60 / 1959 / 2019 ASCENDUM

2019 ANNUAL REPORT

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2019
ANNUAL
REPORT

ASCENDUM

GROUP WORLDWIDE

Present with 80 branches in Portugal, Spain, USA, Turkey, Mexico, Austria, Hungary, Czech Republic, Slovakia, Romania, Croatia, Slovenia, Bosnia-Herzegovina, Moldova, Angola, Mozambique, Poland and Marocco.

61
years
of history

Family-run corporate group

Multinational company
based
in Portugal

1,482
employees

35,000
machines working
around the world

878 M€
turnover
in 2019

PORTUGAL (HQ)

Albergaria
Coimbra
Faro
Leiria
Lisboa
Porto
Viseu

SPAIN

Barcelona
Granada
Madrid
Madrid - Ciempozuelos
Santiago
Valladolid

SUB-DEALERS
Alava
Asturias & Leon
Baleares
Burgos
Murcia & Almeria
Navarra & La Rioja
Sevilla & Cordoba
Valencia
Vizcaya
Zaragoza

USA

Georgia
Buford
Macon
Savannah

North Carolina
Asheville
Charlotte
Greenville
Raleigh

North Dakota
Bismarck
Fargo
Williston

South Carolina
Charleston
Columbia
Piedmont

Tennessee
Chattanooga
Knoxville

TURKEY

Ankara
Bursa
Istanbul-Asia - Orhanli
Istanbul-Europe - Kirac
Samsun

SUB-DEALERS
Akça
Ceylan
Yiğiter

MEXICO

Guadalajara
Monterrey
Tultitlan

CENTRAL EUROPE

Austria
Bergheim
Gumpoldskirchen
Lieboch
St. Marien
Villach
Volders

Croatia
Zagreb

Czech Rep.
Brno
České Budějovice
Loděnice
Olomouc
Ostrava
Plzeň
Poděbrady
Tachlovice

Hungary
Budapest Notarius utca
Szekesfehervar

Romania
Brasov
Bucharest
Timisoara (Izvin)

Slovakia
Bratislava
Prešov
Žilina
Zvolen

SUB-DEALERS

Slovenia
Ajdovščina

Bosnia-Herzegovina
Sarajevo

A SPECIAL MENTION

The path taken by Ascendum over the last six decades has been tread by energetic innovative, dedicated and responsible people who sometimes push themselves to their own limits. But above all, they've been passionate for what they do.
There is one person who mirrors this passion and deserves a special mention.

It is fair to say that the dedication, ability and vision of Ricardo Mieiro, who, no matter how big the challenge, led Ascendum in an exemplary manner for the last 20 years, has greatly contributed to the Company's success. Under his leadership, the Group has expanded to 14 countries with 1500 men and women working for Ascendum across two continents.

"For the past 45 years, I have devoted much of my life to this Group.
With you I shared successful moments, but also difficult moments, a natural result of the extremely volatile and competitive context in which we operate.
I've had the pleasure of dealing with excellent professionals and extraordinary human beings. The Group's success is largely due to your knowledge, competence and commitment. Therefore, the balance can only be positive.
However, recently I started feeling that the time had come to pass on the mission of leading the Group's destinies to someone else. For that reason, several months ago I started a transitional process for a new leadership, which I am now officially announcing.
The shareholders gave João Mieiro the responsibility of taking on the position of CEO of the Ascendum Group from now on." Said Ricardo Mieiro on October 2nd 2019.

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GO
TO
HE

GO is plural. It's about respecting what is unique and individual, but working as a team knowing that, together, we'll achieve better results.
It's about speaking with one voice.
It's about being passionate about what we do and knowing that together we can do a lot more.

1. COMPANY INFORMATION

1.1. MESSAGE FROM THE EXECUTIVE BOARD OF DIRECTORS

For Ascendum, last year was one of relevant and distinctive features.

OPERATIONS
Starting with our business operations, 2019 was marked by the problems we faced at our Mexican company, where we were forced to take very serious and tough measures in a process we have named "Re-founding the Company." The different task forces that have been monitoring the Mexican operation have created the conditions for a complete turnaround in the near future.

The Turkish economy is slowly picking up. Our local team did a remarkable job rebalancing the company in just one year, paving the basis for a very profitable future in this important market.

We're now much more optimistic about Turkey's recovery supported by sound economic measures recently adopted by the Central Government. We're confident that our Turkish operation will soon recover its traditional place as a major contributor to the Ascendum Group's income.

The rest of our geographies, under a very positive economic environment, performed beyond expectations. This fact decisively contributed to counterbalancing the downside of Mexico.

A special mention is made regarding CEG, where Overall Turnover, Market-share and Profitability could be simultaneously improved.

The U.S., the market strategy we decided to implement is also paying dividends, reducing business risk and tied-up capital. Nevertheless, there's still a long way to go in this business model transformation, fueled by record market figures.

Portugal and Spain operations have been benefiting from a stable economic environment. Both companies insisted on showing market-share and profitability record figures.

ORGANIZATION
From an organization standpoint, 2019 will remain as a landmark in Ascendum history. Ricardo Mieiro who has been Ascendum Executive Chairman for 20 years, decided to leave the Company of his own accord. I would like to formally express our gratitude for the outstanding achievements Ascendum reached attained Ricardo's leadership.

As the new Ascendum Executive Chairman, I'm embracing the responsibility of leading Ascendum for the next few years, targeting exciting and ambitious objectives.

To that end, we decided to expanding our Executive Committee to include two new members: Pedro Arêde and Nuno Colaço. I'm confident they can both provide the E.C. with renewed dynamics.

During these last 12 months, all Ascendum staff have worked within our proprietary framework of better serving our customers' needs, as well as all parties involved: people, suppliers, owners and society. We've started to transform Ascendum, targeting growth based on efficiency, differentiation and innovation, building up a project where everyone can truly feel a sense of belonging.

"During these last 12 months, all Ascendum staff have worked within our proprietary framework of better serving our customers' needs, as well as all parties involved: people, suppliers, owners and society. We've started to transform Ascendum, targeting growth based on efficiency, differentiation and innovation, building up a project where everyone can truly feel a sense of belonging."

10th of April 2020

Executive Board of Directors

From left to right: Rui António Faustino, Paulo Vieira do Nascimento Mieiro, João Manuel de Pinho Mieiro (Chairman), Ângela Maria Silva Vieira Lança de Morais, Pedro Hugo Martins Arêde and Nuno Miguel da Costa Colaço.

1.2. CORPORATE BODIES AND GOVERNANCE STRUCTURE

ASCENDUM's management is currently divided into executive and non-executive duties, carried out by the following bodies:

ASCENDUM, S.A.

SHAREHOLDERS MEETING

BOARD OF DIRECTORS

EXECUTIVE BOARD

From left to right: Tomás Jervell, Rui António Faustino, José Jensen Leite de Faria, Paulo Vieira do Nascimento Mieiro, Ernesto Silva Vieira, Ernesto Gomes Vieira (Chairman), Rui Miranda, João Manuel de Pinho Mieiro, Ângela Maria Silva Vieira Lança de Morais, Pedro Vieira do Nascimento Mieiro, Pedro Hugo Martins Arede and Nuno Miguel da Costa Colaço.

BOARD OF DIRECTORS

Ernesto Gomes Vieira – Chairman
Ângela Maria Silva Vieira Lança de Morais
Ernesto Silva Vieira
João Manuel de Pinho Mieiro
José Jensen Leite de Faria
Nuno Miguel da Costa Colaço
Paulo Vieira do Nascimento Mieiro
Pedro Vieira do Nascimento Mieiro
Pedro Hugo Martins Arêde
Rui António Faustino
Rui Miranda
Tomás Jervell

EXECUTIVE BOARD

João Manuel de Pinho Mieiro – Chairman
Ângela Maria Silva Vieira Lança de Morais
Nuno Miguel da Costa Colaço
Paulo Vieira do Nascimento Mieiro
Pedro Hugo Martins Arêde
Rui António Faustino

SHAREHOLDERS MEETING

Francisco Espregueira Mendes – Chairman
Filipe Baião do Nascimento – Secretary

STATUTORY AUDITOR

PriceWaterHouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. (Audit Firm)
Palácio Sottomayor, Rua Sousa Martins, no. 1,
3.º andar (3rd floor) – 1069-316 Lisbon

REPRESENTED BY:

José Miguel Dantas Maio Marques (S.A.)

ALTERNATE AUDITOR:

António Joaquim Brochado Correia (S.A.)

1.3. HIGHLIGHTS

1.3.1. ASCENDUM CELEBRATED A GO ATTITUDE ON ITS 60^{TH} ANNIVERSARY

Ascendum celebrated its 60^{th} anniversary and decided to share this moment with its partners - suppliers, customers, and employees. As we continue looking to the future, we are proud of the past and of the values that have brought us this far, we want to project them into the decades to come and into the next challenges that we will surely face.

We have decided to turn the number 60 into a GO Attitude. We looked at this date, not only as a number but also as a way of life, the one that has been inspiring us since our foundation and the one that will keep us all on the road to success. Always focused on our customers, we know the importance and the value of the products and brands, that we represent.

We are a link in a value chain, always looking for the best solutions to achieve our goals, thanks to the dedication and professionalism of our employees.

60 / 1959 / 2019 ASCENDUM

We highlight our relationship with Volvo, a brand we have been working with for 60 years, in a strong and trustworthy relationship that has crossed various business areas and different geographic regions all over the world. We have been able to combine Volvo's safety, technical quality, and innovation with Ascendum's dynamics and action-focused strategy, creating a highly successful and complementarity service for our customers.

Looking to the future, we will continue this path of growth, aware of the challenges that we will face with the belief that this GO Attitude, which has brought us this far, will continue to lead us and all of our partners, to a path of success in the future.

The world is evolving rapidly, which will require us to be able to meet the new challenges. In this new reality of innovation, new technologies, artificial intelligence, big data but also teamwork and multidisciplinary teams, Ascendum's response is to focus on people and provide them with training so they will be ready for change to happen.

The Ascendum culture, along with the strength and determination to embrace the change - in a true GO Attitude - allow us to look optimistically to the next few decades in the certainty that our people will be key to our success in the future.

We are ready for the next 60 and this is the attitude that we will be celebrating throughout the years.

Portugal


Portugal

Spain

USA


Turkey

Mexico


CEG

1.3.2. RELEVANT FACTS

Ascendum's activity in 2019, similarly to previous years, took place in an extremely challenging context – geopolitical, macroeconomic and exchange-rate-wise – which, nevertheless, did not prevent the company from achieving a consolidated Turnover of M€ 878, an EBITDA of 84 million euros and a Net Income of 17.0 million euros, with robust solvency ratios (Net Debt/EBITDA of 2.6x and Equity/Assets of 25%).

In 2019, Ascendum continued the strategy of consolidating its current operations and financial position, focusing efforts on optimizing internal processes and developing common management and communication tools, allowing for a quicker & timely response to business challenges amongst the geographic platforms and improve the sharing of information and best practices.

As in previous years, 2019 also showed an overall increase in investment in communication and in the Ascendum brand, in order to promote trust and proximity to customers, regardless of the geography or business area in which the Group operates.

Accordingly, the following 2019 main events should be highlighted:

MAIN EVENTS

01. **Business consolidation and response to external challenges**

02. **Harmonization and optimization of business processes**

03. **GO Sixty Communication Plan**

01. Business consolidation and response to external challenges

In 2019, Ascendum continued the business consolidation strategy amongst the Group geographic platforms, in order to deliver an increasingly efficient response to macroeconomic and sectoral challenges. Along with the strategy implemented in recent years, Ascendum continued the consolidation of its economic and financial situation, in terms of profitability and solvency indicators, after the strong investment period between 2010 and 2013, with the acquisition of operations in Turkey and Central Europe, entering the Mexican market and the acquisition of Air-Rail.

Although 2019 was marked by several external challenges of significant impact on operations' profitability, Ascendum once again showed its effective and efficient management responsiveness, by adopting several measures to mitigate the short-term negative impacts and also by adapting its business to the reality of the markets where it is located.

In 2019, Ascendum's operations were particularly conditioned by a set of factors, such as the (i) slower macroeconomic growth compared to 2018 in what concerns to the economies where Ascendum is present, (ii) reduction of activity in Turkey due to the impact of the geopolitical and macroeconomic situation, as a result of the economic sanctions imposed by the USA in August 2018 (though slowly recovering from the adverse shock that affected the economy in 2018) and (iii) reduction of activity in Mexico, mostly related to the construction equipment market decrease in this market.

Despite the challenges presented in the different geographic platforms, the Group was capable of responding to the difficulties through the adoption of management measures in the operations and through the economic and financial compensation provided by other geographies (e.g. Turnover increased 13% in Portugal, 8% in Central Europe and 3% in Spain), thus benefiting from the geographical diversification of its business.

At the same time, Ascendum tried to (i) improve the working capital management cycle and (ii) optimize the management of available funds, reducing the general cost of debt and supporting the geographic platforms in optimizing the local financial debt management, matching the liquidity needs of each geographical platform with their business cycle and maturity.

02. Harmonization and optimization of business processes

During 2019, Ascendum continued its strategy of standardizing business and management processes, as well as developing knowledge-sharing systems, in order to leverage internal synergies.

As part of the operational and financial optimization strategy, Ascendum continued the implementation project of the new SAP in the Group (already implemented in Portugal, Spain, Austria, Czech Republic, Slovakia, Hungary and Croatia), with the project roll-out to Romania (go-live on the 1 January 2020).

In addition, following the implementation of the new business intelligence platform in the Group, Ascendum also developed and implemented a standard Group Management Reporting Package, with the aim to improve the monitoring process in each company, allow a quicker & timely response to business challenges and standardize the key performance indicators of the several geographies.

03. GO Sixty Communication Plan

Following the consolidation of Ascendum brand in the last few years, we decided that this important moment should be celebrated and shared with all Ascendum players: employees, partners and customers. But how?

— We developed a commemorative identity that replaced the Ascendum brand identity, throughout the whole year.

— Most of our internal and external communication supports were an expression of this GO concept that we have developed, throughout each geography.

— To mark the anniversary (April 1st) and the beginning of celebrations, we have created a piece inspired by a torch, which travelled through all geographies, and was symbolically lit in each branch.

— We challenged all employees to show what moves them and what makes them overcome, bringing this GO ATTITUDE to life. They participated through pictures or short videos they produced and shared in our intranet page (My ASCENDUM).

— We created our ASCENDUM anthem with sound records that reflect the culture of each one of our geographies. In an internal event we challenged all employees to lend their voices to this important anthem.

Throwback

Remember the milestones of the last 6 decades that helped us build our GO attitude.

1959

READY, SET, GO

PORTUGAL

Foundation of Auto-Sueco Coimbra, the Volvo cars and trucks dealer in 6 districts of Portugal's central zone.

1970

GOING STRONGER

Volvo invited Auto-Sueco Coimbra to import and distribute Volvo Construction Equipment in Portugal.

1999

GOING ABROAD

1st INTERNATIONALIZATION — SPAIN

Acquisition of Volvo Construction Equipment sales company - Volmaquinaria de Construcción España SA (VMCE).

2004

GOING OVER THE OCEAN

2nd INTERNATIONALIZATION — USA

Acquisition of Volvo Construction Equipment operations in five regions of the USA (North Carolina, Georgia, South Carolina, Alabama and Tennessee). Incorporation of the new company: the ASC Construction Equipment USA, INC.

2010

GOING WIDER

3rd INTERNATIONALIZATION — TURKEY

Acquisition of Volvo Construction Equipment sales company in Turkey. Acquisition of Air-Rail in Spain - infrastructure equipment (ports, airports andrailways). Incorporation of the Air-Rail Portugal - infrastructure equipment (ports, airports and railways).

2012

GOING BIGGER

4th INTERNATIONALIZATION — MEXICO

Corporation Restructuring.

Incorporation of the Group Holding and changing into S.A.

Group name change to Ascendum.

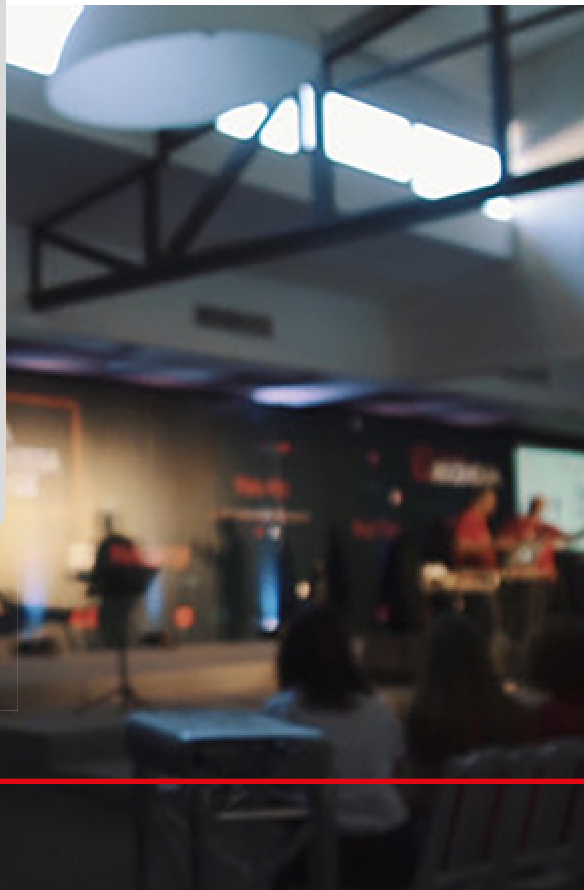
Start-up for distribution operations of Volvo Construction Equipment machinery and equipment in Mexico.

2013

GOING BEYOND

5th INTERNATIONALIZATION — CENTRAL EUROPE

Acquisition of Volvo Construction Equipment sales company in Austria, Hungary, Czech Republic, Slovakia, Romania, Croatia, Slovenia, Bosnia-Herzegovina and Moldova.



There are a few important moments that helped consolidate and enhance the Ascendum brand image.

