service. It is following this strategy of permanent quality improvement, in terms of services provided and products sold, that, in 2020, the launch of the Ramada Portal is being prepared.

This platform aims to satisfy the needs and exceed the Customers' expectations. It will allow them to consult and monitor information related to the commercial, financial and logistics areas.

Thus, through the Portal, they will be able to monitor the status of their orders, the date of shipment of the goods, the date of planned delivery, the weight of the same, as well as other relevant data.

The launch of the Portal is scheduled for 2021 and aims to be a new form of communication that is more direct, transparent, personalized and closer to customers and Ramada Aços.

Also in 2020, the Group again promoted the Ramada Academy and several Technical Seminars.

CUSTOMER SATISFACTION

Measuring the trust of Ramada Aços' customers is essential to improve the quality of services, and thus more easily correspond to their needs, expectations and interests.

Quality is part of the Group's main values and it is for this reason that the initiative is regularly taken to question customers. Once again, in 2020, customers were consulted, with the purpose of drawing conclusions about their satisfaction levels.

In this way, customers' perception of the Group's performance, services and products was assessed.

At Ramada, it is noteworthy that about 90% of the inquired customers consider that the company's performance is equal to or better than the competition, 97% would recommend the company and 88% of the respondents consider themselves globally satisfied or very satisfied.

SUPPLIERS

SUPPLIERS EVALUATION

Ramada Aços has suppliers from different markets (the main markets are: Italy, China, Spain, Sweden, Canada, Turkey, France), so it is important to have a robust framework that ensures consistency in their selection and evaluation throughout the time. In this sense, a supplier evaluation system is in place, which is part of Ramada Aços' Integrated Quality and Environment Management System. This evaluation system makes it possible to know the qualitative and environmental performance of suppliers and their subcontractors. To this end, during the Procurement process, information is requested to assess the fulfillment of eligibility criteria.

SOCITREL also has a policy that allows the assessment of its suppliers (mostly from Portugal and Spain). In this context, it maintains a list of entities that were subject to scrutiny and subsequently approved and with which it establishes its commercial relations.

The assessment of suppliers is important for the Group's commitment to the quality and environmental, social and economic sustainability of its activities and the assessment of risks associated with them.

COVID-19 Impact

The pandemic caused by COVID-19 had repercussions worldwide and the Ramada Group was not immune to this event. The impact came abruptly in March 2020, due to the forced closure of the Ovar facilities, the Group's central production and storage point. With several orders to suppliers in transit, it was necessary to redefine deliveries and new storage locations.

With regard to the supply chain, the pandemic affected the main countries of origin of the raw material in a very expressive manner (mainly China and Italy). Some of the main suppliers had production stopped or with reduced capacity, which created greater supply difficulties, particularly in the months of March and April.

On the other hand, the restrictions resulting from the pandemic have also brought difficulties in terms of transport with regard to their availability and, consequently, with a direct impact on costs. This difficulty resulted in delays in the receipt of material and its normalization was delayed, mainly in the area of maritime transport.

ENVIRONMENTAL AREA

In an increasingly globalized world with more technology available, competitive companies see environmental management as intrinsic to their processes and values. The appreciation of environmental protection is part of the Ramada Group's responsibility, mission, values and moral conduct, serving as an example and raising awareness for society. Although none of the activities carried out by the different companies of the Group is particularly impactful on the environment, there is a constant ambition to move towards a more sustainable world. For these reasons, Ramada and SOCITREL are certified by ISO 14001:2015.The certification project went through several stages. The most important one focused on the environmental awareness of all employees. Training on Quality Policy Environment Health and Safety at Work, objectives and significant environmental aspects in our activity and the assessment of their impact, were some of the topics presented. Training actions were also carried out regarding the use of spill absorbers and simulations in all the Companies of the Group.

Its goal is:

- Protect the environment by preventing or mitigating negative environmental impacts;
- Mitigate its potential adverse effects of environmental conditions;
- Increase its environmental performance;
- Promote projects with financial and operational benefits that result in the implementation of environmental alternatives.

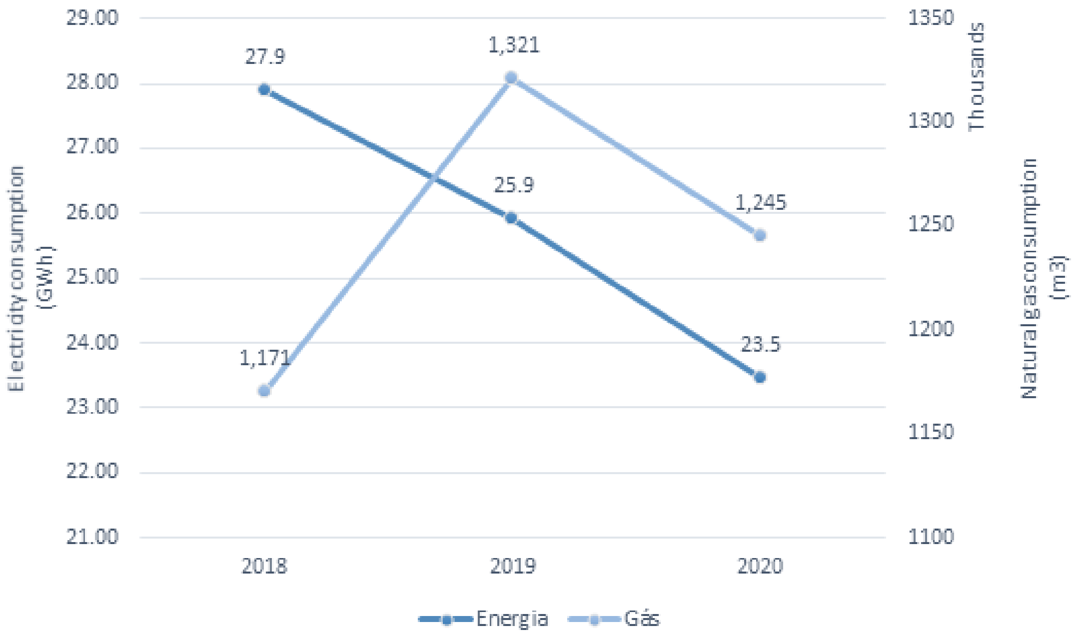
Also controlling or influencing how the Group's products and services are designed, manufactured, distributed, consumed and disposed of, using a life cycle perspective is an objective.

RAW MATERIALS

The main raw material consumed and processed by the Group's companies is steel.
Its consumption in 2020 approached 90,000 tonnes, the majority of this steel coming from scrap recycling, thus operating the principles of circular economy.
SOCITREL works on a residual basis with zinc as a raw material, with an annual consumption of around 500 tonnes.
In the case of the Aços Group, steel consumed from recycling represents around 85% of the total raw material consumed. This consumption demonstrates how the basis of raw material consumption is based on a concept of Circular Economy based on the reuse, recovery and recycling of materials and energy. In this way, replacing the end-of-life concept, which would be given to this steel, in a linear economy, it allows for new circular flows of reuse in an integrated process.

ENERGY

The exploration and maintenance of the manufacturing activity takes on a significant weight in the total value of the Group's energy consumption. This consumption has two main sources: electricity and thermal energy (based on natural gas), being electricity the most relevant.
In this sense, the SCHNEIDER project was developed, which had as foundation the need for knowledge of electrical consumptions, in real time, in order to be able to analyze them and compare them with the production activity, thus being able to act in a more assertive way increasing energy efficiency. Within the scope of this project, meters were installed in all electrical panels of the factory and in the case of the heat treatment unit, where the consumption of this type of energy corresponds to a value greater than 50% of the company, energy meters were installed in all equipment .
In the Group, electricity consumption was approximately 23.46 GWh in 2020. This downward trend results from the continuous effort to reduce consumption and projects such as SCHNEIDER.
Natural gas consumption also declined, with around 1,216,036 m3 of natural gas consumed in 2020.

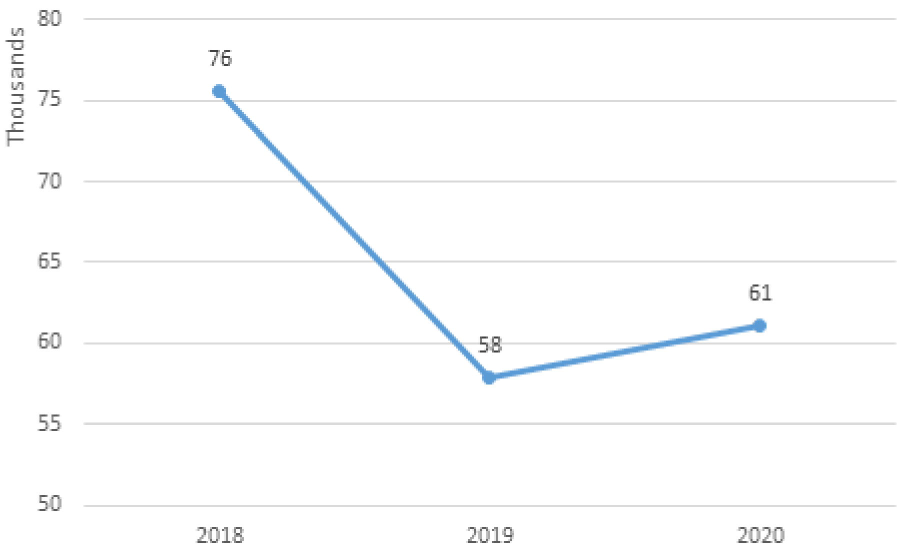


GAS EMISSIONS

The greenhouse gas emissions are also associated with the Group's industrial units, the most relevant being the energy consumption related to the heat treatment furnaces, the production of drawn products and industrial tools.
In 2020, most of the chimneys of Ramada Aços were monitored, none of which exceeded the emission limit values. This is due to the chimney filtration systems and preventive maintenance.
The transport of goods and the transport of people activities in the Group’s service are other relevant sources, but with less relevant expression.

WATER AND EFFLUENTS

With a particularly intensive industrial activity in the use of water, in 2020, the Group's total water consumption was 61,081 m3.



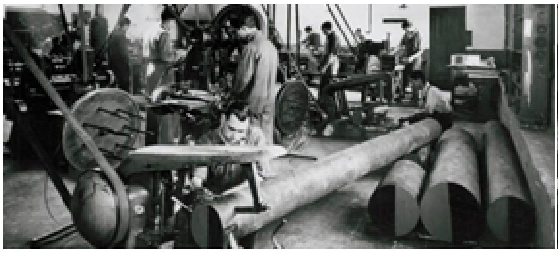
The consumption of water for human use (canteen, drinking, bathrooms, among others), comes from mains water and represents around 18% of the Group's total consumption.

Thus, consumption for the industrial side is the main and most significant, representing about 82% of the total water consumed, and the source of this consumption is essentially water abstraction.

WASTES

The Ramada Group adopts internal management practices with a preference for recycling / recovering waste rather than sending it to landfill or another final destination solution.
The production of waste, in 2020, by Ramada Group, was 7,486 tons of waste. This waste is essentially non-hazardous, about 7,283 tonnes and only 223 tonnes are considered hazardous waste.

SOCIOECONOMIC AREA



The strength of the steel that has been with the Group since 1935 comes from its teams.

LABOUR MANAGEMENT

Creator of value in its areas of activity, with dynamic people and multidisciplinary teams, the Group has been pioneering, throughout these 85 years of history, to provide the market with innovative solutions.

Employees and all labor matters assume one of the main bases of the Group, which is given special importance, without ever neglecting the rigor and demands that characterize the management of a complex and competitive business.

These values permeate the Human Resources management, according to which employees are seen as one of the main assets of the group, with which a culture of proximity and appreciation is promoted, leveraging their excellence and dynamism in them.

It was this view that comes from behind, which corroborated the importance of having a structured organizational culture at a time of crisis, such as the pandemic caused by COVID-19.

In order to assess the satisfaction of Ramada Aço's employees, an Employee Consultation Survey was carried out, which presents the main and following conclusions:

99% Knows how to use the work equipment that it is used at workplace

97% Agrees that the company had provided information about SARS CoV 2 (COVID 19)

92% Is aware of the Contingency Plan adopted by the company to deal with the pandemic SARS CoV 2 (COVID 19)

WORKFORCE IN FIGURES

By the end of 2020, the Ramada Group staff numbers amounted to 475 employees.
In the total of its employees it is possible to see the multiculturality represented by more than 5 nationalities, of which about 5% of the collaborators have Ukrainian and Brazilian nationality.
Due to the nature and physical specificities of the work associated with the sector, around 89% of the employees are male and 11% female. In the composition of the top management bodies, the male gender represents 67.7% and the female 33.3%.

	Aços Group			Socitrel			Group		
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees	256	31	287	156	11	167	421	54	475

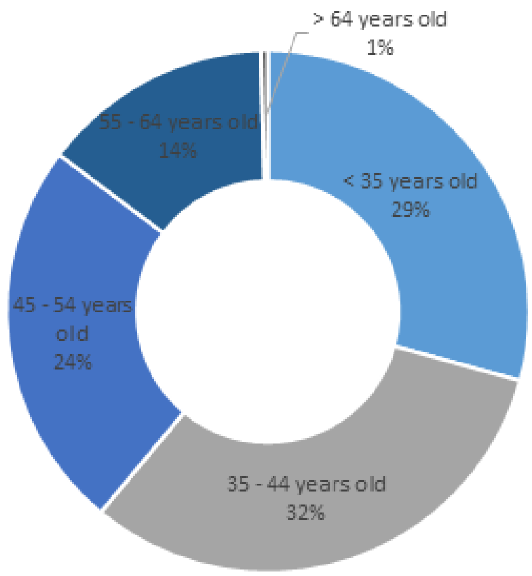
Within the Group's universe, employees with a permanent contract have a 93% representation. On the other hand, employees with fixed-term contracts have a low representativeness, with only 7%. To these collaborators there are also 29 subcontracted collaborators.
Exceptionally, due to the pandemic, this year there were no professional internships.

	Aços Group			Socitrel			Group		
Type of Contract	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent work contract	233	26	259	149	11	160	391	49	440
Fixed-term contract	23	5	28	7	0	7	30	5	35
Subcontracted employees	28	1	29	0	0	0	28	1	29

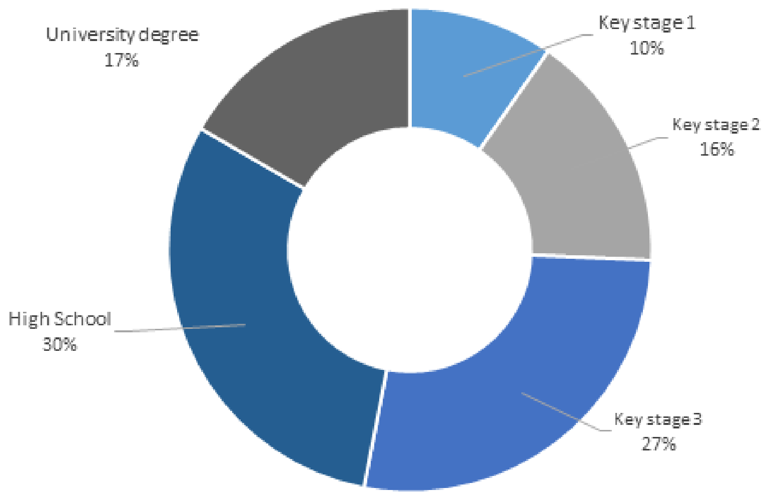
In 2020, 34 employees were hired and 70 other terminated their employment contracts. These values translate into an admission fee of 7% and a termination fee of 15%. The table below provides more detailed information.

	Aços Group			Socitrel			Group		
Staff Turnover	Male	Female	Total	Male	Female	Total	Male	Female	Total
Hirings	10%	16%	10%	3%	0%	2%	7%	9%	7%
Terminations	18%	13%	18%	12%	0%	11%	16%	7%	15%

The age distribution of the Group's employees, in percentage terms, shows the following distribution:



The graph below shows the level of education of the group's employees, showing a predominance in the 3rd cycle of schooling and secondary education.



Knowing that education plays a decisive role in the personal and professional development of each employee, the Group encourages study by awarding study grants and grants for merit and excellence. In 2020, the Group awarded 166 study grants and 6 merit and excellence grants.

The Group respects the right to union association, with approximately 12% of employees being union members at Grupo Aços and 10% at SOCITREL.

TRAINING

One of Ramada Group's priorities is the continuous investment in training its employees, enhancing their qualification and allowing the Group to remain a leader in its sector of activity.
During the year 2020, the Ramada Group guaranteed more than 11,000 hours of training to its employees (most of which were internal training), which took place through the organization of diversified training actions, adjusted to the needs of the business and employees.
Noteworthy are online trainings such as: Webinars, Workshops, among other trainings. These formations embraced several areas and themes that stand out:

- Security
- Environment
- Quality
- Productive process
- Personal and professional development

Despite the limitations imposed by the pandemic, guaranteeing all the necessary security procedures, on-site training was considered essential for the activity in the security area:

- Stacker and staker operation
- Overhead cranes
- Lifting Platforms

For the first time, training in mixed format (online and in person) in First Aid Initial was also carried out for the employees of the subsidiaries.

Due to the pandemic state, priority was given to internal training to clarify and disseminate behaviors to be adopted to prevent the spread of COVID-19 and the procedures to be adopted when contracting the virus.

	Group		
Training	Male	Female	Total
Technical	338	77	**415**
Quality	68	8	**76**
Health, safety and environment	1027	37	**1064**
Information technology	100	36	**136**
Foreign languages	250	200	**450**
Personal and professional development	317	141	**458**
Workplace context	7950	315	**8264**
Incorporation in the organisation	355	282	**637**
Others	36	33	**69**

Despite the adverse situations that could condition the training, an effort was made to maintain focus on training in the workplace, training plan and integration to new employees, even implementing a new process: Personal Development Plan (addressed in a specific chapter).

PERFORMANCE ASSESSMENT PROCESS

The Performance Assessment Process consists of a systematic assessment of the performance of each employee in terms of the activities they perform, the goals and results to be achieved and their development potential.
In addition, performance evaluation is oriented towards the future, that is, it allows to encourage actions to develop human potential within the Group.
The Group has implemented a performance assessment process, prepared on an annual basis, which comprises two distinct moments - self-assessment and assessment by the management.
At Grupo Aços, the performance evaluation process had a participation rate of 92%. SOCITREL, at the beginning of each year, initiates this process for the previous year, which depends on the overall performance of the company and the individual performance of each employee.
Additionally, at Ramada Aços, when a performance below the expectations for an employee is detected, a Personal Development Plan is created with the aim of increasing its productivity and improving the quality of its work.

PERSONAL DEVELOPMENT PLAN

The Personal Development Plan (PDP) is an instrument for planning, monitoring and evaluating employees, created in April at Ramada Aços.
It arose in response to a need, identified by the Industrial Direction, to deepen its analysis, understanding and monitoring of employees with 1 to 2 years of seniority and a performance below expectations.

1º - Identification of employees with performance below expectations

- Appointment of employees, by the Management, together with those responsible for the areas.

2º - Definition of the Personal Development Plan

- The elaboration of the PDP to be applied, together with the Human Resources Department.

3º - Communication to the employee

- Conducting a face-to-face meeting with the employee, where he is sent his PDP and knows what his objective is.

4º - Operationalization and evaluation

- The plan is carried out in a work context, with constant monitoring.
- After 15 days of communication, the responsible person makes a first preliminary report. Subsequently, it is evaluated again at 30, 60 and 90 working days.

5º - Sharing results

- After each assessment, a report is made by Human Resources and shared with interested parties.
- In each phase, the continuity of the process is considered.

This process allows the identification of employees with underperforming performance and their difficulties and, knowing their working methods, it is possible to adjust them, in order to more easily reach the proposed objectives.

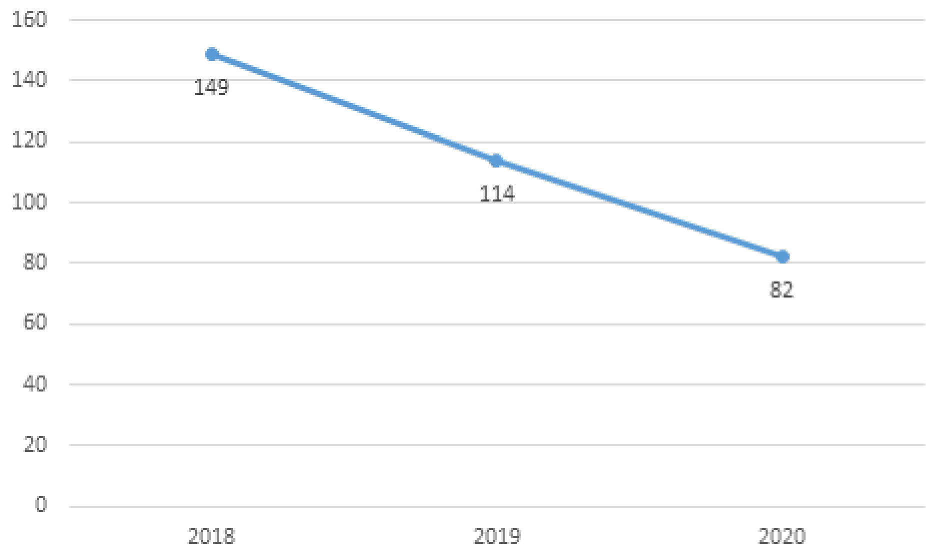
Thus, it is intended to enhance the growth and development of employees, reinforcing the importance and value that they have in the organization, allowing them to be more capable and productive.
Additionally, it is possible to provide the departments with sustained information that allows an analysis of risks and their mitigations, as well as more efficient decision-making.

During the implementation of this Personal Development Plan, the main progress made by employees was as follows:

- Greater versatility, confidence and knowledge of the production process;
- Positive evolution in the quality and quantity of work;
- Improvement of organization, daily planning and team work.

OCCUPATIONAL HEALTH AND SAFETY

The safety of employees is a fundamental aspect of the Group and, in 2020, its objective of maintaining zero fatalities was once again achieved.
The creation of a Commission for Monitoring and Receiving the Accident, which promotes meetings to discuss and reassess the risks of a job whenever an occurrence is registered, with corrective and improvement measures being defined and implemented, contributed to the decrease in the number of accidents, over the past 3 years, with 82 accidents occurring in 2020.



The severity rate was 1.78 in the Aços Group and 2.9 in the SOCITREL. The frequency rate was 170 at Grupo Aços and 120 at SOCITREL.

SOCITREL is already ISO 45001 certified, and the Group is preparing the transition to the rest of the Group's companies during 2021.

To this end, at the end of 2020, the first phase of an external audit occurred, with the aim to obtain the certification, and work has been carried out that takes into account the expectations of the main stakeholders (employees) in terms of the Group's occupational health and safety management.

In this way, it is intended to understand what are the main issues that can affect employees (in a positive or negative way) and how to manage the themes and responsibilities associated with occupational health and safety.

Currently, without fear of reprisals, employees already have the opportunity to communicate dangerous situations and suggest areas for improvement, so that it is possible to adopt preventive measures and corrective actions. This has been a strong contribution to the decrease in the number of accidents in recent years and a form of collaboration to improve the management of hazards, risks and opportunities related to the health and safety of employees, since it allows establishing and updating controls that reduce risks and accidents at work.

CONTINGENCY PLAN

In order to mitigate the effects of the pandemic crisis, a Contingency Plan was created that establishes the procedures to be adopted by the Ramada Group before a worker or external person with symptoms of the Covid-19 infection.

- Suspicious Case Definition
- Infection Transmission
- Isolation Areas
- Responsibilities
- Procedure in case of suspicion
- Procedures in a Validated Suspicious Case
- Procedure for monitoring close contacts
- Control and disinfection material and measures
- Preventive and Protective Measures

BENEFITS, ALLOWANCES AND EVENTS

Study grant and scholarship of excellence

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

In 2020, in addition to benefiting 166 employees and / or children (including the 80 grants awarded by SOCITREL), 6 merit grants were also awarded to secondary and higher education, to students with an average higher than 18 values.

Protocols

Ramada Group has established protocols with various entities in the field of sport and well-being in order to be able to grant benefits to its employees, promoting the maintenance and improvement of well-being, personal and professional fulfillment.

Health 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 and also to its household.

Pension Funds

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

Gift Card

In the latter years, a gift card (associated with a supermarket chain) has been attributed to each employee with a base amount, to which another amount is added for each employee dependent.

Medical, Nursing & Physiotherapy Services

To protect the well-being and quality of life of all employees, the services of medicine, nursing and physiotherapy are provided free of charge by qualified professionals at the Group's facilities.

Aid to Employees

Due to the pandemic situation, Ramada Group provided assistance in goods and food to its employees.
Basic necessities were distributed and meals were offered to the families of employees who experienced greater economic difficulties.

Due to the exceptional situation experienced in 2020, it was not possible to hold some usual events in person, so they found symbolic ways to do so and also digitally.

INNOVATION AND QUALITY

In addition to promoting the development of new products, innovation helps to promote and improve working techniques, offering new services and improving processes to make people's lives easier and improve the existing business model.

Ramada Aços and Socitrel are certified by the ISO 9001:2015.

Highlight Project – New solutions for injection molds with ultra high brightness

Started in 2020, the "Highlight" project is one of the biggest highlights of the year.
It is an innovation project, with European support, which results from a partnership between several entities, among which the academic community stands out.
The relevance of this project is divided into three key areas:

Technological Evolution

- State-of-the-art study on post-metals and application methods.
- Acquisition of knowledge about equipment, methods and production parameters for additive manufacturing.
- Improvement of surface analysis conditions - Polishing.

Skills Development

- Skills development of Ramada's technical team in the project areas;
- Development of more demanding RD habits (Moon Shots);
- Development of knowledge of the best R&D practices and the realization of this type of projects.
- Teamwork - exchange of experience and knowledge

Business

- Opportunities to commercialize new technologies that can be adapted to the market;
- Diversification of the product range in the powder segment for additive manufacturing, with technological innovation that allows anticipating and following market trends.
- Consolidate the innovative character of the Group as a reference in this new technology

This project is the result of the Group's strategic plan and its ambition to remain at the forefront in terms of technology, knowledge and innovation.

Automatic Warehouse

In the last quarter of 2020, preparation began for the project that foresees the installation of an automatic warehouse, to be inaugurated in 2021.
This project aims to store and make available, in an optimized way, 80% of the 3D parts in the warehouse to cutting operators. With this it will be possible to free up about 60% of the current warehouse space (thus allowing to increase the space available for the logistical operation) and reorganize some sections.
Additionally, it will be possible to increase the productivity of the cutting team, making the work of the employees simpler, less heavy and with less risk of accidents. This increase in productivity makes it possible to absorb more orders during peak work periods (typical of market volatility).

HUMAN RIGHTS

The Group's Human Resources management ensures compliance with all legal requirements and the harmony of the workforce, with national legislation ensuring compliance with the International Labor Organization's conventions.
Respect for human rights directly contributes to the more inclusive and sustainable economic growth of the country and the society in which the Group operates. In this sense, respect for human dignity and strict compliance, without

any reservations, with all applicable legislation in this field (namely, but not limited to, the Universal Declaration of Human Rights and the European Convention on Human Rights) are values that cannot but continue to be any company's goal. In the Ramada Group, human rights are a higher, unquestionable and inalienable value.
Embedded in national and European legislation is the defense of fundamental rights. In the absence of a specific monitoring policy or measure in place, Ramada Group's actions are guided in this respect by ensuring compliance with the legislation.
The steel supply chain is fully certified and comes mainly from the European area, where we can be quite sure there are no major flaws in the protection of fundamental rights. Therefore, the Group considers that it is not exposed to special risks in this area. The certification of the steel can be requested when doubts arise about the safeguarding of adequate conditions of respect for human or labour rights, and also for environmental issues, such as radiation levels.
Moreover, the fact that the steel consumed results mainly from the recycling of steel scrap mitigates some concerns related to the supply chain. This ensures there are not as many social and environmental risks linked to the purchase of this raw material.

ANTI-BRIBERY AND CORRUPTION

Ethical performance is an essential assumption, which the Group applies to its employees and suppliers.
Having any economic activity underlying you, risks of corruption and bribery, based on a historical risk analysis, a notorious risk associated with this topic is not identified, and situations of corruption and bribery in the companies that make up the group are not known.
Since 2019, the Code of Good Conduct for the Prevention and Fighting Harassment has been implemented, whose primary objective is to actively contribute to the prevention, identification, combat and elimination of all behaviors that are likely to constitute harassment at work. This Code of Good Conduct applies to all employees of the Group.

INTERACTION WITH THE COMMUNITY

Since its inception and for its growth based on family values that the Group understands as part of its civic and community duty, to support the people and communities in which it operates.
Being a common practice in recent years, the Ramada Group has made several donations for a total value of more than EUR 88,000, thus embracing more than 41 institutions, in a diverse geographical area and in the most diverse areas of action.
In this year marked by the pandemic, Ramada Group went further. The social responsibility and impact that the Group has on society in general and especially on local communities, is a constant concern and an aspect that has acquired particular and even more relevance due to the current pandemic situation, resulting from the COVID-19 virus.
Having a large part of its physical structure, in the Municipality of Ovar, where at the beginning of the pandemic, the first and largest health fence in the recent history of our country took place, the Group immediately realized and was aware of the impact that the pandemic would have on its everyday life, or in your community.
For this reason, it donated about EUR 70,000 in protective material to the Ovar and Gaia Hospitals.

Armor Project - Ramada Aços Partnership

Ramada Aços joined a project, promoted by APIMA (Portuguese Association of Furniture and Related Industries), which involved several national companies, in which more than 200 thousand acrylic visors were produced and offered.
Following this motto, the project has attracted the support of several companies from the most different sectors: from furniture, through polymers to steel. In this sense, Ramada Aços joined the Simoldes Group in this mission.

Although Ramada Aços was prevented from working in the period of time the project was due to the state of calamity declared in the municipality of Ovar, it could not fail to support the community with the essential steel for hospital applications, such as visors.
At the first opportunity when it was authorized by the city council to remove material from the headquarters, high priority was given to loading special steel from Sweden (Uddeholm) for this project.
This operation allowed the Simoldes Group to start production of the mold in record time. The visor supports started to be produced after 4 days.

Ramada Group supports Hospital of Ovar and Gaia

With more than 85 years of presence in the municipality of Ovar, the Ramada Group has always contributed to the growth and dynamism of the region.

In a period of daily difficulties for the community and although, at the moment, its headquarters were closed and its employees were in isolation or teleworking, the Group felt the need to support health professionals. The Group sought to understand the main needs of these professionals, what they needed and what "weapons" they could contribute to in this difficult time. It was concluded that the greatest need was personal protective equipment.

Not finding an answer in the domestic market, the desire for help went further and through air freight it was possible to obtain the necessary material. Thus, the Ramada Group contributed with essential material, highlighting the more than 15,000 protective masks, the 4,700 isolation and surgical suits and more than nine hundred protective glasses and nitrile gloves, which reached the health professionals of the Hospitals from Ovar and Gaia.


RAMADA INVESTIMENTOS E INDÚSTRIA
CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES
Shaping industry
More than a commitment, our pride
80 YEARS
Investing in industry

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AND 2019
(Translation of financial statements originally issued in Portuguese - Note 41)
(Amounts expressed in Euro)

ASSETS	Notes	31.12.2020	31.12.2019
NON-CURRENT ASSETS:			
Investment properties	10	88,687,130	88,686,840
Property, plant and equipment	11	18,593,711	19,978,897
Intangible assets	13	11,133	38,091
Right-of-use assets	12	538,757	510,588
Goodwill	8	—	1,245,520
Investments in associates	6	4,554,735	4,500,000
Other financial assets		20,283	15,563
Other receivables	19	187,833	—
Other non-current assets	14	1,323,213	1,320,964
Deferred tax assets	15	3,702,248	3,724,730
Total non-current assets		117,619,043	120,021,193
CURRENT ASSETS:			
Inventories	16	18,794,784	20,644,076
Trade receivables	17	34,959,861	38,573,010
Other receivables	19	1,708,636	1,562,472
Income tax	18	—	132,136
Other current assets		36,854	15,369
Cash and cash equivalents	20	54,472,220	53,640,754
Total current assets		109,972,355	114,567,817
Total assets		227,591,398	234,589,010

EQUITY AND LIABILITIES	Notes	31.12.2020	31.12.2019
EQUITY:			
Share capital		25,641,459	25,641,459
Legal reserve		7,193,058	7,193,058
Other reserves		89,926,559	81,800,669
Consolidated net profit for the period		6,988,597	8,130,246
Total equity attributable to Equity holders of the parent	21	129,749,673	122,765,432
Non-controlling interests	22	—	—
Total equity		129,749,673	122,765,432
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	23	37,487,401	49,487,401
Other loans	23	2,330,007	2,330,007
Lease Liabilities	12	213,399	210,189
Provisions	27	660,000	660,000
Deferred tax liabilities		917,310	922,826
Total non-current liabilities		41,608,117	53,610,423
CURRENT LIABILITIES:			
Bank loans	23	6,000,000	4,000,000
Other loans	23	19,574,183	28,674,994
Lease Liabilities	12	325,358	363,944
Trade payables	24	24,086,736	15,993,278
Other payables	25	2,146,818	3,390,544
Income tax	18	296,507	751,407
Other current liabilities	26	3,804,006	5,038,988
Total current liabilities		56,233,608	58,213,155
Total liabilities		97,841,725	111,823,578
Total liabilities and equity		227,591,398	234,589,010

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 41)
(Amounts expressed in Euros)

	Notes	31.12.2020	31.12.2019
Sales and services rendered	37	102,702,170	114,027,850
Other income	29	599,839	995,783
Cost of sales and variation in production	16	(63,662,077)	(71,266,142)
External supplies and services	30	(13,373,008)	(14,804,100)
Payroll expenses	31	(10,044,472)	(13,124,200)
Amortisation and depreciation	32	(3,192,290)	(3,517,112)
Provisions and impairment losses	27	(2,686,918)	312,673
Other expenses	33	(574,843)	(577,092)
Results related to investments	6	54,735	—
Financial expenses	34	(1,189,946)	(1,417,829)
Financial income	34	60,357	83,445
Profit before income tax		**8,693,547**	**10,713,276**
Income tax	15	(1,704,950)	(2,583,030)
Consolidated net profit for the period		**6,988,597**	**8,130,246**
Attributable to:			
Equity holders of the parent		**6,988,597**	**8,130,246**
Continued operations		6,988,597	8,130,246
Earnings per share:			
Basic	36	0.27	0.32
Diluted	36	0.27	0.32

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant | The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 41)

(Amounts expressed in Euros)

	Notes	31.12.2020	31.12.2019
Consolidated net income for the period		**6,988,597**	**8,130,246**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Changes in pension liabilities - gross amount	14	(4,356)	(101,318)
Changes in pension liabilities - deferred tax		—	—
Items that may be reclassified to profit or loss in the future:			
Others		—	—
Other comprehensive income for the period		**(4,356)**	**(101,318)**
Total consolidated comprehensive income for the period		**6,984,241**	**8,028,928**
Attributable to:			
Equity holders of the parent		**6,984,241**	**8,028,928**
Continued operations		6,984,241	8,028,928

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant — The Board of Directors

RAMADA INVESTIMENTOS E INDUSTRIA, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019
(Translation of financial statements originally issued in Portuguese - Note 41)
(Amounts expressed in Euros)

		Attributable to Equity holders of the parent								
	Notes	Share capital	Legal reserve	Foreign currency translation reserves	Advance payment on profit	Other reserves and retained earnings	Net profit for the period	Total	Non-controlling interests	Total Equity
Balance as at 1 January 2019		25,641,459	6,460,877	—	(29,487,678)	57,788,337	69,717,900	130,120,895	—	130,120,895
Total consolidated comprehensive income for the period		—	—	—	—	(101,318)	8,130,246	8,028,928	—	8,028,928
Appropriation of consolidated result for 2018:										—
Transfer to the legal reserve and other reserves		—	732,181	—	29,487,678	39,498,041	(69,717,900)	—	—	—
Distribution of dividends		—	—	—	—	(15,384,875)	—	(15,384,875)	—	(15,384,875)
Others		—	—	—	—	484	—	484	—	484
Balance as at 31 December 2019	**21**	**25,641,459**	**7,193,058**	**—**	**—**	**81,800,669**	**8,130,246**	**122,765,432**	**—**	**122,765,432**
Balance as at 1 January 2020		25,641,459	7,193,058	—	—	81,800,669	8,130,246	122,765,432	—	122,765,432
Total consolidated comprehensive income for the period		—	—	—	—	(4,356)	6,988,597	6,984,241	—	6,984,241
Appropriation of consolidated result for 2019:										—
Transfer to the legal reserve and other reserves		—	—	—	—	8,130,246	(8,130,246)	—	—	—
Distribution of dividends		—	—	—	—	—	—	—	—	—
Others		—	—	—	—	—	—	—	—	—
Balance as at 31 December 2020	**21**	**25,641,459**	**7,193,058**	**—**	**—**	**89,926,559**	**6,988,597**	**129,749,673**	**—**	**129,749,673**

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 41)
(Amounts expressed in Euros)

	Notes	31.12.2020		31.12.2019	
Operational activities:					
Receipts from costumers		114,382,912		127,212,634	
Payments to suppliers		(67,720,883)		(82,143,970)	
Payroll expenses		(6,648,105)	40,013,924	(8,236,359)	36,832,305
Paid/Received corporate income tax		(1,256,034)		(1,336,601)	
Other receipts/payments relating to operating activities		(15,759,501)	(17,015,535)	(17,285,186)	(18,621,787)
Cash flows generated by operating activities (1)			22,998,389		18,210,517
Investment activities:					
Receipts arising from:					
Property, plant and equipment		53,372		249,690	
Investment properties		—		—	
Investments	6	—		—	
Investment grants		—		—	
Interest and similar income		13,523	66,895	39,872	289,562
Payments relating to:					
Investments	6.3 and 7	(522,135)		(4,500,000)	
Intangible assets		—		—	
Property, plant and equipment		(1,001,245)		(2,541,792)	
Investment properties		(290)		(165,213)	
Loans granted		—	(1,523,670)	(1,752,963)	(8,959,968)
Cash flows generated from investment activities (2)			(1,456,775)		(8,670,406)
Financing activities:					
Receipts arising from:					
Dividends		—		—	
Other financing transactions		—		—	
Loans obtained		173,656,102	173,656,102	127,204,893	127,204,893
Payments relating to:					
Interest and similar expenses		(1,091,757)		(1,219,402)	
Dividends	21	—		(15,384,875)	
Lease Liabilities		(435,871)		(398,977)	
Loans obtained		(191,988,044)	(193,515,672)	(138,538,730)	(155,541,984)
Cash flows generated from financing activities (3)			(19,859,570)		(28,337,090)
Cash and cash equivalents at the beginning of the period	20		**51,293,584**		**70,090,564**
Cash and cash equivalents variation: (1)+(2)+(3)			1,682,044		(18,796,980)
Cash and cash equivalents at the end of the period	20		52,975,628		51,293,584

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant — The Board of Directors

1. INTRODUCTORY NOTE

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. ('Ramada Investimentos', or 'The Group') is a limited liability company incorporated on 1 June, 2008, with headquarters at Rua Manuel Pinto de Azevedo, 818, in Porto, and whose main activity is the management of investments, being its shares listed in the Euronext Lisbon Stock Exchange since 2018.

As at May 2018, the then called F. Ramada - Investimentos SGPS, S.A. changed the objects of the company as well as the corporate name to RAMADA INVESTIMENTOS E INDÚSTRIA, S.A, as approved on 4 May 2018, when the General Meeting changed the object of the holding company as an indirect form of exercising economic activities to the services rendered in management consulting, including financial and administrative consulting; execution and management of investments in real estate, securities and financing; acquisition and disposal of securities; leasing; property construction, rehabilitation, management, administration and conservation.

Ramada Investimentos was incorporated as part of the restructuring of Altri, SGPS, S.A. through the division of the steel and storage solutions management business area, namely the participating interest held in Ramada Aços S.A., representing all the voting rights of this subsidiary, in accordance with the simple division provided for in Article 118(1). (a) of the Commercial Companies Code.

This process allowed transferring the share of Altri, SGPS, S.A.'s assets corresponding to the steel and storage solutions management business area, including all the resources allocated to its activity (namely staff, assets and liabilities), to Ramada Investimentos.

Currently, Ramada Investimentos is the parent company of the group of companies disclosed in Note 8 which, as a whole, operate in two different business segments: i) the Industry Segment, which includes the special steel and drawing mill activity, as well as activities related to the management of investments associated with participating interests in which the Group is a minority shareholder; and ii) the Real Estate Segment, focused on real estate assets management.

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

The financial statements were approved by the Board of Directors and authorised for reporting on 7 April 2021. Final approval of the financial statements is still subject to acceptance by the Shareholders' General Meeting. The Board of Directors, however, believes that the financial statements will be approved without any significant changes.

SIGNIFICANT EVENTS - COVID-19

Since the beginning of the pandemic, Ramada Group implemented a set of measures for the prevention, control and surveillance, with prevention / contingency plans being developed that cover the entire organization, from the operational areas to the central structures, in all the Group's businesses.

Therefore, Ramada Group maintained its process of monitorization and assessing of the implemented measures, in order to respond to the demands arising from the COVID-19 pandemic. From all the actions implemented within the scope of the monitoring and evaluation of pandemic developments, we highlight the following:

- Ramada Group, implemented a set of measures for the prevention, control and surveillance of this infection. As a result of the various measures implemented by the Ramada Group, as of 31 December, 2020, a negative impact on the income statement is estimated in the amount of approximately 170 thousand Euro (including donations, protective equipment, among others).

- With regard to liquidity risk management, the Group maintained a liquidity reserve in the form of credit lines with its relationship banks, in order to ensure the ability to meet its commitments, without having to refinance in unfavorable conditions. As of December 31, 2020, the amount of consolidated loans maturing in the next 12 months is approximately 26 million Euro. On the same date, the Group has consolidated credit lines available (namely bank overdrafts, pledged current accounts and not used commercial paper programs) in the amount of approximately 50 million Euro. As a result of the performance of previous years, and the capacity to manage credit and liquidity risk, the Group presents a robust financial position statement, presenting Cash and cash equivalents amounting to 54 million Euro, which corresponds to an amount slightly greater than its current liabilities.

Despite the measures already mentioned, and at this stage, characterized by a generalized uncertainty in the social and economic context, the Ramada Group will remain alert and careful in the management of its business, and in the evaluation and monitoring of the actions already implemented and/or to be implemented in order to manage and anticipate, as far as possible, the impacts of this pandemic on its operational and financial performance.

Industry Segment:

Following the publication of Dispatch number 3372-C/2020 of 17 March 2020, concerning the Declaration of the Situation of Calamity in the Municipality of Ovar, its subsidiary Ramada Aços, S.A, responsible for more than 50% of the turnover of the The Group was closed until April 2, 2020, as its main production unit is located in Ovar.

During this period, the Group reinforced the inventories and means of the branches in different parts of the country, in order to satisfy the requests of its Clients. Together with the commercial and logistics department, it was possible to manage orders with the inventories existing in these locations. Together with these procedures, and with a strong partner relationship with its Customers, the Group was able to manage portfolio orders very proactively during this period.

The second half (especially the fourth quarter) of the year brought more positive signs, with greater activity in customers. As a result of this increase in demand, a recovery in turnover was possible, achieving monthly sales that had not been reached since the same period of 2019.

Real Estate Segment:

During the year of 2020, there was no drop in the turnover of this segment due to the pandemic, with almost all of the rents charged to a related entity.

Employees:

Ensuring the permanent well-being of all Employees, their families and community, has always been and will continue to be a priority of the Ramada Group. To deal with the pandemic, Ramada Group put in place a set of additional preventive measures to protect the health and safety of its Employees, based on the recommendations of the Portuguese Health Authority. The human resources department, based on the recommendations of the Portuguese Health Authority, proceeded with the elaboration of the Group's COVID-19 Contingency Plan. This plan has been continuously adjusted considering the evolution of the pandemic, being essential for the purposes of containing the impacts of the pandemic between our employees and the local community.

Teleworking was implemented for several workers in the administrative, financial and shared services areas.

Ramada Group will continue to monitor, on a permanent basis, the evolution of legal and recommendatory impositions issued by the competent entities.

Ramada's Board of Directors wants to formally extend a special thanks to all its Employees, for the absolutely exemplary and worthy way of recording how they all endeavored to overcome this phase we are going through.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the accompanying consolidated financial statements are described below. These policies were consistently applied during the periods being compared.

In addition, there were no significant changes to the main estimates used by the Group in preparing the consolidated financial statements.

2.1. Basis of Presentation

The attached consolidated financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ('IFRS-EU') in force for the period beginning on 1 January 2020. These correspond to the International Financial Reporting Standards, as issued by the International Accounting Standards Board ('IASB') and interpretations issued by the IFRS Interpretations Committee ('IFRS - IC') or by the former Standing Interpretations Committee ('SIC'), which have been adopted by the European Union on the account publication date.

The Board of Directors assessed the capacity of the Group, its subsidiaries and associates to operate on a going concern basis, based on the entire relevant information, facts and circumstances, of a financial, commercial or other nature, including events subsequent to the financial statements' reference date, as available regarding the future. As a result of the assessment conducted, the Board of Directors concluded that it has adequate resources to keep up its operations, which it does not intend to cease in the short term. Therefore, it was considered appropriate to use the going concern basis in preparing the financial statements.

The attached consolidated financial statements were prepared from the accounting books and records of the company, its subsidiaries and associates, adjusted in the consolidation process, in the assumption of going concern basis. The Group prepared the financial statements under the historical cost basis.

The preparation of financial statements under IFRS-EU requires the use of estimates, assumptions, and critical judgements in the process of determining accounting policies to be adopted by the Group, with significant impact on the book value of assets and liabilities, as well as on income and expenses for the period. Although these estimates are based on the best experience of the Board of Directors and on its best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas with significant assumptions and estimates are disclosed in Note 3.

(i) Adopting new standards and interpretations, amendments, or reviews

Up to the date for approving these financial statements, the European Union endorsed the following accounting standards, interpretations, amendments, and revisions, mandatorily applied to the financial year beginning on 1 January 2020:

(amounts expressed in Euro)

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to references to the Conceptual Framework in IFRS Standards	1-Jan-2020	Corresponds to amendments to several standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in relation to references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 - Definition of material	1-Jan-2020	Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if, due to its omission, distortion or concealment, it is reasonably expected to influence the decisions of the primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 - Definition of business	1-Jan-2020	Corresponds to amendments to the definition of business, aiming to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition further clarifies the definition of a business's output as the supply of goods or services to customers. The changes include examples for identifying a business acquisition.
Amendments to IFRS 9, IAS 39 and IFRS 7 - benchmark interest rate reform (IBOR Reform)	1-Jan-2020	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as "IBOR reform"), in order to reduce the potential impact of changes in reference interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases – "Covid 19 Related Rent Concessions	1-Jun-2020	This amendment introduces an optional practical expedient whereby lessors are exempted from analyzing whether income concessions, typically income suspensions or reductions, related to the "COVID-19" pandemic correspond to contractual modifications.

From the application of these standards and interpretations there were not relevant impact for the Group's financial statements.

(ii) Standards, interpretations, amendments, and revisions that will have mandatory application in the future economic exercises.

On the approval date of these financial statements, the following accounting standards, and interpretations, to be mandatorily applied in future financial years, were endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years initiated in or after	
Amendments to IFRS 9, IAS 39 and IFRS 7 – Phase 2 -Benchmark interest rate reform (IBOR Reform)	1-Jan-2021	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on 27 August 2020, related to the second phase of the benchmark interest rate reform project (known as "IBOR reform"), referring to changes reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - deferral of IFRS 9	1-Jan-2021	Corresponds to the amendment to IFRS 4 that postponed the deferral of application of IFRS 9 for initial years on or after 1 January 2023.

Despite having been endorsed by the European Union, these amendments were not adopted by the Group in 2020, since their application is not yet mandatory. It is not believed that the future adoption of said amendments will entail significant impacts on financial statements.

(amounts expressed in Euro)

(iii) New, amended, or revised standards and interpretation not adopted by the European Union

The following accounting standards and interpretations were issued by IASB and are not yet endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	1-Jan-2022	These amendments correspond to a set of updates to the various standards mentioned, namely - IFRS 3 - update of the reference to the 2018 conceptual structure; additional requirements for analyzing obligations in accordance with IAS 37 or IFRIC 21 on the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination. - IAS 16 – prohibition of deducting the cost of a tangible asset from income related to the sale of products before the asset is available for use - IAS 37 – clarification that costs of fulfilling a contract correspond to costs directly related to the contract - Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 e IAS 41
IFRS 17 - Insurance Contracts	1-Jan-2023	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 1 Presentation of financial statements - Classification of liabilities as current and non-current	1-Jan-2023	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analyzing the contractual conditions existing at the reporting date.

These standards have yet to be endorsed by the European Union. As such, they were not applied by the Group in the financial year ended 31 December 2020.

Regarding these standards and interpretations, as issued by the IASB but yet to be endorsed by the European Union, it is not believed that their future adoption will entail significant impacts on the attached financial statements.

2.2. Consolidation Principles

The consolidation principles adopted by the Ramada Group in preparing its consolidated financial statements include the following:

a) Investments in subsidiaries

Investments in companies over which the Ramada Group has direct or indirect control are included in the consolidated financial statements using the full consolidation method. The Group has control over the investees in situations where it cumulatively fulfils the following conditions: i) it has power over the investee; ii) it is exposed to, or entitled to, variable results due to its relationship with the investee; and iii) has the ability to use its power over the investee to affect the amount of its results.

In general, control is assumed to exist when the Group holds the majority of voting rights. To support this assumption, and in cases where the Group does not hold the majority of the investee's voting rights, all relevant facts and circumstances are taken into account when assessing the existence of power and control, such as: (a) Contractual agreements with other holders of voting rights; (b) Rights arising from other contractual agreements; and (c) Existing and potential voting rights.

Control is reassessed by the Group whenever there are facts and circumstances that indicate the occurrence of changes in one or more of the aforementioned control conditions.

Whenever necessary, adjustments are made to the financial statements of subsidiaries in order to adapt their accounting policies to those used by the Group. Balances and transactions and cash flows between Group entities, as well as unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction shows evidence of impairment of a transferred asset.

The equity and net profit of these companies corresponding to third-party shareholding therein are shown separately in the consolidated statement of financial position and in the consolidated financial statement under line items "Non-controlling interests."

The total comprehensive income is attributed to the owners of the parent company and of the interests they do not control, even if this results in a deficit balance in terms of the interests not controlled by them.

The results of the subsidiaries acquired or sold during the period are included in the income statements from the date when control was taken or until the date when control was loss.

b) Investments in associates

Financial investments in associates (understanding the Group to be companies where it wields significant influence thereupon by taking part in the company's financial and operational decisions, but in which it does not hold control or joint control, generally with investments accounting for 20% to 50% of a company's capital) are recorded using the equity method.

According to the equity method, financial investments in associates are initially accounted for at acquisition cost. Investment in associated are subsequently adjusted annually in the amount corresponding to shareholding in net results of associates against gains or losses for the period. In addition, the dividends of these companies are recorded as a decrease in the investment amount, and the proportional part in changes to equity is recorded as a change in the Group's equity.

After applying the equity method, the Group assesses whether there are signs of impairment. If there are, the Group calculates the recoverable amount of the investment and recognises an impairment loss if it is lower than the book value of the investment, in the line 'Results related to investments' in the income statement. When impairment losses recognised in previous periods no longer exist, they undergo a reversal.

When the Group's share in the associates' accumulated losses exceeds the amount at which the investment is recorded, the carrying amount is reduced to zero, except when the Group has shouldered commitments towards the associate. In such cases, a provision is recorded in order to fulfil those obligations.

Unrealised gains in transactions with associates are proportionally eliminated from the Group interest in the associate against the investment in that same associate. Unrealised losses are similarly eliminated, but only to the extent there is no evidence of impairment of the transferred asset.

The accounting policies of associates are changed, whenever necessary, in order to make sure they are consistently applied by every Group company.

2.3. Business combinations and Goodwill

The differences between the acquisition price of investments in subsidiary companies, plus the value of non-controlling interests, and the amount attributed to fair value of identifiable assets and liabilities of those companies on their acquisition date, when positive, are recorded as 'Goodwill' and, when negative, following a revaluation of their calculation, are recorded directly in the income statements.

The differences between the acquisition price of investments in associates and the amount attributed to the fair value of identifiable assets and liabilities of those companies on their acquisition date, when positive, are recorded under the line item 'Investments in associates' and, when negative, following a revaluation of the determination, are recorded directly in the income statements, under the line item 'Results related to investments'.

The differences between the acquisition cost of investments in foreign subsidiaries and the fair value of identifiable assets and liabilities of those subsidiaries on their acquisition date, are recorded in the reporting currency of those subsidiaries, and are converted to the Group's reporting currency (Euro) at the applicable exchange rate on the date of the statement of financial position. The currency exchange differences generated in that conversion are recorded under the line item 'Foreign currency translation reserves' included under the line item 'Other reserves'.

The Ramada Group, on a transaction-by-transaction basis (for each business combination), chooses to measure any non-controlling interest in the acquired company either at fair value or in the proportional part of non-controlling interests in the acquired company's identifiable net assets. Until 1 January 2010, non-controlling interests were valued solely in accordance with the fair-value proportion of acquired assets and liabilities.

The amount of future contingent payments is recognised as a liability when business combination occurs according to its fair value. Any change to the initially recognised amount is recorded against the amount of Goodwill, but only if this occurs within the measuring period (12 months after the acquisition date) and if this is related to facts and circumstances that existed on the acquisition date. Otherwise, it has to be recorded against the income statement, unless said contingent payment is categorised as equity, in which case it should not be remeasured, and only at the time of the settlement thereof will the impact on equity be recognised.

Transactions involving the purchase or sale of interests in entities already controlled, without this resulting in a loss of control, are treated as transactions between holders of capital affecting only the equity line items, without impacting the line item 'Goodwill' or the income statement.

When business is combined in stages, the fair value on the previous acquisition date of interests held is remeasured to fair value on the date when control is gained, against the results of the period when control is achieved, thus affecting the determining of Goodwill or purchase price allocation.

At the time when a sales transaction generates a loss of control, that entity's assets and liabilities have to be derecognised, and any interest withheld at the disposed entity shall be remeasured at fair value, and any loss or gain resulting from this disposal is recorded in the income statement.

The Group annually tests for the existence of Goodwill impairment. The recoverable amounts of the cash flow-generating units are determined based on the calculation of values in use. These calculations call for the use of assumptions that are based on estimates of future circumstances whose occurrence could be different from the estimate. Goodwill impairment losses cannot be reversed.

Consolidated Financial Statements and accompanying notes as at 31 December 2020 (amounts expressed in Euro)

2.4. Intangible assets

Intangible assets are recorded at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are recognised only if they are likely to result in future economic benefits for the Group, if they can be controlled by the Group, and if their value can be reasonably measured.

Development expenses for which the Group is shown as being able to complete its development and begin its sell and/or use and relative to which the created asset is likely to generate future economic benefits, are capitalised. Development expenses that do not meet these criteria are recorded as cost in the period when incurred.

Internal expenses associated with software maintenance and development are recorded as costs in the income statement when incurred, except when said costs are directly associated with projects for which future economic benefits are likely to be generated for the Group. In such situations, costs are capitalised as intangible assets.

After the assets are available for use, amortisation is calculated using the straight-line method in accordance with the estimated useful life period (generally 3 to 5 years).

2.5. Property, plant and equipment

Property, plant and equipment acquired until 1 January 2004 (date of transition to IFRS-EU) are recorded at their 'deemed cost' which amounts to the acquisition cost, or revaluated acquisition cost in accordance with the accounting principles generally accepted in Portugal up to that date, net of accumulated amortisation and impairment losses.

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

After the date when the assets are available for use, amortisation is calculated using the straight-line method in accordance with the estimated useful life period for each group of assets.

Amortisation rates used correspond to the following estimated useful life periods:

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

Maintenance and repair expenses that do not increase the assets' useful life or result in significant upgrades or improvements to components of property, plant and equipment are recorded as costs in the period when they are incurred.

Property, plant and equipment in progress represent fixed assets still under construction, and are recorded at acquisition cost net of any impairment losses. These fixed assets are amortised from the moment the underlying assets are completed or ready for use.

Gains or losses resulting from the sale or write-off of property, plant and equipment are determined as the difference between the sales price and the net book value on the disposal or write-off date. They are recorded in the income statement.

2.6. Leases

Policy applicable since 1 January 2019

At the start of every agreement, the Group assesses whether the agreement is, or contains, a lease. That is, whether the right-of-use of a specific asset or assets is being transferred for a certain period of time in exchange for a payment.

The Group as lessee

The Group applies the same recognition and measurement method to every lease, except for short-term leases and leases associated with low-value assets. The Group recognises a liability relative to lease payments and an asset identified as a right of use of the underlying asset.

(i) Right-of-use assets

On the lease start date (that is, the date from which the asset is available for use), the Group recognises an asset relative to right of use. 'Right-of-use assets' are measured at cost, net of depreciation and accumulated impairment losses, adjusted by remeasuring lease liability. The cost comprises the initial value of the lease liability adjusted for any lease payments made on or prior to the start date, on top of any initial direct costs incurred, as well as a cost estimate for dismantling and removing the underlying asset (as applicable), net of any incentive granted (as applicable).