JANUARY 2019

ASCENDUM MAQUINARIA OPENED ITS NEW FACILITIES IN CIEMPOZUELOS IN MADRID, SPAIN.

A brand-new space, ready to fully serve all Ascendum customers!

MARCH 2019

ASCENDUM MACHINERY WAS THE PROUD RECIPIENT OF THE PRESTIGIOUS ANNUAL UPTIME AWARD FOR 2018.

The award acknowledged the company's pristine aftermarket and customer support efforts through consistent, timely, and reliable parts and service support in Ascendum's territory footprint in the United States.

(L-R) Kenny Bishop, CEO of Ascendum Machinery; Kenneth Silverman, VP Aftermarket & Customer Suppor of Volvo CE; Chris Pierson, VP Operations of Ascendum Machinery; Mario Stoilovich; Nuno Colaco, CFO of Ascendum Machinery.

FEBRUARY 2019

ASCENDUM MACHINERY CELEBRATED 15 YEARS IN THE USA!

When Ascendum started in 2004, it was clear that the company was poised for success. Today, with 15 locations in five states, Ascendum Machinery is the largest Volvo Construction Equipment Dealership in the world.

(L-R) Jerry Edwards, Regional General Manager for Tennessee; Nuno Colaco, CFO; Kristin Parker, Regional General Manager for North Carolina; Chris Pierson, VP of Operations; Mike Werner, Regional General Manager for South Carolina; Janet Howard, Equipment Manager; Kenny Bishop, CEO; Jack Evans, Regional General Manager for Georgia; Mario Stoilovich, Business Development Director.

MARCH 2019

ASCENDUM MAKINA, IN TURKEY, WAS AWARDED BY VOLVO CONSTRUCTION EQUIPMENT, BEST EMEA DEALER FOR COMPETENCE DEVELOPMENT IN 2018.

An award that consolidates Ascendum Makina as an important Volvo CE partner and makes us extremely proud!

Ascendum Sales and After Sales Team, leaded by Tolga Polat and Volvo CE representatives from Sales Region EMEA.

OCTOBER 2019

ASCENDUM BAUMASCHINEN OPENED ITS NEW FACILITIES IN VIENNA, AUSTRIA.

This special day was jointly celebrated by employees and customers in a memorable event.

(L-R) Ing. Harald Nirschl (Chief Officer - Community Gumpoldskirchen); Thomas Wimmer (Service Manager North/East – Ascendum Baumaschinen Österreich GmbH); Ferdinand Köck (Major - Community Gumpoldskirchen); Dr. Thomas Schmitz (CEO - Ascendum Baumaschinen Österreich GmbH); Ernst Schuchanegg (Segment Manager Rents - Ascendum Baumaschinen Österreich GmbH); Ing. Friedrich Lichtblau (Klinger Holding); Mag. Adolf Valenta (Pastor Gumpoldskirchen).

SEPTEMBER 2019

ASCENDUM MAQUINARIA OPENED ITS NEW FACILITIES IN GRANADA, SPAIN.

NOVEMBER 2019

ASCENDUM ACTION DAYS

Ascendum Action Days was held in Portugal. Two open days carefully prepared for our Customers where the 3 business areas (Machinery, Trucks and Cars) came together to provide demos, test-drives and to present the latest releases.

NOVEMBER 2019

ASCENDUM GROUP WON THE PANEL'S SPECIAL PRIZE OF THE INTERNATIONALIZATION AND EXPORT AWARDS, AWARDED BY JORNAL DE NEGÓCIOS, AN ECONOMY AND BUSINESS PUBLICATION IN PORTUGAL.

This award recognizes the Ascendum Group's internationalization project, which led to its growth and expansion to 14 countries between 2012 and 2018.

1.3.3. MAIN ECONOMIC, FINANCIAL AND OPERATIONAL INDICATORS

MAIN ECONOMIC, FINANCIAL AND OPERATIONAL INDICATORS THOUSANDS OF EUROS	**2019**	**2018**	**Δ (19/18)**
Turnover	878,411	941,575	-6.7%
EBITDA (1)	83,510	78,402	6.5%
EBIT (2)	36,737	46,219	-20.5%
Net Income with non-controlling interests	17,025	24,028	-29.1%
Equity Adjusted (with non-controlling interests) (3)	167,466	168,827	-0.8%
Net Debt Adjusted (4)	218,133	193,422	12.8%
Net Debt Adjusted / EBITDA	2.6x	2.5x	0.1x
Equity / Net Debt Adjusted	0.8x	0.9x	-0.1x
Equity / Total Assets Adjusted (5)	25%	27%	-2.1 pp
Number of employees	1,482	1,497	-1.0%

(1) Earnings before depreciations & amortizations, impairments & provisions, financial expenses, net FX differences and taxes.
(2) Earnings before financial expenses, net FX differences and taxes.
(3) In 2018, figures were adjusted according to the IFRS 16 impact in Equity on the 1st of January 2019 (K€ 54).
(4) Net Debt corresponds to the interest bearing financial liabilities deducted from cash and bank deposits, investment in Angolan Treasury Bonds (only in 2018) and market value of the financial participations held by Ascendum in BCP. In 2018, figures were adjusted according to the IFRS 16 impact in Net Debt on the 1st of January 2019 (M€ 37.6).
(5) In 2018, figures were adjusted according to the IFRS 16 impact in Total Assets on the 1st of January 2019 (M€ 37.7).

From an economic, financial and operational perspective, 2019 was a challenging year for the Group, with different economic conditions and circumstances amongst the Group geographic platforms, as follows:

— Macroeconomic context of growth, though with a slower pace compared to 2018:

› In 2019, the global economy grew 3.0% in 2019 (according to the IMF estimate for the World Gross Domestic Product growth rate), which was below the growth rate of 3.6% year-on-year, mainly due to the high level of uncertainties regarding the international geopolitical situation and increased vulnerabilities of emerging markets;

› Emerging economies once again showed higher growth rate than the one that occurred in advanced economies in 2019, though at a slower pace compared to the previous year (emerging economies, with a reduction of 0.6 pp in the real GDP growth rate, to 3.9%, and advanced economies, with a reduction of 0.6 pp to 1.7%);

› In terms of the economies where Ascendum is present, economic growth followed the same trend – in the Euro Area, real GDP growth rate decreased from 1.9% in 2018 to 1.2% in 2019; in the USA, real GDP growth rate slid from 2.9% in 2018 to 2.4% in 2019; and in Turkey, real GDP growth rate dropped from 2.8% in 2018 to 0.2% in 2019.

— Appreciation of USD and devaluation of TRY against the Euro in 2019:

› The appreciation of the US Dollar against the Euro in 2019 (from EUR/USD 1.145 on the 31st of December 2018 to EUR/USD 1.123 on the 31st of December 2019) had a positive impact on the contribution of the USA operation to the Group's results and Equity;

› On the other hand, the 10% devaluation of the Turkish Lira against the Euro in 2019 (from EUR/TRY 6.059 on the 31st of December 2018 to EUR/TRY 6.684 on the 31st of December 2019) penalized the Group's results by aggravating the net exchange rate differences, based on the net exposure to monetary assets in Turkey expressed in TRY (based on EUR functional currency), contributing to negative exchange differences of 0.9 million euros in the Turkish operation.

— Growth in Ascendum addressable market[1], yet below the levels recorded in the "peak" year:

› In line with the consolidation of the economic growth, 2019 was marked by the stabilization of growth in most of the markets where Ascendum operates, with a 4% increase in the number of units sold compared to 2018;

› In 2019, Ascendum's addressable market (Portugal, Spain, USA, Turkey, Mexico and Central Europe) represented around 93% of the Group's market in 2007 ("peak" year).

— The optimization and efficiency measures adopted by Ascendum, as well as the focus on knowledge sharing systems and investment in human resources, had a positive effect in 2019:

› In Portugal, as in previous years, Ascendum focused its efforts on optimizing the operational structure and adapting the products and services portfolio to customers' needs;

› In Spain, the Group developed its activity with a focus on operational optimization (e.g. optimization of the cost structure, sharing of best practices/knowledge amongst the company branches), development of the used machinery business, enhancement of the after-sales segment (e.g. expansion of the product/service portfolio) and improvement of the existing branches (e.g. move from Cabanillas branch to Ciempozuelos);

› In the USA, Ascendum developed its activity with a constant effort to more efficiently respond to customer needs, while improving internal processes and operational structure. In addition, in terms of equipment sales, the company implemented measures to reduce the level of associated risk;

› In Turkey, economy is slowly recovering from the adverse shock that affected its economy in 2018, which was still felt in 2019, mainly derived from the economic sanctions imposed by the USA in August 2018. Nevertheless, Ascendum adjusted its strategy by implementing measures to consolidate the core business, control structural costs and focus on treasury management;

› In Mexico, despite the challenging macroeconomic and market context, the Group focused on improving internal controls and processes on all functional and business areas, optimizing the operational structure and strengthening the financial position of the operations through a direct interface with the Spanish operation and the Corporate Center;

› In Central Europe, the Group focused on optimizing processes improving the after-sales service. In addition, Ascendum continued the implementation project of the new SAP [already implemented in Portugal, Spain and Central Europe (Austria, Czech Republic, Slovakia, Hungary and Croatia)], with the project roll-out to Romania (go-live on the 1 January 2020).

Thus, despite the still challenging macroeconomic and sectoral framework, Ascendum's efforts contributed to a positive performance in 2019:

— Operational performance – in 2019, the Group achieved Turnover of 878 million Euros, EBITDA of 84 million euros and Net Income of 17.0 million euros;

— Financial robustness – following the efforts in terms of increasing the operational efficiency, working capital cycle optimization and adaptation of the liquidity needs of each geographical platform to the cycle and maturity of its business, as in previous years Ascendum showed solid solvency ratios with a Net Debt/EBITDA ratio of 2.6x and Equity/Assets of 25%, maintaining healthy financial indicators, despite the investment effort made in recent years (due to its internationalization strategy) and the exposure to macroeconomic and sectoral challenges amongst the Group's geographic platforms.

1 Excluding backhoe loaders and motorgraders – products discontinued by Volvo CE in 2014.

1.4. HOW ASCENDUM IS ORGANIZED

1.4.1. VISION

To be one of the world's largest suppliers of global solutions for infrastructure machinery, construction, industry, cars and trucks.

WHAT DOES THIS VISION MEAN?

"To be one of the world's largest suppliers of global solutions for infrastructures, machinery, construction, industry, cars and trucks"

- Ascendum is present in 14 countries: Portugal, Spain, USA, Turkey, Mexico, Austria, Hungary, Czech Republic, Slovakia, Romania, Croatia, Slovenia, Bosnia-Herzegovina and Moldova.
- It represents about 30 brands of Construction Equipment, industry, infrastructures, transports and logistics, being one of the world's largest distributors of Volvo Construction Equipment (Volvo CE). In Portugal, the Group is also present in car and truck markets.
- Ascendum's organizational structure enables it to address customer needs and projects anywhere in the world through the "Follow the Customer" Service.

"Equipment and global solutions"

- Ascendum's core business is the sale of machines, equipment and parts, but also the provision of technical assistance, after-sales services and solutions for the entire equipment value chain, including finance, logistics, technical training and maintenance.
- The services provided also extend to equipment rentals as an alternative designed to meet the needs of short- and medium-term projects.
- The ability to swiftly structure solutions tailored to customer needs and deliver turnkey solutions are Ascendum's unique value proposition and key to its competitiveness.

"Infrastructures, construction and industry"

- The equipment Ascendum supplies aids in the work of hundreds of companies in the three sectors of activity, especially mining and manufacturing industry, civil construction and public works, recycling and environment, forestry, agriculture, ports, airports, railways, logistics and transports.
- Ascendum's customers include construction companies, quarries, mines, pulp and paper, marble, glass and wood industries, industrial waste, waste and biomass operators, domestic and international freight companies, port terminals, city councils, armed forces and many other public and private entities.
- Ascendum establishes partnerships with manufacturers of benchmark equipment in each area of expertise, ensuring quality, robustness, experience and reliability.

"Cars and trucks"

- As regards cars and trucks, Ascendum sells new and used vehicles.
- Associated with the automotive business area, Ascendum offers a series of integrated solutions and after-sales services which enable a tailor-made solution to be combined with the strictest requirements of each of the represented brands.
- The truck business area also provides a range of services to meet customer needs such as the "Follow the Customer" Service and the "Volvo Action Service" (24-hour assistance).

1.4.2. VALUES

Ascendum's corporate values reflect who we are and how we operate. They reflect our culture and identity, as well as our attitude and performance. Being part of Ascendum's team entails being committed to these three values:

WE ARE AMBITIOUS

We are open minded to innovation

We are results-oriented

We have initiative and we make it happen

We face the world with ambition, foreseeing obstacles and opportunities. We like to look forward and set the bar high in everything we do, taking risks and searching for new ideas and businesses that will challenge and allow us to keep growing. We obtain results that guarantee our sustainability.

WE INSPIRE TRUST

We work together and celebrate together

We share our knowledge

We have know-how and technical strength

We develop each person's talent to have specialized and robust teams that deliver with credibility. We work as a team with discipline and know-how, overcoming adversities and expectations. We celebrate each conquest, showing pride in everything we do and believe in.

WE ARE CLIENT-CENTRIC

We are close to our clients

We are committed

We challenge and are challenged by our clients

We build close and trusting relationships with our clients, challenging and adding value, because we want to go further together. We put our knowledge and experience at their service, contributing towards their success.

1.4.3. ASCENDUM'S CHARACTERIZATION AND STRATEGY

1.4.3.1. Characterization

Established in 1959, ASCENDUM is an international reference in the Automotive sector, active in supplying Construction and Industrial Equipment, Cars, Trucks and Parts, as well as providing technical assistance, complementing its offer with equipment rental and logistics. In addition, Ascendum's business lines also include equipment for ports, airports and railways, agricultural machinery, and the segment of multi-brand parts for industrial applications. With around 1,482 employees, Ascendum is currently one of the largest distributors of Volvo Construction Equipment worldwide, operating directly in markets such as Portugal, Spain, USA, Turkey, Mexico and nine Central European countries (Austria, Hungary, Czech Republic, Slovakia, Romania, Croatia, Slovenia, Bosnia-Herzegovina and Moldova).

At the same time, Ascendum has developed a "follow the customer" solution to assist its customers and thereby expand its presence to Africa, Eastern Europe and South America. Given its presence throughout the automotive sector value chain, Ascendum has an extensive portfolio of high-quality products/brands for application in industries as diverse as construction and public works, mining, logistics, agriculture, recycling, etc.

Ascendum's performance excellence in the markets in which it operates has placed it in a prominent position among VCE dealers and it is now recognized as one of the largest and best dealers worldwide. At the same time, the Group has repeatedly achieved better performances (leading to increased recognition, turnover and market share) than Volvo CE itself as a dealer in the markets in which it is established.

1.4.3.2. Product portfolio

Ascendum works with multiple brands in its various business areas (construction, industrial and infrastructure equipment, agricultural machinery, trucks and cars), with the following matrix:

		Import	Retail	Rental	Aftermarket	Remarketing
Portugal	Construction and Industrial Equipment	VOLVO Sennebogen Sandvik Ponsse Yale Mecalac Hyster Gomaco	VOLVO Sennebogen Sandvik Ponsse Yale Mecalac Hyster Gomaco	VOLVO Sennebogen Yale Mecalac	Multi-brand	Multi-brand
	Trucks		VOLVO Mitsubishi			
	Cars		VOLVO Mitsubishi			
	Infrastructure Equipment	Air-Rail	Air-Rail	Air-Rail		
	Agriculture Equipment	Kioti	Kioti			
Spain	Construction and Industrial Equipment	VOLVO Terex Fuchs Sandvik Lännen A-Ward Genesis and ALLU Terex Genie SBM mobile crushers and mobile concrete plants	VOLVO Terex Fuchs Sandvik Lännen A-Ward Genesis and ALLU Terex Genie SBM mobile crushers and mobile concrete plants	VOLVO Terex Fuchs Sandvik Lännen A-Ward Genesis and ALLU Terex Genie SBM mobile crushers and mobile concrete plants	VOLVO Terex Fuchs Sandvik Lännen A-Ward Genesis and ALLU Terex Genie SBM mobile crushers and mobile concrete plants VOLMAQ oils HARDPARTS NTN & Timken	Multi-brand
	Infrastructure Equipment	Air-Rail Zephir	Air-Rail Zephir	Air-Rail Zephir	Air-Rail Zephir	
USA	Construction and Industrial Equipment		VOLVO Sennebogen Doosan Sandvik Leeboy Volvo Penta SDLG K-TEC	VOLVO Sennebogen Doosan Sandvik Leeboy Volvo Penta SDLG K-TEC	VOLVO Sennebogen Doosan Sandvik Leeboy Volvo Penta SDLG K-TEC	VOLVO Sennebogen Doosan Sandvik Leeboy Volvo Penta SDLG K-TEC
Turkey	Construction and Industrial Equipment	VOLVO Sandvik SDLG Mecalac (BHL)	VOLVO Sandvik SDLG Mecalac (BHL)	VOLVO Sandvik SDLG Mecalac (BHL)	VOLVO Sandvik SDLG Mecalac (BHL)	VOLVO SDLG Mecalac (BHL)
	Infrastructure Equipment	SANY	SANY		SANY	
Mexico	Construction and Industrial Equipment	VOLVO Sennebogen SDLG	VOLVO Sennebogen SDLG	VOLVO Sennebogen	VOLVO Sennebogen SDLG	VOLVO
Central Europe*	Construction and Industrial Equipment	VOLVO Sennebogen Atlas Copco Epiroc Rammer Venieri	VOLVO Sennebogen Atlas Copco Epiroc Rammer Venieri	VOLVO Sennebogen	VOLVO Sennebogen Atlas Copco Epiroc Rammer Venieri Volvo Penta	VOLVO Sennebogen

(*) Ascendum operates in the following countries of Central Europe: Austria, Hungary, Czech Republic, Slovakia, Romania, Croatia, Slovenia, Bosnia and Herzegovina and Moldova.