The right-of-use asset is depreciated using the straight-line depreciation method, based on the lease term.

If ownership of the asset is transferred to the Group at the end of the lease period, or the cost includes a purchase option, depreciation is calculated by taking into account the asset's estimated useful life.

Right-of-use assets are also subject to impairment losses.

(ii) Lease Liabilities

On the lease start date, the Group recognises a liability measured at the present value of the lease payments to be made throughout the agreement. Lease payments included in measuring lease liability include fixed payments, net of any incentives already received (where applicable) and variable payments associated with an index or rate. Where applicable, payments also include the cost of exercising a purchase option, which shall be exercised by the Group with reasonable certainty, and payments of penalties for ending the agreement, if the lease terms reflect the Group's exercising option.

The lease liability is measured at amortised cost, using the effective interest method. It is remeasured when changes occur to future payments derived from a change to the rate or index, as well as possible modifications to the lease agreements.

Variable payments not associated with any indices or rates are recognised as an expense during the period, in the period when the event or condition leading to the payment occurs.

To calculate the present value of future lease payments, the Group uses its incremental interest rate on the lease start date, since the interest rate implicit in the agreement cannot be readily determined. After that date, the lease liability amount is increased by adding interest and reduced by lease payments made. In addition, the amount is remeasured in the event of a change in the terms of the agreement, the in lease amounts (e.g., changes in future payments caused by a change to an index or rate used in determining said payments) or a change in the assessment of a purchase option associated with the underlying asset.

(iii) Short-term leases and low-value leases

The Group applies the recognition exemption to its assets' short-term leases (i.e., leases lasting up to 12 months and not containing a purchase option). The Group also applies the recognition exemption to leases of assets deemed to be of low value. Payments of short-term and low-value leases are recognised as an expense in the period, throughout the lease period.

The Group as lessor

In contrast to the accounting of leases for lessees, IFRS 16 substantially maintains the principles for registering leases for lessors previously provided for in IAS 17. Lessors will keep on classifying leases as operating or financial, as IFRS 16 does not entail substantial changes for such entities, given what is set forth under IAS 17.

Policy applicable prior to 1 January 2019

Determining whether an agreement is, or contains, a lease is based on the substance of the agreement at the start thereof, which is either the agreement date and the date of the parties' commitment relative to the main terms of the agreement, whichever is earlier, based on every fact and circumstance. The agreement is, or contains, a lease if the fulfilment of the agreement is contingent on the use of a specific asset or assets and the agreement transfers a right to use the asset, even if said asset is not explicitly identified in the agreement. The lease duration is the sum of the period during which the lease cannot be cancelled and an additional period providing for the lessee to have the option to maintain the lease and, at the start of the agreement, the Group is reasonably certain that the lessee will exercise said option.

A lease is classified as a financial lease or operational lease at the start of the agreement. A lease that substantially transfers all the risks and advantages associated with an asset's ownership to the Group is classified as a financial lease. Financial leases are recorded at fair value in the asset or, if lower, at the current minimum lease payment amounts. Minimum lease payments are distributed between the financial charge and the reduced outstanding liability in order to produce a constant periodic interest rate on the liability's remaining balance.

The financial expenses are recorded in the profit and loss account as financial expenses.

The leased asset depreciates during its useful life. However, if there is no reasonable certainty that the lessee will own the asset at the end of the lease period, the asset is depreciated during the lease period or during its useful life, whichever is shorter.

An operational lease is a lease other than a financial lease. Payments of operational leases are recorded as operational expenses in the income account in a straight-line during the lease period.

2.7. Government grants or from other public bodies

Grants attributed as part of personal training programmes, or production support, are recorded under the line item 'Other income' in the consolidated income statement for the financial year when said programmes are conducted, regardless of the date when they are received, when all necessary conditions have been fulfilled for receiving them.

Government grants related to fixed assets are recorded in the statement of financial position as 'Other current liabilities' and 'Other non-current liabilities' regarding short-term and medium-/long-term instalments, respectively, and recognised in the income statement proportionally to the amortisation of the subsidised property, plant and equipment.

2.8. Impairment of non-current assets, except Goodwill

The Group's asset impairment is assessed whenever there is an event or change in circumstances indicating that the amount for which the asset is recorded might not be recoverable.

Whenever the carrying amount for which the asset is recorded is higher than its recoverable amount, an impairment loss is recognised and recorded in the income statement under the line item 'Provisions and impairment losses.'

The recoverable amount is either the net sales price or the value in use, whichever is higher. The net sales price is the amount that would be obtained from the asset's disposal, in a transaction between independent knowledgeable entities, net of the costs directly attributable to the disposal. The use value is the present value of estimated future cash flows that are expected to arise from the continuous use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each asset individually or, if not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recognised in previous periods is recorded when it is concluded that previously recognised impairment losses no longer exist or has decreased. This analysis is performed whenever there are indications that the impairment loss that had been previously recognised has been reversed. The reversal of impairment losses is recognised in the income statement under 'Provisions and impairment losses'. This reversal is to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment charge had been recognised.

2.9. Borrowing costs

Financial expenses related to loans obtained are generally recognised as an expense in the income statement of the period on an accrual basis.

In cases where loans are taken to finance assets, the corresponding interests are capitalised, becoming part of the asset's cost. The capitalisation of these expenses starts after the preparation of construction activities begins and ends once the asset is available for use or if the project is suspended.

There were no financial expenses on capitalised loans obtained on 31 December 2020 and 2019.

2.10. Inventories

The goods and raw materials, subsidiaries and consumables are valued at average acquisition cost, net of the amount of quantity discounts granted by suppliers, which is lower than the corresponding market value.

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

The Group proceeds to record the corresponding impairment losses in order to reduce, where applicable, inventories at their net realisable value or market price.

2.11. Provisions

Provisions are recognised when, and only when, the Group (i) has a present obligation (legal or implicit) obligation resulting from a past event, (ii) it is likely that, to resolve this obligation an outflow of resources occurs, and (iii) the obligation's amount might be reasonably estimated. Provisions are reviewed on the date of each statement of financial position and adjusted to reflect the best estimate on that date.

Provisions for restructuring expenses are recognised by the Group whenever a formal and detailed restructuring plan exists and has been communicated to the parties involved.

2.12. Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when it becomes part of the instrument's contractual provisions.

Financial assets and liabilities are initially measured at their fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (which are not financial assets and liabilities measured at fair value through income statement) are added to or deducted from the fair value of the financial asset and liability, as appropriate, in the initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or liabilities recognised at fair value through the income statement are recognised immediately in the consolidated income statement.

a. **Financial assets**

Financial assets

All purchases and sales of financial assets are recognised on the date of signature of the respective purchase and sale contracts, regardless of the date of their financial settlement. All recognised financial assets are subsequently measured at amortised cost or at their fair value, depending on the business model adopted by the Group and the characteristics of its contractual cash flows.

Initially, assets are classified and subsequently measured at amortised cost, at fair value through other comprehensive income, and at fair value through profit or loss.

The initial classification of financial assets depends on the contractual characteristics of the cash flows and the business model adopted by the Group to manage them. Except for trade receivables that do not have a significant financial component and for which the Group adopts the practical expedient, the Group initially measures a financial asset at fair value plus transaction costs, if an asset is not classified at fair value through profit or loss.

Trade receivables that do not have a significant financial component and for which the Group adopts the practical expedient are measured at the transaction price calculated in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income, it must provide cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding. This assessment, known as the "cash flows that are solely payments of principal and interest" test, is performed for each financial instrument.

The business model established for managing financial assets concerns the way financial assets are managed by the Group with a view to obtaining cash flows. The business model can be designed to obtain contractual cash flows, to dispose of financial assets or both.

Classification of financial assets

(i) Financial assets measured at amortised cost (debt instruments and receivables)

Fixed income debt instruments and accounts receivable that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held taking into account a business model whose objective is to preserve it in order to receive its contractual cash flows; and
- the contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of outstanding principal.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the corresponding interest during its life.

For financial assets that are not acquired or originated with impairment (i.e. assets impaired on initial recognition), the effective interest rate is the one that accurately discounts estimated future cash flows (including fees and commissions paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the instrument in its gross carrying amount at the date of its initial recognition.

The amortised cost of a financial asset is the amount by which it is measured on initial recognition net of principal repayments plus the accumulated amortisation, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted for any impairment losses.

Interest-related revenue is recognised in the consolidated income statement under the line item 'Financial income', using the effective interest rate method, for financial assets subsequently recorded at amortised cost or at fair value through income statement. Interest revenue is calculated by applying the effective interest rate to the financial asset's gross carrying amount.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recorded in the income statement when the asset is derecognised, modified or becomes impaired.

(ii) Financial assets at fair value through other comprehensive income (debt instruments)

Debt instruments and accounts receivable that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held by considering a business model whose objective provides for both receiving its contractual cash flows and its disposal; and
- the contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of outstanding principal.

In the case of debt instruments measured at fair value through other comprehensive income, interest income, exchange differences and impairment losses and reversals are recorded in the income statement and calculated in the same way as financial assets measured at amortised cost. The remaining changes in fair value are recorded in other comprehensive income.

Upon derecognition, changes in fair value accumulated in other comprehensive income are transferred (recycled) to profit or loss.

(iii) Financial assets at fair value through other comprehensive income (capital instruments)

In the initial recognition, the Group can make an irrevocable choice (on a financial-instrument-by- financial-instrument basis) to state certain investments under equity instruments (shares) at fair value through other comprehensive income when these fulfil the definition of capital provided for under IAS 32 Financial instruments: Presentation and not held for trading. Classification is determined on an instrument-by- instrument basis.

The fair-value designation through other comprehensive income is not permitted if the investment is held for trading purposes or when resulting from a contingent consideration recognised as part of a business combination.

A capital instrument is held for trading if:

- it is acquired chiefly for the purpose of short-term disposal;
- in the initial recognition, it is part of a portfolio of identified financial instruments that the Group jointly manages and which shows an actual recent pattern of obtaining short-term gains; or
- if it is a derivative financial instrument (except if attributed to a hedging transaction).

Investments in equity instruments recognised at fair value through other comprehensive income are initially measured at their fair value plus transaction expenses. Subsequently, they are measured at their fair value with gains and losses arising from their change, as recognised under other comprehensive income. At the time of its disposal, the accumulated gain or loss generated with these financial instruments is not reclassified to the consolidated income statement, but, rather, merely transferred to the line item 'Retained Earnings.'

Dividends associated with investments in equity instruments recognised at fair value through other comprehensive income are recognised in the consolidated income statement when they are attributed/resolved on, unless they clearly represent a recovery of part of the investment cost. Dividends are recorded in the consolidated income statement under 'Financial income'.

In the first application of IFRS 9, the Group designated investments in equity instruments that were not held for trading as stated at fair value through profit or loss (read next paragraph).

(iv) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income are measured at fair value through the income statement. These financial assets include financial assets held for trading, financial assets designated at the time of initial recognition as measured at fair value through profit or loss, or financial assets that are mandatorily measured at fair value.

Financial assets recorded at fair value through the income statement are measured at fair value obtained at the end of each reporting period. The corresponding gains or losses are recognised in the consolidated income statement, except if they are part of a hedging relationship.

Derecognition of financial assets

A financial asset (or, where applicable, a part of the financial asset or of a group of financial assets) is derecognised (i.e., removed from the Statement of Financial Position) when:

- The contractual rights to receive cash flows resulting from the financial asset expire; or
- The Group transferred its contractual rights to receive cash flows resulting from the financial asset or undertook an obligation to pay the cash flows received in full in the short term under an agreement in which the Group i) has no obligation to pay any amounts to final recipients unless it receives equivalent amounts resulting from the original asset; ii) is prohibited by the terms of the transfer agreement to sell or pledge the original asset other than as a guarantee to the final recipients due to the obligation to pay them cash flows; and iii) the Group has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delays; and
- The Group substantially transferred all the risks and benefits of the asset, or the Group did not substantially transfer or retain all the assets and benefits of the asset, but has transferred control over the asset.

When the Group transfers its rights to receive cash flows from an asset or is party to an agreement that may allow derecognition, it assesses whether, and to what extent, the risks and benefits associated with the ownership of the asset have been retained.

When substantially every risk and benefit arising from ownership of an asset is neither transferred nor retained, or control over the asset has not been transferred, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In this case, the Group also recognises the corresponding liability. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations retained by the Group.

If the Group's continuing involvement takes the form of a guarantee on the transferred asset, the measure of continuing involvement is the lowest between the asset's original book value and the maximum amount of consideration received that the Group might pay.

Subsequently, customer balances represented by discounted bills but not due and receivables transferred in factoring at the date of each statement of financial position, except for "factoring without recourse" transactions (and for which the risks and benefits inherent to these receivables are unequivocally transferred), are recognised in the Group's financial statements up to the time they are received.

Financial asset impairment

From January 2018, the Group started to prospectively assess expected impairment losses, in accordance with IFRS 9. The Group recognises expected impairment losses for debt instruments measured at amortised cost or at fair value through other comprehensive income, as well as for customer accounts receivable and other receivables. The expected impairment loss amount for the aforementioned financial assets is updated on every reporting date in order to reflect the credit risk changes occurred since the initial recognition of the corresponding financial assets.

According to the expected simplified approach, the Group recognises expected impairment losses for the economic life of customer accounts receivable and other receivables ('lifetime'). Expected losses on these financial assets are estimated using an impairment matrix based on the Group's historical experience of impairment losses, affected by specific prospective factors related to the debtors' expected credit risk, by the evolving general economic conditions, and by an evaluation of current and projected circumstances on the financial reporting date. The Group considers 'default' to be 180 days after the due date.

The model used for determining impairments of accounts receivable consists of the following:

- Customer stratification by type of associated domestic (Moulds/Other) and foreign revenue;
- Structuring by seniority, that is, the number of calendar days from the billing due date to the stratification above, considering the following intervals: <0 days, 0 to 30 days, 30 to 90 days, 90 to 180 days, Not Charged up to 180 days;
- Analysis of the history of uncollectible and default for stated subpopulations;
- Segregation of outstanding balances, considering the existence of credit insurance;
- For balances not covered by credit insurance, determining the historical rate of bad debts considering invoicing for the last three years;
- Adjusting the rates obtained above with a forward looking component based on future projections that reflect the Group's expectations for developments in the market in which the Group's customers operate, namely in the automotive sector or sectors related to it or located upstream it on the value chain;
- Applying the rates obtained to customer outstanding balances on the reporting date.

Ramada Group understands that the segregation between third parties in view of their nationality and type of commercial activity is the one that best allows them to segment third parties according to their credit risk, and to define a homogeneous portfolio of accounts receivable to determine the impairment credit losses. In addition, it is the Group's understanding that the use of billing over the past three years is the one that best reflects the experience with regard to historical credit losses.

In addition, the Group maintains and recognises impairments on a case-by-case basis, based on specific balances and specific past events, taking into account the historical information of the counterparties, their risk profile and other observable data in order to assess whether there are objective indicators of impairment for these financial assets.

In certain cases, the Group may also consider that a financial asset is in default when there is internal and external information that indicates that it is unlikely that the Group will receive the full amount it is owed without having to call its guarantees.

For every other situation and nature of balances receivable, the Group applies the general impairment model approach. On every reporting date, it assesses whether there was a significant increase in credit risk from the asset's initial recognition date. If credit risk did not increase, the Group calculates an impairment corresponding to the amount equivalent to expected losses within a 12-month period. If credit risk did increase, the Group calculates an impairment corresponding to the amount equivalent to expected losses for every contractual cash flow up to the asset's maturity. The credit risk is assessed in accordance with the criteria disclosed in the credit risk management policies.

b. Financial liabilities and equity instruments

Classification as financial liability or as an equity instrument

Financial liabilities and equity instruments are classified as liability or as equity according to the transaction's contractual substance.

Equity
The Group considered equity instruments to be those where the transaction's contractual support shows that the Group holds a residual interest in a set of assets after deducting as set of liabilities.

The equity instruments issued by the Group are recognised at the amount received, net of costs directly attributable to their issue.

The repurchase of equity instruments issued by the Group (own shares) is accounted for at its acquisition cost as a deduction from equity. Gains or losses inherent to disposal of own shares are recorded under 'Other reserves'.

Financial liabilities
After initial recognition, every financial liability is subsequently measured at amortised cost or at fair value through income statement.

Financial liabilities are recorded at fair value through profit or loss when:

- the financial liability results from a contingent consideration arising from a business combination;
- when the liability is held for trading; or
- when the liability is designated to be recorded at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it is acquired chiefly for the purpose of short-term disposal; or
- in the initial recognition, it is part of a portfolio of identified financial instruments that the Group jointly manages and which shows an actual recent pattern of obtaining short-term gains; or
- if it is a derivative financial instrument (except if attributed to a hedging transaction).

Financial liabilities recorded at fair value through consolidated income statement are measured at their fair value with the corresponding gains or losses arising from their variation, as recognised in the consolidated income statement, except if assigned to hedging transactions.

Financial liabilities subsequently measured at amortised cost
Financial liabilities not designated for recording at fair value through income statement are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating the corresponding interest during its life.

The effective interest rate is the one that accurately discounts estimated future cash flows (including fees and commissions paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the instrument in its gross carrying amount at the date of its initial recognition.

Types of financial liabilities
Loans in the form of commercial paper issues are classified as non-current liabilities when they are guaranteed to be placed for at least one year, and the Group's Board of Directors intends to use this source of funding also for at least one year.

Following their initial recognition, loans are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recorded in the income statement when liabilities are derecognised and through amortisation resulting from the effective interest method. The amortised cost is calculated taking into account any acquisition discount or premium and the fees and other costs that are an integral part of the effective interest rate. The effect of effective interest is recorded under financial costs in the income statement.

The other financial liabilities basically refer to factoring transactions and lease liabilities, which are initially recorded at their fair value. Following their initial recognition, these financial liabilities are measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are settled, cancelled or have expired.

The difference between the derecognised financial liability's carrying amount and the consideration paid or payable is recognised in the consolidated income statement.

When the Group and a given creditor exchange a debt instrument for another containing substantially different terms, said exchange is accounted for as an extinction of the original financial liability and the recognition of a new financial liability.

Likewise, the Group accounts for substantial amendments to the terms of an existing liability, or to a part thereof, as an extinction of the original financial liability and the recognition of a new financial liability.

If the modification is not substantial, the difference between: (i) the liability's carrying amount prior to the amendment; and (ii) the present value of future cash flows after the amendment is recognised in the consolidated income statement as an amendment gain or loss.

c. Derivative financial instruments and hedge accounting.

When deemed relevant, the Group uses financial derivative instruments, such as forward exchange rate contracts and interest rate swaps to hedge its foreign exchange and interest risks, respectively.

Such derivatives are initially recorded at fair value at the date they are contracted and are subsequently measured at fair value. Changes in the fair value of these instruments are recorded in equity under "Hedging reserves" and then recognised in the income account over the same period in which the hedged instrument affects profit or loss.

Derivatives are presented in assets when their fair value is positive and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge, when the purpose is to hedge exposure to changes in the fair value of a registered asset or liability or an unregistered Group commitment.
- Cash flow hedge, when the purpose is to hedge exposure to cash flow variability arising from a specific risk associated with a recorded asset or liability, in whole or in part, or a predicted transaction which is highly likely to occur, or the foreign exchange risk associated with an unregistered Group commitment.

At the beginning of the hedge relationship, the Group formally designates and documents the hedge relationship for which it intends to apply hedge accounting, as well as the management and strategy purpose of that hedge.

These documents include the identification of the hedging instrument, the hedged item or transaction, the nature of the risk to be hedged, and how the Group assesses whether the hedging relationship complies with the hedge accounting requirements (including an analysis of the sources of hedging ineffectiveness and how it determines the hedge rate). The hedging relationship is eligible for hedge accounting if it meets all of the following hedge effectiveness requirements:

(i) There is an economic relationship between the hedged item and the hedging instrument;
(ii) The credit risk effect does not dominate the changes in value that result from this economic relationship; and
(iii) The hedge ratio of the hedging relationship is the same as that resulting from the portion of the hedged item that an entity is actually hedging and the portion of the hedging instrument that the entity actually uses to hedge that portion of the hedged item.

Hedge relationships that meet the eligibility criteria above are accounted for as follows:

Fair value hedge
The change in the fair value of the hedging instrument is recorded in the income statement. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recorded in the income statement.

To hedge the fair value of items measured at amortised cost, any adjustment to the book value is amortised in the income statement over the remaining hedging period using the effective interest method. Amortisation using the effective interest method starts when there is an adjustment and never later from the moment when the hedged item ceases to be adjusted by changes in fair value attributable to the risk that is being hedged.

If the hedged item is derecognised, the fair value to be amortised is immediately recorded in the income statement.

When an unrecorded commitment is designated as a hedged item, subsequent accumulated changes in the fair value of the Group's commitment attributable to the hedged risk are recognised as an asset or liability and the corresponding gain or loss is recorded in the income statement.

Cash flow hedge
The effective portion of the gain or loss on the hedging instrument is recognised as Other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognised immediately in the income statement. The cash flow hedge reserve is adjusted to the lower of the values between the accumulated gain or loss on the hedging instrument and the accumulated change in the fair value of the hedged item.

The Group uses forward exchange contracts to hedge exposure to foreign exchange risk in expected transactions and commitments undertaken. The ineffective portion related to exchange contracts is recognised in the income statement.

The Group designates only the sight element of forward contracts as a hedging instrument. The forward element is recognised under other comprehensive income and accumulated in a separate equity component.

Cumulative amounts under other comprehensive income are accounted for based on the nature of the corresponding hedging relationship. If the hedging relationship subsequently results in the registration of a non-financial item, the cumulative amount is removed from the separate equity component and included in the initial cost or book value of the hedged asset or liability. This is not a reclassification adjustment and should not be recorded under other comprehensive income for the period. This also applies when an expected transaction covered by a non-financial asset or a non-financial liability becomes a Group commitment subject to hedge accounting.

For all other cash flow hedges, the cumulative amount under other comprehensive income is reclassified to the income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the income statement.

If the cash flow hedge accounting is interrupted, the cumulative amount under other comprehensive income shall remain if hedged future cash flows are still expected to occur. Otherwise, the cumulative amount is immediately reclassified to the income account as a reclassification adjustment. After the interruption, as soon as the hedged cash flows occur, any cumulative amounts remaining under other comprehensive income should be accounted for in accordance with the nature of the underlying transaction as described above.

During the 2020 and 2019 periods, no derivative financial instruments were contracted to hedge interest rate or exchange rate risks.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the corresponding net amount is shown under the consolidated statement of financial position if there is a present right of mandatory fulfilment to offset the recognised amounts and with the intention of either settling on a net basis or realising the asset and simultaneously settling the liability.

2.13. Cash and cash equivalents

The amounts included under the line item 'Cash and cash equivalents' correspond to cash amounts, bank deposits, term deposits, and other treasury applications, maturing in less than three months, and are subject to insignificant risk of change in value.

In terms of statement of cash-flows, the line item 'Cash and cash equivalents' also comprises bank overdrafts included under the current liability line item 'Bank loans.'

2.14. Statement of cash flows

The statement of cash-flows is prepared according to IAS 7, using the direct method.

The statement of cash flows is categorised under operating (which include receipts from customers, payments to suppliers, payments to personnel and others related to operating activities), financing (which include payments and receipts related to borrowings, lease liabilities and dividend payments) and investment activities (which include acquisitions and disposals of investments in subsidiaries and receipts and payments arising from the purchase and sale of property, plant and equipment).

2.15. Contingent assets and liabilities

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

Contingent assets are not recognised in the Group's financial statements, being disclosed only when a future economic benefit is likely to occur.

Contingent liabilities are defined by the Group as: (i) possible obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not under full control of the Group, or (ii) present obligations arising from past events but that are not recognised because it is unlikely that a cash flow affecting economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Group's financial statements and are actually disclosed unless the possibility of a cash outflow affecting future economic benefits is remote, in which case they are not disclosed at all.

2.16. Income tax

Income tax for the period is calculated based on the taxable results of the companies included in the consolidation and considers deferred taxation.

Current income tax is calculated based on the taxable results of the companies included in the consolidation in accordance with the tax regulations in force.

Most of the subsidiaries included in the Ramada Group's scope of consolidation using the full consolidation method, and which are based in Portugal, are taxed under the special taxation regime for groups, pursuant to art. 69 of the Portuguese Corporate Income Tax Code. (“Código do Imposto sobre o Rendimento de Pessoas Coletivas”).

The amount of income (current and deferred) taxes recognised in the consolidated financial statements reflects the Group's understanding of the appropriate tax treatment applied to specific transactions, according to which liabilities related to income taxes or other taxes are recognised, thus reflecting the Group's interpretation of the applicable tax scheme. In cases where such interpretations are questioned by the Tax Authorities, within the scope of their powers, because their interpretation is different from that of the Group, the interpretation in question is re-examined.

If the loss of a possible (or actual) litigation is not likely to occur, the Group treats the situation as a contingent liability, not recognising any tax amount. In cases where such a loss is likely to occur, a provision is recognised or, if a payment has been made, the associated cost is recognised.

In cases where there were payments relating to income tax under special tax debt settlement schemes, and the Group's defence remains open and a loss is not likely to occur, such payments are recognised as an asset, as they correspond to amounts that are expected to be repaid to the Group or that may be used to pay the amount of tax determined as owed.

The Group's Board of Directors considers that any corrections resulting from reviews/inspections by the tax authorities to those tax returns will not have a material effect on the financial statements as of 31 December 2020 and 2019.

Deferred taxes are calculated using the financial position statement liability method and reflect the temporary differences between the amount of assets and liabilities for accounting reporting purposes and the respective amounts for tax purposes. Deferred tax assets and liabilities are calculated and annually assessed using the tax rates in force or substantially in force at the expected date of reversal of temporary differences.

The measurement of deferred tax assets and liabilities:

– Is conducted in accordance with the expected rates to be applied in the period the asset is realised or the liability settled, based on the tax rates approved on the date of the statement of financial position; and

– It reflects the tax consequences arising from the way the Group expects, on the date of the statement of financial position, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised only when there are reasonable expectations of sufficient future tax profits for their use, or in situations where there are taxable temporary differences that offset the temporary differences deductible in the period of their reversal. At the end of each period, a review is made of these deferred taxes, which are reduced whenever their future use is no longer likely.

Deferred taxes are not recognised in respect to temporary differences associated with investments in associates, since the following conditions are simultaneously considered to be met:

– The Group is able to control the timing of the temporary difference reversal; and
– It is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred taxes are recorded as expenses or income for the period, except if they result from amounts recorded directly in equity, in which case the deferred tax is also recorded under the same line item.

2.17. Revenue from contracts with customers

Revenue in the 2018 period started being measured in accordance with the retribution specified in the agreements established with customers. IFRS 15 establishes that an entity should recognise revenue to reflect the transfer of goods and services contracted by customers, in the amount that corresponds to the payment the entity expects to be entitled to receive as consideration for the delivery of those goods or services.

Within the scope of the typification of the Group's revenue channels and the consequent identification of performance obligations, the sale of steel and similar products was identified as a performance obligation that results in the supply of goods ordered by customers. Therefore, the Group recognises revenue from contracts with customers when it transfers control over a certain good or service to the customer. Transfer of control occurs to the same extent the associated risks are transferred, according to the set contractual conditions. Transfer of control of goods occurs when they are delivered at the customer's premises.

Considering the performance obligation that was identified, the Group, insofar as it has the capacity to direct the use of the asset and substantially obtain all the economic benefits associated with it, effectively controls the asset/service until the date of the transfer, which is why it acts as principal.

Sale of steel and similar products

The Group recognizes revenue in accordance with IFRS 15, based on the 5-step model below:

1. contract identification with a client;
2. performance obligation identification;
3. pricing of the transaction;
4. allocation of the transaction price to performance obligation; and
5. recognition of revenue when or as the entity meets a performance obligation.

Quantity discounts

The Group occasionally offers retrospective volume discounts to certain customers when a certain volume of purchases in a certain period of time exceeds a certain limit provided for in the contract. Discounts are recorded as credit in the customer's receivables. In order to estimate the variable remuneration associated with the expected amount of quantity discounts granted, the Group uses historical data relating to each customer.

(ii) Significant financial component

Using the practical procedures provided for in IFRS 15, the Group does not adjust the remuneration amount to the financial effect when it has the initial expectation that the period between the transfer of the good or service to the customer and the moment when the customer pays for that good or service is less than one year. The same happens when the Group receives short-term advances from customers - in this case, the amount of the remuneration is also not adjusted to the financial effect. In cases where the Group receives long-term advances from its customers, the transaction price of those contracts is discounted using a rate that reflects what would happen in the autonomous financing transaction between the Group and its customers at the beginning of the contract, in order to take into account the significant financial component.

Trade receivables

A receivable represents the Group's unconditional right (i.e., it depends only on the passing of time until the remuneration falls due) to receive the remuneration.

Assets associated with contracts with customers

A customer agreement asset is a right to receive a remuneration in exchange for goods or services transferred to the customer. If the Group delivers the goods or provides the services to a customer before the customer pays the remuneration or prior to the remuneration falling due, the contractual asset corresponds to the conditional remuneration amount.

Liabilities associated with contracts with customers

A contract liability is the obligation to transfer goods or services for which the Group has received (or is entitled to receive) a consideration from a customer. If the customer pays the consideration before the Group transfers the goods or services, a contractual liability is recorded when the payment is made or when it falls due (whichever happens first). Contract liabilities are recognised as revenue when the Group fulfils its contractual performance obligations.

Within the scope of IFRS 15, the item trade receivables is included in the Statement of Financial Position, and there are no assets or liabilities related to contracts with customers other than this item.

2.18. Accrual accounting basis

The remaining income and expenses are recorded on an accrual basis, whereby they are recognised as they are generated regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenses generated are recorded under the line items 'Other current assets', 'Other current liabilities', 'Other non-current assets', and 'Other non-current liabilities.'.

2.19. Investment properties

Investment properties, corresponding to assets held for the purpose of obtaining rents or capital appreciation, are measured at cost, including transaction costs.

The investment properties held by the Group are held for the purpose of obtaining rents, and are not held for administrative purposes or for sale in the course of the Group's current activity.

The leased properties are located on rustic land, most of them away from population centres, and are used for planting eucalyptus (forestry). There is no active market for the purchase and sale of land (comparable market transactions) or for the lease of land that allows these transactions to be reliably estimated.

Therefore, given the characteristics of the lands, the Board of Directors understood that it is not possible to reliably determine their fair value, which is why it is not disclosed and why investment properties continue to be recorded at the cost of acquisition.

However, the Board of Directors believes that, given the annual rents that are being charged, the aforementioned lands do not show signs of impairment.

2.20. Assets held for sale and discontinued operations

This category includes assets or groups of assets whose corresponding value is realisable via a sales transaction or, jointly, as a group in a single transaction, and liabilities directly associated with these assets that are transferred in the same transaction. Assets and liabilities in this situation are measured at either the corresponding book value or the fair value net of selling costs, whichever is lower.

In order for this situation to occur, the sale needs to be highly likely (expected to be completed within 12 months), and the asset needs to be available for immediate sale under current conditions; moreover, the Group needs to have committed to said sale.

Amortisation of assets under these conditions ceases from the moment when they are categorised as held for sale and are shown as current in appropriate lines for assets, liabilities and equity. A discontinued operating facility is a component (operating facilities and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, of the rest of the entity) of an entity that either was disposed of or is categorised as held for sale, and:

(i) represents a major business line or separate geographical area of operations;

(ii) it is an integral part of a single coordinated plan for disposing of a major business line or separate geographical area of operations; or

(iii) it is a subsidiary acquired solely for resale purposes.

The results of discontinued operating facilities are given as a single amount in the income statement, comprising gains or losses after taxes of the discontinued operating facilities, plus gains or losses after taxes recognised in the fair-value measurement net of selling costs or in the disposal of assets or of one or more group for disposal that constitute the discontinued operating facility.

Balances and transactions between continued operations and discontinued operations are eliminated to the extent they represent the operations no longer to be carried out by the Group.

There are no assets under these conditions as at 31 December 2020 and 2019.

2.21. Balances and transactions expressed in foreign currency

All assets and liabilities expressed in foreign currency were converted to Euros using official currency exchange rates in force on the date of the statement of financial position.

Favourable and unfavourable currency exchange differences originated by the differences between currency exchange rates applicable on the transaction date and those applicable on the collection date, payments or on the date of the statement of financial position, of those same transactions, are recorded as income and expenses in the consolidated income statement for the period, except those regarding non-monetary amounts whose change in fair value is recorded directly in equity.

2.22. Subsequent events

The events occurring after the date of the statement of financial position providing additional evidence or information regarding conditions that existed on the date of the statement of financial position (adjusting events) are reflected in the Group's financial statement. Events after the date of the statement of financial position that are indicative of the conditions that arose after the date of the statement of financial position (non-adjusting events), when material, are disclosed in the Notes to the financial statements.

2.23. Information by segments

In each period, the Group identifies the most adequate segment division taking into consideration the business areas in which the Group is present. Operating segment is a group of assets and operations of the Group whose financial information is used in the decision-making process developed by Group management.

Operating segments are shown in these Financial statements as they are shown internally in examining the evolution of the Group's business.

The report's accounting policies by segments are those consistently used within the Group. Intersegmental sales and service provisions are all shown at market prices, and all these are eliminated on the consolidation process.

Information on the identified segments is disclosed in Note 37.

2.24. Employee Benefits

Retirement pension plan

The subsidiary Socitrel has undertaken to provide its employees with cash benefits as supplements to old-age or disability pensions. These liabilities are covered by the corresponding autonomous pension funds, whose annual charges, determined according to actuarial calculations, are recorded as costs or income for the year, in accordance with IAS 19 - 'Employee benefits'.

Defined benefit plans

The liability recognised in the balance sheet for a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date. The defined benefit plan obligation is calculated annually by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting future cash outflows, using the interest rate on high-quality bonds denominated in the same currency in which the benefits will be paid and with maturities close to those of the liability that is assumed.

However, historically, in the case of the subsidiary Socitrel, the assets of autonomous pension funds exceed the liabilities for past services. Therefore, the Ramada Group records an asset in its financial statements considering that the differential corresponds to lower funding requirements for pension funds in the future.

All actuarial gains and losses resulting from adjustments based on experience and changes in actuarial assumptions are recognised directly in equity and presented in other comprehensive income in the year in which they occur; they are not subsequently reclassified in the income.

Net financial costs and income from plan assets are recognised in profit or loss.

Financial costs are calculated by applying the discount rate to the defined benefit liability or asset. The Group recognises current and past service costs, gains and losses on cuts and/or settlements, as well as net financial costs under 'Payroll Expenses'.

Past service costs are immediately recognised in the income statement, unless changes in the pension plan are conditioned by the employees remaining in service for a certain period of time (the period that qualifies for the benefit). In this case, past service costs are amortised on a straight-line basis over the period in question.

Gains and losses generated by a cut or settlement of a defined benefit pension plan are recognised in the income statement for the year in which the cut or settlement occurs. A cut occurs when there is a material reduction in the number of employees or there are changes in the plan that reduce the defined benefits, with a material effect, thus resulting in a reduction in the liabilities associated with the plan.

Defined contribution plans

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

Contributions consist of a percentage of the remuneration earned by the employees included in the plan, which is defined in the plan's Regulation and which varies only according to the seniority and position of its beneficiaries. Contributions to defined contribution plans are recorded as a cost in the period in which they are due.

3. JUDGEMENTS AND ESTIMATES

In preparing the consolidated financial statements, in accordance with the accounting standards in force (Note 2.1), the Group's Board of Directors adopted certain assumptions and estimates affecting assets and liabilities, as well as income and expenses incurred in relation to the reported periods. All of the estimates and assumptions by the Board of Directors were carried out based on their existing best knowledge, on the date of approval of financial statements, events, and ongoing transactions.

The main value judgements and most significant estimates conducted and used in preparing consolidated financial statements include:

a) Determining impairment losses in receivables
Impairment losses in receivables are determined as shown under Note 2.12. This way, determining impairment through individual analysis amounts to the Group's judgement regarding the economic and financial situation of its customers and to its estimate on the value attributed to any existing guarantees, with the subsequent impact on expected future cash flows. On the other hand, expected impairment losses in credit granted are determined considering a set of historical information and assumptions, which might not be representative of the future uncollectability from the Group's debtors.

Estimates were determined based on the best available information on the date when consolidated financial statements are prepared and on the basis of the best knowledge and on experience with past and/or current events. However, there are situations that could occur in subsequent periods which, while not foreseeable on that date, were not considered in those estimates. Changes to those estimates, which occur subsequent to the date of the consolidated financial statements, will be corrected in the income statement on a prospective basis, as provided for under IAS 8 – Accounting Policies, Changes to Accounting Estimates and Errors.

(amounts expressed in Euro)

4. FINANCIAL RISK MANAGEMENT

The Ramada Group is basically exposed to: (i) market risk; (ii) liquidity risk; (iii) credit risk; and (iv) capital risk. The main objective of the Board of Directors in terms of risk management consists of reducing these risks to a level deemed acceptable for carrying on the Group's business. The risk management policy's guiding principles are outlined by Ramada's Board of Directors, which determines acceptable risk limits. The operational implementation of the risk management policy is carried out by the Management and by the Department at each investee company.

i. Market Risk

Interest rate risk and the risk of variability in commodity prices are particularly important in the market risk management context.

When it deems necessary, the Group uses derivative instruments in managing the market risks to which it is exposed as a way of guaranteeing their hedging. Derivative instruments are not used for trading or speculation purposes.

a) Interest Rate Risk

Interest rate risk is mainly the result of the Group's indebtedness being indexed to variable rates (mostly indexed to Euribor), which may expose the cost of debt to a volatility risk.

The Ramada Group's Board of Directors approves the terms and conditions of financing deemed material for the Group. As such, it examines the debt structure, the inherent risks and the different options available on the market, namely regarding the type of interest rate (fixed/variable).

The sensitivity analysis below was calculated based on the exposure to the interest rate in force on the date of the statement of financial position. The basic assumption for this analysis was that the financing structure (remunerated assets and liabilities) remained stable throughout the year and was similar to that shown on 31 December 2020 and 2019.

Therefore, in the years ended 31 December 2020 and 2019, the Group's sensitivity to changes in the interest rate index by an increase/decrease of 100 basis points, measured as the variation in financial results, can be analysed as follows:

	31.12.2020	31.12.2019
Interest expenses (Note 34)	989,106	1,126,292
Positive change of 100 basis points in the interest rate applied to the entire debt	88,000	284,000
Negative change of 100 basis points in the interest rate applied to the entire debt	88,000	284,000

b) Commodity price variability risk

Because it carries out its activity in a sector where commodities (steel) are traded, the Group is particularly exposed to price variations, with the corresponding impact on results. Accordingly, where necessary to mitigate the volatility of its results, the Group may seek to hedge its exposure to price variability by contracting derivative financial instruments.

On the other hand, although the Group is indeed exposed to this risk in the context of the acquisition of raw materials, such impact is reflected in the final price charged to customers, which is why a sensitivity analysis would not be relevant in this case.

ii. Credit Risk

The Group's exposure to credit risk is mostly associated with accounts receivable arising from its commercial activity. Credit risk refers to the risk of a counterparty defaulting on its contractual obligations, resulting in a loss for the Group.

The credit risk assessment is carried out on a regular basis, taking into account the economic conditions at any given time and the specific credit position of each of the customers, adopting corrective procedures where appropriate.

The Group has no significant credit risk concentrated on any particular customer or group of customers or with similar characteristics, as accounts receivable are divided between a large number of customers, different business areas and geographical areas.

Given the amount of credit granted to customers, the Ramada Group seeks to efficiently manage its volume, establishing a set of rules that allow, on the one hand, to minimise the risk of impairment and, on the other, to maintain a healthy and active customer base to guarantee the present and future sales flow.

Credit risk is limited by managing risk combination and carefully selecting counterparties, as well as by taking out credit insurance with specialised institutions and which cover a significant part of the credit granted as a result of the business carried on by the Group. The definition and approval of plafond per customer takes into account the existing credit insurance.

When credit insurance is insufficient to meet the customer's credit needs, there is an analysis focused on payment history (in the case of existing customers) and financial indicators (new and existing customers). Both the plafond and the internal rating assigned to the customer are fine-tuned in the course of the commercial relationship.

iii. Liquidity Risk

The main objective of the liquidity risk management policy is to ensure that the Group has, at all times, the necessary financial resources to meet its responsibilities and to pursue the strategies outlined in compliance with all its commitments to third parties, as they become due, by adequately managing the maturity of the corresponding loans.

The Group defines as an active liquidity risk management policy: (i) maintaining a high level of free and readily available resources to cover current payments and their maturity, (ii) limiting the probability of default in the repayment of all its investments and loans, negotiating the range of contractual clauses, and (iii) minimising the opportunity cost of holding excess liquidity in the short term. The Group also seeks to make the due dates of assets and liabilities compatible, through a streamlined management of their maturities. As at 31 December 2020 and 2019, the financial assets held by the Group are mainly accounts receivable from customers and cash and bank deposits, namely deposits available on demand. In addition, the Group has unused credit lines as disclosed in Note 23.

The Group keeps a liquidity reserve in the form of credit lines with the banks it deals with, in order to ensure the capacity to meet its commitments, without having to refinance itself under unfavourable conditions. As at 31 December 2020, the amount of consolidated loans maturing in 2021 is EUR 25.6 million, and at 31 December 2020 the Group had consolidated credit lines available in the amount of EUR 50 million.

In view of the above, the Group expects to meet all its treasury needs by using the flows from operating activity and investments, as well as, if necessary, by using the available credit lines.

iv. Capital risk

The Ramada Group's capital structure, determined by the proportion between equity and net debt, is managed so as to make sure its operating activities continues and it carries on its business, while maximising shareholder return and optimising financing expenses.

The Group periodically monitors its capital structure, by identifying risks, opportunities and measured adjustment needs aimed at achieving the aforementioned goals.

As at 31 December 2020 and 2019, the Ramada Group has a very conservative total equity/net debt ratio.

(net debt is the algebraic sum of the following items in the consolidated statement of financial position: other loans; bank loans; lease liability and (-) Cash and cash equivalents).

5. CHANGES IN ACCOUNTING POLICIES AND ERROR CORRECTION

Regarding new standards, interpretations, amendments and revisions to IFRS, see Note 2.1.

During the period, there were no voluntary changes in accounting policies. Likewise, no material errors were recognised in relation to previous periods.

(amounts expressed in Euro)

6. SUBSIDIARIES INCLUDED IN THE CONSOLIDATION, INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

6.1. Subsidiaries included in the consolidation

The companies included in the consolidation using the full consolidation method, respective offices, proportion of capital held and main activity as at 31 December 2020 and 2019 are detailed as follows:

Company	Registered office	Effective held percentage 31.12.2020	Effective held percentage 31.12.2019	Main activity
Parent company:				
Ramada Investimentos e Indústria S.A.	Porto			Management consulting services and shareholding management
Ramada Group				
Ramada Aços, S.A.	Ovar	100%	100%	Steel trade
Planfuro Global, S.A.	Leiria	100%	100%	Metal mould manufacturing
Universal Afir, S.A.	Ovar	100%	100%	Steel trade
F. Ramada II, Imobiliária, S.A.	Ovar	100%	100%	Real estate
Socitrel - Sociedade Industrial de Trefilaria, S.A.	Trofa	100%	100%	Steel wire manufacturing and trade
Socitrel Espana, S.A.	Spain	100%	100%	Steel wire manufacturing and trade
Expeliarmus - Consultoria, Unipessoal, Lda.	Portugal	100%	100%	Shareholding management

These subsidiary companies were included in the Ramada Group's consolidated financial statements using the full consolidation method, as disclosed in in Note 2.2.

6.2. Investments in associates

As at 31 December 2020 and 2019, the item 'Investments in associates' can be detailed as follows:

	31 December 2020					
Company	% Held	Opening balance	Transfers	Additions	Reductions	Closing balance
Fisio Share – Gestão de Clínicas, S.A	39.71%	4,500,000	—	54,735	—	4,554,735
		4,500,000	—	54,735	—	4,554,735

(amounts expressed in Euro)

		31 December 2019				
Company	% Held	Opening balance	Transfers	Additions	Reductions	Closing balance
Fisio Share – Gestão de Clínicas, S.A	39.71%	—	—	4,500,000	—	4,500,000
		—	—	4,500,000	—	4,500,000

As at 31 December, 2020, the increase refers to the application of the equity method of the Group's participation in the incorporation of the company Fisio Share - Gestão de Clínicas, S.A.. This investee is engaged in the provision of technical and consultancy services in the areas of health management and administration; it was incorporated in the last quarter of 2019.

7. Other investments

As at 31 December 2020 and 2019, the value of 'Other investments' and the corresponding impairment losses is detailed as follows:

	31.12.2020	31.12.2019
Gross value		
Opening balance	4,445,498	4,445,498
Additions	522,135	—
Closing Balance	4,967,633	4,445,498
Accumulated impairment losses (Note 27)		
Opening balance	(4,445,498)	(4,445,498)
Additions	(522,135)	—
Closing Balance	(4,967,633)	(4,445,498)
Net value	—	—

As at 31 December 2020 and 2019, the Group held 22.52% of the company CEV, S.A. This subsidiary is engaged in the development and intellectual protection, production and trade of organic fungicides for agriculture. This investee is not listed and the Group does not have significant influence over this holding, considering, in particular, that:

- It is not represented in the subsidiary's Executive Board;
- It has no power to participate in the definition of operational and financial policies;
- It has no material transactions with the Subsidiary;
- It does not provide technical information to the Subsidiary.

In view of the above, the Group believes that, having no influence on the company's governance bodies, it should consider this holding as another investment and not as an associate.

The assessment of whether or not there are signs of impairment on investments in other investments takes into account, among others, the financial indicators of the Companies in question, their operating results and their profitability for the shareholder, namely considering their ability to distribute dividends.

(amounts expressed in Euro)

7.1. Payments and receipts related to investments

As at 31 December 2020 and 2019, payments related to investments are detailed as follows:

	31.12.2020	31.12.2019
Other investments	522,135	—
	522,135	—

8. *Goodwill*

In 2020, in order to assess whether or not there was Goodwill impairment resulting from the acquisition of Planfuro Global, S.A. in 2016, in the amount of EUR 1,245,520, the Group carried out an evaluation of this subsidiary. The evaluation was carried out based on the historical performance of the subsidiary and on an estimate of discounted cash flows based on a five-year business plan (using the discounted cash flow method).

The Group proceeded a comparison of the valuation with the corresponding contribution to the consolidated statement of income (including goodwill), and concluded that there is Goodwill impairment.

Accordingly, during the year ended 31 December 2020, an impairment loss was recorded for the entire amount of Goodwill (Note 27).

9. *CLASSES OF FINANCIAL INSTRUMENTS*

Financial instruments are classified as follows, in accordance with the policies disclosed in Note 2.12:

9.1. Financial assets

31 December 2020	Financial assets recorded at amortised cost	**Total**
Non-current assets		
Other financial assets	187,833	187,833
	187,833	187,833
Current assets		
Trade receivables	34,959,861	34,959,861
Other receivables	446,007	446,007
Other current assets	36,851	36,851
Cash and cash equivalents	54,472,220	54,472,220
	89,914,939	89,914,939
	90,102,772	90,102,772

(amounts expressed in Euro)

31 December 2019	Financial assets recorded at amortised cost	Total
Non-current assets		
Other financial assets	15,563	15,563
	15,563	15,563
Current assets		
Trade receivables	38,573,010	38,573,010
Other receivables	846,633	846,633
Other current assets	15,369	15,369
Cash and cash equivalents	53,640,754	53,640,754
	93,075,766	93,075,766
	93,091,329	93,091,329

9.2. Financial liabilities

31 December 2020	Financial liabilities recorded at amortised cost	Total
Non-current liabilities		
Bank loans	37,487,401	37,487,401
Other loans	2,330,007	2,330,007
Lease Liabilities	213,399	213,399
	40,030,807	40,030,807
Current liabilities		
Bank loans	6,000,000	6,000,000
Other loans	19,574,183	19,574,183
Lease Liabilities	325,358	325,358
Trade payables	24,086,736	24,086,736
Other payables	825,223	825,223
Other current liabilities	3,804,006	3,804,006
	54,615,506	54,615,506
	94,646,313	94,646,313

(amounts expressed in Euro)

31 December 2019	Financial liabilities recorded at amortised cost	Total
Non-current liabilities		
Bank loans	49,487,401	49,487,401
Other loans	2,330,007	2,330,007
Lease Liabilities	210,189	210,189
	52,027,597	52,027,597
Current liabilities		
Bank loans	4,000,000	4,000,000
Other loans	28,674,994	28,674,994
Lease Liabilities	363,944	363,944
Trade payables	15,993,278	15,993,278
Other payables	1,139,742	1,139,742
Other current liabilities	4,666,379	4,666,379
	54,838,337	54,838,337
	106,865,934	106,865,934

The value of financial liabilities recorded at amortised cost is close to their fair value.

10. INVESTMENT PROPERTIES

The movements occurred in this item in the periods ended 31 December 2020 and 2019 are detailed as follows:

	31.12.2020	31.12.2019
Gross opening balance	89,786,840	88,035,676
Acquisitions	290	2,074,870
Disposals	—	(323,706)
Gross closing balance	89,787,130	89,786,840
Impairment Losses (Note 27)	(1,100,000)	(1,100,000)
Closing balance	88,687,130	88,686,840

The lands are leased and, during the year ended 31 December 2020, generated income from rents in the amount of approximately EUR 6,785,000 (approximately EUR 6,605,000 in 2019).

Most of the investment properties held by the Ramada Group are lands leased to a related party (Note 35) under lease agreements signed in 2007 and 2008 with an average duration of twenty years (with the possibility of being extended for an additional period of four to six years, depending on the agreements, if the lessee needs this period to achieve the number of cuts expected to be made under usual conditions); the valuation method used in this case is the cost method.

Minimum future collections related to leases of forest land amount to approximately EUR 6.8 million in each of the next five years. After that period and until the end of the agreements, minimum future collections will total approximately EUR 49 million. The lease instalments established in the lease agreements are updated every two years, starting from the beginning of the calendar year immediately following the one in which the corresponding agreement was signed, based on the consumer price index. In view of the high profitability of these assets, there is no indication of impairment.

(amounts expressed in Euro)

Some of these lands, in the approximate amount of EUR 74 million, are pledged as collateral for the Group's bank loans (Note 23).

11. PROPERTY, PLANT AND EQUIPMENT

During the periods ended 31 December 2020 and 2019, the movement occurred in the value of property, plant and equipment, as well as in the corresponding amortisation and accumulated impairment losses, was as follows:

2020 – Asset gross value	Land and natural resources	Buildings and other edifications	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets	Property, plant and equipment in progress	**Totals**
Opening balance	5,837,756	20,086,062	45,117,289	3,879,666	1,544,765	4,957,396	265,449	581,506	82,269,889
Additions	7,875	448,588	89,129	170,584	5,800	151,945	—	568,397	1,442,318
Disposals	—	—	(50)	(41,279)	—	(12,093)	—	—	(53,422)
Transfers and Write-offs	—	—	484,775	—	21,666	—	—	(536,461)	(30,020)
Closing balance	5,845,631	20,534,650	45,691,143	4,008,971	1,572,231	5,097,248	265,449	613,442	83,628,765

Accumulated depreciation and impairment losses	Land and natural resources	Buildings and other edifications	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets	Property, plant and equipment in progress	**Totals**
Opening balance	—	15,750,712	37,157,226	3,112,981	1,398,140	4,867,509	4,424	—	62,290,992
Additions	—	373,583	1,894,308	322,883	62,942	104,100	53,090	—	2,810,906
Disposals	—	—	(50)	(41,279)	—	(11,920)	—	—	(53,249)
Transfers and Write-offs	—	—	(2,438)	(11,157)	—	—	—	—	(13,595)
Closing balance	—	16,124,295	39,049,046	3,383,428	1,461,082	4,959,689	57,514	—	65,035,054
	5,845,631	4,410,355	6,642,097	625,543	111,149	137,559	207,935	613,442	18,593,711

(amounts expressed in Euro)

2019

Asset gross value

	Land and natural resources	Buildings and other edifications	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets	Property, plant and equipment in progress	**Totals**
Opening balance	5,837,756	19,645,166	43,097,809	4,526,712	1,503,605	4,922,916	—	913,957	80,447,922
Additions	—	254,296	1,292,189	293,716	34,428	37,868	265,449	862,767	3,040,714
Disposals	—	—	—	(492,379)	(9,147)	(3,388)	—	—	(504,914)
Transfers and Write-offs	—	186,599	727,291	(448,384)	15,879	—	—	(1,195,218)	(713,833)
Closing balance	5,837,756	20,086,061	45,117,289	3,879,665	1,544,765	4,957,396	265,449	581,506	82,269,889

Accumulated depreciation and impairment losses

	Land and natural resources	Buildings and other edifications	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets	Property, plant and equipment in progress	**Totals**
Opening balance	—	15,378,796	34,861,724	3,594,892	1,339,500	4,790,738	—	—	59,965,650
Additions	—	371,916	2,335,441	229,730	67,787	80,160	4,424	—	3,089,458
Disposals	—	—	(39,939)	(465,776)	(9,147)	(3,388)	—	—	(518,250)
Transfers and Write-offs	—	—	—	(245,865)	—	—	—	—	(245,865)
Closing balance	—	15,750,712	37,157,226	3,112,981	1,398,140	4,867,510	4,424	—	62,290,992
	5,837,756	4,335,349	7,960,063	766,684	146,625	89,886	261,025	581,506	19,978,897

The additions for the years ended 31 December 2020 and 2019 refer mainly to the acquisition of manufacturing equipment aimed at expanding and increasing the Group's manufacturing and productive capacity, namely in terms of steel processing.

The line 'Transfers and write-offs' under the item Vehicles includes, as at 31 December, 2019, the reclassification to the item 'Right-of-use assets' of the net amount of EUR 202,519, which corresponds to the carrying amount of assets under financial lease agreements disclosed on 31 December, 2018.

(amounts expressed in Euro)

12. RIGHT-OF-USE ASSETS

During the period ended on 31 December 2020 and 2019, the movement that occurred in the value of right-of-use assets, as well as the corresponding amortisation, was detailed as follows:

	2020	
	Asset gross value	
	Vehicles	Total
Opening balance as at 1 January	1,146,624	1,146,624
Additions	382,596	382,596
Reclassifications	—	—
Reductions	—	—
Closing balance	1,529,220	1,529,220
	Accumulated amortisation	
	Vehicles	Total
Opening balance as at 1 January	636,036	636,036
Additions	354,427	354,427
Reclassifications	—	—
Reductions	—	—
Closing balance	990,463	990,463
	538,757	538,757

(amounts expressed in Euro)

	2019	
	Asset gross value	
	Vehicles	Total
January	436,327	436,327
Additions	261,913	261,913
Reclassifications	448,384	448,384
Reductions	—	—
Closing balance	1,146,624	1,146,624
	Accumulated amortisation	
	Vehicles	Total
January	—	—
Additions	390 171	390 171
Reclassifications	245 865	245 865
Reductions	—	—
Closing balance	636,036	636,036
	510,588	510,588

The item 'Vehicles' refers to contracts for the lease of vehicles for periods of 4 to 5 years.

As at 31 December, 2019, the item 'Transfers and write-offs' includes the reclassification of the item 'Property, plant and equipment' referring to the carrying amount of assets under financial lease agreements disclosed on 31 December, 2018.

During the period ended 31 December 2020 and 2019, the movement that occurred in the value of lease liabilities was detailed as follows:

	31.12.2020	31.12.2019
Opening balance as at 1 January	574,133	436,327
Financial Leases	—	265,110
Additions	382,596	261,913
Accrued interest	17,898	9,760
Payments	(435,870)	(398,977)
Closing balance as at 31 December	538,757	574,133
Current	325,358	363,944
Non-current	213,399	210,189

Consolidated Financial Statements and accompanying notes as at 31 December 2020 (amounts expressed in Euro)

In addition, the following amounts were recognised in 2020 and 2019 as expenses related to right-of-use assets:

	31.12.2020	31.12.2019
Depreciation of right-of-use assets	354,427	390,171
Interest expenses related to lease liabilities	17,898	9,760
Total amount recognised in the income account	**372,325**	**399,931**

The maturity of the lease liabilities is as follows:

	31.12.2020					
	2021	2022	2023	2024	>2024	Total (nominal value)
Lease Liabilities	325,358	61,516	50,899	53,914	47,070	538,757
	325,358	61,516	50,899	53,914	47,070	538,757

	31.12.2019					
	2020	2021	2022	2023	>2023	Total (nominal value)
Lease Liabilities	363,944	111,678	66,542	30,308	1,661	574,133
	363,944	111,678	66,542	30,308	1,661	574,133

13. INTANGIBLE ASSETS

During the periods ended 31 December 2020 and 2019, the movements that occurred in the value of intangible assets, as well as the corresponding depreciation and accumulated impairment losses were as follows:

	2020		
	Asset gross value		
	Software	Projects in development	Total
Opening balance	512,559	—	512,559
Consolidation in perimeter	—	—	—
Additions	—	—	—
Disposals and Write-offs	—	—	—
Closing balance	512,559	—	512,559
	Amortisation and accumulated impairment losses		
	Software	Projects in development	Total
Opening balance	474,468	—	474,468
Consolidation in perimeter	—	—	—
Additions	26,958	—	26,958
Disposals and Write-offs	—	—	—
Closing balance	501,426	—	501,426
	11,133	—	11,133

(amounts expressed in Euro)

	2019		
	Asset gross value		
	Software	Projects in development	Total
Opening balance	479,159	—	479,159
Consolidation in perimeter	—	—	—
Additions	33,400	—	33,400
Disposals and Write-offs	—	—	—
Closing balance	512,559	—	512,559

	Amortisation and accumulated impairment losses		
	Software	Projects in development	Total
Opening balance	436,985	—	436,985
Consolidation in perimeter	—	—	—
Additions	37,483	—	37,483
Disposals and Write-offs	—	—	—
Closing balance	474,468	—	474,468
	38,091	—	38,091

14. OTHER NON-CURRENT ASSETS

The item 'Other non-current assets' corresponds to the supplementary pension scheme - Pension Plans in the subsidiary Socitrel with the following characteristics:

(i) All employees in Socitrel's staff establishment who, at the date of retirement, have at least 10 and 5 years of continuous service are eligible for the retirement (at the age established in the General Social Security Scheme) and disability benefit, respectively;

(ii) Pensionable service time is the number of full years at the Company's service at the date of retirement, up to a maximum of 20 years, and the pensionable salary is the gross monthly base salary;

(iii) The pension is calculated based on the following formula: P = 1% x N x SP (P = monthly retirement pension, N = pensionable service time, SP = monthly pensionable salary for the Company), where P will be, at most, the difference between the net monthly base salary and the monthly Social Security pension. This pension is paid 14 times a year.