1.4.3.3. Strategy

Ascendum's strategy is based on two key pillars of growth: firstly, to consolidate and expand the construction and industrial equipment, truck and car business segment in order to maintain its leadership in the markets in which it operates; secondly, to diversify its activity by participating in new business lines and creating a more extensive product portfolio.

DURING THESE PAST TEN YEARS (2010-2019), MAJOR STEPS HAVE BEEN TAKEN TO ACHIEVE THESE OBJECTIVES, NAMELY:

2010

1. Acquisition of the Volvo CE import and distribution operations in Turkey;
2. Acquisition of two new equity holdings in Spanish companies (Air-Rail and Zephir) operating in the airport, port and railway equipment sector.

2011

1. Reorganization of the Group in two aspects:
   - **i.** Reorganization of equity holdings, and
   - **ii.** Adoption of a new governance model;
2. Establishing the role of the Ascendum Corporate Center;
3. Launch of the port, railway and airport infrastructure equipment operation in Portugal and Turkey.

2012

1. Consolidation of the reorganization process started in 2011;
2. Start of the Volvo Construction Equipment industrial machinery and equipment distribution operation in Mexico.

2013

1. Acquisition of the Volvo Construction Equipment operation in Central Europe;
2. Acquisition of the Volvo Construction Equipment and industrial machinery and equipment distribution operation from the independent dealer in North Dakota;
3. Development of a partnership in the Turkish agricultural sector.

2014

1. Operational optimization in Mexico: improvement of internal processes, focus on training, improved facilities to enhance comfort, brand image and confidence;
2. Reorganization of the operation in Central Europe: adoption of a new governance model and Group efficiency metrics;
3. Expansion of product portfolio:
   - **i.** Start of generator operation in Portugal, through Ascendum Energy;
   - **ii.** Representation of new core product brands: SDLG, among others.

1. CONSOLIDATION AND EXPANSION OF BUSINESS (CIE, CARS AND TRUCKS)

- Optimize current business;
- Launch business in other geographical platforms/emerging markets;
- Expand the core product portfolio to other brands.

2. DIVERSIFICATION OF THE BUSINESS BY PARTICIPATING IN NEW BUSINESS/ A BROADER PRODUCT PORTFOLIO

- Expand the product portfolio through the inclusion of infrastructure and agriculture equipments;
- Strengthen the presence in the logistics equipment segment;
- Boost the after sales multi-brand business;
- Expand the service to include "turnkey" customers.

2015

1. Business optimization: focus on improving internal processes to ensure more cohesive support for decision making;
2. Improved internal communication: launch of My Ascendum, the Group's intranet platform, aiming at maximizing communication and efficiency between Ascendum's different geographic platforms and promoting Group culture;
3. Development of human resources: investment in training, with emphasis on the launch of the e-learning platform, an integral part of the Ascendum Academy;
4. Expansion of the product portfolio: representing new core product brands: Terex Fuchs, Genesis, Rammer, among others.

2016

1. Business optimization: focus on improving internal processes to ensure more cohesive support for decision making;
2. Increased investment in the Ascendum brand at global level;
3. Kick-off of development of the Group's digital engagement strategy;
4. Business diversification:
   i. Initiating import of Kioto agricultural equipment to Portugal (direct sales to dealers only);
   ii. Generac solutions for lighting systems, generators, transfer and aspiration pumps in Spain;
   iii. Stewart-Amos mechanical sweepers in the United States, among others.
5. Expanding the product portfolio: representing new core product brands such as Volvo Penta (United States), SDLG (Mexico), Terex (Portugal, Spain and Turkey) and Terex Trucks (Turkey and Spain), Genie (Spain), among others;
6. SAP go-live in Austria.

2017

1. Disposal of the entire financial holding in Banco BPI, through the Spanish subsidiary Ascendum España, S.L., as part of a Public Tender Offer made by CaixaBank;
2. Disposal of the entire financial holding in VORTAL SGPS, SA;
3. Demerger of Ascendum II – Veículos Unipessoal Lda. (whose trade name was changed to Ascendum Automóveis, Unipessoal, Lda) whereby its trucks business unit was transferred to the new subsidiary – Ascendum Camiões, Unipessoal Lda., established for this purpose;
4. Opening of a new branch in Samsun (Turkey);
5. Refurbishment of Ascendum facilities in Lieboch (Austria);
6. SAP go-live in Hungary and Croatia.

2018

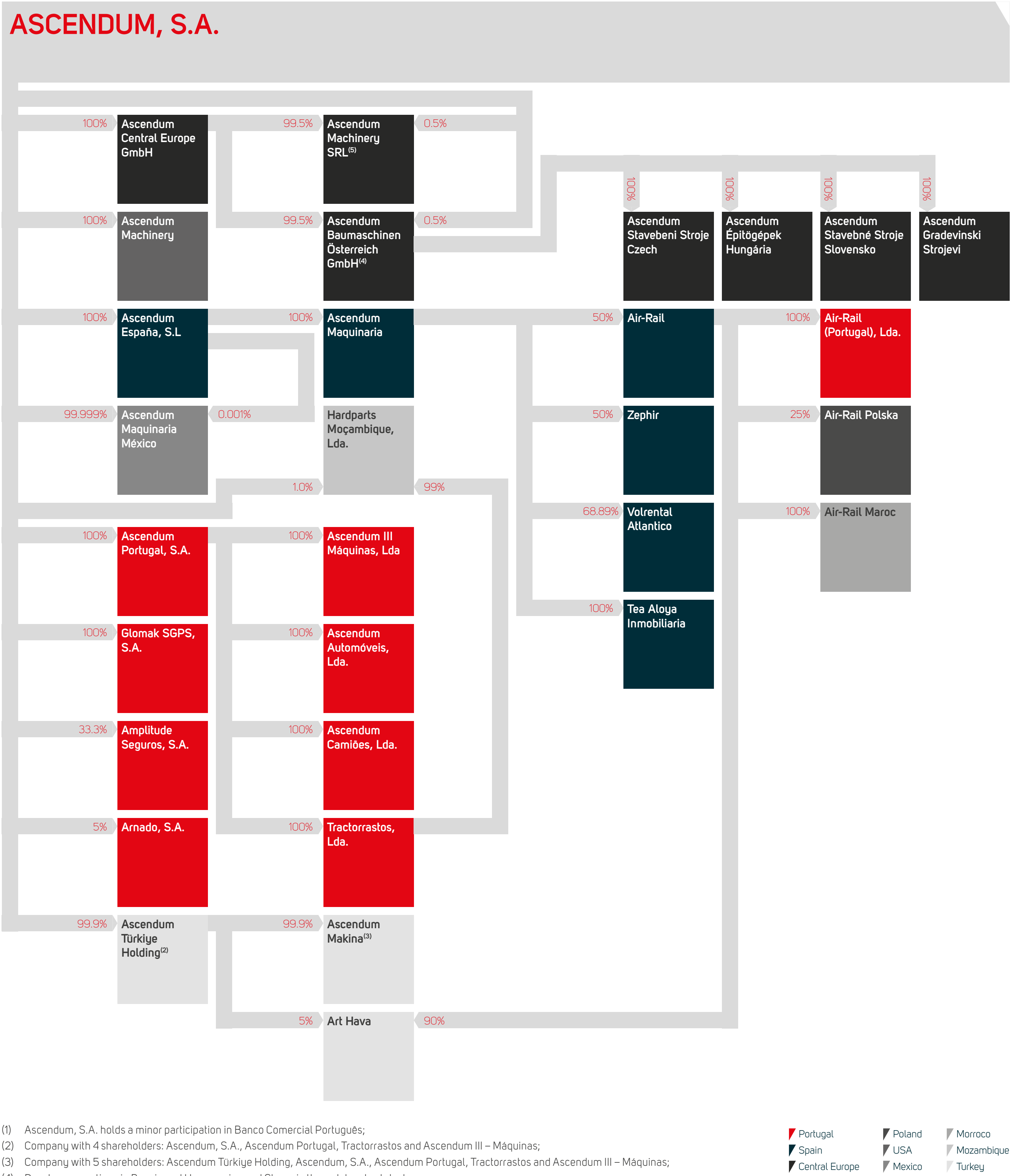
1. Refurbishment of the Ascendum Auto facilities in Lisbon, Portugal;
2. Transfer of the Cabanillas operation to the new Ciempozuelos facilities in Madrid, Spain (opening in January 2019);
3. Opening of the new Ascendum Makina facilities in Ankara, Turkey;
4. Opening of new facilities in Macon, GA (USA);
5. SAP go-live in Portugal, Spain, Czech Republic and Slovakia.

2019

1. Opening of Ascendum Maquinaria new facilities in Ciempozuelos in Madrid, Spain;
2. Refurbishment of Ascendum Maquinaria facilities in Granada, Spain;
3. Refurbishment of Ascendum Baumaschinen facilities in Vienna. Austria.

1.4.4. ASCENDUM ORGANIZATION

1.4.4.1. Corporate Organizational Chart



(1) Ascendum, S.A. holds a minor participation in Banco Comercial Português;
(2) Company with 4 shareholders: Ascendum, S.A., Ascendum Portugal, Tractorrastos and Ascendum III – Máquinas;
(3) Company with 5 shareholders: Ascendum Türkiye Holding, Ascendum, S.A., Ascendum Portugal, Tractorrastos and Ascendum III – Máquinas;
(4) Develops operations in Bosnia and Herzegovina and Slovenia through local subdealers;
(5) Develops operations in Moldova.

1.4.4.2. Business Organizational Chart

At the same time, from an organizational perspective, the Group has developed a management model based on a geographic platform concept, which aims at maximizing synergies among the various businesses:

Portugal

- **Construction and Industrial Equipment**
  Ascendum Máquinas
- **Rent**
  Ascendum Máquinas
- **Aftermarket**
  Ascendum Máquinas
  Tractorrastos
- **Agriculture Equipment**
  Ascendum Máquinas
- **Cars**
  Ascendum Automóveis
- **Trucks**
  Ascendum Camiões
- **Infrastructure Equipment**
  Air-Rail 50%

Spain

- **Construction and Industrial Equipment**
  Ascendum Maquinaria
- **Rent**
  Ascendum Maquinaria
- **Aftermarket**
  Ascendum Maquinaria
- **Infrastructure Equipment**
  Air-Rail 50%
  Zephir 50%

USA

- **Construction and Industrial Equipment**
  Ascendum Machinery
- **Rent**
  Ascendum Machinery
- **Aftermarket**
  Ascendum Machinery

Turkey

- **Construction and Industrial Equipment**
  Ascendum Makina
- **Rent**
  Ascendum Makina
- **Aftermarket**
  Ascendum Makina
- **Infrastructure Equipment**
  Art Hava 50%

Mexico

- **Construction and Industrial Equipment**
  Ascendum Maquinaria México
- **Rent**
  Ascendum Maquinaria México
- **Aftermarket**
  Ascendum Maquinaria México

CEG

- **Construction and Industrial Equipment**
  Ascendum Baumaschinen
  Ascendum Machinery
  Ascendum Stavebeni stroje
  Ascendum Építögépek
  Ascendum Stavebné Stroje
  Ascendum Gradevinski
- **Rent**
  Ascendum Baumaschinen
  Ascendum Stavebeni stroje
- **Aftermarket**
  Ascendum Baumaschinen
  Ascendum Machinery
  Ascendum Stavebeni stroje
  Ascendum Építögépek
  Ascendum Stavebné Stroje
  Ascendum Gradevinski

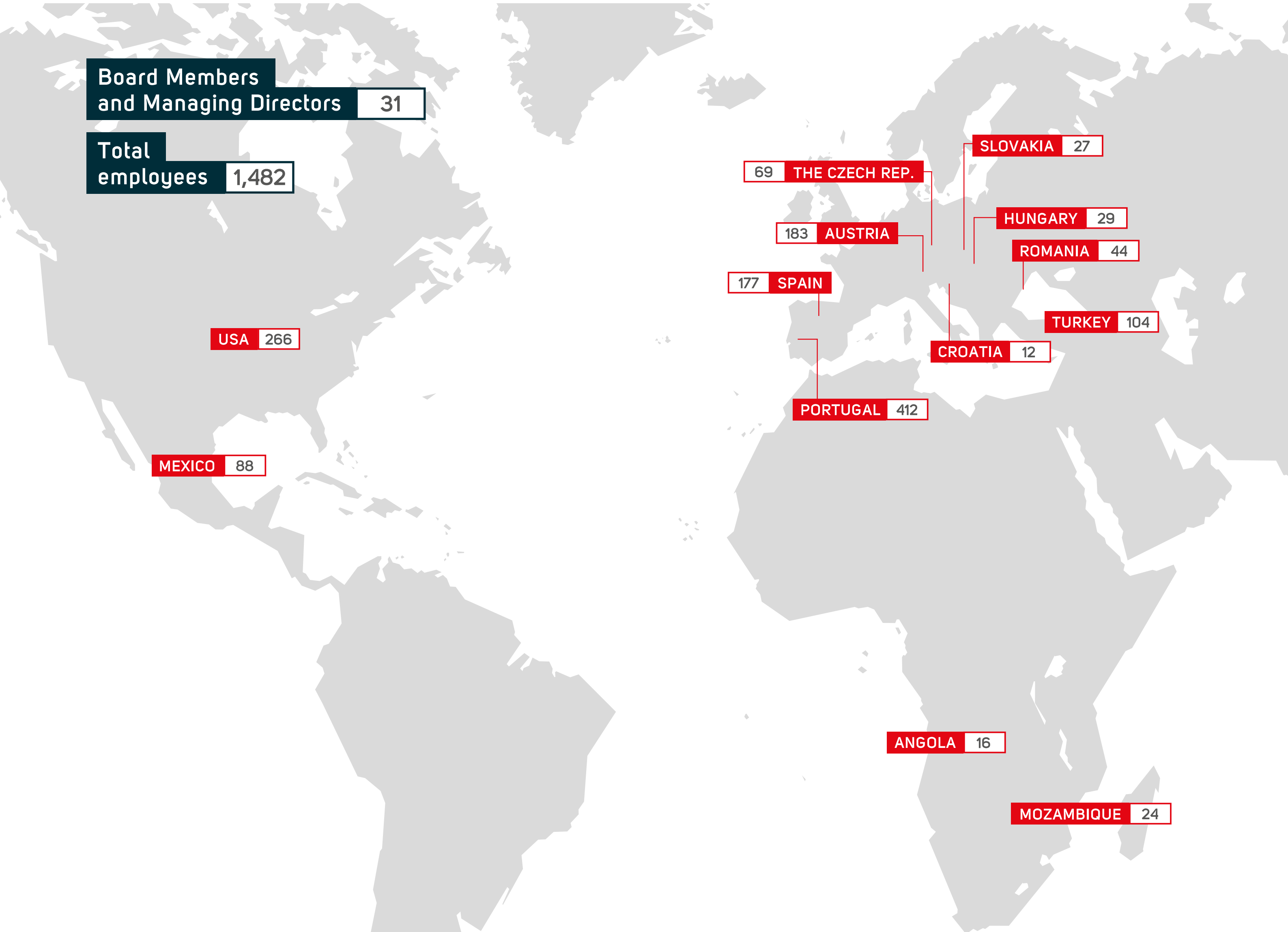
1.4.5. PEOPLE & CULTURE

We are experiencing fascinating times with ambitious challenges; we want to improve efficiency and modernize our business. To that end, we need to develop our people's talent, training them to work in teams with less hierarchy and greater autonomy.

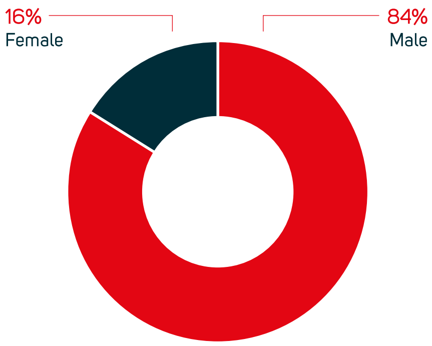
The following map shows the distribution of employees by geography on 31 December 2019, 1,482 in all:

Of the total number of the group's employees, 89% work in the construction equipment business area.

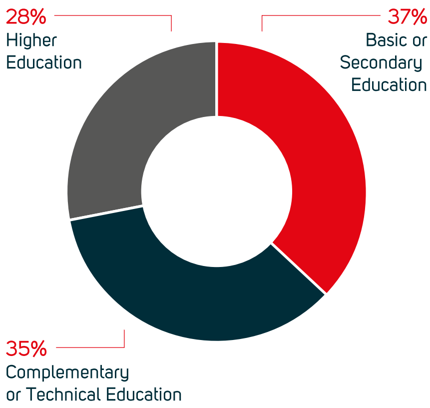
In terms of gender, Ascendum's human resources are essentially composed of male employees (84%) and, in terms of qualifications, 37% have completed basic or secondary education, 35% have completed complementary or technical education, and 28% have some level of higher education.



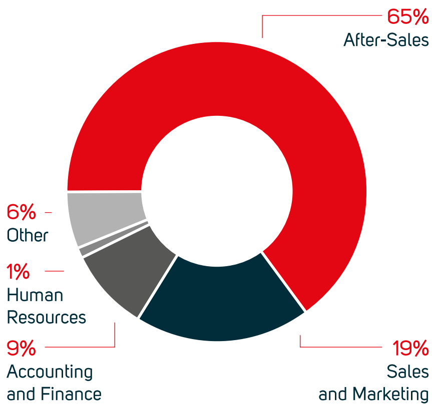
TOTAL EMPLOYEES
BY GENDER



TOTAL EMPLOYEES
BY LEVEL OF EDUCATION



TOTAL EMPLOYEES
BY ROLE



Regarding the distribution of employees by type of role, the After-Sales area is the most significant, accounting for 65% of employees.

Regarding distribution by management line, the Group has 31 Board Members and Managing Directors, 57 Directors and 153 Managers, with the remaining employees distributed between the 4th and 5th lines.

In terms of Group Culture and Internal Organization, Ascendum considers its climate survey to be vital:

— to understand the perception of employees and how culture is experienced internally, across all geographies; and

— to place employee feedback and dialogue at the heart of the successful execution of organizational plans and objectives.

In 2019, employees' valuable insights from Climate Survey gave rise to an Action Plan for 2019 by geography, with several measures taken by leaders to improve performance, to engage and to develop their teams.

Given the ongoing commitment to training, the plan implemented in 2019 in each one of the geographic platforms provided almost 49,400 hours of training, with an average of 34 hours per year per employee.

In 2019 the Group continued the internal Knowledge Management project "Ascendum Academy," which aims to be an internal training center for the Group on cross-cutting skills, responsible for knowledge management in the whole Group and transversal to its various areas.

Bearing in mind the best for all employees, and as an integral part of a more organized and digital innovation strategy, Ascendum implemented the Success Factors, a platform from SAP, to manage Ascendum's people. This important milestone has several benefits for the group, namely:

— Offering managers and employees an agile and user-friendly platform for access to core human resource management processes;

— Positioning Ascendum in a top-tier benchmark with regard to implementing an integrated and innovative platform to manage talent;

— Strengthening Ascendum's commitment to developing and managing people throughout the organization's life cycle.

Employees, individually, will be able to: access personal data; access and know the Ascendum Group's HR policies; access performance assessment and monitor career advancement; know who is who within the organization.

In 2019, Success Factors was implemented in Portugal, Austria, Hungary, Czech Republic, Slovakia, Romania and Croatia. In 2020, the Group will extend the launch to the remaining countries: Spain, United States and Mexico.

DISTRIBUTION BY MANAGEMENT LINE

Board Members and Managing Directors	31
Directors	57
Managers	153
Other	1,241
Total	**1,482**

1.4.6. MAIN CONSOLIDATED INDICATORS

In terms of economic performance, despite the impact of the (i) reduction of activity in the USA (due to a change in sales policy in order to reduce the risk level), (ii) decreased sales in Turkey (related to the impact of the geopolitical and macroeconomic situation in Turkey as a result of the economic sanctions imposed by the USA in August 2018, affecting 5 months of activity in 2018 as opposed to a full year in 2019) and (iii) reduction of activity in Mexico, mostly related to the construction equipment market decrease in the Mexican market, the Group achieved a Total Turnover of 878 million euros, EBITDA of 84 million euros and Net Income of 17 million euros.

Regarding the financial performance levels, as in previous years Ascendum presented solid solvency ratios, with a Net Debt/EBITDA ratio of 2.6x and Equity/Assets of 25%, maintaining healthy financial indicators, despite the investment effort made in recent years (due to its strategy of internationalization) and the exposure to macroeconomic and sectoral challenges amongst the Group's geographic platforms.

Ascendum's positive performance throughout 2019 results not only from all the efforts made in recent years, related to the structural optimization and improvement of efficiency levels, but also from the consolidation of its position in the markets in which it operates, namely, more recently in Central European markets. Thanks to the success of its growth strategy, diversification of the markets in which it operates, as well as sharing of best practices in each of the geographies in which it operates, the Group achieved a remarkable track record of trust and value creation, translated, year after year, into a positive economic and financial performance.

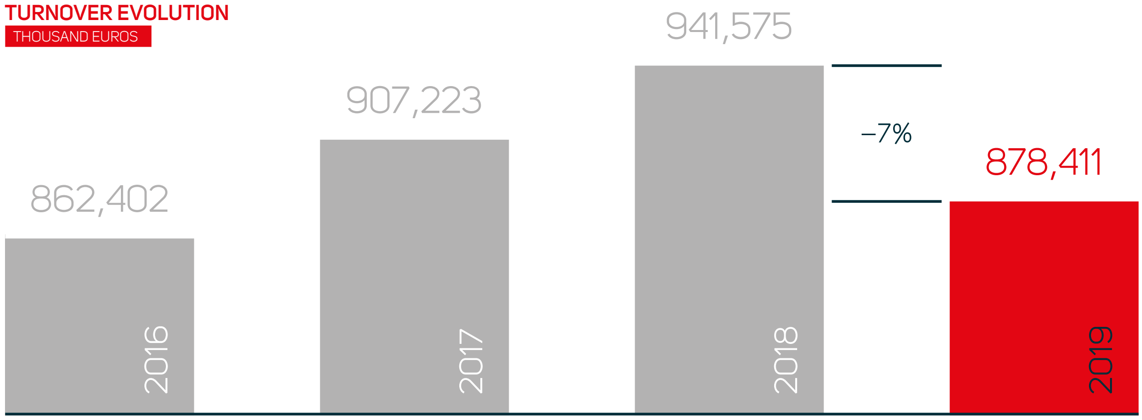
KEY PERFORMANCE INDICATORS THOUSANDS OF EUROS	2019	2018	Δ (19/18)
Turnover	878,411	941,575	-6.7%
EBITDA (1)	83,510	78,402	6.5%
EBIT (2)	36,737	46,219	-20.5%
Net Income with non-controlling interests	17,025	24,028	-29.1%
Net Income margin	1.9%	2.6%	-0.6 pp
Total Assets Adjusted (3)	659,886	615,291	7.2%
Net Debt Adjusted (4)	218,133	193,422	12.8%
Equity Adjusted (with non-controlling interests) (5)	167,466	168,827	-0.8%
Invested Capital Adjusted (6)	385,599	362,249	6.4%
Return on Equity (7)	10%	14%	-4.1 pp
Equity / Total Assets Adjusted	25%	27%	-2.1 pp
Net Debt Adjusted / EBITDA	2.6x	2.5x	0.1x
EBIT / Invested Capital Adjusted	10%	13%	-3.2 pp
Number of employees	1,482	1,497	-1.0%

(1) Earnings before depreciations & amortizations, impairments & provisions, financial expenses, net FX differences and taxes.
(2) Earnings before financial expenses, net FX differences and taxes.
(3) In 2018, figures were adjusted according to the IFRS 16 impact in Total Assets on the 1st of January 2019 (M€ 37.7).
(4) Net Debt corresponds to the interest bearing financial liabilities deducted from cash and bank deposits, investment in Angolan Treasury Bonds (only in 2018) and market value of the financial participations held by Ascendum in BCP. In 2018, figures were adjusted according to the IFRS 16 impact in Net Debt on the 1st of January 2019 (M€ 37.6).
(5) In 2018, figures were also adjusted according to the effective impact in Equity on the 1st of January 2019 (K€ 54).
(6) Equity with non-controlling interests and Net Debt.
(7) Ratio between Net Income with non-controlling interests and Equity with non-controlling interests.

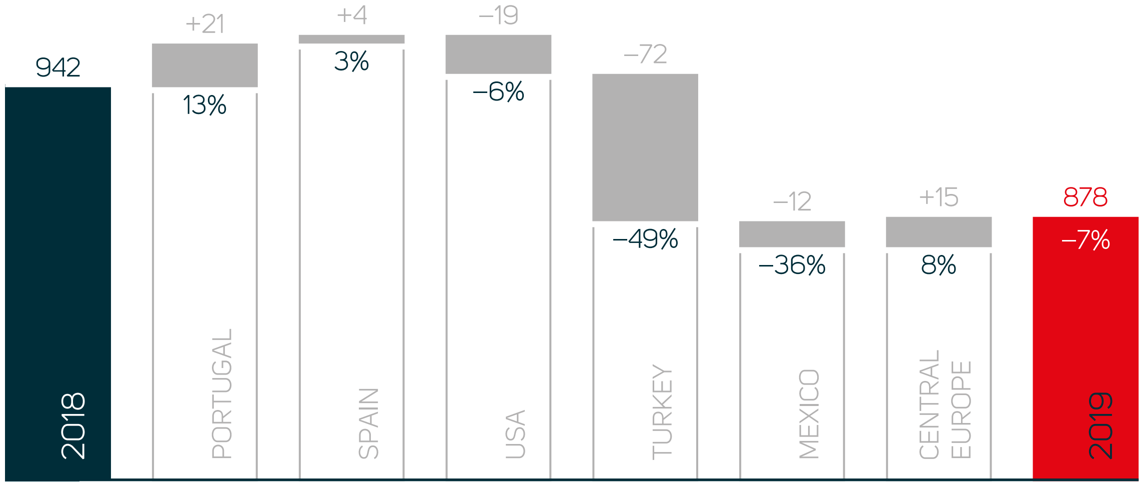
Turnover

In 2019, Ascendum's Turnover decreased 7% to 878 million euros, mainly as a result of the decrease in the contribution of operations in the US, Turkey and Mexico, despite increased Turnover of operations in Portugal, Spain and Central Europe.

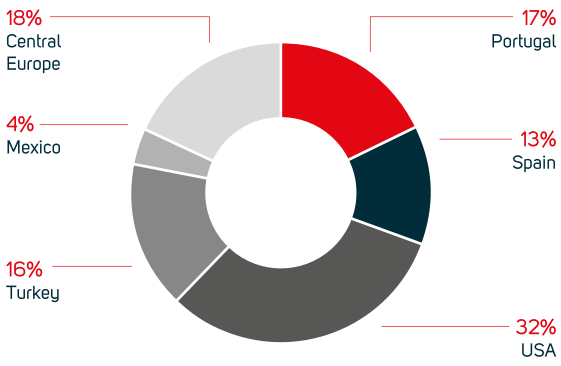
TURNOVER EVOLUTION
THOUSAND EUROS



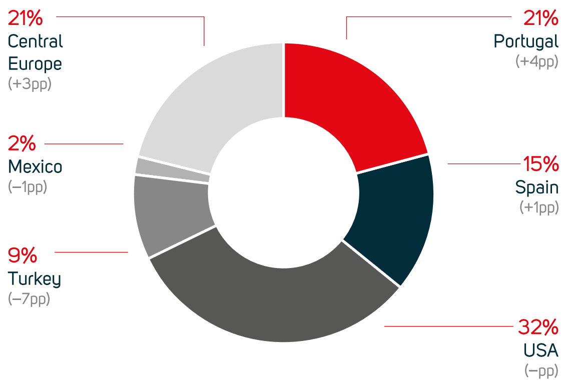
CONTRIBUTION TO THE TURNOVER GROWTH RATE
MILLION EUROS / % GROWTH RATE FROM 2018 TO 2019



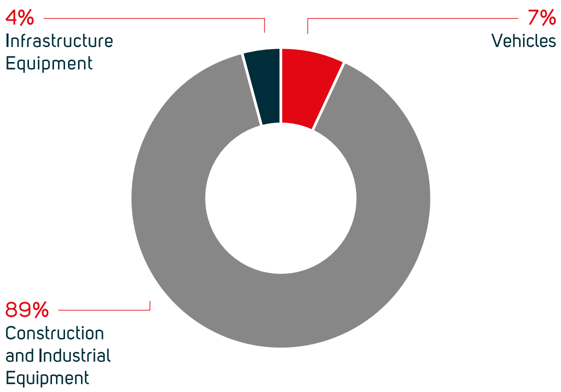
TURNOVER – 2018
% BY COUNTRY
942 MILLION EUROS



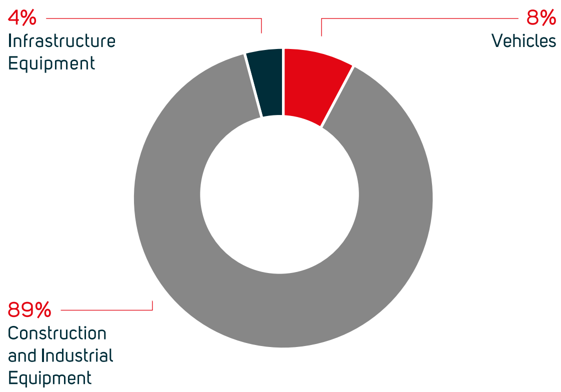
TURNOVER – 2019
% BY COUNTRY
878 MILLION EUROS



TURNOVER – 2018
% BY BUSINESS AREA
942 MILLION EUROS



TURNOVER – 2019
% BY BUSINESS AREA
878 MILLION EUROS



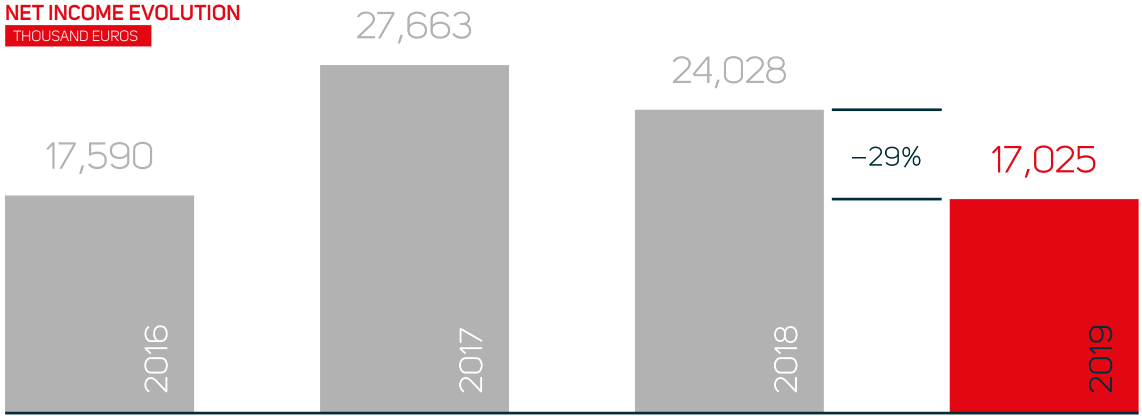
The foreign markets (Spain, USA, Turkey, Mexico and Central Europe) accounted for 79% of the Group's consolidated Turnover in 2019, while the operation in the US remained the Group's largest contributor with a relative weight over 30%.

In terms of business areas, the construction and industrial equipment segment maintained its weight compared to 2018, representing 89% of the Group's Overall Turnover at the end of 2019, while the Vehicle (car and truck) business area saw its relative weight increase slightly from 7% in 2018 to 8% in 2019 (an increase of 3% in absolute terms compared to the same period the previous year). The infrastructure equipment segment also maintained its weight in the Group's Turnover compared to 2018, standing at 4%.

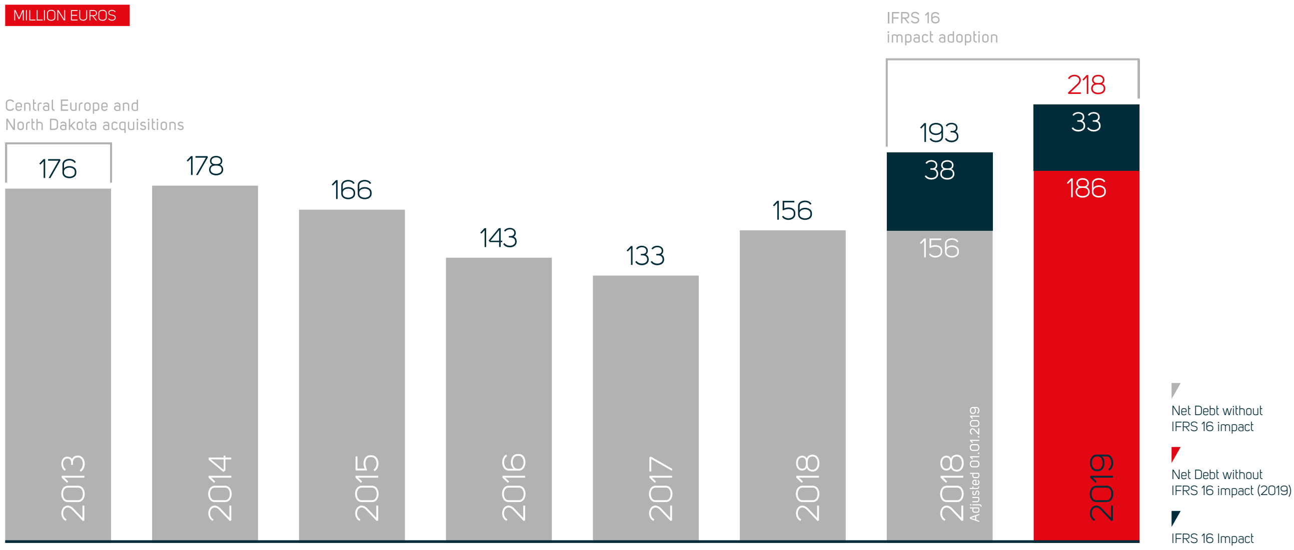
EBITDA

In 2019, Ascendum's EBITDA reached 83.5 million euros, equivalent to 9.5% of the Group's consolidated Turnover, corresponding to a 6.5% increase compared to 2018.
In addition, the Group's management efforts both in terms of measures implemented in the geographies with lower sales (US, Turkey and Mexico), as well as the overall performance in the remaining geographic platforms (Portugal, Spain and Central Europe) allowed the Group to keep the EBITDA margin close to 10% in 2019.

NET INCOME EVOLUTION
THOUSAND EUROS



NET DEBT EVOLUTION
MILLION EUROS



Net Income

In 2019, Ascendum's Net Income was equal to 17.0 million euros (a 29.1% drop compared to 2018), equivalent to 1.9% of consolidated Turnover (a 0.6 pp decrease compared to 2018).

Consolidated Net Debt

As of 31 December 2019, Net Debt was equal to 218 million euros (including the impact of the IFRS 16 adoption in the Group in 2019), compared to 193 million euros in 2018, which was adjusted according to the effective impact of the IFRS 16 adoption in Net Debt on 1 January 2019 (M€ 37.6).

In addition, consolidated gross debt totaled 248 million euros, out of which 66% is medium and long-term debt (equivalent to 163 million euros) and 34% short-term debt (equivalent to 85 million euros).

At the end of the year, the Net Debt/EBITDA ratio was equal to 2.6x (0.1x above the ratio of 2018), while the Equity/Net Debt ratio stood at around 0.8x.