In order to face the responsibilities arising from this defined benefit scheme, Socitrel created the so-called 'Socitrel Pension Fund' in previous years.

As from 1 January, 2018, with the approval of the ASF - Supervisory Authority for Insurance and Pension Funds, Socitrel changed the existing pension system from a defined benefit system to a defined contribution plan. Therefore, the Socitrel Pension Fund has two components:

(i) Defined Benefit Component - Applicable to retired employees and pensioners as at 31 December, 2017, being subject to the same conditions as the Pensions that existed until that date. As at 31 December, 2020, there were 20 participants (20 participants as at 31 December, 2019);

(amounts expressed in Euro)

(ii) Defined Contribution Component - Applicable to all permanent employees of Socitrel, including management bodies and other management positions, on 31 December, 2017 and those subsequently admitted and whose main characteristics are:

a. Socitrel's initial contribution corresponds to the amount of liabilities for past services calculated with effect from 31 December, 2017 (EUR 519,984) allocated to each employee according to the actuarial calculation of the Pension Fund Management Company, for which SOCITREL is not responsible;

b. Socitrel's annual contribution shall be made taking into account each employee's base salary and Socitrel's performance;

c. The employee's individual contribution corresponds to the amount that each employee can contribute to the pension plan if he/she chooses to do so.
As at 31 December, 2020, there were 131 participants (139 participants as at 31 December, 2019).

The financing level determined by the entity that manages the 'Socitrel Pension Fund' as at 31 December, 2020 and 2019 is shown below:

	2020	2019
1 - Total liabilities for past services:		
Assets		
Retired employees and pensioners	354,363	359,342
	354,363	**359,342**
2 - Fund Value	1,677,576	1,680,306

Since the value of the Pension Fund is higher than the current value of liabilities for past services, a non-current asset was recorded in the amount of this difference.

The movements that occurred during the years ended 31 December 2020 and 2019 in the difference between the value of the Pension Fund and the current value of Liabilities for Past Services were detailed as follows:

	31.12.2020	31.12.2019
Excess coverage - Opening balance	1,320,964	1,312,710
Amounts recognised in the income statement:		
Interest income	8,335	23,487
Income gain	(1,730)	86,085
	6,605	109,572
Amounts recognised directly as comprehensive income:		
Actuarial variations	(4,356)	(101,318)
Excess coverage - Closing balance	1,323,213	1,320,964

Regarding the Pension Fund, risks can be divided into financial and actuarial risks, namely:

(i) Financial Risks - Financial risks are managed and continuously monitored by the Socitrel Pension Fund Management Company. According to the composition of the Socitrel Pension Fund portfolio, the associated material risks were:
- Market Risk – Shares
- Market Risk – Interest Rate
- Credit Risk
- Real Estate Risk (Indirect)

- Alternative Investment Risk

The material risks that affect the pension fund are managed through derivative products where the Management Company deems it relevant. We should note that market risk is the uncertainty regarding the future profitability of financial instruments or the possibility of losses arising from changes in the market prices of assets, specifically:

- Shares - Losses arising from stock price changes
- Interest Rate - Losses arising from interest rate changes
- Exchange - Losses arising from exchange rate changes
- Credit Risk - Losses resulting from the possibility of the counterparty defaulting in a specific contract.

(ii) Actuarial Risks - Actuarial risks consist of pension payment liabilities, presenting several risks that may have a negative impact on the value of the Fund's liabilities: pension growth rate, longer average life expectancy and discount rate.

Liabilities regarding the Socitrel Pension Plan as at 31 December 2020 were determined based on the following assumptions:

(i) 'Projected Unit Credit' calculation method;
(ii) Mortality Tables TV 88/90;
(iii) Discount rate 0.18%;
(iv) Pension growth rate 1.5%.

Liabilities regarding the Socitrel Pension Plan as at 31 December 2019 were determined based on the following assumptions:

(i) 'Projected Unit Credit' calculation method;
(ii) Mortality Tables TV 88/90;
(iii) Discount rate 0.5%;
(iv) Pension growth rate 1.5%.

According to the company responsible for managing the Socitrel Pension Fund, the calculation of liabilities with pension and benefit supplements and the value of the corresponding assets, in order to determine the discount rate corresponding to the duration of the liabilities, was made using a methodology based on the Market IBoxx Benchmark indices for corporate AA bonds and on the extrapolation of discount rates using the Smith-Wilson method (method recommended by the EIOPA - European Insurance and Occupational Pensions Authority).

The Ramada Group considered the discount rate to be a relevant assumption, and carried out the following sensitivity analysis:

An increase in the discount rate used to calculate the current value of liabilities for past services by 0.5 percentage points would generate a decrease in the estimate of the current value of liabilities for past services with reference to 31 December, 2020 of approximately EUR 20,900 (EUR 23,600 as at 31 December, 2019).

As at 31 December, 2020, the Socitrel Pension Fund was detailed as follows:

(i) 34.2 % shares;
(ii) 45.6 % fixed-rate bonds;
(iii) 11.7 % variable-rate bonds; and
(iv) 7.4% Liquidity and other assets.

As at 31 December, 2019, the Socitrel Pension Fund was detailed as follows:

(i) 35.5 % shares;
(ii) 45.8 % fixed-rate bonds;
(iii) 9.5 % variable-rate bonds; and
(iv) 9.2% Liquidity and other assets.

(amounts expressed in Euro)

15. CURRENT AND DEFERRED TAXES

According to current legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when there have been tax losses, tax benefits granted, or when audits, complaints or challenges are in progress, in which cases, depending on the circumstances, the deadlines are extended or suspended. Thus, the Group's tax returns from 2016 to 2020 may still be subject to review.

Ramada heads a group of companies based in Portugal (Ramada Group) that are taxed according to the special taxation regime for groups.

15.1. Deferred taxes

The movements that occurred in deferred tax assets and liabilities in the periods ended 31 December 2020 and 2019 were detailed as follows:

	2020		2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Balance as at 1 January	3,724,730	922,826	3,982,259	928,341
Effect on the income statement	(291,860)	(5,515)	(257,529)	(5,515)
Effect on the income statement - tax benefits	269,378	—	—	—
Balance as at 31 December	3,702,248	917,311	3,724,730	922,826

Deferred taxes detailed according to the temporary differences that generated them are as follows:

	2020		2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Provisions and impairment losses not accepted for tax purposes	1,731,659	—	1,708,614	—
Tax losses carried forward	1,150,503	—	982,862	—
Extraordinary Fixed Asset Revaluation	501,209	—	683,245	—
Depreciation not accepted as tax cost	—	9,027	—	14,542
Tax benefits	170,466	—	201,600	—
Fair value adjustments in business combinations	148,411	908,284	148,409	908,284
	3,702,248	917,311	3,724,730	922,826

The item 'Extraordinary Fixed Asset Revaluation' corresponds to the accounting impact associated with the recognition of deferred tax assets resulting from the adoption of the fixed asset revaluation scheme published by Decree-Law No. 66/2017, of 3 November.

During the year ended 31 December, 2020 and 2019, deferred tax assets in the amounts of EUR 1,150,000 and EUR 980,000, respectively, were recorded in relation to reportable tax losses, which are estimated to be recoverable in the next three years.

As at 31 December, 2019, SOCITREL had reportable tax losses in the amount of approximately EUR 25.1 million, which were generated in 2015 (approximately EUR 24 million), 2016 (approximately EUR 490,000), and 2019 (approximately EUR 600,000) with a reporting period of 12 years for those generated in 2015 and 2016, i.e., until 2027 and 2028, respectively, and 7 years for those generated in 2019, i.e., until 2026. As a result of inspections carried out by the Tax Authority for the years ended on 31 December, 2014 and 2015, the Tax Authority did not consider as deductible cost, because it understands that it is not an indispensable cost for obtaining income subject to Corporate Income Tax, the amount of approximately EUR 19,410,000 related to charges incurred in the year ended 31 December, 2015, disregarding the debt of Socitrel's previous shareholder within the scope of the agreements included in Socitrel's Special Revitalisation Process. Since it disagrees with the Tax Authority's decision, SOCITREL filed a Judicial Objection, and the legal proceedings are currently underway.

Consolidated Financial Statements and accompanying notes as at 31 December 2020 (amounts expressed in Euro)

It should be noted that the tax losses mentioned above have not been used to date, nor have they given rise to the recognition of deferred tax assets, so there will be no impact as a result of an eventual unfavorable decision. In the event of a favorable decision, deferred tax assets relating to tax losses would be recognized, as they were recoverable based on the Entity's business plan.

15.2. Current taxes

Income tax recognised in the income statement for the periods ended 31 December 2020 and 2019 is detailed as follows:

	31.12.2020	31.12.2019
Income tax for the period:		
Current tax	1,994,993	2,331,756
Under/(over) Income tax estimates	(3,698)	(740)
	1,991,295	2,331,016
Deferred tax	(286,345)	252,014
	1,704,950	2,583,030

Income before tax and income for the financial year are reconciled as follows:

	31.12.2020	31.12.2019
Profit before income tax	8,693,547	10,713,276
Tax rate	21%	21%
	1,825,645	2,249,788
Municipal surcharge	32,444	132,231
State surcharge	130,733	97,618
Autonomous taxes	142,763	90,212
Under/(over) Income tax estimates	(3,698)	(740)
Tax Benefits	(290,177)	(280,920)
Others	(132,760)	294,841
Income tax	1,704,950	2,583,030

As at 31 December, 2019, the item Others shows the net impact of the use of the provision and the expense incurred in the settlement of the Corporate Income Tax (IRC) process, the amount of which is approximately EUR 178,000 (Note 27).

(amounts expressed in Euro)

16. INVENTORIES

As at 31 December 2020 and 2019, the amount recorded under the line 'Inventories' is detailed as follows:

	31.12.2020	31.12.2019
Goods	339,452	487,115
Raw materials, subsidiaries and consumables	18,773,827	18,870,898
Finished products and intermediate goods	1,254,422	2,695,698
Products and works in progress	737,825	593,772
	21,105,526	22,647,483
Accumulated impairment losses (Note 27)	(2,310,742)	(2,003,407)
	18,794,784	20,644,076

The amounts recorded in inventories for accumulated impairment losses as at 31 December, 2020 and 2019 correspond to the best estimate of the Board of Directors to reduce their value to their net realisable value or market price.

Cost of sales and variation in production for the years ended 31 December 2020 and 2019 was detailed as follows:

31 December 2020	Raw materials, consumables, goods and other inventories	Finished and intermediate products and work in progress	Total
Opening balance	19,358,013	3,289,470	22,647,483
Purchases and regularisations	62,120,118	—	62,120,118
Closing balance	(19,113,279)	(1,992,245)	(21,105,524)
Cost of sales and variation in production	62,364,852	1,297,225	63,662,077

31 December 2019	Raw materials, consumables, goods and other inventories	Finished and intermediate products and work in progress	Total
Opening balance	26,945,498	3,659,970	30,605,468
Purchases and regularisations	63,348,545	(40,390)	63,308,155
Closing balance	(19,358,013)	(3,289,468)	(22,647,481)
Cost of sales and variation in production	70,936,030	330,112	71,266,142

17. TRADE RECEIVABLES

As at 31 December 2020 and 2019, this item is detailed as follows:

	31.12.2020	31.12.2019
Trade receivables - Gross Value	42,750,389	45,767,012
Impairment Losses (Note 27)	(7,790,528)	(7,194,002)
Closing balance	34,959,861	38,573,010

(amounts expressed in Euro)

The aging schedule of customer balances receivable can be analysed as follows:

	31 December 2020					
	Gross Value			Net Value		
	Industry	Real estate	Total	Industry	Real estate	Total
Not due	26,134,370	6,835,319	32,969,689	23,304,701	6,835,319	30,140,020
Due						
0 - 180 days	5,771,747	—	5,771,747	4,766,134	—	4,766,134
+ 180 days	4,008,953	—	4,008,953	53,707	—	53,707
	35,915,070	6,835,319	42,750,389	28,124,542	6,835,319	34,959,861

	31 December 2019					
	Gross Value			Net Value		
	Industry	Real estate	Total	Industry	Real estate	Total
Not due	25,333,618	6,605,727	31,939,345	23,163,410	6,605,727	29,769,137
Due						
0 - 180 days	10,284,974	—	10,284,974	8,803,874	—	8,803,874
+ 180 days	3,542,693	—	3,542,693	—	—	—
	39,161,285	6,605,727	45,767,012	31,967,283	6,605,727	38,573,010

The Group's exposure to credit risk is attributable, first and to receivables from its operating activity. The amounts given in the consolidated statement of financial position are net of accumulated impairment losses that were estimated by the Group, in accordance with IFRS 9.

Of the total gross customer balances for December 31, 2020, excluding balances with related entities, the amount that is not covered by credit insurance, bank guarantees or documentary credits is approximately 50%.

The Group does not charge any interest while set payment terms (90 days, on average) are being complied with. Upon expiry of these time limits, contractually set interest is charged under legislation to each situation. This will tend to occur only in extreme situations. As a matter of prudence, debited interest is deferred and is only recognised in the income statement on the date it is charged.

(amounts expressed in Euro)

18. STATE AND OTHER PUBLIC ENTITIES

As at 31 December 2020 and 2019, these asset and liability items were detailed as follows:

	31.12.2020	31.12.2019
Debit balances		
Income tax	—	132,136
Total income tax	—	132,136
Debit balances		
VAT - Value Added Tax	996,199	299,672
Total other taxes (Note 19)	996,199	299,672
Credit balances		
Income tax	296,507	751,407
Total income tax	296,507	751,407
Credit balances		
VAT - Value Added Tax	873,193	1,801,844
Social security contributions	225,571	236,038
Personal Income Tax	222,755	212,616
Other Taxes	76	304
Total other taxes (Note 25)	1,321,595	2,250,802

19. OTHER RECEIVABLES

As at 31 December 2020 and 2019, this line item was detailed as follows:

	31.12.2020	31.12.2019
Other non-current debtors	187,833	—
Advance payments to suppliers	266,430	416,167
Receivables from the State and other public entities (Note 18)	996,199	299,672
Other debtors	446,007	846,633
	1,708,636	1,562,472
Accumulated impairment Losses	—	—
	1,896,469	1,562,472

As at 31 December 2020 and 2019, the item ‘Other debtors’ includes mainly accounts receivable related to the sale of investments, which resulted from the sale of the companies Base M – Investimentos e Serviços S.A. and Base Holding SGPS, S.A.. The amounts recorded in Other Debtors are not due.

Consolidated Financial Statements and accompanying notes as at 31 December 2020 (amounts expressed in Euro)

20. CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 2019, the item 'Cash and cash equivalents' was detailed as follows:

	31.12.2020	31.12.2019
Cash	14,055	26,030
Bank deposits	54,458,165	53,614,724
	54,472,220	53,640,754
Bank overdrafts (Note 23)	(1,496,592)	(2,347,170)
Cash and cash equivalents	52,975,628	51,293,584

21. SHARE CAPITAL AND RESERVES

21.1. Share capital

As at 31 December 2020 and 2019, the Group's share capital was fully subscribed and paid up and consisted of 25,641,459 nominative shares with a nominal unit value of EUR 1.

21.1. Reserves

(I) Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net profit must be allocated to the 'Legal reserve' until it represents at least 20% of the share capital.

As at 31 December 2020 and 2019, the Group's financial statements included an amount of EUR 7,193,058 related to legal reserve, which may not be distributed among shareholders, except in the event of closing up the Group, but can be used either for absorbing losses after the other reserves have been exhausted or incorporated in capital.

(II) Other reserves

As at 31 December 2020 and 2019, the item 'Other reserves and retained earnings' is detailed as follows:

	31.12.2020	31.12.2019
Reserves actuarial changes	(275,784)	(271,428)
Reserve DL 66/2016	1,047,315	1,047,315
Retained earnings	89,155,028	81,024,782
	89,926,559	81,800,669

Pursuant to Portuguese legislation, the distributable reserves amount is determined based on the separate financial statements of Ramada Investimentos SGPS, S.A., submitted in accordance with the International Financial Reporting Standards, as adopted by the European Union. As at 31 December 2020, the distributable reserves amount comes to EUR 89 million.

22. NON-CONTROLLING INTERESTS

As of 31 December, 2020 and 2019, there are no balances or movements associated with the item "Non-controlling interests".

(amounts expressed in Euro)

23. BANK LOANS AND OTHER LOANS

As at 31 December 2020 and 2019, the line items 'Bank loans' and 'Other loans' were detailed as follows:

	31.12.2020		31.12.2019	
	Current	Non-current	Current	Non-current
Bank loans	6,000,000	37,487,401	4,000,000	49,487,401
Bank loans	6,000,000	37,487,401	4,000,000	49,487,401
Commercial paper	16,500,000	—	20,500,000	—
Escrow accounts	—	—	4,050,000	—
Bank overdrafts (Note 20)	1,496,592	—	2,347,170	—
Factoring	1,235,681	—	1,435,914	—
Investment grants	341,910	2,330,007	341,910	2,330,007
Other loans	19,574,183	2,330,007	28,674,994	2,330,007
	25,574,183	39,817,408	32,674,994	51,817,408

The Board of Directors considers that there are no significant differences between the book value of loans and their fair value.

As at 1 January 2019, the amount corresponding to financial leases was reclassified under the item 'Lease Liabilities'.

The nominal value of the bank loans recorded as liabilities has the following maturity plan:

31.12.2020			31.12.2019		
Maturity	Amount	Estimated Interest[1]	Maturity	Amount	Estimated Interest[1]
Current			**Current**		
2021	25,574,183	447,548	2020	32,674,994	571,812
Non-current			**Non-current**		
			2021	7,582,502	640,193
2022	6,582,502	460,824	2022	7,582,502	497,893
2023	6,582,502	375,574	2023	7,582,502	355,593
2024	6,569,905	290,500	2024	7,569,902	254,886
2025	6,082,500	212,250	2025	6,500,000	190,937
2026	5,500,000	134,000	2026	6,500,000	138,937
2027	3,500,000	67,000	2027	3,500,000	86,937
2028	5,000,000	10,000	2028	5,000,000	14,225
2029	—	—	2029	—	—
	39,817,408	1,550,148		51,817,407	2,179,601
	65,391,591	1,997,696		84,492,401	2,751,413

[1] Interest estimated according to the existing contractual conditions, based on the market conditions for 2020 and 2019, respectively.

Consolidated Financial Statements and accompanying notes as at 31 December 2020 (amounts expressed in Euro)

The financing lines used by the Group and the corresponding maximum authorised amounts were detailed as follows:

	31 December 2020		31 December 2019	
Maturity	Contracted amount	Used Amount	Contracted amount	Used Amount
Current escrow accounts	18,000,000	—	26,700,000	4,050,000
Authorised bank overdrafts	16,000,000	1,496,592	15,000,000	2,347,170
Factoring	3,500,000	1,235,681	3,500,000	1,435,914
Commercial paper programs				
07/2020	—	—	3,000,000	—
06/2020	—	—	3,000,000	1,000,000
07/2020	—	—	4,000,000	4,000,000
11/2020	—	—	3,000,000	—
12/2020	—	—	10,000,000	5,000,000
06/2021	3,000,000	3,000,000	3,000,000	3,000,000
07/2021	4,000,000	4,000,000	—	—
11/2021	5,000,000	—	—	—
12/2021	7,500,000	3,000,000	7,500,000	7,500,000
12/2021	5,000,000	—	—	—
12/2021	10,000,000	6,500,000	—	—
	34,500,000	16,500,000	33,500,000	20,500,000

During the years ended 31 December 2020 and 2019, these loans earned interest at normal market rates depending on the nature and term of the loan in question.

During the periods ended 31 December 2020 and 2019, the Company did not default on any borrowing. Additionally, as at 31 December, 2020, there are no 'covenants' associated with the loans that had been taken out.

Factoring

The Ramada Group has a factoring agreement with a credit institution, according to which it may assign accounts receivable up to the limit of EUR 3,500,000.

On the discounted amounts, the Group paid a 3-month Euribor interest rate plus spread, and as at 31 December, 2020, the used amount totalled EUR 1,235,681 (EUR 1,435,914 on 31 December, 2019).

The Ramada Group considers that the risks and benefits associated with accounts receivable were not transferred to the entity with which it concluded this factoring agreement. This is why it will only derecognise accounts receivable transferred via factoring at the time when they are settled by the original debtor, according to the accounting policy disclosed in Note 2.12.

(amounts expressed in Euro)

24. TRADE PAYABLES

As at 31 December 2020 and 2019, this line item was detailed by maturity as follows:

	31.12.2020			31.12.2019		
	Industry	Real estate	Total	Industry	Real estate	Total
0 to 90 days	23,488,224	598,512	24,086,736	14,812,285	1,180,993	15,993,278
	23,488,224	598,512	24,086,736	14,812,285	1,180,993	15,993,278

As at 31 December 2020 and 2019, this line item includes balances payable to suppliers arising from the Ramada Group's operating activity. The Board of Directors believes that there are no significant differences between the fair value and the book value of these balances and that the effect of updating these amounts is not material.

25. OTHER PAYABLES

As at 31 December 2020 and 2019, the line item 'Other payables' is detailed as follows:

	31.12.2020	31.12.2019
Current liabilities		
Suppliers of fixed assets	661,860	757,359
Payables for investments	17,500	17,500
Payables to the State and other public entities (Note 18)	1,321,595	2,250,802
Other creditors	145,863	364,883
	2,146,818	3,390,544

As at 31 December 2020 and 2019, the liabilities included in the item 'Suppliers of fixed assets' are due in less than 3 months.

26. OTHER CURRENT LIABILITIES

As at 31 December 2020 and 2019, the line item 'Other current liabilities' is detailed as follows:

	31.12.2020	31.12.2019
Accrued expenses:		
Wages and salaries payable, bonuses and other payroll expenses	2,124,541	4,048,389
Other accrued expenses	1,278,959	617,990
Deferred income	400,506	372,609
	3,804,006	5,038,988

Consolidated Financial Statements and accompanying notes as at 31 December 2020 (amounts expressed in Euro)

27. PROVISIONS AND IMPAIRMENT LOSSES

The movements occurring under provisions and impairment losses during the periods ended 31 December 2020 and 2019 are detailed as follows:

2020	Provisions	Impairment losses in receivables	Impairment losses in inventories	Impairment losses in investments	Impairment losses in investments - Goodwill	Impairment losses in investment properties	Total
		(Note 17)	(Note 16)	(Note 7)	(Note 8)	(Note 10)	
Opening balance	660,000	7,194,002	2,003,407	4,445,498	—	1,100,000	15,402,907
Increases	—	950,026	322,737	522,135	1,245,520	—	3,040,418
Reversals	—	(353,500)	—	—	—	—	(353,500)
Utilisations	—	—	(15,403)	—	—	—	(15,403)
Closing balance	660,000	7,790,528	2,310,742	4,967,633	1,245,520	1,100,000	18,074,422

2019	Provisions	Impairment losses in receivables	Impairment losses in inventories	Impairment losses in investments	Impairment losses in investments - Goodwill	Impairment losses in investment properties	Total
		(Note 17)	(Note 16)	(Note 7)	(Note 8)	(Note 10)	
Opening balance	2,610,000	7,075,677	2,003,329	4,445,498	—	1,100,000	17,234,504
Increases	—	401,994	78	—	—	—	402,072
Reversals	(1,950,000)	(514,745)	—	—	—	—	(2,464,745)
Utilisations	—	231,076	—	—	—	—	231,076
Closing balance	660,000	7,194,002	2,003,407	4,445,498	—	1,100,000	15,402,907

As at 31 December 2020 and 2019, the reconciliation between the amounts recognised in the items of the statement of financial position and income statement related to provisions and impairment losses is detailed as follows:

2020	Impairment losses on accounts receivable	Impairment losses in inventories	Impairment losses in investments	Total
Provisions and impairment losses	596,526	322,737	1,767,653	2,686,918
Net profit	596,526	322,737	1,767,653	2,686,918

2019	Provisions	Impairment losses on accounts receivable	Impairment losses in inventories	Total
Provisions and impairment losses	(200,000)	(112,751)	78	(312,673)
Income tax	(1,750,000)	—	—	(1,750,000)
Net profit	(1,950,000)	(112,751)	78	(2,062,673)

On 31 December, 2019, the Group received a tax assessment note from the Tax Administration regarding the contingency under Corporate Income Tax (IRC), which was settled in the year (Note 15.2).

Consolidated Financial Statements and accompanying notes as at 31 December 2020 (amounts expressed in Euro)

The figure shown in the item 'Provisions' as at 31 December 2020 and 2019 corresponds to the best estimate of the Boards of Directors of the Group Companies for the amount required to face future losses with contingencies associated with imports.

The Board of Directors believes, based on the opinion of its legal and tax advisors, that as at 31 December, 2020, there are no material assets or liabilities associated with probable or possible tax contingencies that should be subject to recognition or disclosure in the financial statements as at 31 December, 2020, other than those that support the amounts that have been recorded.

28. OPERATING LEASES

In the year ended December 31, 2019, the Group applied IFRS 16 - Leases and related amendments that are effective for years beginning on or after January 1, 2019. The standard establishes the principles for recognition, measurement, presentation and disclosure of leases and requires tenants to recognize most leases in the statement of financial position according to a single model (Note 2.1, 2.6, 12).

29. OTHER INCOME

As at 31 December 2020 and 2019, the line item 'Other income' was detailed as follows

	31.12.2020	31.12.2019
Cash payment discounts obtained	6,175	6,724
Favourable exchange differences	403	6,109
Gains on the sale of non-financial instruments	31,943	29,361
Supplementary income	193,999	620,602
Recovery of amounts charged to customers	30,482	41,264
Operating subsidies	16,091	16,550
Other income	320,746	275,173
	599,839	995,783

30. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2020 and 2019, the line item 'External supplies and services' is detailed as follows:

	31.12.2020	31.12.2019
Subcontracts and specialised work	1,937,227	2,176,190
Maintenance and repair	1,732,820	2,053,488
Fast-wearing tools and utensils	644,938	376,542
Electricity	2,533,330	2,956,774
Fuels and other fluids	666,280	990,882
Travel and accommodation	311,999	429,418
Transport of goods	3,105,003	3,052,423
Rents	463,598	491,541
Insurance	583,975	729,866
Other miscellaneous services	1,393,838	1,546,976
	13,373,008	14,804,100

Consolidated Financial Statements and accompanying notes as at 31 December 2020 (amounts expressed in Euro)

As at 31 December 2020 and 2019, the costs recorded in item 'Subcontracts and specialised work' are mainly related to the contracting of heat treatment and machining services.

31. PAYROLL EXPENSES

As at 31 December 2020 and 2019, the line item 'Payroll Expenses' is detailed as follows:

	31.12.2020	31.12.2019
Remunerations	7,833,206	9,665,653
Indemnities	41,528	64,546
Social security contributions	1,723,060	2,215,614
Insurance expenses	199,575	131,444
Social cost	133,568	257,393
Other payroll expenses	113,535	789,550
	10,044,472	13,124,200

AVERAGE STAFF

During the periods ended 31 December 2020 and 2019, the average number of employees working for the Ramada Group was 478 and 512, respectively.