In 2019, the Group continued its efforts to optimize financial debt management, balancing the liquidity needs of each geographic platform with the cycle and maturity of its business, as well as focusing, as in previous years, on consolidating its position in the markets in which it operates and in optimizing the working capital cycle.

Net Assets and Equity

In 2019, Ascendum's Assets totaled 660 million euros, representing an asset turnover ratio decrease from 1.5x in 2018 to 1.3x in 2019 (increase in the Asset/Turnover ratio from 65% to 75%).

In absolute terms, Ascendum's Total Assets increased by 46 million euros compared to 2018 (which already incorporates the adjustment concerning the impact of IFRS 16 adoption in 2018, according to the effective impact on the 1 January 2019 equal to M€ 37.7), mainly due to the following variations:

— **Rental Fleet (+21 million euros)** – regarding the rental fleet's net book value, there was an increase in all geographies (except Mexico), mainly due to the increase in the rental business segment;

— **Accounts receivable (+14 million euros)** – regarding the accounts receivable level, there was an increase in all geographies (except Turkey and Mexico) as a result of increased sales in most of the geographic platforms;

— **Deferred tax assets (+6 million euros)** – regarding the deferred tax assets level, the increase was mainly related to the variation in US and Mexico.

In addition, in 2019, Equity (with non-controlling interests) totaled 167 million euros, representing a decrease of 0.8% compared to 2018, equivalent to -1.3 million euros, whereas the ratio Equity/Assets was equal to 25% in 2019.


GO

2019
ANNUAL
REPORT

Finding new solutions.
Breaking new ground. Reaching higher.
GO is the attitude that drives us all, focusing on the same goal, to find new perspectives and different approaches that boost our customers' results and lead us forward.

2. ECONOMIC AND FINANCIAL INFORMATION

2.1. MACROECONOMIC CONTEXT

2.1.1. GLOBAL ECONOMY

In 2019, Global growth experienced a marked slowdown from 3.6% (IMF figures for 2018) to 3.0% (IMF estimate values for 2019) – its slowest pace since the 2008 global financial crisis. This weakness was widespread, affecting both advanced economies – particularly the Euro Area – and emerging market and developing economies. Various key indicators of economic activity declined in parallel, approaching their lowest levels since the global financial crisis, as the global trade in goods, which was in contraction for a significant part of 2019, and also manufacturing activity slowed markedly over the course of the year.

Trade policy uncertainty, geopolitical tensions, and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity (especially manufacturing and trade) in the second half of 2019

Monetary policy easing continued into the second half of 2019 in several economies. Adding to the substantial support the easing provided earlier in 2019, its lagged effects should help global activity recover in early 2020.

Bilateral negotiations between the United States and China since mid-October resulted in a Phase One agreement (including a planned partial rollback of tariffs) that has de-escalated trade tensions. This came after a prolonged period of rising trade disputes between the two countries, which has heightened policy uncertainty and weighed on international trade, confidence and investment. As a result of the increased tariffs between the two countries over the past couple of years, a substantially higher share of world trade has become subject to protectionist measures.

Advanced economies continued to slow toward their long-term potential. For the United States, trade-related uncertainty has had negative effects on investment, but employment and consumption continued to be robust, buoyed also by policy stimulus. In the euro area, growth was negatively affected by weak exports, while Brexit-related uncertainty continued to weaken growth in the United Kingdom.

Financial market sentiment improved appreciably toward the end of last year along with the alleviation of trade tensions. Concerns about growth prospects triggered widespread monetary policy easing by major central banks last year, as well as flight to safety flows into advanced-economy bond markets. In a context of subdued inflation, this pushed global yields down (in some advanced economies, further into negative territory) for most of 2019.

Among advanced economies, major central banks have become more accommodative, with a dovish shift in communications earlier in the year followed by easing actions during the summer. The US Federal Reserve cut the Federal Funds rate in July and September and ended its balance sheet reduction. In September, the European Central Bank reduced its deposit rate and announced a resumption of quantitative easing. These policy shifts, together with rising market concerns of slower growth momentum, contributed to sizable declines in sovereign bond yields – in some cases, deep into negative territory.

Regarding commodities, oil barrel prices declined slightly in 2019 as record-high US crude oil production, together with soft demand, outweighed the influence of supply shortfalls related to US sanctions on Iran, producer cuts by the Organization of Petroleum-Exporting Countries, and strife in Venezuela and Libya. The September 14 attack on key oil-refining facilities in Saudi Arabia threatened to bring about severe supply disruptions, causing crude oil prices to spike by more than 10% in the immediate aftermath. Prices subsequently came down given the reports of less damage than initially feared on Saudi Arabia refining facilities. Coal and natural gas prices also declined as a result of weak demand prospects. Metal prices remained broadly flat, with declines in copper and aluminum prices offsetting increases in those for nickel and iron ore between the two reference periods. Overall, low core inflation readings and subdued impulses from commodity prices to headline inflation have led to declines in market pricing of expected inflation, especially in the United States and the euro area.

MACROECONOMIC INDICATORS	WORLD	CHINA	JAPAN	EURO ZONE	PORTUGAL	SPAIN	USA	TURKEY	MEXICO	AUSTRIA	CZECH REP.	CROATIA	HUNGARY	ROMANIA
Total population														
2019E (millions of people)	7,530	1,400	126	341	10	47	329	83	126	9	11	4	10	20
CAGR (19E-23E)	n.a	0.2%	-0.4%	n.a	-0.2%	0.4%	0.5%	1.2%	0.9%	0.6%	0.1%	-0.7%	-0.2%	0.0%
Gross Domestic Product														
2019E - nominal (B USD)	84,930	13,368	4,972	13,639	241	1,428	20,580	771	1,222	456	245	61	161	240
Real growth rate (18-19E)	3.0%	6.1%	0.9%	1.2%	1.9%	2.2%	2.4%	0.2%	0.4%	1.6%	2.5%	3.0%	4.6%	4.0%
CAGR (14-19E)	3.5%	6.6%	1.1%	1.9%	2.3%	2.9%	2.4%	3.9%	2.1%	2.0%	3.5%	2.9%	3.9%	4.7%
CAGR (19E-23E)	3.5%	5.8%	0.5%	1.4%	1.5%	1.7%	1.7%	3.1%	1.9%	1.6%	2.6%	2.4%	2.8%	3.1%
Other Indicators (2019E)														
Inflation	3.4%	2.3%	1.0%	1.2%	0.9%	0.7%	1.8%	15.7%	3.8%	1.5%	2.6%	1.0%	3.4%	4.2%
GFCF - real growth rate (18-19E)	n.a	n.a	1.4%	4.3%	6.5%	2.5%	0.8%	-9.0%	-1.8%	2.9%	1.1%	8.8%	17.0%	8.0%
Unemployment rate	n.a	3.8%	2.4%	7.7%	6.1%	13.9%	3.7%	13.8%	3.4%	5.1%	2.2%	9.0%	3.5%	4.3%
Gross Public Debt (% of GDP)	n.a	55.6%	237.7%	83.9%	117.6%	96.4%	106.2%	30.1%	53.8%	70.7%	31.6%	71.1%	67.5%	37.4%
CIT (or equivalent)	24%	25%	31%	21.1%	21%	25%	27%	22%	30%	25%	19%	18%	9%	16%
VAT (or equivalent)	15%	16%	8%	21.5%	23%	21%	n.a.	18%	16%	20%	21%	25%	27%	19%
Central Bank Ref. Rate 31-Dec	n.a	4.15%	-0.10%	0.00%	0.00%	0.00%	1.75%	12.00%	7.25%	0.00%	2.00%	2.50%	0.90%	2.50%

Sources: World Bank, IMF (Economic Outlook - October 2019), AMECO, KPMG and Central Banks (respective reference interest rates).

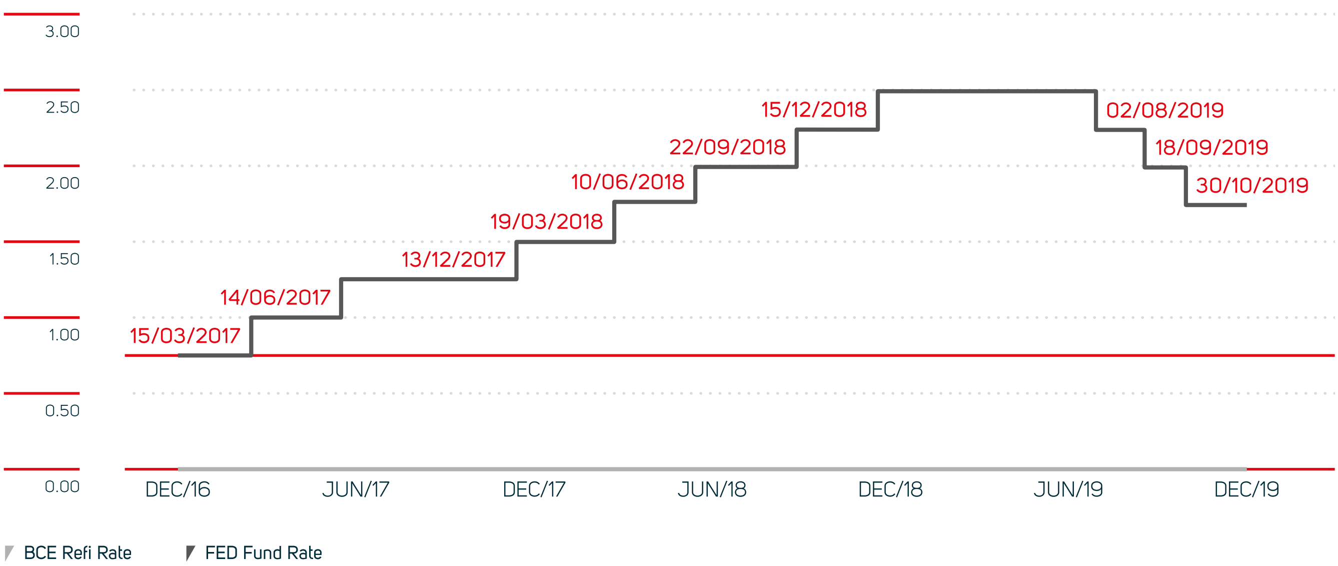
Concerning the Euro Area's macroeconomic scenario, 2019 is marked by a slowdown in economic growth, with estimated GDP growth of 1.2% against 1.9% recorded in 2018, due to a reduction in external demand. Notwithstanding this slowdown, 2019 is still marked by the fact that it reached the lowest unemployment rate since the end of 2008 (7.7%). Due to the maintenance of interest rates at historically low levels and the favorable conditions of access to bank financing, there was growth, albeit moderate, of credit to the private sector, thus contributing to the momentum in private spending. Given the current conditions, it is expected that the levels of private consumption, as well as of residential investment, will be maintained. Regarding annual inflation, as a result of the general fall in energy prices, in particular the price of oil at the end of 2019, inflation is expected to reach 1.2% in December 2019.

Regarding the United States, economic activity decelerated in 2019. According to the forecast by the International Monetary Fund (Economic Outlook – October 2019), GDP growth projected for 2019 is expected to be 2.4%, lower than the 2.9% growth recorded in 2018.

After the 4 increases that occurred in 2018 (raising from 1.5% to 2.5%), in 2019 the benchmark rate decreased 3 times, ending the year at 1.75%.

EVOLUTION OF ECB AND US FEDERAL RESERVE REFERENCE INTEREST RATES

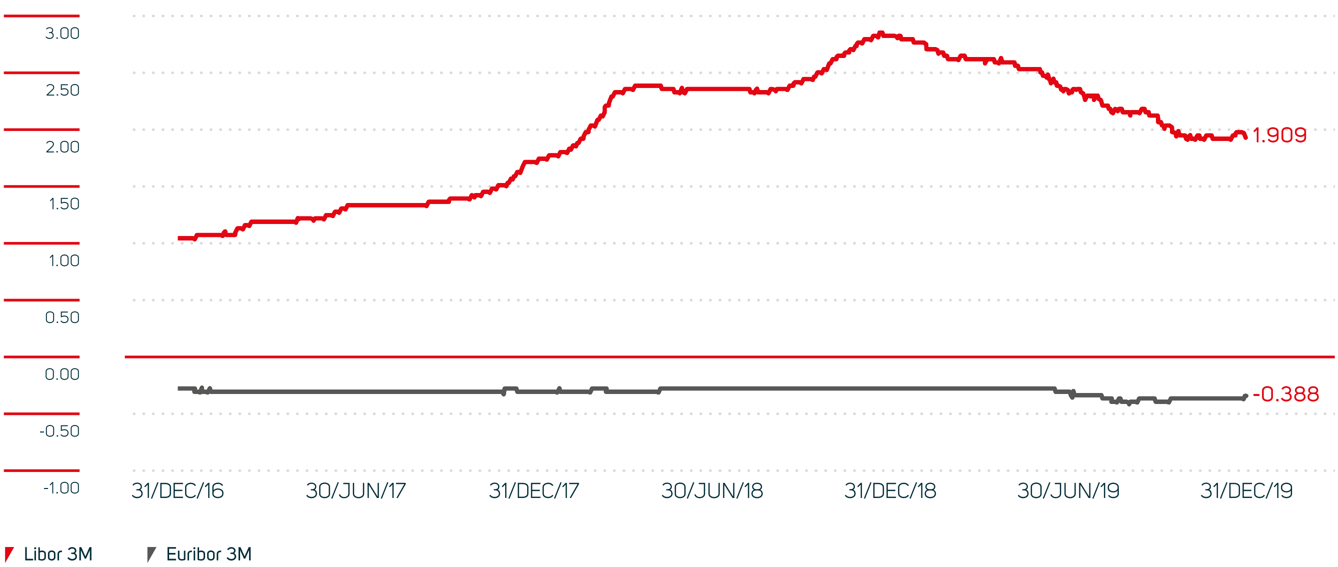
PERCENTAGE POINTS



Source: Bloomberg

EVOLUTION OF EURIBOR 3M AND LIBOR 3M INTEREST RATES

PERCENTAGE POINTS



Source: Bloomberg

EURIBOR 3M	2017	2018	2019
Maximum	-0.318	-0.309	-0.306
Average	-0.329	-0.322	-0.357
Minimum	-0.332	-0.329	-0.448
Close	-0.329	-0.309	-0.383

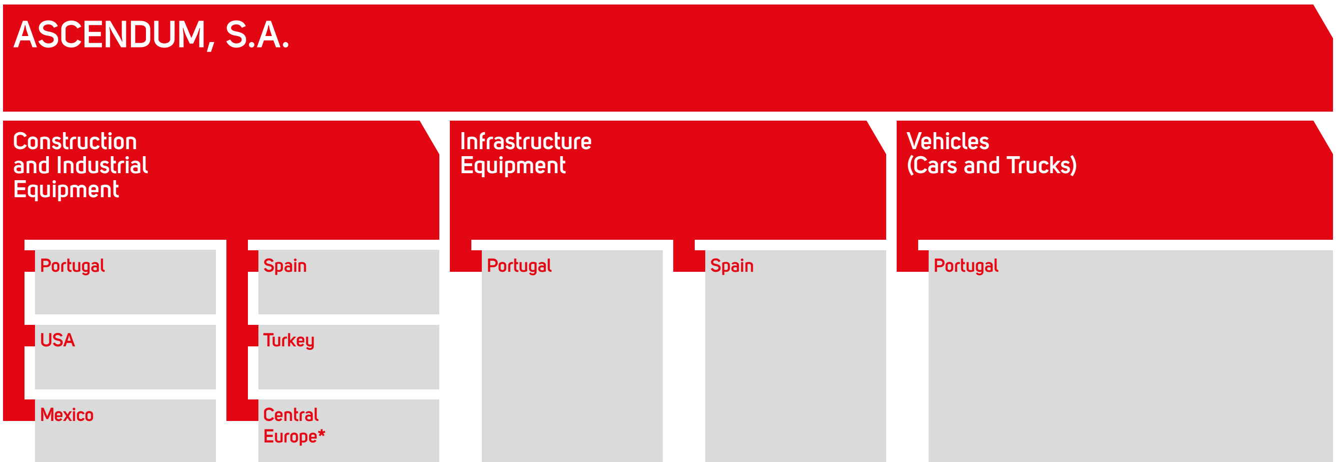
LIBOR 3M (%)	2017	2018	2019
Maximum	1.695	2.824	2.804
Average	1.264	2.311	2.328
Minimum	0.998	1.694	1.885
Close	1.694	2.797	1.908

In terms of developments in the foreign exchange market in countries in which Ascendum operates, in 2019, the overall trend was of appreciation of the Euro against the currencies of emerging markets, having devaluated against the USD, MXN, CZK and MZN.

EXCHANGE RATES (YEAR-END)	2018	2019	Δ (2019/2018)
EUR/USD	1.145	1.123	-1.9%
EUR/TRY	6.059	6.684	10.3%
EUR/MXN	22.492	21.220	-5.7%
EUR/CZK	25.724	25.408	-1.2%
EUR/HUF	320.980	330.530	3.0%
EUR/HRK	7.413	7.440	0.4%
EUR/RON	4.664	4.783	2.6%
EUR/AOA	353.016	540.817	53.2%
EUR/MZN	70.250	68.895	-1.9%

2.2. ASCENDUM'S PERFORMANCE IN 2019

Ascendum operates mainly in three major business areas – construction and industrial equipment, infrastructure equipment and vehicles (cars and trucks), with a direct presence in 14 countries:

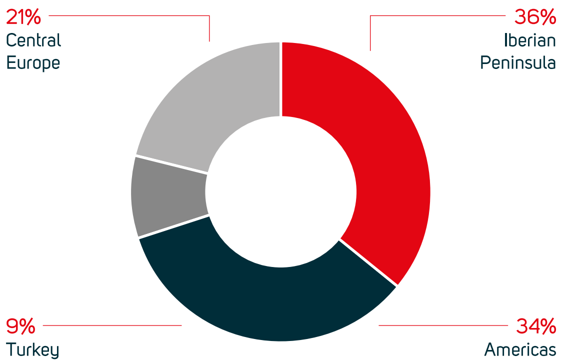


* Austria, The Czech Republic, Romania, Hungary, Croatia, Slovakia, Slovenia, Moldova and Bosnia and Herzegovina

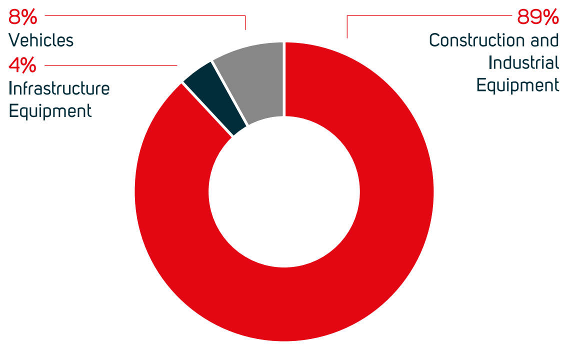
In 2019, the Construction and Industrial Equipment segment once again positioned itself as the largest contributor to the Group's Turnover, with a relative weight of 89%, with the Iberian Peninsula as the leading geographic platform (36%), followed by the Americas – USA and Mexico – (34%), Central Europe (21%) and Turkey (9%).