32. AMORTISATION AND DEPRECIATION

The income statement line item 'Amortisation and depreciation' regarding periods ended 31 December 2020 and 2019 is detailed as follows:

	31.12.2020	31.12.2019
Property, plant and equipment (Note 11)	2,810,906	3,089,458
Right-of-use asset (Note 12)	354,427	390,171
Intangible assets (Note 13)	26,957	37,483
	3,192,290	3,517,112

33. OTHER EXPENSES

As at 31 December 2020 and 2019, the line item 'Other expenses' is detailed as follows:

	31.12.2020	31.12.2019
Taxes and fees	228,950	273,569
Other expenses and bank commissions	179,432	161,305
Unfavourable exchange differences	14,029	3,619
Donations and contributions	88,566	29,387
Cash payment discounts granted	15,273	32,084
Fines and other penalties	3,275	4,580
Other expenses	45,318	72,548
	574,843	577,092

(amounts expressed in Euro)

34. FINANCIAL RESULTS

The financial results for the years ended 31 December 2020 and 2019 are detailed as follows:

	31.12.2020	31.12.2019
Financial Expenses:		
Interest expenses	989,106	1,126,292
Other financial expenses and losses	200,840	291,537
	1,189,946	1,417,829
Financial Income:		
Interest income	13,139	24,549
Other financial income and gains	47,218	58,896
	60,357	83,445

All interest paid recorded in the financial statements for the years ended 31 December 2020 and 2019 is related to loans obtained.

Most of the interest income recorded in the financial statements for the years ended 31 December 2020 and 2019 results from investments made during the year.

35. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

35.1. Related parties

In addition to the companies included in the consolidation (Note 6), entities deemed related as at 31 December, 2020 are detailed as follows:

- Actium Capital, S.A.
- Caderno Azul, S.A.
- Livrefluxo, S.A.
- Promendo Investimentos, S.A.
- 1 Thing Investments, S.A.
- Altri Florestal, S.A.
- Altri Sales, S.A.
- Altri, Participaciones Y Trading, S.L.
- Altri, SGPS, S.A.
- Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- Caima Indústria de Celulose, S.A.
- Captaraiz Unipessoal, Lda.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Celulose da Beira Industrial (Celbi), S.A.
- Cofihold, S.A.
- Cofihold II, S.A.
- Cofina Media, S.A.
- Cofina, SGPS, S.A.
- Elege Valor, Lda.
- Grafedisport – Impressão e Artes Gráficas, S.A.
- Inflora – Sociedade de Investimentos Florestais, S.A.
- Mercados Globais – Publicação de Conteúdos, Lda.
- Préstimo – Prestígio Imobiliário, S.A.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.

(amounts expressed in Euro)

- Valor Autêntico, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- Viveiros do Furadouro Unipessoal, Lda.
- Florestsul, S.A.
- Sociedade de Energia Solar do Alto Tejo (SESAT), Lda.
- Golditábua, S.A.
- Paraimo Green, Lda.
- Greenvolt - Energias Renováveis, S.A.

35.2. Commercial transactions

Group companies have relationships with each other that qualify as transactions with related parties. All these transactions are performed at market prices.

In consolidation procedures, transactions between companies included in the consolidation using the full consolidation method (Note 6) are eliminated, since the consolidated financial statements show information on the holder and its subsidiaries as if they were a single company.

As at 31 December 2020 and 2019, balances with related parties are detailed as follows:

	31 December 2020		31 December 2019	
Related entities	Trade receivables and Other receivables	Trade payables and other payables	Trade receivables and Other receivables	Trade payables and other payables
Other related parties	6,812,050	129,514	6,641,819	129,514

Transactions that occurred in the periods ended 31 December 2020 and 2019 can be presented as follows:

	31 December 2020		31 December 2019	
Related entities	Sales and services rendered	External supplies and services	Sales and services rendered	External supplies and services
Other related parties	6,914,848	129,514	6,635,071	129,514

Regarding the Real Estate activity, the billing of the previously referred contracts occurs annually, and the collection is carried out at the beginning of the subsequent year. It is the understanding of the Group that the present type of billing and collection is common in the leasing of forest land in leases made to third parties, in which the rent amounts are defined by plot and therefore present reduced individual amounts, with the billing of the same carried out with annual periodicity.

The amounts related to trade receivables and other receivables and trade payables and other payables recorded in the periods ended 31 December 2020 and 2019, as well as Sales and Services rendered refer mainly to rent instalments associated with the lease of the lands classified as 'Investment properties' (Note 10).

35.3. Remunerations of the Board of Directors

Remuneration paid to key management who, based on the Group's governance model, were members of Ramada's Board of Directors during the periods ended 31 December 2020 and 2019, amounted to EUR 536,000 and EUR 523,500, respectively, and only include the fixed remuneration component. Remunerations in the 2020 and 2019 periods were fully paid by the Company.

(amounts expressed in Euro)

Pursuant to Article 3 of Law no. 28/2009, of 19 June, we hereby inform that the remunerations earned by the members of the Board of Directors can be detailed as follows: João Borges de Oliveira - EUR 123,000; Paulo Fernandes – EUR 123,000; Domingos Matos – EUR 109,000; Pedro Borges de Oliveira – EUR 109,000; Ana Mendonça – EUR 59,500; Laurentina Martins - EUR 13,000.

As at 31 December 2020 and 2019, there were no: (i) incentive plans or schemes with regard to granting shares to members of the Board of Directors; (ii) supplementary pension or early retirement schemes for directors; (iii) indemnities paid or owed to former directors regarding the suspension of duties during the period; or (iv) non-monetary benefits considered remuneration.

As at 31 December 2020 and 2019, there are no outstanding balances or commitments, and the security deposit required from the directors pursuant to Article 396 of the Portuguese Companies Code is the responsibility of each director and is not a charge attributable to the Group.

Ramada Investimentos e Indústria, S.A. does not have a plan for granting shares or purchasing options for acquiring shares from members of its governing bodies or from its employees.

36. EARNINGS PER SHARE

Earnings per share for the period were calculated based on the following amounts:

	31.12.2020	31.12.2019
Result for calculating basic and diluted earnings per share		
Continued operations	6,988,596	8,130,246
Weighted average number of shares for calculating net income per share	25,641,459	25,641,459
Earnings per share		
For continued operations		
Basic	0.27	0.32
Diluted	0.27	0.32

The Group is not affected by any situation that could represent a reduction in earnings per share arising from options, warrants, convertible bonds or other rights associated with ordinary shares.

37. INFORMATION BY SEGMENTS

According to the origin and nature of the income generated by the Group, the following were defined as main segments:

- Industry - includes steel trading activities and activities related to the management of investments associated with holdings in which the Group is a minority shareholder;
- Real estate - includes assets and activities related to the Group's real estate business.

These segments were identified considering the units that carry out activities regarding which it is possible to identify income and expenses for which financial information is produced separately; their operating income is reviewed by management and all decisions are made based on this information.

(amounts expressed in Euro)

	31 December 2020			
	Industry	Real estate	Intragroup eliminations	Total
Total assets	142,143,990	97,674,659	(12,227,254)	227,591,395
Total liabilities	53,496,638	56,572,341	(12,227,254)	97,841,725
Investments made in the period (a)	998,980	443,338	—	1,442,318
Sales and services rendered and other income from operations with external customers	95,855,295	7,446,714	—	103,302,009
Sales and services rendered and other income from operations with other segments	400,000	830,374	(1,230,374)	—
EBITDA (b)	6,948,180	6,012,510	—	12,960,690
Amortisation and depreciation	(2,965,715)	(226,575)	—	(3,192,290)
EBIT (c)	3,982,465	5,785,935	—	9,768,400
Financial income	164,734	12	(104,389)	60,357
Financial expenses	(788,748)	(505,587)	104,389	(1,189,946)
Results related to investments	54,735	—	—	54,735
Income before tax for continued operations	3,413,186	5,280,360	—	8,693,546
Income tax	(508,106)	(1,196,844)	—	(1,704,950)
Consolidated net profit for the period	2,905,080	4,083,516	—	6,988,596

	31 December 2019			
	Industry	Real estate	Intragroup eliminations	Total
Total assets	144,941,607	99,029,761	(9,382,358)	234,589,010
Total liabilities	40,178,074	62,263,146	9,382,358	111,823,578
Investments made in the period (a)	3,050,424	2,098,559	—	5,148,984
Sales and services rendered and other income from operations with external customers	107,591,819	7,431,814	—	115,023,633
Sales and services rendered and other income from operations with other segments	525,000	826,161	(1,351,161)	—
EBITDA (b)	9,610,056	5,954,716	—	15,564,772
Amortisation and depreciation	(3,267,943)	(249,169)	—	(3,517,112)
EBIT (c)	6,342,113	5,705,547	—	12,047,660
Financial income	206,589	99	(123,243)	83,445
Financial expenses	(964,740)	(576,331)	123,243	(1,417,829)
Results related to investments	—	—	—	—
Income before tax for continued operations	5,583,962	5,129,315	—	10,713,276
Income tax	(1,311,016)	(1,272,014)	—	(2,583,030)
Profit after income tax for continued operations	4,272,946	3,857,300	—	8,130,246
Profit after income tax for discontinued operations	—	—	—	—
Consolidated net profit for the period	4,272,946	3,857,300	—	8,130,246

(a) - Acquisitions of property, plant and equipment, intangible assets and investment properties during the year.

(b) - EBITDA = Income before taxes for continued operations + Financial expenses – Financial income + Amortisation and depreciation

(c) - EBIT = EBITDA + Amortisation and depreciation

The liability attributed to the Real Estate segment is related to the debt that was specifically incurred within the scope of the acquisition of investment properties, which were actually given as collateral; the corresponding financing is being gradually settled according to the agreed settlement plans.

Consolidated Financial Statements and accompanying notes as at 31 December 2020 (amounts expressed in Euro)

Geographically, the distribution of the Group's sales and services rendered by market is as follows:

	31 December 2020			31 December 2019		
	Domestic Market	Foreign Market	Total	Domestic Market	Foreign Market	Total
Sales and Services Rendered	69,094,044	26,160,204	95,254,248	78,450,248	28,300,152	106,750,400
Rents	7,447,922	—	7,447,922	7,277,450	—	7,277,450
	76,541,966	26,160,204	102,702,170	85,727,699	28,300,152	114,027,850

Sales and Services Rendered covered by IFRS 15 relate to:

- Steel and/or alloy parts, cutting tools and industrial tools trade;
- Services rendered related to steel and/or alloy parts, cutting tools and industrial tools;
- Steel wire manufacturing and trade.

We should note that Sales and Services Rendered referring to real estate income are treated under IFRS 16 as from 1 January, 2019 (until then they were treated under IAS 17).

38. RESPONSABILITIES FOR GUARANTEE LIABILITIES

As at 31 December 2020 and 2019, Ramada Group companies had bank guarantee liabilities in the amount of EUR 92,401.

In addition, we should note that there are real guarantees in the amount of EUR 74 million corresponding to forest land.

39. APPROPRIATION OF NET PROFIT

Regarding FY 2019, the Board of Directors proposed in its annual report, which was approved in the General Meeting held on 30 April 2020, that the individual net profit of Ramada Investimentos e Indústria, S.A. in the amount of EUR 11,986,554 be fully transferred to Free reserves.

Regarding FY 2020, the Board of Directors proposed, in its annual report, that the individual net result of Ramada Investimentos e Indústria, S.A. in the amount of EUR 9,661,224.78 should be fully distributed as dividends. Additionally, it was proposed to distribute as dividends an amount of additional reserves, in the amount of EUR 5,723,650.62 (corresponding to a total gross dividend of 0.60 Euros per share).

40. SUBSEQUENT EVENTS

The first quarter of 2021 continued to be marked by the global pandemic called Covid-19. This internationally disseminated pandemic has a significant impact on the world economy and financial markets, so it is essential to consider the impacts arising from Covid-19.

The Covid-19 pandemic obviously has a direct and indirect impact on our Customers, Suppliers, Employees, Local Communities and other parties involved in the value chain.

The magnitude, extent and durability of the current moment of uncertainty make assessing its direct and indirect impacts an arduous and uncertain task. Still, the following aspects need to be pointed out:

Assessment of impacts on the operation:

Industry Segment:

– together with the strong partnership it has with its Customers, the Group is proactively managing all pending orders and will continue to make its best efforts to continue serving its Customers;

– as a result of the performances achieved in previous years, and to its capacity to manage credit and liquidity risk, the Group has a solid statement of financial position, as the item Cash and Cash Equivalents accounts for a similar amount of its current liabilities.

Real Estate Segment:

– no decrease in turnover has occurred in this segment as a result of the pandemic, as virtually all rents were charged to a related party.

Employees:

– ensuring the permanent well-being of all our Employees, their families and the community has always been and will continue to be a priority for the Ramada Group;

– we have put in place a set of additional preventive measures to protect our Employees' health and safety, based on recommendations from the Portuguese Health Authority to address the pandemic. We feel that the preventive, control and surveillance measures put in place by our Human Resources department, which are continually adjusted as the pandemic evolves, is pivotal for the purpose of containing the pandemic's impacts among our Employees and within the Local Community;

– Teleworking is also being implemented for several administrative, financial and shared services staff;

– The Ramada Group will continue to monitor the developments in legal requirements and recommendations issued by the competent authorities, keeping the market informed of any developments that may have an impact on its activity;

Ramada Group remains alert and cautious in the face of the risks that may arise for its business area, whether in operational, investment or financial terms.

It is our conviction that through prevention, serenity and cooperation with our partners, namely Customers, Suppliers and Local Communities, we keep ready to face this challenge.

From 31 December 2020 to the date of issue of this report, there were no other relevant facts that could materially affect the financial position and future results of the Ramada Group and its subsidiaries and associates included in the consolidation.

41. TRANSLATION NOTE

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Chartered Accountant

The Board of Directors

João Manuel Matos Borges de Oliveira – Chairman

Paulo Jorge dos Santos Fernandes

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

Laurentina da Silva Martins

RAMADA INVESTIMENTOS E INDÚSTRIA

INDIVIDUAL FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

Shaping industry

More than a commitment, our pride

80 YEARS
Investing in industry

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

INDIVIDUAL STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AND 2019
(Translation of financial statements originally issued in Portuguese - Note 28)
(Amounts expressed in Euros)

ASSETS	Notes	31.12.2020	31.12.2019
NON-CURRENT ASSETS:			
Property, plant and equipment		70,788	19,435
Intangible assets		—	2,193
Right-of-use assets	7	193,832	134,631
Investments in subsidiaries and associates	8	74,803,748	72,753,748
Other receivables	12	187,833	—
Other investments	9	—	—
Total non-current assets		75,256,201	72,910,007
CURRENT ASSETS:			
Trade receivables	10	248,007	880,208
Other receivables	12	1,808,761	4,490,105
Income tax	11	—	—
Other current assets		3,334	2,204
Cash and cash equivalents	13	31,026,270	26,731,205
Total current assets		33,086,372	32,103,722
Total assets		108,342,573	105,013,729

EQUITY AND LIABILITIES	Notes	31.12.2020	31.12.2019
EQUITY:			
Share capital		25,641,459	25,641,459
Legal reserve		5,128,292	5,128,292
Other reserves		54,967,277	42,980,723
Net profit for the period		9,661,225	11,986,554
Total equity	14	95,398,253	85,737,028
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	15	10,000,000	18,000,000
Lease liabilities	7	95,835	104,202
Provisions	23	—	—
		10,095,835	18,104,202
CURRENT LIABILITIES:			
Bank loans	15	2,000,000	—
Lease liabilities	7	99,272	31,154
Trade payables	16	63,363	121,446
Other payables	17	293,820	237,542
Income tax	11	296,507	685,061
Other current liabilities	18	95,523	97,296
Total current liabilities		2,848,485	1,172,499
Total liabilities		12,944,320	19,276,701
Total equity and liabilities		108,342,573	105,013,729

The accompanying notes are an integral part of the financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

INDIVIDUAL INCOME STATEMENTS FOR THE PERODS ENDED
31 DECEMBER 2020 AND 2019
(Translation of financial statements originally issued in Portuguese - Note 28)
(Amounts expressed in Euros)

	Notes	31.12.2020	31.12.2019
Services rendered	19	2,004,530	2,105,062
Results related to investments	20	10,000,000	10,000,000
Other income		4,795	21,712
External supplies and services	21	(507,928)	(641,787)
Payroll expenses	22	(835,615)	(828,956)
Amortisation and depreciation		(89,589)	(72,929)
Provisions and impairment losses	23	(522,135)	—
Other expenses		(50,019)	(63,149)
Financial expenses		(260,403)	(275,882)
Financial income		9,782	27,765
Profit before income tax		9,753,418	10,271,836
Income tax	25	(92,193)	1,714,718
Net profit for the period		9,661,225	11,986,554
Earnings per share:			
Basic	26	0.38	0.47
Diluted	26	0.38	0.47

The accompanying notes are an integral part of the financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

INDIVIDUAL STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019
(Translation of financial statements originally issued in Portuguese - Note 28)
(Amounts expressed in Euros)

	31.12.2020	31.12.2019
Net profit for the period	9,661,225	11,986,554
Other comprehensive income:		
Items that will not be reclassified to profit or loss	—	—
Items that may be reclassified to profit or loss in the future	—	—
Total comprehensive income for the period	9,661,225	11,986,554

The accompanying notes are an integral part of the financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019
(Translation of financial statements originally issued in Portuguese - Note 28)
(Amounts expressed in Euros)

	Notes	Share capital	Treasury shares	Legal reserve	Other reserves and retained earnings	Advance payments on profit	Net profit for the period	Total Equity
Balance as at 1 January 2019		25,641,459	—	4,396,111	27,487,291	(29,487,678)	61,098,165	89,135,349
Total comprehensive income for the period		—	—	—	—	—	11,986,554	11,986,554
Appropriation of the net income for 2018:								—
Transfer to the legal reserve and other reserves	14	—	—	732,181	30,878,306	29,487,678	(61,098,165)	—
Dividends distributed	14	—	—	—	(15,384,875)	—	—	(15,384,875)
Balance as at 31 December 2019		25,641,459	—	5,128,292	42,980,722	—	11,986,554	85,737,028
Balance as at 1 January 2020		25,641,459	—	5,128,292	42,980,723	—	11,986,554	85,737,028
Total comprehensive income for the period		—	—	—	—	—	9,661,225	9,661,225
Appropriation of the net income for 2019:								—
Transfer to the legal reserve and other reserves	14	—	—	—	11,986,554	—	(11,986,554)	—
Dividends distributed	14	—	—	—	—	—	—	—
Balance as at 31 December 2020		25,641,459	—	5,128,292	54,967,277	—	9,661,225	95,398,253

The accompanying notes are an integral part of the financial statements.

The Chartered Accountant

The Board of Directors

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

INDIVIDUAL STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019
(Translation of financial statements originally issued in Portuguese - Note 28)
(Amounts expressed in Euros)

	Notes	31.12.2020		31.12.2019	
Operating activities:					
Receipts from costumers		3,181,752		4,545,433	
Payments to suppliers		(917,856)		(2,355,663)	
Payroll expenses		(397,798)	1,866,098	(606,558)	1,583,212
Income Tax (paid)/received		(12,031)		(1,132,310)	
Other receipts/payments relating to operating activities		(596,193)	(608,224)	(650,447)	(1,782,757)
Cash flows generated by operating activities (1)			1,257,874		(199,545)
Investing activities:					
Receipts arising from:					
Investments	8 e 9	—		—	
Interest and similar income		9,409		25,196	
Dividends	20	10,000,000	10,009,409	10,000,000	10,025,196
Payments relating to:					
Investments	8 e 9	(572,135)		(6,500,000)	
Property, plant and equipment		(95,000)		—	
Intangible assets		—	(667,135)	—	(6,500,000)
Cash flows generated by operating activities (2)			9,342,274		3,525,196
Financing activities:					
Payments relating to:					
Interest and similar costs		(260,500)		(284,700)	
Dividends	14	—		(15,384,875)	
Lease liabilities		(44,583)		(48,563)	
Loans obtained		(6,000,000)	(6,305,083)	—	(15,718,138)
Receipts arising from:					
Loans obtained	15	—		—	
Issue of capital and other instruments of equity		—	—	—	—
Cash flows generated by operating activities (3)			(6,305,083)		(15,718,138)
Cash and cash equivalents at beginning of the period	13		26,731,205		39,123,692
Cash and cash equivalents variation: (1)+(2)+(3)			4,295,065		(12,392,487)
Cash and cash equivalents at the end of the period	13		31,026,270		26,731,205

The accompanying notes are an integral part of the financial statements.

The Chartered Accountant

The Board of Directors

1. INTRODUCTORY NOTE

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. ('Ramada Investimentos', or 'The Company') is a public limited company incorporated on 1 June, 2008, with headquarters at Rua Manuel Pinto de Azevedo, 818, in Porto, and whose main activity is the management of investments, being its shares listed in the Euronext Lisbon Stock Exchange since 2018.

As at May 2018, the then called F. Ramada - Investimentos SGPS, S.A. changed the objects of the company as well as the corporate name to RAMADA INVESTIMENTOS E INDÚSTRIA, S.A, as approved on 4 May 2018, when the General Meeting changed the object of the holding company as an indirect form of exercising economic activities to the services rendered in management consulting, including financial and administrative consulting; execution and management of investments in real estate, securities and financing; acquisition and disposal of securities; leasing; property construction, rehabilitation, management, administration and conservation.

Ramada Investimentos was incorporated as part of the restructuring of Altri, SGPS, S.A. through the division of the steel and storage solutions management business area, namely the participating interest held in Ramada Aços S.A., representing all the voting rights of this subsidiary, in accordance with the simple division provided for in Article 118(1). (a) of the Commercial Companies Code.

This process allowed transferring the share of Altri, SGPS, S.A.'s assets corresponding to the steel and storage solutions management business area, including all the resources allocated to its activity (namely staff, assets and liabilities), to Ramada Investimentos.

Currently, Ramada Investimentos is the parent company of the group of companies indicated in Note 8 which, as a whole, operate in two different business segments: i) the Industry Segment, which includes the special steel and drawing mill activity, as well as activities related to the management of investments associated with participating interests in which the Company is a minority shareholder; and ii) the Real Estate Segment, focused on real estate assets management.

The financial statements were approved by the Board of Directors and authorised for reporting on 7 April 2021. Final approval of the financial statements is still subject to acceptance by the Shareholders' General Meeting. The Board of Directors, however, believes that the financial statements will be approved without any significant changes.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the attached financial statements are described below. These policies were consistently applied during the periods being compared.

In addition, there were no significant changes to the main estimates used by the Company in preparing the consolidated financial statements.

2.1. Basis of Presentation

The attached financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU") in force for the period ended beginning on 1 January 2020. These correspond to the International Financial Reporting Standards, as issued by the International Accounting Standards Board ('IASB') and interpretations issued by the IFRS Interpretations Committee ('IFRS - IC') or by the former Standing Interpretations Committee ('SIC'), which have been adopted by the European Union on the account publication date.

(amounts expressed in Euro)

The Board of Directors assessed the capacity of the Company to operate on a going concern basis, based on the entire relevant information, facts and circumstances, of a financial, commercial or other nature, including events subsequent to the financial statements' reference date, as available regarding the future. As a result of the assessment conducted, the Board of Directors concluded that it has adequate resources to keep up its operations, which it does not intend to cease in the short term; therefore, it was considered appropriate to use the going concern basis in preparing the financial statements.

The attached financial statements were prepared from the accounting books and records of the company, in the assumption of going concern basis. The attached financial statements have been prepared on a historical cost basis.

The preparation of financial statements under IFRS-EU requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies to be adopted by the Company, with significant impact on the book value of assets and liabilities, as well as on income and expenses for the period. Although these estimates are based on the best experience of the Board of Directors and on its best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas with significant assumptions and estimates are presented in Note 3.

(i) Adopting new standards and interpretations, amendments, or reviews

Up to the date for approving these financial statements, the European Union endorsed the following accounting standards, interpretations, amendments, and revisions, mandatorily applied to the financial year beginning on 1 January 2020:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to references to the Conceptual Framework in IFRS Standards	1-Jan-2020	Corresponds to amendments to several standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in relation to references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 - Definition of material	1-Jan-2020	Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if, due to its omission, distortion or concealment, it is reasonably expected to influence the decisions of the primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 - Definition of business	1-Jan-2020	Corresponds to amendments to the definition of business, aiming to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition further clarifies the definition of a business's output as the supply of goods or services to customers. The changes include examples for identifying a business acquisition.

Separate Financial Statements and Accompanying Notes as at 31 December 2020 (amounts expressed in Euro)

Amendments to IFRS 9, IAS 39 and IFRS 7 - benchmark interest rate reform (IBOR Reform)	1-Jan-2020	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as “IBOR reform”), in order to reduce the potential impact of changes in reference interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases – “Covid 19 Related Rent Concessions	1-Jun-2020	This amendment introduces an optional practical expedient whereby lessors are exempted from analyzing whether income concessions, typically income suspensions or reductions, related to the “COVID-19” pandemic correspond to contractual modifications.

From the application of these standards and interpretations there were not relevant impact for the Company's financial statements.

(ii) Standards, interpretations, amendments, and revisions that will have mandatory application in the future economic exercises

On the approval date of these financial statements, the following accounting standards, and interpretations, to be mandatorily applied in future financial years, were endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years initiated in or after	
Amendments to IFRS 9, IAS 39 and IFRS 7 – Phase 2 -Benchmark interest rate reform (IBOR Reform)	1-Jan-2021	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on 27 August 2020, related to the second phase of the benchmark interest rate reform project (known as “IBOR reform”), referring to changes reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - deferral of IFRS 9	1-Jan-2021	Corresponds to the amendment to IFRS 4 that postponed the deferral of application of IFRS 9 for initial years on or after 1 January 2023.

Despite having been endorsed by the European Union, these amendments were not adopted by the Company in 2020, since their application is not yet mandatory. It is not believed that the future adoption of said amendments will entail significant impacts on financial statements.

(amounts expressed in Euro)

(iii) New, amended, or revised standards and interpretation not adopted by the European Union

The following accounting standards and interpretations were issued by IASB and are not yet endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
IFRS 17 - Insurance Contracts	1-Jan-2023	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 1 Presentation of financial statements - Classification of liabilities as current and non-current	1-Jan-2023	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analyzing the contractual conditions existing at the reporting date.
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	1-Jan-2022	Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020 1-Jan-2022 These amendments correspond to a set of updates to the various standards mentioned, namely - IFRS 3 - update of the reference to the 2018 conceptual structure; additional requirements for analyzing obligations in accordance with IAS 37 or IFRIC 21 on the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination. - IAS 16 – prohibition of deducting the cost of a tangible asset from income related to the sale of products before the asset is available for use - IAS 37 – clarification that costs of fulfilling a contract correspond to costs directly related to the contract - Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 e IAS 41

These standards have yet to be endorsed by the European Union. As such, they were not applied by the Company in the financial year ended 31 December 2020.

Regarding these standards and interpretations, as issued by the IASB but yet to be endorsed by the European Union, it is not believed that their future adoption will entail significant impacts on the attached financial statements.

2.2. Intangible assets

Intangible assets are recorded at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are recognised only if they are likely to result in future economic benefits for the Company, if they can be controlled by the Company and if their value can be reasonably measured.

Development expenses for which the Company is shown as being able to complete its development and begin its sell and/or use and relative to which the created asset is likely to generate future economic benefits, are capitalised. Development expenses that do not meet these criteria are recorded as cost in the period when incurred.

Internal expenses associated with software maintenance and development are recorded as costs in the income statement when incurred, except when said costs are directly associated with projects for which future economic benefits are likely to be generated for the Company. In such situations, costs are capitalised as intangible assets.

After the assets are available for use, amortisation is calculated using the straight-line method in accordance with the estimated useful life period (generally 3 to 5 years).

2.3. Property, plant and equipment

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

After the date when the assets are available for use, amortisation is calculated using the straight-line method in accordance with the estimated useful life period for each group of assets.

Amortisation rates used correspond to the following estimated useful life periods:

Type	Years
Vehicles	2 to 10
Office equipment	2 to 10

Maintenance and repair expenses that do not increase the assets' useful life or result in significant upgrades or improvements to components of property, plant and equipment are recorded as an expense in the period ended when they are incurred.

Gains or losses resulting from the sale or write-off of property, plant and equipment are determined as the difference between the sales price and the net book value on the disposal or write-off date. They are recorded in the income under 'Other income' or 'Other expenses'."

2.4. Leases

Policy applicable since 1 January 2019

At the start of every agreement, the Company assesses whether the agreement is, or contains, a lease. That is, whether the right-of-use of a specific asset or assets is being transferred for a certain period of time in exchange for a payment.

The Company as lessee

The Company applies the same recognition and measurement method to every lease, except for short-term leases and leases associated with low-value assets. The Company recognises a liability related to lease payments and an asset identified as a right-of-use of the underlying asset.

(i) Right-of-use assets

On the lease start date (that is, the date from which the asset is available for use), the Company recognises an asset relative to the right of use. 'Right-of-use assets' are measured at cost, net of depreciation and accumulated impairment losses, adjusted by remeasuring lease liability. The cost comprises the initial value of the lease liability adjusted for any lease payments made on or prior to the start date, on top of any initial direct costs incurred, as well as a cost estimate for dismantling and removing the underlying asset (as applicable), net of any incentive granted (as applicable).