BUSINESS AREA UNIT: THOUSANDS OF EUROS	PORTUGAL	SPAIN	USA	TURKEY	MEXICO	CENTRAL EUROPE	TOTAL
Construction and Industrial Equipment	113,892	101,492	280,190	75,831	21,178	187,724	**781,027**
Infrastructure Equipment	2,675	28,608	n.a.	n.a.	n.a.	n.a.	**31,283**
Vehicles	66,101	n.a.	n.a.	n.a.	n.a.	n.a.	**66,101**
Total	**182,668**	**130,100**	**280,910**	**75,381**	**21,178**	**187,724**	**878,411**

TURNOVER – 2019
878 MILLION EUROS

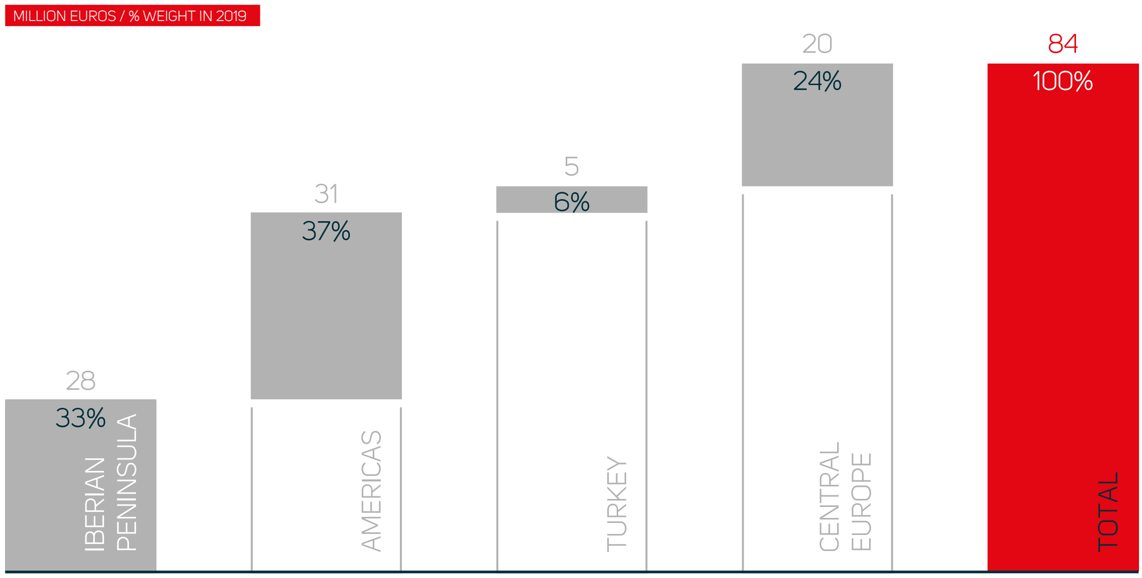


TURNOVER – 2019
878 MILLION EUROS



Regarding EBITDA, the Americas (USA and Mexico) were the main contributors to Ascendum's total EBITDA, with a relative weight of 37% in the Group's total EBITDA.

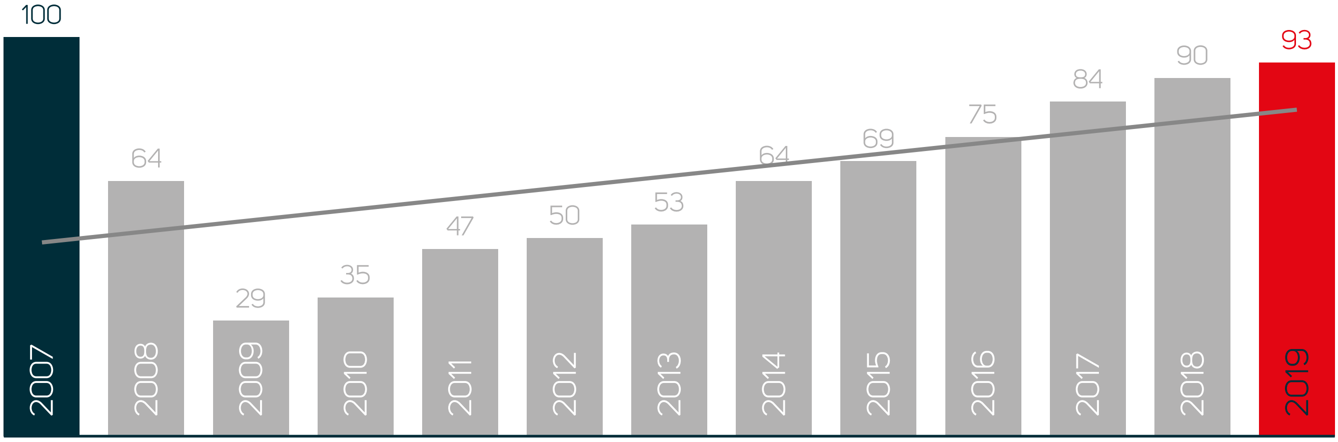
CONTRIBUTION OF EACH GEOGRAPHIC PLATFORM FOR ASCENDUM GROUP EBITDA
MILLION EUROS / % WEIGHT IN 2019



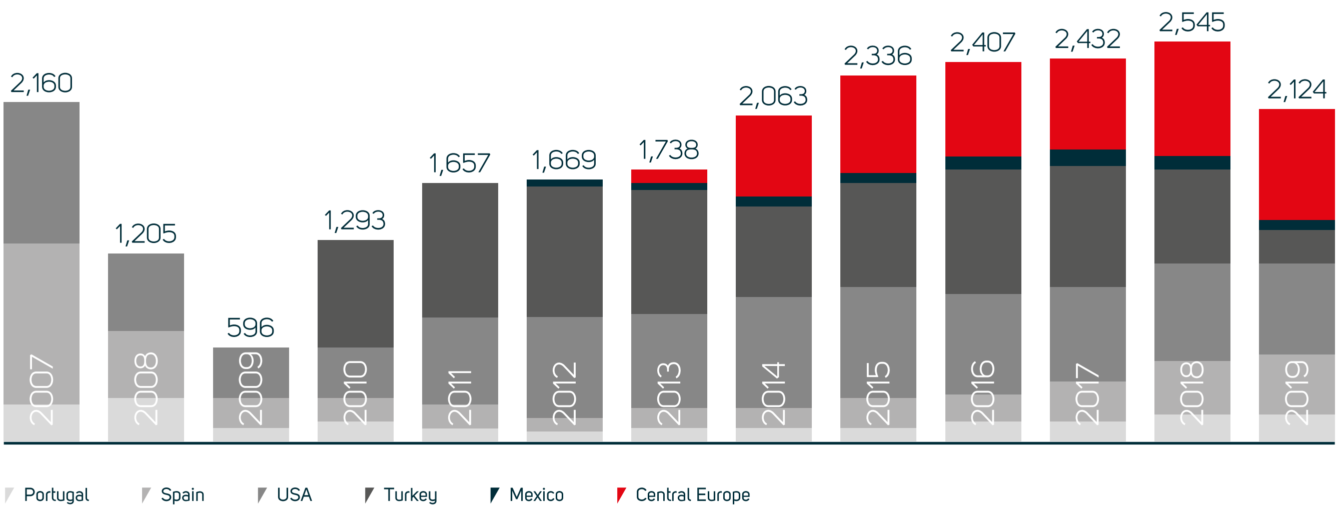
2.2.1. CONSTRUCTION AND INDUSTRIAL EQUIPMENT

The construction and industrial equipment market where Ascendum operates has been steadily recovering from the world financial crisis of 2008 to 2010. Ascendum's addressable market[2] in 2019 corresponded to c. 93% of the peak year (2017) and was marked by a 4% increase in the units sold, compared to 2018.

ASCENDUM ADDRESSABLE MARKET INDEX EVOLUTION
HISTORICAL PEAK YEAR 2007 = 40,972 UNITS (INDEX 100 = 2007)



Following its strategy of portfolio growth and diversification, in 2019, Ascendum sold 2,124 units[3], which corresponds to a slight decrease of 2%, compared to 2018, excluding the Turkish operations, which are still recovering from the adverse market impact on mid-2018, although more noticeable in 2019 (5-month impact compared to 12 months).



2 Excluding backhoe loaders and motorgraders – products discontinued by Volvo CE in 2014.
3 Excluding backhoe loaders and motorgraders – products discontinued by Volvo CE in 2014.

In what concerns market share[4], Ascendum showed a good overall performance, particularly in the GPE segment, with a market share of 15.0%.

2019	PORTUGAL[1]	SPAIN[2]	USA	TURKEY	MEXICO	CENTRAL EUROPE	TOTAL[3]
Total market	**1,264**	**3,132**	**22,968**	**1,633**	**1,618**	**7,536**	**38,151**
GPE	374	1,052	4,561	1,323	631	2,716	**10,657**
CSE	792	1,661	17,603	250	820	3,691	**24,817**
Road Machinery	98	419	804	60	167	1,129	**2,677**
Ascendum units sold	**172**	**392**	**580**	**213**	**53**	**714**	**2,124**
GPE	89	274	482	193	51	511	**1,600**
CSE	81	113	54	13	0	195	**456**
Road Machinery	2	5	44	7	2	8	**68**
Market share	**13.6%**	**12.5%**	**2.5%**	**13.0%**	**3.3%**	**9.5%**	**5.6%**
GPE	23.8%	26.0%	10.6%	14.6%	8.1%	18.8%	**15.0%**
CSE	10.2%	6.8%	0.3%	5.2%	0.0%	5.3%	**1.8%**
Road Machinery	2.0%	1.2%	5.5%	11.7%	1.2%	0.7%	**2.5%**

Note: The presented figures correspond mainly to new Volvo machines. Backhoe loaders and motorgraders not included.
(1) Data related to Ascendum Máquinas
(2) Data related to Ascendum Maquinaria
(3) Average values for market segments

2.2.1.1. Portugal

The economic recovery of the construction sector that started in 2017 became more consistent in 2019, with 12% production growth in the residential segment and 4% production growth in the non-residential segment. On the other hand, 2019 was also a very favorable year in terms of public construction, leading to 4% growth in the civil engineering segment.

In 2019, the overall performance of the construction sector was very positive, with improvements in the main indicators such as Gross Fixed Capital Formation, employment, licensed companies, credit concession and cement consumption (+ 15%).

However, the Construction Confidence Indicator, which is based on the entrepreneurs' assessment of their companies' orders-on-hand portfolio and their expectation regarding the future employment level declined by 11% (in 2018, this indicator was -11%), though it is worth mentioning that this indicator has been improving since 2012 (-66%) without ever reaching positive ground.

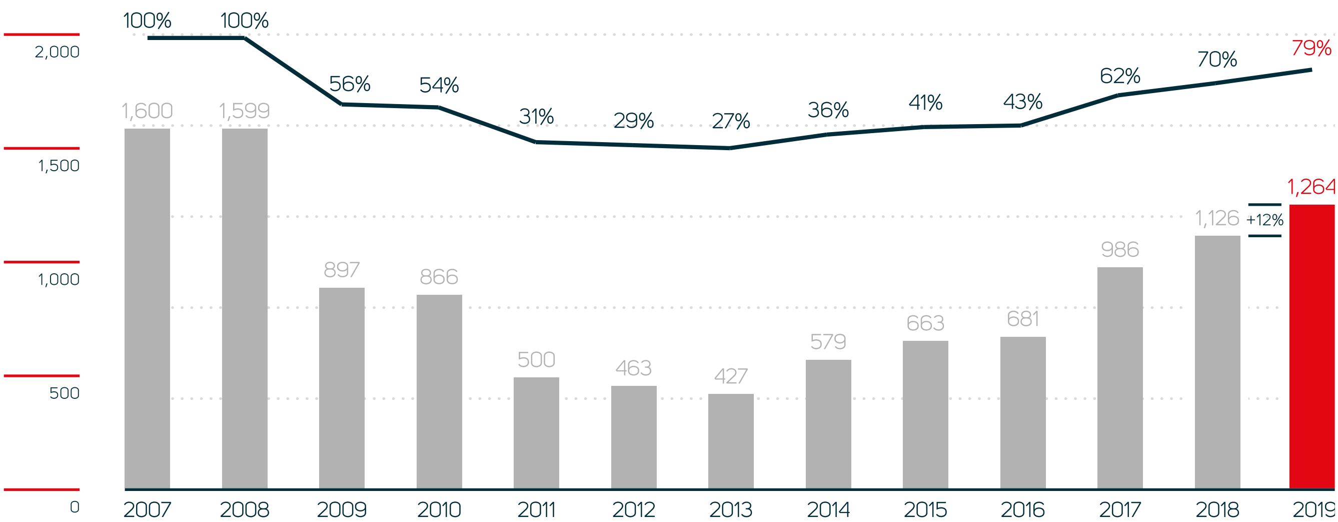
The Industry Confidence Indicator's 4% declined is explained by the evolution of production prospects, product stocks and demand in general.

4 Excluding backhoe loaders and motorgraders – products discontinued by Volvo CE in 2014.

In 2019, the domestic market of construction equipment where Ascendum Máquinas operates increased by 12%, reaching 79% of the peak year (2007).

EVOLUTION OF THE PORTUGUESE MARKET WHERE ASCENDUM MÁQUINAS OPERATES

UNITS SOLD



Peak level index (2007 = 100%)

Source: ACAP (from 2007 to 2016) | The data presented from 2017 onwards corresponds to the market estimate provided by Volvo Construction Equipment.

Ascendum operates in Portugal through Ascendum Máquinas, a company that distributes and markets Volvo construction equipment and industrial machinery, across the country, to sectors as diverse as construction and public works, forestry, recycling, cargo handling, etc. At the same time, the company offers its customers rental services and after-sales assistance.

Following the growth trend of recent years, Ascendum Máquinas' turnover increased by 20.2% to 60.2 million euros in 2019, mainly driven by the enhanced performance in the sale of construction and industrial equipment (both new and used machines), which rose by 25.1% in 2019 to 43.7 million euros, representing 72.5% of the company's turnover.

The after sales and rental services have also showed very positive performances, increasing by 10.6% and 2.6%, respectively, to a total of 16.6 million euros of combined turnover in 2019.

MILLION EUROS	2018	2019	Δ (2019/2018)
New machines	32.8	39.9	21.5%
Used machines	2.0	3.7	82.6%
After sales	12.1	13.4	10.6%
Rental	3.1	3.2	2.6%
Total turnover	**50.1**	**60.2**	**20.2%**

2.2.1.2. Spain

Ascendum operates in Spain through Ascendum Maquinaria, a company that imports and distributes Volvo construction equipment, across the country, with its physical presence in Madrid, Barcelona, Granada, Valladolid and Santiago de Compostela.

Ascendum Maquinaria relies on a vast network of agents to carry on its business, offering a wide range of products and services, and is considered by its main customers as one of the companies with the highest quality, in its line of business, in the Spanish market.

Following the growth trend in recent years, 2019 is marked by the consolidation of the economic activity with an expected increase of 3.1% in Gross Fixed Capital Formation (5.3% in 2018).

The construction sector is expected to increase by 6.6% in 2019, mainly fueled by the residential and non-residential segments, which are expected to grow by 8.7% and 6.5%, respectively, followed by the civil works and rehabilitation segments with an expected increase of 5.4% and 5.1%, respectively.

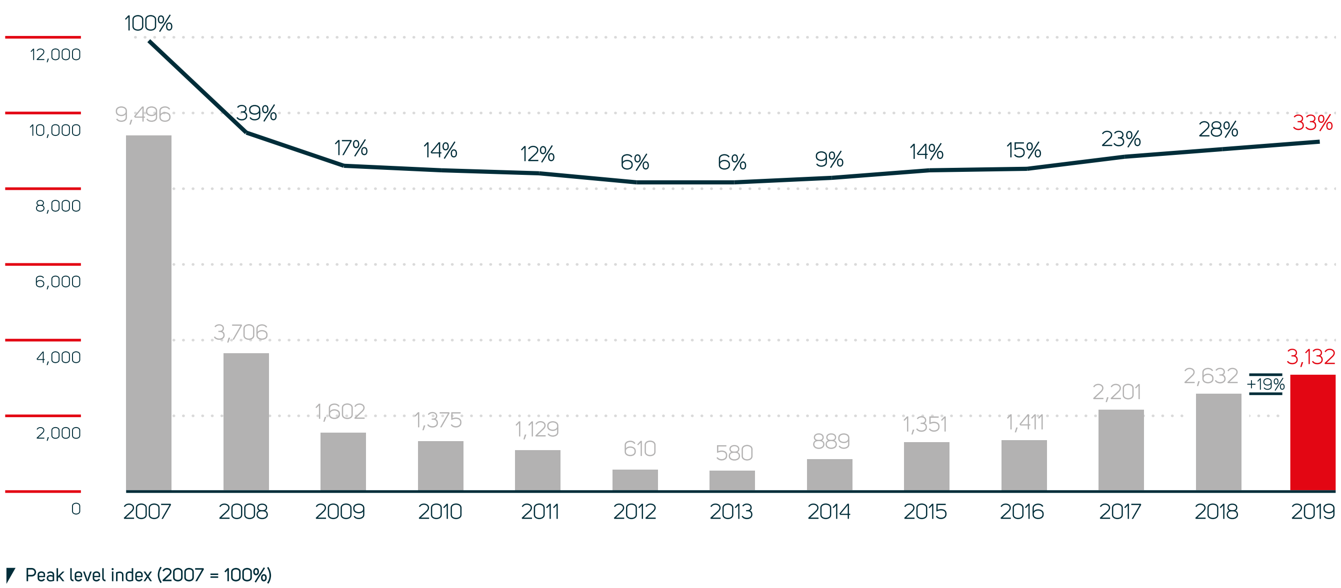
Going forward, a few major development projects are expected:

— "Madrid Nuevo Norte" aims to be the largest urban regeneration project in Europe. This urban development starts working after receiving the approval of the Community of Madrid. With an area of over 3 million square meters, the project will include construction of 10,500 homes and a large business center next to a renovated Chamartín station.