The right-of-use asset is depreciated using the straight-line depreciation method, based on the lease term.

If ownership of the asset is transferred to the Company at the end of the lease period, or the cost includes a purchase option, depreciation is calculated by taking into account the asset's estimated useful life.

(ii) Lease Liabilities

On the lease start date, the Company recognises a liability measured at present value of the lease payments to be made throughout the agreement. Lease payments included in measuring lease liability include fixed payments, net of any incentives already received (as applicable) and variable payments associated with an index or rate. Where applicable, payments also include the cost of exercising a purchase option, which shall be exercised by the Company with reasonable certainty, and payments of penalties for ending the agreement, if the lease terms reflect the Company's exercise option.

The lease liability is measured at amortised cost, using the effective interest method. It is remeasured when changes occur to future payments derived from a change to the rate or index, as well as possible modifications to the lease agreements.

Variable payments not associated with any indices or rates are recognised as an expense during the period, in the period when the event or condition leading to the payment occurs.

To calculate the present value of future lease payments, the Company uses its incremental interest rate on the lease start date, since the interest rate implicit in the agreement cannot be readily determined. After that date, the lease liability amount is increased by adding interest and reduced by lease payments made. In addition, the amount is remeasured in the event of a change in the terms of the agreement, the in lease amounts (e.g., changes in future payments caused by a change to an index or rate used in determining said payments) or a change in the assessment of a purchase option associated with the underlying asset.

(iii) Short-term leases and low-value leases

The Company applies the recognition exemption to its assets' short-term leases (i.e., leases lasting up to 12 months and not containing a purchase option). The Company also applies the recognition exemption to leases of assets deemed to be of low-value. Payments of short-term and low-value leases are recognised as an expense in the period, throughout the lease period.

Policy applicable prior to 1 January 2019

Determining whether an agreement is, or contains, a lease is based on the substance of the agreement at the start thereof, which is either the agreement date and the date of the parties' commitment relative to the main terms of the agreement, whichever is earlier, based on every fact and circumstance. The agreement is, or contains, a lease if the fulfilment of the agreement is contingent on the use of a specific asset or assets and the agreement transfers a right-to-use the asset, even if said asset is not explicitly identified in the agreement.

The lease duration is the sum of the period during which the lease cannot be cancelled and an additional period providing for the lessee to have the option to maintain the lease and, at the start of the agreement, the Company is reasonably certain that the lessee will exercise said option.

A lease is classified as a financial lease or operating lease at the start of the agreement. A lease that substantially transfers all the risks and advantages associated with an asset's ownership to the Company, is classified as a finance lease. Financial leases are recorded at fair value in the asset or, if lower, at the current minimum lease payment amounts. Minimum lease payments are distributed between the financial charge and the reduced outstanding liability in order to produce a constant periodic interest rate on the liability's remaining balance.

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

The leased asset is depreciated during its useful life. However, if there is no reasonable certainty that the lessee will own the asset at the end of the lease period, the asset is depreciated during the lease period or during its useful life, whichever is shorter.

An operating lease is a lease other than a financial lease. Payments of operating leases are recorded as operational expenses in the income account in a straight-line during the lease period.

2.5. Borrowing costs

Financial expenses related to loans are generally recognised as an expense in the income statement in accordance with the accrual basis.

In cases where loans are taken to finance assets, the corresponding interests are capitalised, becoming part of the asset's cost. The capitalisation of these expenses starts after the preparation of construction activities begins and ends once the asset is available for use or if the project is suspended.

There were no financial expenses on capitalised loans obtained on 31 December 2020 and 2019.

2.6. Provisions

Provisions are recognised when, and only when, the Company (i) has a present obligation (legal or implicit) obligation resulting from a past event, (ii) it is likely that, to resolve this obligation an outflow of resources occurs, and (iii) the obligation's amount might be reasonably estimated. Provisions are reviewed on the date of each statement of financial position and adjusted to reflect the best estimate on that date.

When a provision is determined taking into consideration the cash flows required to settle such an obligation, it is recorded at its present value.

2.7. Investments in subsidiaries and associates

Investments in equity holdings in subsidiaries and associates are measured in accordance with 'IAS 27 - Separate Financial Statements', at acquisition cost net of any impairment losses.

Ramada conducts impairment tests to financial investments in subsidiaries.

The impairment analysis is based on the evaluation of financial investments, using the 'discounted cash-flow' method, based on the cash-flow financial projections of cash-flow at five years of each, including the year of perpetuity starting from the fifth year, deducted from the fair value of the liabilities of the subsidiaries.

The Board of Directors believes that the methodology described above leads to reliable results on the existence of any impairment of the investments under analysis, as they take into consideration the best information available at the time of preparation of the financial statements.

Dividends received from these investments are recorded as investment income, when attributed. Dividends are recorded in the income statement under 'Results related to investments'.

2.8. Financial assets and liabilities

a. Financial assets

Initial recognition and measurement

Initially, assets are classified and subsequently measured at amortised cost, fair value through other comprehensive income, and at fair value through profit or loss.

The initial classification of financial assets depends on the contractual characteristics of the cash flows and the business model adopted by the Company to manage them. Except for customer accounts receivable that do not have a significant financial component and for which the Company adopts the practical expedient, the Company initially measures a financial asset at fair value plus transaction costs, if an asset is not classified as of fair value through profit or loss.

Customer accounts receivable that do not have a significant financial component and for which the Company adopts the practical expedient are measured at transaction price calculated in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income, it must provide cash flows that represent solely payments of principal and interest (SPPI) on the outstanding debt. This assessment, known as the 'cash flows that are solely payments of principal and interest' test, is performed for each financial instrument.

The business model established for managing financial assets concerns the way financial assets are managed by the Company with a view to obtaining cash flows. The business model can be designed to obtain contractual cash flows, to dispose of financial assets or both.

Subsequent measurement

For its subsequent measurement, financial assets are classified in four categories: i) financial assets at amortised cost (debt instruments); ii) financial assets at fair value through other comprehensive income, with recycling of accumulated gains and losses (debt instruments); iii) financial assets at fair value through other comprehensive income, without recycling of accumulated gains and losses upon derecognition (equity instrument); and iv) financial assets at fair value through profit or loss.

i) Financial assets at amortised cost (debt instrument)

The Company measures financial assets at amortised cost if both the following conditions are fulfilled:

- The financial asset is held under a business model which purpose consists on holding the financial asset to obtain the cash flows provided for contractually; and
- The contractual terms of the financial asset generate, on specified dates, cash flows that are only payments of principal and interest on the amount of principal outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recorded in the income statement when the asset is derecognised, modified or becomes impaired. Financial assets measured by the Company at amortised cost include customer accounts receivable and other receivables, and loans to related parties (Note 6.1)

ii) Financial assets at fair value through other comprehensive income (debt instruments)

The Company measures debt instruments at fair value through other comprehensive income if both the following conditions are fulfilled:

- The financial asset is held under a business model which purpose consists on holding the financial asset to obtain the cash flows provided for contractually and those resulting from its sale; and
- The contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of principal outstanding.

In the case of debt instruments measured at fair value through other comprehensive income, interest income, exchange differences and impairment losses and reversals are recorded in the income statement and calculated in the same way as financial assets measured at amortised cost. The remaining changes in fair value are recorded in other comprehensive income. Upon derecognition, changes in fair value accumulated in other comprehensive income are transferred (recycled) to profit or loss.

As at 31 December 2020 and 2019, the Company did not held financial assets classified under this item.

iii) Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Company may choose to classify irrevocably the equity instruments held as equity instruments designated at fair value through other comprehensive income when they comply with the definition of equity under IAS 32 - Financial instruments: Presentation, and are not held for trading. Classification is determined on an instrument-by- instrument basis.

Gains and losses from these financial assets are never recycled for profit or loss. Dividends are recorded as financial gain in profit or loss when the right to receive a dividend payment is established, except when the Company benefits from those dividends as recovery of part of the financial asset's cost and which, in this case, the dividends are recorded in other comprehensive income. Equity instruments held as equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

As at 31 December 2020 and 2019, the Company did not held financial assets classified under this item.

iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition as measured at fair value through profit or loss, or financial assets that are mandatorily measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of being sold or repurchased within a very short period. Derivatives, including separate embedded derivatives, are also classified as held for trading, except if designated as effective hedging instruments.

Financial assets with cash flows that do not correspond solely to payments of principal and interest on the amount of principal outstanding are measured at fair value regardless of the underlying business model. Notwithstanding the classification criterion for debt instruments at amortised cost or at fair value through other comprehensive income described above, debt instruments can be designated at fair value through profit or loss upon initial recognition if it would eliminate or significantly reduce a measurement or recognition inaccuracy. Financial assets at fair value through income statement are presented in the Statement of Financial Position at fair value, with the fair value net changes presented in the profit or loss.

As at 31 December 2020 and 2019, the Company did not held financial assets classified under this item.

Derecognition

A financial asset (or, where applicable, a part of the financial asset or part of a group of financial assets) is derecognised (i.e., removed from the Statement of Financial Position) when:

- The contractual rights to receive cash flows resulting from the financial asset expire; or
- The Company transferred its contractual rights to receive cash flows resulting from the financial asset or undertook an obligation to pay the cash flows received in full within a short period under an agreement in which the Company i) has no obligation to pay any amounts to final recipients unless it receives equivalent amounts resulting from the original asset; ii) is prohibited by the terms of the transfer agreement to sell or pledge the original asset other than as a guarantee to the final recipients due to the obligation to pay them cash flows; and iii) the Company has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delays; and
- The Company substantially transferred all the asset's risks and benefits, or the Company did not substantially transfer or retain all the assets and benefits of the asset, but has transferred control over the asset.

When the Company transfers its rights to receive cash flows from an asset or is party to an agreement that may allow derecognition, it assesses whether, and to what extent, the risks and benefits associated with the ownership of the asset have been retained. When substantially every risk and benefit arising from ownership of an asset is neither transferred nor retained, or control over the asset is not transferred, the Company keeps on recognising the transferred asset to the extent of its continuing involvement. In this case, the Company also recognises the corresponding liability. The transferred asset and corresponding liability are measured on a basis that reflects the rights and obligations retained by the Company.

If the Company's continuing involvement takes the form of a guarantee on the transferred asset, the measure of continuing involvement is the lowest between the asset's original book value and the maximum amount of consideration received that the Company might pay.

Financial assets impairment

Since 1 January 2018, the Company assesses, on a prospectively basis, the expected credit losses associated with its financial assets measured at amortised cost and at fair value through other comprehensive income, in accordance with IFRS 9. The applied impairment methodology considers the receivables credit risk profile, with different approaches being applied according to their nature.

Regarding receivable balances under items 'Trade receivables' and 'Other receivables', the Company applies the simplified approach under IFRS 9, according to which the expected credit losses are recognised from the initial recognition of the receivable balances and throughout the period until its maturity, considering a matrix of historical default rates for the maturity of receivable balances, adjusted by prospective estimates. Therefore, the Company does not monitor changes to credit risk, however, it recognises the impairment loss based on the expected credit loss throughout the duration of the asset, at every reporting date. The Company has established an impairment matrix based on the credits previously lost, adjusted by specific prospective factors from the receivables and economic environment.

The Company considers a financial asset is in default when it is overdue by more than 90 days. In certain cases, the Company may also consider that a financial asset is in default when there is internal and external information that indicates that it is unlikely that the Company will receive the full amount it is owed without having to call its guarantees.

As at 31 December 2020 and 2019, the items referred to above were mainly accounts receivable from Ramada Group's entities (Note 24).

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss, loans, accounts payable or derivatives designated as hedging instrument in an effective hedging relationship.

Every financial liability is initially recognised at fair value and, in the case of loans and accounts payable, net of transaction costs directly attributable.

The Company's financial liabilities include trade payables, other payables and loans, including bank overdrafts.

Subsequent measurement

Financial liabilities at amortised cost

Following their initial recognition, loans are measured at amortised cost using the effective interest rate method. Gains and losses are recorded in the income statement when liabilities are derecognised and through the amortisation resulting from the effective interest method.

The amortised cost is calculated taking into account any acquisition discount or premium and the fees and other costs that are an integral part of the effective interest rate. The effect of effective interest is recorded under financial expenses in the income statement. This category usually applies to trade payables, other payables and loans, including bank loans and bank overdrafts.

Loans in the form of commercial paper are classified as non-current liabilities when they are guaranteed to be placed for at least one year and the Board of Directors intends to use this financial instrument for more than one year. As at 31 December 2020 and 2019, the Company did not report loan figures in the form of commercial paper.

Derecognition

A financial liability is derecognised when the underlying obligation is fulfilled, cancelled or expires.

When an existing financial liability is replaced by another with the same counterparty and substantially different terms, or a financial liability's terms are substantially modified, the exchange or modification are treated as a derecognition of the original financial liability and the recognition of a new liability. The difference between the respective book values is recognised in the income statement.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the corresponding net amount is shown under the statement of financial position if there is a present right of mandatory fulfilment to offset the recognised amounts and the intention of either settling on a net basis or realising the asset and simultaneously settling the liability.

d. Derivative financial instruments

When deemed necessary, the Company uses derivatives, such as forward exchange contracts, interest rate swaps and forward contracts on raw materials, to cover its exchange, interest and raw material price risks, respectively. Such derivatives are initially recorded at fair value at the date they are contracted and are subsequently measured at fair value. Derivatives are presented in assets when their fair value is positive, and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge, when the purpose is to hedge exposure to changes in the fair value of a recorded asset or liability or an unrecorded Company commitment.
- Cash flow hedge, when the purpose is to hedge exposure to cash flow variability arising from a specific risk associated with a recorded asset or liability, in whole or in part, or a highly probable transaction or the foreign exchange risk associated with an unrecorded Company commitment.
- Net investment hedge, in a foreign operation (foreign exchange risk).

At the beginning of the hedging relationship, the Company formally designates and documents the hedging relationship for which it intends to apply hedge accounting, as well as the management and strategy purpose of that hedge. These documents include the identification of the hedging instrument, the hedged item or transaction, the nature of the risk to be hedged, and how the Company assesses whether the hedging relationship complies with the hedge accounting requirements (including an analysis of the sources of hedging ineffectiveness and how it determines the hedge rate). The hedging relationship is eligible for hedge accounting if it meets all of the following hedge effectiveness requirements:

i) There is an economic relationship between the hedged item and the hedging instrument;

ii) The credit risk effect does not dominate the changes in value that result from this economic relationship; and

iii) The hedge ratio of the hedging relationship is the same as that resulting from the portion of the hedged item that an entity is actually hedging and the portion of the hedging instrument that the entity actually uses to hedge that portion of the hedged item.

During the 2020 and 2019 periods, no derivative financial instruments were contracted to hedge interest rate or foreign exchange rate risks.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the transaction's contractual substance. Equity instruments are those that show a residual interest in the Company's assets after deducting liabilities, being recorded at amount received, net of costs incurred when issued.

(II) Cash and cash equivalents

The amounts included under 'Cash and cash equivalents' correspond to cash amounts, bank deposits, term deposits and other treasury applications, maturing in less than three months and are subject to insignificant risk of change in value.

In terms of statement of cash flows, the item 'Cash and cash equivalents' also comprises bank overdrafts included under the current liability item 'Bank loans'.

2.9. Contingent assets and liabilities

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence, or non-occurrence, of one or more uncertain future events not fully under the control of the Company.

Contingent assets are not recognised in the Company's financial statements, being disclosed only when future economic benefits are likely to occur.

Contingent liabilities are defined by the Company as (i) obligations arising from past events, the existence of which will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not under full control of the Company, or (ii) present obligations that arise from past events but that are not recognised because it is unlikely that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Company's financial statements and are actually disclosed unless the possibility of a cash outflow affecting future economic benefits is remote, in which case they are not disclosed at all.

2.10. Income tax

Ramada Investimentos, parent company, is taxed under the special taxation regime for groups, with each of the companies covered by this regime recording the income tax in its separate accounts under the item 'Subsidiaries'. Where subsidiaries contribute with losses, the tax amount corresponding to the losses which will be offset by the profits from other companies under this regime, is recorded in the separate accounts.

Deferred taxes are calculated using the financial position statement liability method and reflect the temporary differences between the amount of assets and liabilities for accounting reporting purposes and the respective amounts for tax purposes. Deferred tax assets and liabilities are calculated and annually assessed using the tax rates in force or substantially in force at the expected date of reversal of temporary differences.

Deferred tax assets are recognised only when there are reasonable expectations of sufficient future tax profits for their use, or in situations where there are taxable temporary differences that offset the temporary differences deductible in the period of their reversal. At the end of each period a review is made of these deferred taxes, which are reduced whenever their future use is no longer likely.

Deferred taxes are recorded as expenses or income for the period, except if they result from amounts recorded directly in equity, in which case the deferred tax is also recorded under the same line item.

2.11. Revenue

Ramada recognises revenue according to IFRS 15, which sets forth that an entity recognises revenue in order to reflect the transfer of goods and services contracted by customers, in the amount to which the entity expects to be entitled to receive as consideration for delivery of said goods or services, based on the 5-step model below:

1) contract identification with a client;
2) performance obligation identification;
3) pricing of the transaction;
4) allocation of the transaction price to performance obligation; and
5) recognition of revenue when or as the entity meets a performance obligation.

As at 31 December 2020 and 2019, Ramada's revenue refers to corporate services rendered to other Ramada Group companies.

Revenue is recognised net of bonuses, discounts and taxes (e.g.: trade discounts), and refers to the consideration received or receivable for services sold in line with the type of business identified. Revenue is recognised by the amount of the performance obligation fulfilled. For the transaction price, this is a fixed component.

The Company considers the facts and circumstances when analysing the terms of each contract with clients, applying the requirements that determine the recognition and measurement of revenue in a harmonised way, when dealing with contracts with similar characteristics and circumstances.

2.12. Accrual accounting basis

The remaining income and expenses are recorded on an accrual basis, whereby they are recognised as they are generated regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenses generated are recorded under the items 'Other current assets', and 'Other current liabilities'.

2.13. Subsequent events

The events occurred after the date of the statement of financial position providing additional evidence or information regarding conditions that existed on the date of the statement of financial position (adjusting events) are reflected in the Company's financial statement. Events after the date of the statement of financial position that are indicative of the conditions that arose after the date of the statement of financial position (non-adjusting events), when material, are disclosed in the notes to the financial statements.

2.14. Statement of cash flows

The statement of cash flows is prepared according to IAS 7, using the direct method.

The statement of cash flows is classified under operating activities (which include receipts from costumers, payments to suppliers, payments to personnel and others related to operating activities), financing (which include, payments and receipts related to loans, finance lease contracts and dividend payments) and investment (which include, acquisitions and disposals of investments in subsidiaries and cash receipts and cash payments arising from the purchase and sale of property, plant and equipment).

3. JUDGEMENTS AND ESTIMATES

In preparing the financial statements, in accordance with the accounting standards in force (Note 2.1), the Company's Board of Directors adopted certain assumptions and estimates affecting assets and liabilities, as well as income and expenses incurred in relation to the reported periods. All of the estimates and assumptions by the Board of Directors were carried out based on their existing best knowledge, on the date of approval of financial statements, events and ongoing transactions.

The main value judgements and estimates conducted when preparing financial statements correspond to the recording of provisions and impairment losses.

Estimates were determined based on the best available information on the date when consolidated financial statements were prepared and on the basis of the best knowledge and on the experience with past and/or current events. However, there are situations that could occur in subsequent periods which, while not foreseeable on that date, were not considered in those estimates. Changes to those estimates, which occur after the date of the consolidated financial statements, will be corrected in the income statement on a prospective basis, as provided for under IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

4. FINANCIAL RISK MANAGEMENT

Ramada Investimentos is basically exposed to (i) market risk, (ii) credit risk, and (iii) liquidity risk. The main purpose of risk management is to reduce these risks to a level considered acceptable.

The general principles of risk management are approved by the Board of Directors, which determines the acceptable risk limits. The main risk to which the Company is exposed to are the following:

i) Market risk

Interest rate risk is of particular importance in market risk management.

a) Interest rate risk

Interest rate risk is mainly the result of the Company's indebtedness being indexed to variable rates (mostly indexed to Euribor), which may expose the cost of debt to a volatility risk.

The Company's Board of Directors approves the terms and conditions of financing deemed material for the Company. As such, it examines the debt structure, the inherent risks and the different existing options in the market, namely regarding the type of interest rate (fixed/variable).

Sensitivity analysis to interest rate changes

Considering the Company's financing level and financial expenses as at 31 December 2020 for the period ended on that date, the exposure to the existing interest rate at the date of the statement of financial position is relatively minor.

b) Credit risk

Credit risk is defined as the probability of a financial loss occurring as a result of a counterparty defaulting on its payment contractual obligations.

Ramada is a holding Group, having no commercial activity beyond the normal activities of a portfolio manager and services to its subsidiaries and associates. As such, on a regular basis, the Company is only exposed to credit risk arising from financial instruments (investments and deposits with banks and other financial institutions or resulting from derivative financial instruments entered into normal course of its hedging operations), or from loans granted to subsidiaries.

The outstanding amounts on loans granted are considered to have low credit risk and, consequently, the impairments for credit losses recognised during the period were limited to the estimated 12-month credit losses. These financial assets are considered to have 'low credit risk' when they have a reduced risk of default and the debtor has a high capacity to meet its short-term cash flow contractual responsibilities.

In order to reduce the probability of a counterparty defaulting on its payment contractual obligations, the Company follows the following principles:

- It only performs transactions (short-term investments and derivatives) with counterparties that have been selected in accordance with their prestige and recognition at national and international level, their ratings, and which take into consideration the nature, maturity and size of the transactions;

- No financial instruments shall be contracted unless they have been authorised in advance. The definition of eligible instruments for both excess availability and derivatives has been made on the basis of a conservative approach;

- Additionally, regarding cash surpluses: i) they shall preferably be used, whenever possible where it is most efficient, either to repay existing debt, or preferably invested in relationship banks, thereby reducing the net exposure to such institutions, and ii) they may only be applied in previously authorised instruments.

Separate Financial Statements and Accompanying Notes as at 31 December 2020 (amounts expressed in Euro)

Given the above policies, the Company's Board of Directors does not foresee the possibility of any material breach of contractual payment obligations of its external counterparties.

In the case of loans to subsidiaries, there is no specific credit risk management policy, since the granting of loans to subsidiaries is part of the Company's regular activity.

c) **Liquidity risk**

The main goal of the liquidity risk management policy is to ensure that the Company has the capacity to settle or meet its responsibilities and to pursue the strategies outlined in compliance with all its commitments to third parties within the stipulated time frame.

The Company defines as an active policy (i) to maintain a sufficient level of free and immediately available resources to meet the necessary payments on maturity, (ii) to limit the probability of default on the repayment of all its investments and loans by negotiating the extent of the contractual clauses, and (iii) to minimise the opportunity cost of holding excess liquidity in the short-term.

It also seeks to make the due dates of assets and liabilities compatible, by streamlining the management of their maturities.

5. CHANGES IN ACCOUNTING POLICIES AND ERROR CORRECTION

Regarding new standards, interpretations, amendments and revisions to IFRS, see Note 2.1.

During the period ended 31 December 2020, there were no voluntary changes in accounting policies. Likewise, no material errors were corrected in relation to previous periods.

6. CLASSES OF FINANCIAL INSTRUMENTS

In accordance with the accounting policies disclosed in Note 2.7, financial instruments were detailed as follows:

6.1. Financial assets

31 December 2020	Note	Financial assets recorded at amortised cost	**Total**
Non-current assets			
Other receivables	12	187,833	—
Current assets			
Trade receivables	10	248,007	248,007
Other receivables	12	1,808,761	1,808,761
Cash and cash equivalents	13	31,026,270	31,026,270
		33,083,038	33,083,038
		33,270,871	33,083,038

(amounts expressed in Euro)

31 December 2019	Note	Financial assets recorded at amortised cost	Total
Current assets			
Trade receivables	10	880,208	880,208
Other debts from third parties	12	4,490,105	4,490,105
Cash and cash equivalents	13	26,731,205	26,731,205
		32,101,518	32,101,518

6.2. Financial liabilities

31 December 2020	Note	Financial liabilities at amortised cost	Total
Non-current liabilities			
Bank loans	15	10,000,000	10,000,000
Lease liabilities	7	95,835	95,835
		10,095,835	10,095,835
Current liabilities			
Bank loans	15	2,000,000	2,000,000
Lease liabilities	7	99,272	99,272
Trade payables	16	63,363	63,363
Other payables	17	190,058	190,058
Other current liabilities	18	95,523	95,523
		2,448,216	2,448,216
		12,544,051	12,544,051

31 December 2019	Note	Financial liabilities at amortised cost	Total
Non-current liabilities			
Bank loans	15	18,000,000	18,000,000
Lease liabilities	7	104,202	104,202
		18,104,202	18,104,202
Current liabilities			
Lease liabilities	7	31,154	31,154
Trade payables	16	121,446	121,446
Other payables	17	17,985	17,985
Other current liabilities	18	97,296	97,296
		267,881	267,881
		18,372,083	18,372,083

Separate Financial Statements and Accompanying Notes as at 31 December 2020 (amounts expressed in Euro)

7. RIGHT OF USE ASSETS

During the period ended on 31 December 2020 and 2019, the movement occurred in the amount of right of use assets, as well as the corresponding amortisation was as follows:

	2020		
	Asset gross value		
	Buildings and other edifications	Vehicles	Total
Opening balance as at 1 January	81,859	100,569	182,428
Additions	—	102,950	102,950
Reclassifications	—	—	—
Reductions	—	—	—
Closing balance	81,859	203,519	285,378
	Accumulated amortisation		
	Buildings and other edifications	Vehicles	Total
Opening balance as at 1 January	9,095	38,702	47,797
Additions	9,095	34,654	43,749
Reclassifications	—	—	—
Reductions	—	—	—
Closing balance	18,190	73,356	91,546
	63,669	130,163	193,832

	2019		
	Asset gross value		
	Buildings and other edifications	Vehicles	Total
Opening balance as at 1 January	81,859	45,636	127,495
Additions	—	54,933	54,933
Reclassifications	—	—	—
Reductions	—	—	—
Closing balance	81,859	100,569	182,428
	Accumulated amortisation		
	Buildings and other edifications	Vehicles	Total
Opening balance as at 1 January	—	—	—
Additions	9,095	38,702	47,797
Reclassifications	—	—	—
Reductions	—	—	—
Closing balance	9,095	38,702	47,797
	72,764	61,867	134,631

Separate Financial Statements and Accompanying Notes as at 31 December 2020 (amounts expressed in Euro)

The item 'Buildings and other edifications' mainly refers to lease contracts of assets related to one of the properties where the Company operates.

The item 'Vehicles' refers to contracts for the lease of vehicles for periods of 4 to 5 years.

During the period ended 31 December, 2020 and 2019, the movement occurred in the value of lease liabilities were detailed as follows:

	31.12.2020	31.12.2019
Opening balance as at 1 January	135,356	127,495
Additions	102,950	54,374
Accrued interest	1,384	2,050
Payments	(44,583)	(48,563)
Closing balance as at 31 December	195,107	135,356
Current	99,272	31,154
Non-current	95,835	104,202

In addition, the following amounts were recognised in 2020 and 2019 as expenses related to right-of-use assets:

	31.12.2020	31.12.2019
Depreciation of right-of-use assets	43,749	47,797
Interest expenses related to lease liabilities	1,384	2,050
Total amount recognised in the income account	**45,133**	**49,847**

The maturity of the lease liabilities is as follows:

	31.12.2020					
	2021	2022	2023	2024	>2024	Total (nominal value)
Lease liabilities	99,272	16,905	10,922	18,661	49,347	195,107
	99,272	16,905	10,922	18,661	49,347	195,107

	31.12.2019					
	2020	2021	2022	2023	>2023	Total (nominal value)
Lease liabilities	31,154	24,178	20,231	19,280	40,513	135,356
	31,154	24,178	20,231	19,280	40,513	135,356

(amounts expressed in Euro)

8. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

As at 31 December 2020 and 2019, 'Investments in subsidiaries and associates' are detailed as follows:

		31 December 2020				
Company	% Held	Opening balance	Transfers	Additions	Reductions	Closing balance
Ramada Aços, S.A.	100%	38,000,750	—	—	—	38,000,750
Expeliarmus - Consultoria, Unipessoal, Lda.	100%	252,998	—	2,050,000	—	2,302,998
Socitrel - Sociedade Industrial de Trefilaria, S.A.	66.66%	30,000,000	—	—	—	30,000,000
Fisio Share - Gestão de Clínicas, S.A	39.71%	4,500,000	—	—	—	4,500,000
		72,753,748	—	2,050,000	—	74,803,748

		31 December 2019				
Company	% Held	Opening balance	Transfers	Additions	Reductions	Closing balance
Ramada Aços, S.A.	100%	38,000,750	—	—	—	38,000,750
Expeliarmus - Consultoria, Unipessoal, Lda.	100%	252,998	—	—	—	252,998
Socitrel - Sociedade Industrial de Trefilaria, S.A.	66.66%	30,000,000	—	—	—	30,000,000
Fisio Share - Gestão de Clínicas, S.A	39.71%	—	—	4,500,000	—	4,500,000
		68,253,748	—	4,500,000	—	72,753,748

As of December 31, 2020, the increase relates to the capital increase and supplementary capital payments made to the company Expeliarmus - Consultoria, Unipessoal, Lda., in the amount of, EUR 2,000,000 and EUR 50,000, respectively.