— Other urban development projects located in the Southeast of Madrid ("Los Berrocales", "Valdecarros", "Los Cerros", "Los Ahijones", "El Cañaveral") comprise the construction of over 110,000 homes.

In 2019, the domestic market of construction equipment where Ascendum Maquinaria operates[5] continued to show a robust recovery, rising 19% to 3,132 units sold. Nonetheless, the current addressable market still represents only a third of the addressable market of 2007 (peak year).

EVOLUTION OF THE SPANISH MARKET WHERE ASCENDUM MAQUINARIA OPERATES
UNITS SOLD



5 Excluding backhoe loaders and motorgraders – products discontinued by Volvo CE in 2014.

In 2019, Ascendum Maquinaria focused its efforts on the following lines of action:

1. **Operational optimization**: increasing sales by ensuring non-erosion of/increase in margins, optimization of the cost structure, sharing of best practices/knowledge among the various branches, namely in the after-sales business area, process improvement and optimization of working capital management;

2. **Focus on the commercial segment**: (i) exploring market areas with low density and approaching smaller customers (ii) monitoring of market trends, focusing more on compact equipment and recycling (iii) developing a new strategy for compact equipment (iv) managing the rental business in order to maximize the sale of new equipment (v) product diversification;

3. **Focus on the used segment**: developing a new business concept with a specialized structure – monitoring market trend (increase in demand);

4. **Focus on the after-sales segment**: (i) expanding the product/service portfolio, (ii) bolstering the sales team and (iii) increasing the range of services provided (for example: parts repair);

5. **Suitability/restructuring of existing branches**: move of the Cabanillas branch to the Ciempozuelos location, completion of construction of the new branch in Granada (in operation since September 2019).

6. **Investment in human resources**: training plan in the sales and after-sales areas, retaining key personnel, enhancing the technical department.

Following the growth trend of recent years, Ascendum Maquinaria's turnover increased by 6.1% to 101.6 million euros in 2019, mainly boosted by the rental business and the sale of new machines, which added an additional combined 6.3 million euros in turnover.

The after sales business experienced a very positive performance increasing 12.3% while the used machine business showed a slight decrease of 5.4%.

MILLION EUROS	2018	2019	Δ (2019/2018)
New machines	57.4	60.3	4.9%
Used machines	15.4	14.6	-5.4%
After sales	2.6	3.0	12.2%
Rental	20.3	23.8	17.1%
Total turnover	**95.8**	**101.6**	**6.1%**

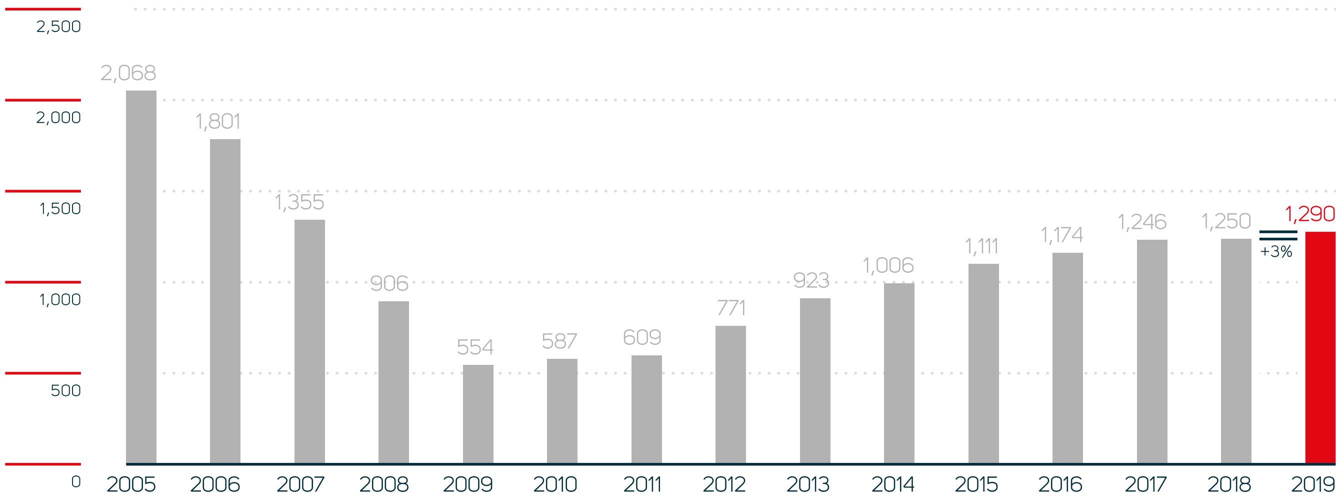
2.2.1.3. USA

In the USA, Ascendum operates through Ascendum Machinery, Inc., a company incorporated in 2004 after the Group acquired the assets of Saba Holding (a Volvo Group company), which currently holds the distribution of Volvo construction equipment to a wide area of the country, integrating the states of North Carolina, South Carolina, Georgia, Tennessee and North Dakota.

With activity in business segments relating to the sale, rental and after-sales service of Volvo construction equipment (among other brands), Ascendum Machinery has been recognized as the largest Volvo dealer in North America since 2005, having received several awards both in the financial and technical areas, at Volvo dealership meetings.

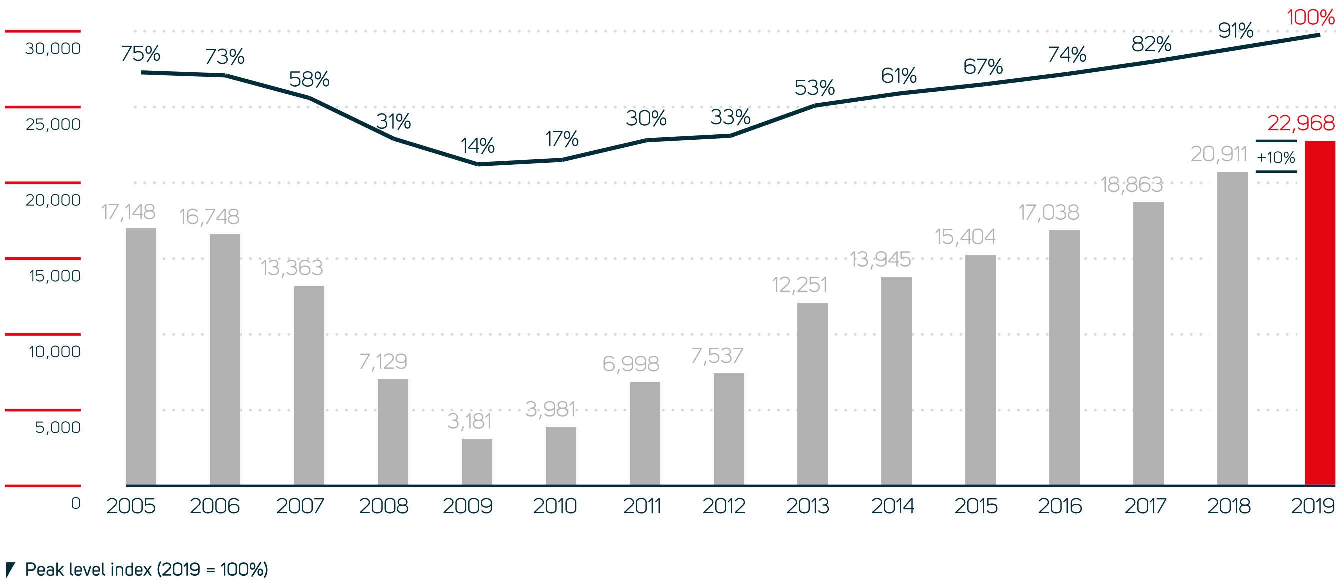
Following the trend in previous years, the construction sector has seen a positive performance in 2019, highlighted by the consolidation of the housing market that is expected to have had increases by 3% to 1.29 million housing starts in 2019. Despite the positive trend, it is worth noting that housing starts in 2019 correspond to only to 63% of the best performing year (2005 – peak year).

EVOLUTION OF HOUSING STARTS
UNITS (THOUSANDS)



The domestic market of construction equipment where Ascendum Machinery operates[6] continued to show strong growth, rising 10% in 2019 to 22,968 units sold[7] and surpassing the previous year's record high.

EVOLUTION OF THE NORTH AMERICAN MARKET WHERE ASCENDUM MACHINERY OPERATES
UNITS SOLD



6 Excluding backhoe loaders and motorgraders – products discontinued by Volvo CE in 2014.
7 Excluding backhoe loaders and motorgraders – products discontinued by Volvo CE in 2014.

In 2019, Ascendum Machinery focused its efforts on the following lines of action:

— Focus on increased market penetration (with the aim of reaching smaller customers);

— Focus on the after-sales segment: Increasing the portfolio of existing repair and maintenance contracts;

— Adoption of new technologies in order to drive effectiveness and efficiency, as well higher customer satisfaction;

— Investment in human resources –specific training plan, including both soft and technical skills, according to the needs of each function and line of business;

— Roll-out of the investment plan for existing branches – an investment in new facilities in Charlotte started in the late summer of 2019 and it is expected to be completed in the latter half of 2020;

— Closely following the new facilities in Macon, GA, opened in December 2018, to improve support to its customer base in South Georgia.

In spite of the market growth, Ascendum Machinery faces fierce competition, which, coupled with its strategy to reduce risk led to a turnover decline of 11.2% to 314.7 million dollars in 2019 (281.2 million euros), mainly explained by a 7% reduction in the number of new machines sold.

Nonetheless, the after sales business showed a very positive performance, rising 9.0% to 63.8 million dollars (57.0 million euros), mainly as a result of a growing machine population.

Given the different trends, the sales mix was subject to a rebalance, with equipment sales representing 71.5% of overall turnover in 2019 (76.1% in 2018), followed by the after sales services with 20.3% (16.5% in 2018) and the rental business with 8.2% (7.4% in 2018).

MILLION US DOLLARS	2018	2019	Δ (2019/2018)
New and used machines	269.6	225.1	-16.5%
Rental	26.2	25.9	-1.4%
After sales	58.5	63.8	9.0%
Total turnover	**354.3**	**314.7**	**-11.2%**

2.2.1.4. Turkey

On 30 June 2010, Ascendum acquired the import and distribution of Volvo CE of the entire Turkish territory from two Volvo Construction Equipment A.B subsidiaries (VTC Holding Holland N.V. and Volvo Automotive Holding B.V).

The Turkish economy is slowly recovering from the adverse shock that affected its economy in 2018, and that is still being felt in 2019, mainly derived from the escalating tension with the Unites States culminating in the latter imposing sanctions on Turkey. In addition, the European Union has imposed restrictive measures related to drilling activities in the Eastern Mediterranean. The main subsequent adverse consequences comprised (i) the devaluation of the Turkish Lira against the main currencies (9.4% devaluation against the Euro in 2019, 25.0% in 2018), (ii) high inflation (15.7% in 2019, 16.3% in 2018), (iii) liquidity drag on the financial markets.

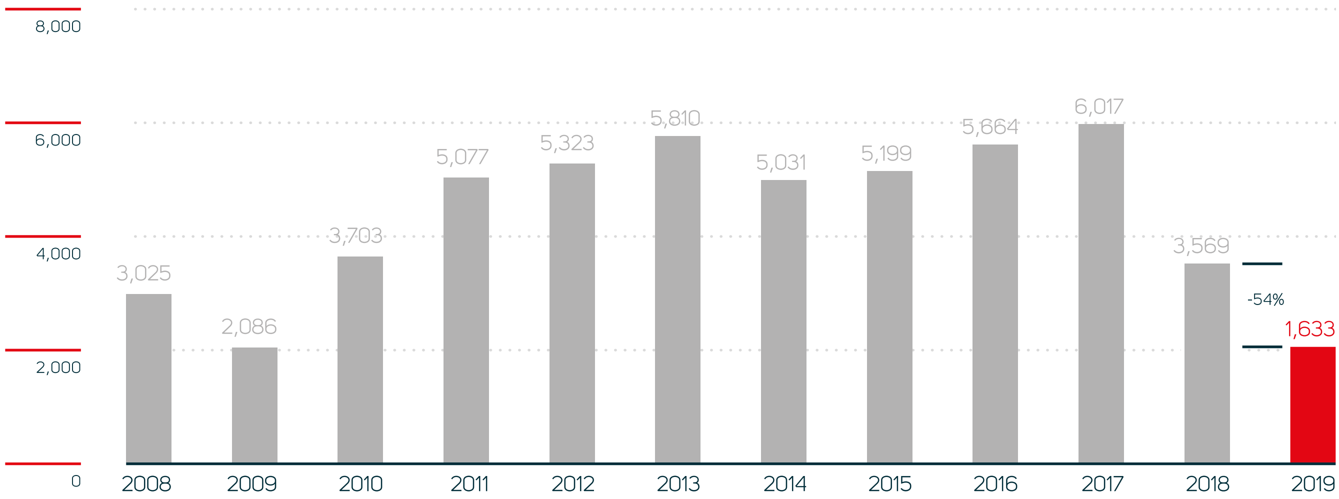
Nonetheless, fiscal and monetary policies have been deployed to stimulate the economy, namely halving the interest rate to 12%.

Ascendum Makina's operations are also influenced by«geopolitical instability in the Middle East, with particular emphasis on the continued uncertainty of the situation in Syria, with no end in sight.

Despite the stimulus in place and the resilience of the Turkish economy to overcome setbacks, they were unable to reverse the declining trend initiated in 2018, and the market where Ascendum Makina operates shrank by 54% to 1,633 units in 2019.

EVOLUTION OF THE TURKISH MARKET WHERE ASCENDUM MAKINA OPERATES

UNITS SOLD



Although Ascendum Makina's turnover was halved in 2019 to 76.2 million euros, compared to 2018, it is worth noting that the inflection point was reached and, in the latter half of 2019, the trend was reversed and turnover increased by 15.5% to 41.2 million euros (35.4 million euros in the first half of 2019).

In fact, all business streams exhibited strong signs of recovery on the second half of 2019, namely the after-sales services, which grew 28.8% to 13.8 million euros and the sale of equipment, which rose by 9.3% to 25.3 million euros.

MILLION EUROS	2018	2019	Δ (2019/2018)
New and used machines	112.0	48.4	-56.8%
Rental	4.5	3.3	-27.7%
After sales	32.6	24.6	-24.7%
Total turnover	**149.2**	**76.2**	**-48.9%**

2.2.1.5. Mexico

Having started its activity in March 2012, Ascendum Maquinaria México is the Group's company dedicated to the sale of Volvo construction equipment in Mexico.

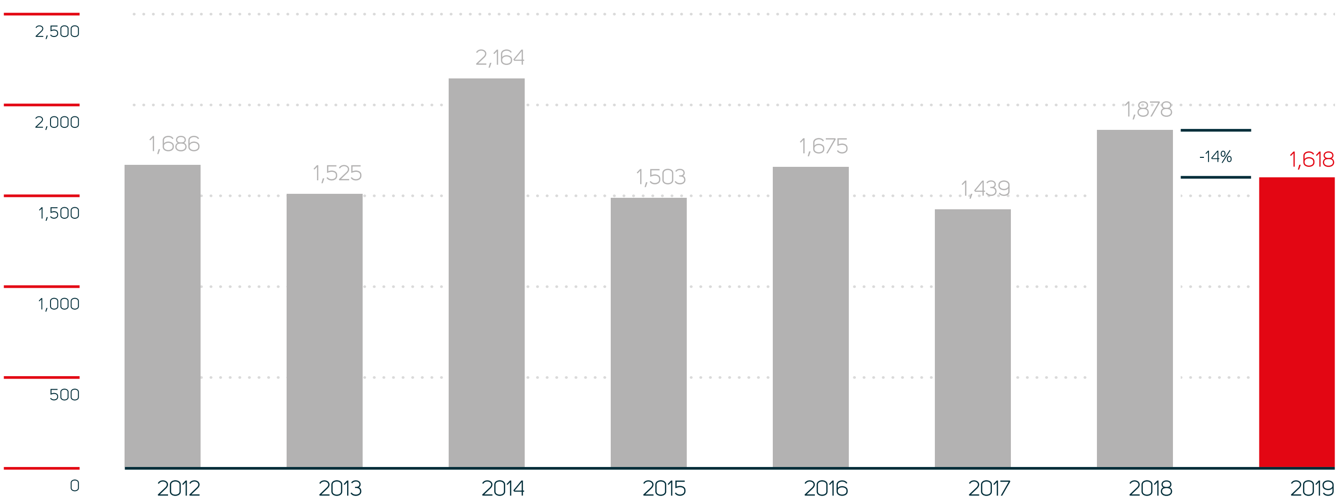
In 2019, Ascendum continued its strategy of strengthening the Mexican market operation, focusing on process improvement, optimization of the operational structure and enhancing employee skills.