As at December 31, 2019, the increase refers to the Company's participating interest in the incorporation of the company Fisio Share – Gestão de Clínicas, S.A. This company is engaged in the provision of technical and consultancy services in the area of health management and administration. The subsidiary was incorporated in the last quarter of 2019.

The financial information of the subsidiary companies as of 31 December, 2020, according to their financial statements at the aforementioned date, can be summarized as follows:

	31 December 2020		
Subsidiaries	Total Assets	Total Equity	Net profit of the period
Ramada Aços, S.A.	73 489 339	44 132 154	2 821 386
Planfuro Global, S.A.	2 860 855	2 377 430	(54 948)
Universal Afir, S.A.	10 203 908	8 059 769	892 104
F. Ramada II, Imobiliária, S.A.	98 791 340	40 881 919	4 115 304
Socitrel - Sociedade Industrial de Trefilaria, S.A.	38 178 131	17 352 349	506 235
Socitrel España, S.A.	29 569	29 569	(1 620)
Expeliarmus - Consultoria, Unipessoal, Lda.	82 933	82 907	13 819

(amounts expressed in Euro)

On this date, the Company presents consolidated financial statements, and the companies included in the consolidation by the full method, respective headquarters, proportion of capital held and activity carried out are defined in note "6.1. Subsidiaries included in the consolidation", in the notes to the consolidated financial statements.

As mentioned in note 2.7., whenever events or changes in the surrounding conditions indicate that the value for which financial investments are recorded in the financial statements is not recoverable, the Company performs impairment tests. For this analysis, financial projections of the subsidiaries are prepared based on assumptions regarding the evolution of the subsidiary's activity (and the respective cash-generating units), which the Board of Directors believes to be consistent with the history and trend of the markets, being reasonable and prudent and that reflect your vision.

During the year ended 31 December, 2020, as a result of the impairment analyzes carried out, based on the methodologies and assumptions mentioned above, the Ramada Group recognized impairment losses on the investment held in Planfuro Global, S.A., as identified in the note "27. Movement of Provisions and Impairment Losses", in the notes to the consolidated financial statements.

The Board of Directors believes that the effect of any deviations that may occur in the main assumptions on which the recoverable value of financial holdings is based, will not imply, in all materially relevant aspects, recognition of additional impairments of financial holdings.

8.1. Payments of investments in subsidiaries and associates

During the periods ended 31 December 2020 and 2019, the Company carried payments relating to investments in subsidiaries and associates, which are detailed as follows:

	31.12.2020	31.12.2019
Constitution of supplementary capital in Expeliarmus	50,000	—
Acquisition of Fisio Share	—	4,500,000
Advance payment on account of capital increase in Expeliarmus	—	2,000,000
	50,000	6,500,000

9. OTHER INVESTMENTS

As at 31 December 2020 and 2019, the value of 'Other investments' and the corresponding impairment losses are detailed as follows:

	31.12.2020	31.12.2019
Gross value		
Opening balance	4,445,498	4,445,498
Additions	522,135	—
Closing Balance	4,967,633	4,445,498
Accumulated impairment losses (Note 23)		
Opening balance	(4,445,498)	(4,445,498)
Additions	(522,135)	—
Closing Balance	(4,967,633)	(4,445,498)
Net value	—	—

As at 31 December 2020 and 2019, the Company held 22.52% of the company CEV, S.A. This subsidiary is engaged in the development and intellectual protection, production and trade of organic fungicides for agriculture.

(amounts expressed in Euro)

This subsidiary is not listed and the Company does not have significant influence over this holding, considering, in particular, that:

- It is not represented in the subsidiary's Executive Board;
- It has no power to participate in the definition of operational and financial policies;
- It has no material transactions with the Subsidiary;
- It does not provide technical information to the Subsidiary.

In view of the above, the Company believes that, having no influence on the company's governance bodies, it should consider this holding as another investment and not as an associate.

The assessment of whether or not there are signs of impairment on investments in other investments takes into account, among others, the financial indicators of the Companies in question, their operating results and their profitability for the shareholder, namely considering their ability to distribute dividends.

9.1. Payments of other investments

During the periods ended 31 December 2020 and 2019, the Company carried payments relating to other investments, which are detailed as follows:

	31.12.2020	31.12.2019
Shareholders loans to CEV	522,135	—
	522,135	—

10. TRADE RECEIVABLES

As at December 2020 and 2019, the amount recorded under item 'Trade receivables' mainly refers to the amounts invoiced concerning management fees (Note 24).

At the date of the statement of financial position, there are no outstanding accounts receivables and no impairment losses were recorded, since there is no indication that the customers are not fulfilling their obligations.

(amounts expressed in Euro)

11. STATE AND OTHER PUBLIC ENTITIES

As at 31 December 2020 and 2019, this line item is detailed as follows:

	31.12.2020	31.12.2019
Debit balances:		
Income tax	—	—
Total income tax	—	—

	31.12.2020	31.12.2019
Credit balances:		
Income tax	296,507	685,061
Total income tax	296,507	685,061
VAT - Value Added Tax	70,892	187,023
Personal income tax	13,705	13,214
Social security contributions	19,165	19,320
Total other taxes (Note 17)	103,762	219,557

12. OTHER RECEIVABLES

As at 31 December 2020 and 2019, this line item is detailed as follows:

	31.12.2020	31.12.2019
Non-current assets		
Other debts from the disposal of investments	187,833	—
Current assets		
Other debts from the Group's companies	1,615,617	3,913,699
Other debts from the disposal of investments	187,832	519,645
Others	5,313	56,761
	1,808,762	4,490,105

As at 31 December 2020 and 2019, the item 'Other debts from the Group's companies' includes amounts receivable from subsidiaries, related to the tax for the period estimated individually by the taxed companies according to the special taxation regime for groups. As at 31 December 2019, this item also includes the amount of EUR 2 million referring to an advance payment on capital increase in the subsidiary Expeliarmus – Consultoria, Unipessoal, Lda (Note 8.1).

As at 31 December 2020 and 2019, the amount in 'Other debts from the disposal of investments' results from the disposal of subsidiaries Base M – Investimentos and Serviços S.A. and Base Holding SGPS, S.A..

Separate Financial Statements and Accompanying Notes as at 31 December 2020 (amounts expressed in Euro)

13. CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 2019, this line item 'Cash and cash equivalents' included in the statement of financial position was detailed as follows:

	31.12.2020	31.12.2019
Cash and cash equivalents	31,026,270	26,731,205
	31,026,270	26,731,205

14. SHARE CAPITAL AND RESERVES

14.1. Share capital

As at 31 December 2020 and 2019, the Company's share capital was fully subscribed and paid up, and consisted of 25,641,459 nominative shares, with a nominal value of EUR 1 each.

14.2. Reserves

Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net profit must be allocated to the 'legal reserve' until it represents at least 20% of the share capital. This reserve is not distributable, except in the event of the liquidation of the Company, but may be used to absorb losses, after all other reserves have been exhausted, and for incorporation into capital.

As at 2019, the Company transferred to this item profit or loss in the amount of EUR 732,181. In 2020, the Company did not transfer any amount to this item, since it already represented 20% of the share capital.

Other reserves

On 30 April, 2020, the General Meeting unanimously approved that the individual net result of 2019, in the amount of EUR 11,986,554, would be transferred in full to free reserves.

On 28 May, 2019, the General Meeting unanimously approved the gross dividends' distribution of EUR 0.60 per share, at a total of EUR 15,384,875. Additionally, on November 2018, a distribution was also approved to the shareholders as an advance payment of the 2018 period profits in the amount of EUR 29,487,678 (corresponding to a gross dividend of EUR 1.15 per share).

15. BANK LOANS

As at 31 December 2020 and 2019, the line item 'Bank loans' is detailed as follows:

	31.12.2020		31.12.2019	
	Current	Non-current	Current	Non-current
Bank loans	2,000,000	10,000,000	—	18,000,000
Bank loans	2,000,000	10,000,000	—	18,000,000

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

Separate Financial Statements and Accompanying Notes as at 31 December 2020 (amounts expressed in Euro)

The nominal value of the bank loans recorded as liabilities has the following repayment plan:

2020			2019		
Maturity	Amount	Estimated interest [1]	Maturity	Amount	Estimated interest [1]
Current			**Current**		
2021	2,000,000	168,750	2020	—	270,000
Non-current			**Non-current**		
2022	2,000,000	138,750	2021	3,000,000	238,932
2023	2,000,000	108,750	2022	3,000,000	193,932
2024	2,000,000	78,750	2023	3,000,000	148,932
2025	2,000,000	48,750	2024	3,000,000	103,932
2026	2,000,000	18,750	2025	3,000,000	58,932
2027	—	—	2026	3,000,000	13,929
	10,000,000	393,750		18,000,000	758,589
	12,000,000	562,500		18,000,000	1,028,589

[1] Interest estimated according to the existing contractual conditions, based on the market conditions for the period of 2020 and 2019.

During the periods ended 31 December 2020 and 2019, this loan earned interest at normal market rates depending on the nature and term of the loan obtained.

During the periods ended 31 December 2020 and 2019, the Group did not default on any borrowing.

16. TRADE PAYABLES

As at 31 December 2020 and 2019, the item 'Trade payables' shows amounts payable within a period not exceeding 90 days, from acquisitions arising from the Company's regular activity.

17. OTHER PAYABLES

As at 31 December 2020 and 2019, the line item 'Other payables' is detailed as follows:

	31.12.2020	31.12.2019
Other debts to the Group's companies (Note 24)	171,503	—
Other debts for investments	17,500	17,500
Payables to the State and other public entities (Note 11)	103,762	219,557
Other debts	1,055	485
	293,820	237,542

Separate Financial Statements and Accompanying Notes as at 31 December 2020 (amounts expressed in Euro)

18. OTHER CURRENT LIABILITIES

As at 31 December 2020 and 2019, the line item 'Other current liabilities' is detailed as follows:

	31.12.2020	31.12.2019
Remunerations to be settled and premiums	90,322	89,410
Interest to be settled	5,200	7,886
Others	—	—
	95,522	97,296

19. SERVICES RENDERED

The amount related to services rendered corresponds to amounts invoiced for administrative and financial services rendered to companies in Portugal (Note 24).

20. RESULTS RELATED TO INVESTMENTS

As at 31 December 2020 and 2019, the item 'Results related to investments' includes dividends awarded by the subsidiary Ramada Aços, S.A. (Note 24).

21. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2020 and 2019, the line item 'External supplies and services' is detailed as follows:

	31.12.2020	31.12.2019
Specialised work	310,116	264,308
Fees	17,291	16,567
Travel and accommodation	29,890	23,408
Rents	13,170	8,378
Maintenance and repair	18,595	54,093
Other miscellaneous services	118,866	275,033
	507,928	641,787

(amounts expressed in Euro)

22. PAYROLL EXPENSES

As at 31 December 2020 and 2019, the line item 'Payroll expenses' is detailed as follows:

	31.12.2020	31.12.2019
Remunerations	559,254	565,649
Indemnities	—	4,398
Remuneration expenses	132,877	144,892
Insurance expenses	4,357	4,866
Social cost	40,438	48,116
Other payroll expenses	98,689	61,035
	835,615	828,956

As at 31 December 2020, the number of employees working for Ramada Investimentos e Indústria, S.A. was 22 (21 as at 31 December 2019).

23. PROVISIONS AND IMPAIRMENT LOSSES

The movement occurring under provisions and impairment losses during the periods ended 31 December 2020 and 2019 is detailed as follows:

	2020		
	Provisions	Impairment losses in investments (Note 9)	Total
Opening balance	—	4,445,498	4,445,498
Increases	—	522,135	522,135
Reversals	—	—	—
Closing balance	—	4,967,633	4,967,633

	2019		
	Provisions	Impairment losses in investments (Note 9)	Total
Opening balance	1,750,000	4,445,498	6,195,498
Increases	—	—	—
Reversals	(1,750,000)	—	(1,750,000)
Closing balance	—	4,445,498	4,445,498

The Board of Directors considers, based on the opinion of its legal and tax advisors, that as at 31 December 2020, there are no material assets or liabilities associated with probable or possible tax contingencies that are not being subject to recognition or disclosure in the financial statements as at 31 December 2020.

Separate Financial Statements and Accompanying Notes as at 31 December 2020 (amounts expressed in Euro)

24. RELATED ENTITIES

Balances with related entities is detailed as follows:

	31 December 2020			
	Receivables		Payables	
Group's Company	Trade receivables (Note 10)	Other receivables (Note 12)	Trade payables (Note 16)	Other payables (Note 17)
Subsidiaries	247,598	1,615,617	1,419	171,503

	31 December 2019			
	Receivables		Payables	
Group's Company	Trade receivables (Note 10)	Other receivables (Note 12)	Trade payables (Note 16)	Other payables (Note 17)
Subsidiaries	879,584	3,913,699	2,430	—

Transactions that occurred in the periods ended 31 December 2020 and 2019 is detailed as follows:

	2020			2019		
Group's Company	Services rendered (Note 19	External supplies and services	Results related to investments (Note 20)	Services rendered (Note 19	External supplies and services	Results related to investments (Note 20)
Subsidiaries						
Ramada Aços, S.A.	1,200,000	7,376	10,000,000	1,050,000	73,001	10,000,000
Universal Afir, S.A.	400,000	—	—	525,000	—	—
F.Ramada II Imobiliária, S.A.	400,000	22,303	—	525,000	37,275	—
	2,000,000	29,679	10,000,000	2,100,000	110,276	10,000,000

Besides the entities mentioned above, 'Associates' and 'Other related parties' are all parties related to and identified as such by Ramada Investimentos, Altri and Cofina Groups, as described and detailed on the public consolidated information made available by these entities.

Remuneration of the Board of Directors

The compensation attributed to the key managers, which, given the Group's governance model, correspond to the members of the Board of Directors, during the year ended on 31 December 2020 amounted to 13,000 Euros and refer only to fixed remunerations.

25. INCOME TAX

According to current Portuguese legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when there have been tax losses, tax benefits granted, or when audits, complaints or challenges are in progress, in which cases, depending on the circumstances, the deadlines are extended or suspended. Thus, the Company's tax returns from 2016 to 2020 may still be subject to review.

The Company's Board of Directors believes that any corrections resulting from reviews/audits by the tax authorities to those tax returns will not have a material effect on the financial statements as at 31 December 2020 and 2019.

Separate Financial Statements and Accompanying Notes as at 31 December 2020 (amounts expressed in Euro)

Ramada Investimentos heads a group of companies (Ramada Investimentos Group) which are taxed under the special taxation regime for groups.

Income before tax and income for the financial year are detailed as follows:

	31.12.2020	31.12.2019
Profit before income tax	9,753,419	10,271,836
Tax rate	21%	21%
	2,048,218	2,157,086
Surcharge	462	1,003
Autonomous taxes	17,892	22,130
Elimination of double taxation on dividends received	(2,100,000)	(2,100,000)
Other effects	125,621	(1,794,936)
Income tax	92,193	(1,714,718)

26. EARNINGS PER SHARE

Earnings per share were calculated based on the following amounts:

	31.12.2020	31.12.2019
Result for calculating basic and diluted earnings per share	9,661,225	11,986,554
Weighted average number of shares for calculating earnings per share	25,641,459	25,641,459
Earnings per share		
Basic	0.38	0.47
Diluted	0.38	0.47

27. SUBSEQUENT EVENTS

The first quarter of 2021 continued to be marked by the global pandemic called Covid-19. This internationally disseminated pandemic has a significant impact on the world economy and financial markets, so it is essential to consider the impacts arising from Covid-19.

Ramada Group remains vigilant and cautious in the face of any risks posed to its business area, regarding operational, financial and investment aspects.

We strongly believe that through prevention, equanimity and cooperation with our partners, namely Customers, Suppliers, Employees, and Local Communities, we keep prepared to face this challenge.

We refer to the considerations disclosed in Note 40. Subsequent Events, in the notes to the consolidated financial statements.

28. TRANSLATION NOTE

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Chartered Accountant

The Board of Directors

João Manuel Matos Borges de Oliveira – Chairman

Paulo Jorge dos Santos Fernandes

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

Laurentina da Silva Martins

Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da Boavista, 36, 3º
4050-112 Porto
Portugal

Tel: +351 226 002 015
Fax: +351 226 000 004
www.ey.com

(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Ramada Investimentos e Indústria, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2020 (showing a total of 227.591.398 euros and a total equity of 129.749.673 euros, including a net profit for the year attributable to the equity holders of the Group of 6.988.597 euros), the Consolidated Income Statement by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Ramada Investimentos e Indústria, S.A. as at 31 December 2020, and of its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. **Impairment of trade receivables**

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2020, the trade receivables amount to 34.959.861 euros (2019: 38.573.010 euros), net of impairment losses of 7.790.528 euros (2019: 7.194.002 euros), representing 15% of total assets of the Group (2019: 16%). Impairment requirements are based on an expected credit loss model (ECL), based on IFRS 9 model. The ECL measurement should reflect: an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and,	Our audit approach to the risk of material misstatement included the following procedures: (i) a global response affecting the way in which the audit was conducted; and (ii) a specific response which resulted in a combined approach of assessment of controls and performance of substantive procedures on trade receivables. Our substantive audit procedures included: ► Analysis of the model used by Management to calculate expected credit losses in accordance with IFRS 9; ► Assessment of the appropriateness of the criteria and assumptions used in the model; ► We tested the accuracy and completeness of the ECL model and we identified the balances covered by the insurance policies guaranteed

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
reasonable and supportable information that is available without undue cost or effort. The expected credit losses model takes into account the following considerations: ► The existence of customer segments, namely the molds sector; ► Collaterals such as credit insurance; ► Evaluation of historical losses as a determination of significant deterioration criteria; and ► Assessment of forward-looking information for the markets where the Group operates. For the main customer balances, an individual analysis of the balances receivable is carried out, which takes into account the particular situation of each debtor, the guarantees held by the Group, and other aspects, including evaluations and judgments made by Management. Audit risk arises from the significant judgment used in this type of calculation, which had also considered the adverse effects of the pandemic situation covid-19, which explains the fact to be considered as a key audit matter.	by "bills" and "post-dated checks" having regard to their possible renewal; ► Analysis of the documentation prepared by the Board of Directors to support the judgment made about the financial capacity of certain customers; ► We sent external confirmation requests relating to trade receivables balances and assessed their recoverability by obtaining supporting documentation of subsequent receipts, (specifically relating to clients subject to an individual impairment assessment); and ► We analysed responses to our external confirmation requests from all the lawyers with whom the Group has relations regarding litigation concerning trade receivables. We also assessed the adequacy of the applicable disclosures in Notes 2.12 and 17 of the consolidated financial statements.

2. Impairment of Investment properties

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The Group owns investment properties comprising land parcels for logging, which are fully leased to a related party through contracts for a period of 20 years (with optional extension periods from four up to six years), amounting, as at 31 December 2020, to 88.687.130 euros (2019: 88.686.840 euros), representing 39% of the Group's assets and generating income recognized in the profit for the year then ended of 6.785.000 euros (2019: 6.605.727 euros). Investment properties are measured at cost, and according to management´s assessment it is not possible to reliably estimate their fair values (Note 2.19), and accordingly no related disclosures have been made. Nevertheless, an analysis is carried out internally of the existence of impairment indicators, in order to ensure that the carrying amounts do not exceed their recoverable amounts.	Our audit approach included the following procedures: ► Discussion with Management in relation to their assessment of the existence of impairment indicators for each of the properties classified as investment properties; ► Analysis of the lease contracts currently in force with related parties, in particular with regard to their duration, rents and updates to rents and other conditions; ► For a sample of properties, we reconciled the information included in internal analysis with the relevant property certificates; and ► We involved our internal valuation specialists in order to benchmark the yields and to assess the internal model used for assessing impairment indicators. We also assessed the adequacy of the applicable disclosures (IAS 40), included in Note 10 of the consolidated financial statements.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Taking into consideration the above, namely the significance of this caption in the Group's assets and the fact that those assets are leased to a related entity, we consider this subject as a key audit matter.	

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- the preparation of the Consolidated Management Report, the Corporate Governance Report and the Consolidated statement of non-financial information in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility includes the verification of the consistency of the Consolidated Management Report with the consolidated financial statements, and the verification under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code, as well as the verification that the statement of non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Consolidated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Consolidated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatement.

On the Corporate Governance Report

Pursuant to article 451, nr. 4, of the Commercial Companies Code, in our opinion, the Corporate Governance Report includes the information required of the Group in accordance with article 245-A of the Securities Code, and we have not identified any material misstatements of the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of n.º 1 of the said article.

On the Statement of non-financial information

Pursuant to article 451, nr. 6, of the Commercial Companies Code, we inform that the Group has included in its Consolidated Annual Report the statement of non-financial information as per article 508-G of the Commercial Companies Code.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Ramada Investimentos e Indústria, S.A. (Group´s Parent Company) for the first time in the shareholders' general meeting held on 26 April 2017 for a mandate from 2017 to 2019. We were reappointed as auditors Ramada Investimentos e Indústria, S.A. in the shareholders' general meeting held on 30 April 2020 for a second mandate covering the year 2020;
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement in the consolidated financial statements due to fraud;

- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group as of today; and
- We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Group in conducting the audit.

Porto, 7 April 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154

Registered with the Portuguese Securities Market Commission under license nr. 20160766

Building a better working world

Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da Boavista, 36, 3º
4050-112 Porto
Portugal

Tel: +351 226 002 015
Fax: +351 226 000 004
www.ey.com

(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Ramada Investimentos e Indústria, S.A. (the Entity), which comprise the Statement of Financial Position as at 31 December 2020 (showing a total of 108.342.573 euros and a total equity of 95.398.253 euros, including a net profit for the year of 9.661.225 euros), the Income Statement by Nature, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Ramada Investimentos e Indústria, S.A. as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. **Measurement of financial investment in Socitrel**

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2020, the financial investment in Socitrel, acquired on 2018 and held at 100%, was 30.000.000 euros (2019: 30.000.000 euros) and is measured at cost, as disclosed in the Notes 2.7 and 8 in the notes to the financial statements. The risk of impairment of the financial investment in this subsidiary was considered a key audit matter due to the adverse impact of the Covid 19 Pandemic, that may impact the future projections on which the estimate of the recoverable amount of the investment is based. The calculation of the recoverable amount of the investment, if there are impairment indicators, is complex, including the use of estimates and assumptions, specifically relating to future economic forecasts, production	Our audit approach included the following procedures: ► Assessment of the existence of any impairment indicators in the measurement of Financial investments in subsidiaries; ► Review of the underlying assumptions used in the valuation models approved by management, namely the cash flow projections, the discount rate, the inflation rate and the perpetuity growth rate; ► Validation of the mathematical calculations in the model used; and ► Sensitivity analysis, focused on possible changes in the most significant variables, and regarding the Covid-19 Pandemic, such as the sales price, the discount rate and the perpetuity growth rate. We also evaluated the adequacy of the applicable disclosures.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
capacity in the market, revenue and margin evolution for which, due to the Covid 19 Pandemic, the related uncertainty regarding the evolution of these variables has increased. The indications of impairment were identified by the Board of Directors, and no impairment loss was recorded in the results for the year.	

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation of financial statements that presents a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- the preparation of the Management Report, including the Corporate Governance Report in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code about the Corporate Governance.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatement.

On the Corporate Governance Report

Pursuant to article 451, nr. 4, of the Commercial Companies Code, in our opinion, the Corporate Governance Report includes the information required to the Entity to provide as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of n.º 1 of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Entity for the first time in the shareholders' general meeting held on 26 April 2017 for a mandate from 2017 to 2019. We were reappointed as auditors Ramada Investimentos e Indústria, S.A. in the shareholders' general meeting held on 30 April 2020 for a second mandate covering the year 2020;
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Entity as of today; and
- We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Entity in conducting the audit.

Porto, 7 April 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154
Registered with the Portuguese Securities Market Commission under license nr. 20160766

Report and Opinion of the Statutory Audit Board
(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

To the Shareholders of
RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

In compliance with the applicable legislation and our mandate, we hereby submit our Report and Opinion, which covers the Management Report and the others documents in the separate and consolidated annual report of RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. ("Company") for the year ended 31 December 2020, which are the responsibility of the Company's Board of Directors.

1. Report over the developed activity

During the year under analysis, the Statutory Audit Board accompanied the operations of the Company and its affiliates, the timely writing up of accounting records, compliance with statutory and legal requirements and the effectiveness of the risk management and internal control systems, having held meetings, in person or by telematic means, with the periodicity and length considered appropriate, namely, on 27 May, 8 September 2020 and 18 November 2020, on 8, 16 and 30 March and 7 April 2021, and having obtained, from the Board of Directors and personnel of the Company and its affiliates, all the information and explanations required.

The Statutory Audit Board accompanied, with special care the audit work in the context of uncertainty caused by the Covid-19 pandemic, taking into account the circular to the supervisory bodies of public interest entities of the CMVM of 18 December 2020 on the audit of the closing of accounts for this financial year. In this context to highlight the resilience of the Group and the ability to adapt to the demands and restrictions imposed by the crisis, while safeguarding a salutary economic and financial development.

In compliance with article 249º-A, paragraph 1 of the Portuguese Securities Market Code, in the version introduced by Law no. 50/2020, of 25 August, at its meeting of 18 November 2020, the Statutory Audit Board issued a binding prior opinion regarding the review of the internal transaction policy with related parties, a policy that has been approved by the Board of Directors. During the year, transactions with related parties or qualified shareholders that are within the scope of the Company´s current activity, were carried out under market conditions, complying with the applicable legal and regulatory requirements, with no conflicts of interest identified.

In the exercise of its competences, the Statutory Audit Board held regularly meetings with Statutory External Auditor's representatives in order to monitor the audit work carried out and its conclusions, and also to assessing its independence.

During the year 2021, the Statutory Audit Board analysed the different proposals for the provision of external audit services, with the issuance of Statutory and Auditor's Report, presented by EY Audit & Associados - SROC, SA, by Deloitte & Associados, SROC SA, by PricewaterhouseCoopers & Associados, SROC, Lda. and by KPMG & Associados, SROC SA, having issued the proposal on the appointment of the company's new Statutory External Auditor to be submitted to the General Meeting.

As part of its duties, the Statutory Audit Board examined the Management Report, including the Corporate Governance Report and the other separate and consolidated accounts, namely the Separate and Consolidated Financial Statements of the Financial Position, Income Statement, Comprehensive Income, Changes in Equity and Cash Flows for the year ended 31 December 2020 and the corresponding notes, prepared by the Board of Directors, considering that the information disclosed meets the applicable legal standards, is appropriate for understanding the financial position and results of the company and the consolidation perimeter, and also proceeded to the assessment of the respective Statutory and Auditor's Report, issued by the Statutory External Auditor, a document that does not include a qualified opinion and agreed with its content.

Finally, the Statutory Audit Board also analysed the Additional Report to the Statutory Audit Board and other documentation issued by the representative of Ernst & Young Audit & Associados – SROC, S.A., Statutory and External Auditor of the Company.

2. Declaration of Responsibility

Within the scope of the powers of its competences, the Statutory Audit Board declares that, to its knowledge and conviction, the documents of the annual report above mentioned, were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. and the companies included in the consolidation. And that the Management Report adequately describes the business, performance and financial position of the Group, containing an adequate description of the major risks and uncertainties it faces. It is also declared that the Corporate Governance Report complies with article 245-A of the Portuguese Securities Market Code.

3. Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

a) The Management Report;

b) The separate and consolidated financial statements and the corresponding notes, for the year ended 31 December 2020;

c) The proposal of net profit appropriation presented by the Board of Directors.

We wish to express our appreciation to the Board of Directors and to the various services of the Company and of its subsidiaries for their collaboration.

Oporto, 7 April 2021

The Statutory Audit Board

____

Pedro Pessanha
Statutory Audit Board President

António Pinho
Statutory Audit Board Member

Ana Paula dos Santos Silva e Pinho
Statutory Audit Board Member

Shaping industry

Rua Manuel Pinto de Azevedo, 818
4100-320 Porto PORTUGAL

www.ramadainvestimentos.pt