In 2019, the domestic market of construction equipment where Ascendum Maquinaria Mexico operates decreased by 12% to 1,618 units[8] sold.

8 Excluding backhoe loaders and motorgraders – products discontinued by Volvo CE in 2014.

EVOLUTION OF THE MEXCICAN MARKET WHERE ASCENDUM MAQUINARIA MÉXICO OPERATES

UNITS SOLD



Following the negative trend on its addressable market, Ascendum Maquinaria Mexico saw its turnover decline by 39.7% to 23.7 million dollars (21.2 million euros) in 2019, mainly as a result of a 42.7% drop in equipment sales (12.5 million dollars | 11.2 million euros lower than in 2018).

MILLION US DOLLARS	2018	2019	Δ (2019/2018)
New and used machines	29.4	16.8	-42.7%
Rental	2.8	1.9	-32.9%
After sales	7.2	5.0	-29.8%
Total turnover	**39.3**	**23.7**	**-39.7%**

2.2.1.6. Central Europe

In October 2013, Ascendum began operations in nine Central European countries, by (i) acquiring the entire share capital of Austrian company Volvo Baumaschinen Österreich GmbH, which held 100% of the companies in Hungary, Czech Republic, Slovakia and Croatia and (ii) purchasing the construction equipment division integrated in the Romanian subsidiary of Volvo AB. In addition to these countries, the Group has operations in Slovenia, Bosnia and Herzegovina, and in Moldova through local sub-dealers.

Of all the markets[9] encompassed in the Central European operation, the Austrian market is the largest one, accounting for 36.5% of total units sold in 2019, followed by Czech Republic (23.8%) and Romania (14.2%). In fact, 81.7% of the sale of new machines in 2019 in Central Europe took place in one of those 3 markets, with particular emphasis on Austria, which alone accounted for 53.4%.

Ascendum sold 714 units in Central Europe in 2019, which corresponds to a slight decrease of 2.2%, compared to 2018, 71.6% of which pertain to general-purpose equipment.

9 Excluding backhoe loaders and motorgraders – products discontinued by Volvo CE in 2014.

2019	AUSTRIA	CZECH REP.	ROMANIA	HUNGARY	CROATIA	SLOVAKIA	TOTAL(*)
Total market	**2,749**	**1,795**	**1,068**	**931**	**506**	**487**	**7,536**
GPE	1,024	615	364	391	179	143	**2,716**
CSE	1,273	980	544	383	229	282	**3,691**
Road Machinery	452	200	160	157	98	62	**1,129**
Ascendum units sold	**381**	**146**	**56**	**67**	**30**	**34**	**714**
GPE	279	100	31	54	19	28	**511**
CSE	96	46	25	12	11	5	**195**
Road Machinery	6	0	0	1	0	1	**8**
Market share	**13.9%**	**8.1%**	**5.2%**	**7.2%**	**5.9%**	**7.0%**	**9.5%**
GPE	27.2%	16.3%	8.5%	13.8%	10.6%	19.6%	**18.8%**
CSE	7.5%	4.7%	4.6%	3.1%	4.8%	1.8%	**5.3%**
Road Machinery	1.3%	0.0%	0.0%	0.6%	0.0%	1.6%	**0.7%**

Note: The presented figures correspond mainly to new Volvo machines. Backhoe loaders and motorgraders not included.
(*) Average values for market segments.

In 2019, the operation in Central Europe showed a strong turnover growth of 8.5%, mainly driven by the sale of construction equipment, which increased by 8.6%, representing 60.6% of 2019 turnover. It should be noted that, although 16 fewer new machines were sold in 2019, equipment sales were up by 10.3 million euros due to a change in the mix. While, in 2018, 140 new machines were sold through the rental business, in 2019 only 55 new machines were sold through this channel (please bear in mind that the price point at the end of the rental agreement is substantially lower compared to a straight sale). In terms of origination, 56.7% of the 2019 turnover comes from Austria, followed by Czech Republic with 19.4% and Hungary with 7.4%.

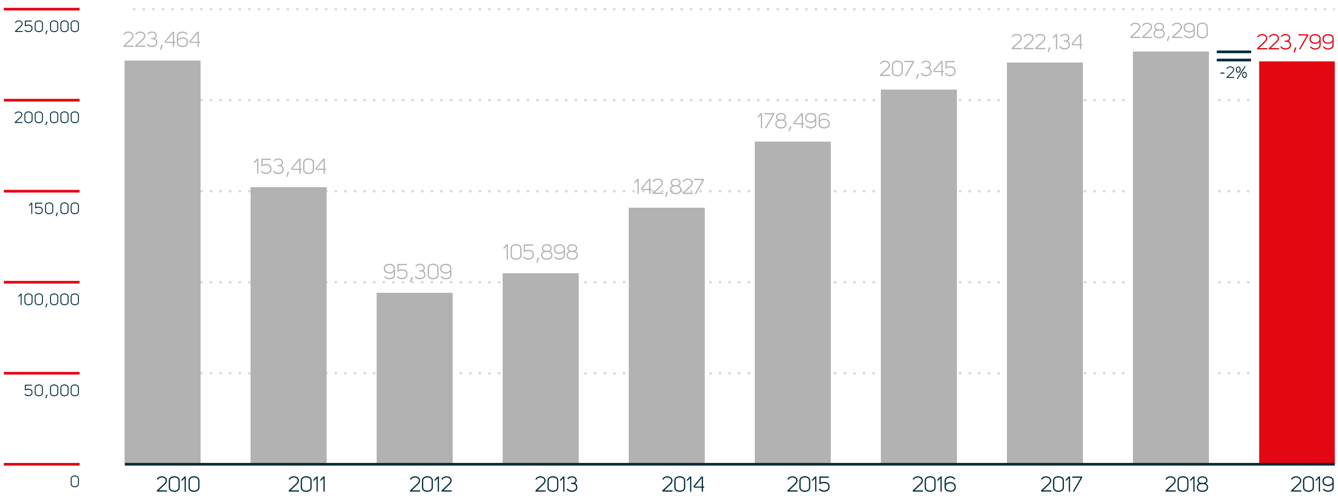
MILLION EUROS	2018	2019	Δ (2019/2018)
New and used machines	120.4	130.7	8.6%
Rental	41.6	43.8	5.4%
After sales	11.1	13.3	19.3%
Total turnover	**173.1**	**187.8**	**8.5%**

2.2.2. VEHICLES (CARS AND TRUCKS)

Regarding the car and truck business, the Group operates in Portugal through Ascendum Automóveis and Ascendum Camiões, respectively, representing the Volvo and Mitsubishi brands in Lisbon, Coimbra, Viseu, Leiria and Albergaria.

According to ACAP, the Portuguese passenger car market declined by 2% in 2019 to 223,799 new registered units, already including a 9.5% boost in the last month of the year (compared to December 2018).

EVOLUTION OF THE PORTUGUESE PASSENGER CARS MARKET
UNITS



Source: ACAP

For the first time, in 2019 the sale of petrol cars surpassed the sale of diesel cars. ACAP estimates the weight of diesel cars to have decreased by 13 p.p. to 40% (53% in 2018) whereas the weight of gasoline cars to have increased by 10 p.p. to 49% (39% in 2018). The weight of vehicles powered by alternative energy sources is expected to have increased by 3 p.p. to 11%.

The average age of the Portuguese car fleet has risen slightly to 12.7 years, and currently, 15.4% of the car fleet is over 20 year (c. 1 million cars).

The year 2019 was the best ever for Volvo cars, which reached new record highs in Portugal and around the world. The year 2019 was the seventh consecutive year of growth in the Portuguese market, increasing by 4.6% and reaching a market share of 2.38% (2.23% in 2018) and establishing itself as the third premium brand nationwide. Additionally, the sale of Volvo cars rose 10% in 2019 to 705,000 units worldwide.

In turn, the sale of Mitsubishi cars in the Portuguese market grew 4.4% to 4,629 units in 2019, reaching a market share of 1.8% (+ 1 p.p. compared to 2018).

Ascendum Automóveis saw its Volvo market share increase to 15.5% in 2019 (14.6% in 2018), while its Mitsubishi market share experienced a decline to 1.4% (1.6% in 2018).

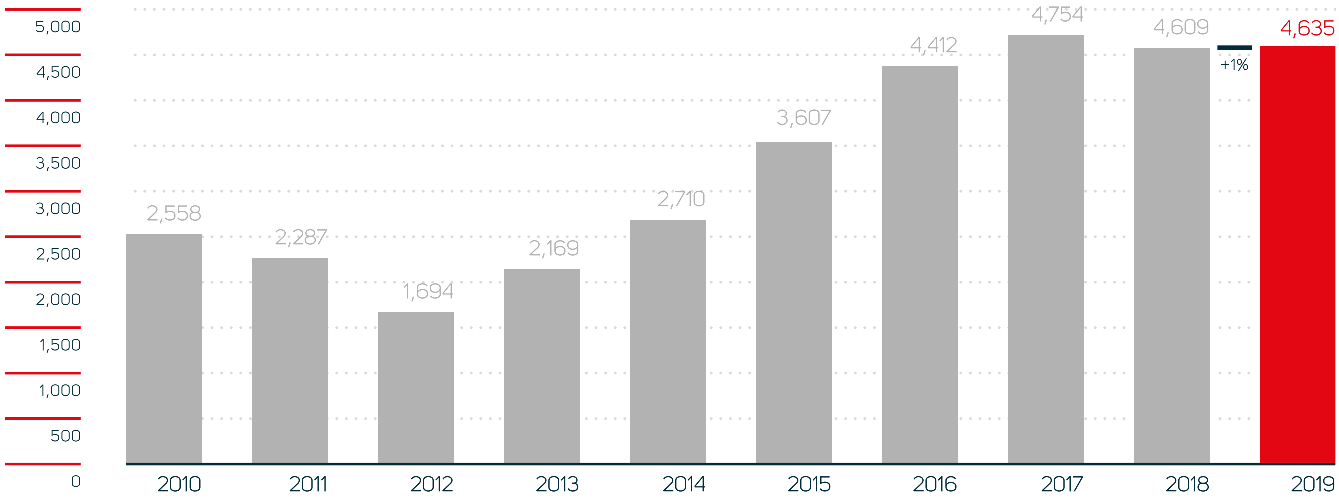
Ascendum Automóveis' turnover grew 2.2% in 2019 to 37.8 million euros mainly driven by the sale of new Volvo cars, which rose by 7.3% to 26.8 million euros, more than offsetting the decline in the sale of new Mitsubishi cars (-25.3%) and the used car business (-16.3%).

MILLION EUROS	2018	2019	Δ (2019/2018)
New cars	27.2	28.4	4.6%
Used cars	4.8	4.0	-16.3%
After sales	5.1	5.4	6.9%
Total turnover	**37.0**	**37.8**	**2.2%**

The domestic market of heavy goods vehicles, with a gross weight over 10 tons, increased by 1% to 4,635 units in 2019.

In this segment (gross weight > 10 tons), Volvo has improved its market share to 13.8% (13.6% in 2018) by selling 641 units. Ascendum Camiões had a 26% weight on Volvo brand, which represents a 2.6 p.p. decline compared to 2018.

EVOLUTION OF THE PORTUGUESE TRUCKS MARKET (GROSS WEIGHT > 10 TON.)
UNITS



Source: NORS

Ascendum Camiões' turnover improved 1.9% in 2019 to 28.5 million euros, driven by the enhanced performed of the after sales services, which grew 17.1% to 9.2 million euros and was able to more than offset the 4.4% decline on the new truck revenue. The used truck segment turnover remained stable in 2019.

MILLION EUROS	2018	2019	Δ (2019/2018)
New trucks	17.2	16.4	-4.4%
Used trucks	3.0	3.0	1.0x
After sales	7.8	9.2	17.1%
Total turnover	**28.0**	**28.5**	**1.9%**

2.2.3. INFRASTRUCTURE EQUIPMENT

Regarding the infrastructure equipment business area, Ascendum has been consolidating its position in the sector through the business' geographic expansion.

In 2010, and in spite of the international economic crisis which particularly affected the Iberian Peninsula, the Group added new segments to its product portfolio in the areas of equipment for airports, ports and railways, with two new equity holdings (of 50%) in Spanish companies – Air-Rail and Zephir.

In 2011, Ascendum began operating in this sector also in the Portuguese market, carrying out operations through Air-Rail Portugal.

In 2019, Ascendum's turnover in the infrastructure equipment business segment reached 31.3 million euros (representing around 4% of the Group's turnover), essentially resulting from the contribution of the business in the Spanish market, particularly in the airport sector.

2.3. SUSTAINABILITY POLICY

At Ascendum, sustainability stems from the balance between three fundamental pillars - Economic, Social and Environmental - supplemented by a Quality policy which aims to continuously improve the Group's performance in all its operational areas.

The economic growth ambition is, therefore, guided by sustainability and based on:

- Entrepreneurship, innovation and quality, as means to create and share value with customers, suppliers, partners and the community in general;
- In corporate responsibility, which is based on valuing people and the communities in which it operates, especially in the integration of disadvantaged young people and those at risk of dropping out of school;
- And in reducing the environmental impacts of the Group's activity, both deriving directly from its action and from the involvement and choice of suppliers and partners who share the same concerns;
- Implementing and validating management procedures and systems that ensure high Quality levels in all operations and services provided by Ascendum.

SOCIAL RESPONSIBILITY

Ascendum once again placed its resources at the disposal of disadvantaged youth to train them, as part of the initiatives carried out by EPIS – Empresários Pela Inclusão Social (Portuguese Entrepreneurs for Social Inclusion), an association of which Ascendum is a founding-partner. The association currently has over 350 member companies and is the largest private partner of the Ministry of Education, the Institute of Employment and Vocational Training, and the Regional Governments having, since its inception, accompanied more than 18,000 students in 300 schools located in 26 municipalities across the country and five islands of the autonomous regions.

In 2019, the geographic platforms developed local initiatives focusing on social responsibility, in order to promote the well-being of the communities where they operate. Below you will find the main initiatives with greater emphasis throughout the year.

In **Spain**, reception and cleaning services were outsourced, now being provided by a special center for people with disabilities, promoting their integration into the labor market and promoting an equal opportunities policy. In addition, Ascendum joined the campaign to collect food for the Madrid Food Bank.

In the **United States**, Ascendum continued to support and value communities in the locations where we operate. In the Charlotte Corporate Centre community, for the fourth consecutive year, employees supported a campaign to donate school supplies to students from disadvantaged families who are at risk of early school dropout. In addition, employee volunteers sponsored a campaign to collect clothes and toys for needy children in the community, known as the Angel Tree project.

Regarding vocational orientation of young adults, in Georgia, the company helped co-sponsor career events for rising high school students seeking careers in heavy equipment. Ascendum enabled volunteers to work in youth-related skills competition in support of promoting careers within heavy construction and the aggregate materials industry.

Another important goal was the recruitment of military veterans transitioning into the civilian labor market, by participating in four military job fairs throughout the year.

In addition, the company sponsored a youth drawing and coloring contest for children, known as the Kids Challenge. The Kids Challenge focused on imaginative drawings of heaving equipment and machine design to help bring awareness to our industry.

In **Turkey**, cooperation with "TEMA" - The Turkish Foundation for Combating Soil Erosion, for Reforestation and Protection of Natural Habitats" continues. Ascendum Turkey finances the planting of a tree for each new machine sold, sending a gift certificate to the customer, and for every employee's birthday.

In **Austria**, a monetary donation has been made since 2011 to the "Licht ins Dunkel" charity, which houses women and children victims of abuse, in Salzburg. The mothers and children affected receive shelter, psychological, social, educational and legal support - often with 24-hour services provided by certified professionals.

As is tradition in the context of the Ascendum Golf Trophy in Austria, all participants were invited to make donations to HOME from HOME, a charity in South Africa, which takes care of children in need.

Once again, in a year in which there were several natural phenomena that severely affected certain geographic platforms in which Ascendum operates, the main concern was to ensure the health and well-being of all affected employees. In addition to all internal solidarity initiatives and donations, efforts were also made to support local communities, including in Portugal, Mexico and the United States.

ENVIRONMENT, QUALITY AND SAFETY

The Group's entire operation strictly complies with the environmental legislation in force in the various regions and countries.

At Ascendum, the companies in Portugal and Austria have certified Environmental Management Systems (ISO 14001), which are subject to internal and external audits.

As a result of the Group's demanding environmental policy, in 2019 it continued its effort to implement a set of environmental awareness campaigns in various geographic platforms, focusing especially on improving energy performance, waste separation, recycling and reduction in the consumption of natural resources. In various locations in the United States, additional safeguards were put in place to prevent spills and leakage from outside storage tanks, and spill containment systems were installed. In addition, all branch locations continue to have recycling of all waste materials and have in place a recycling program for the disposal of oils and other recyclable materials.

In Spain, at Ciempozuelos - a renewed workplace - a contract with a recognized global waste handler was established, and the entire waste management process was optimized.

Portugal, Spain, Turkey, Austria, Slovakia and Hungary maintained the procedures already implemented as part of their certified Quality Management Systems (ISO 9001 and ISO 10002: 2004 in Turkey), performing their internal and external audits during the year, in order to ensure sustainability, customer satisfaction and Ascendum's continued efficiency.

The health and safety of employees is an ongoing concern at Ascendum, which has initiatives to raise employee awareness to the risks to which they are exposed, as well as to the preventive measures available in order to reduce the number of incidents and/or minimize the consequences thereof. As an example, in Portugal curative medicine services were increased and complementary diagnostic tests were implemented, making it more effective to monitor risk impact of each job. In terms of safety, the risk assessment per job has been improved, supported by short sessions of awareness for the identified risks.

2.4. RISKS AND UNCERTAINTIES

2.4.1. LIQUIDITY RISK

Liquidity risk is defined as the risk of inability to settle or meet obligations under the established terms and at a reasonable price.

The existence of liquidity in the Group's companies requires for performance parameters to be set in the management function of that liquidity, in order to maximize return and minimize opportunity costs related to holding this liquidity in a safe and efficient manner.

Ascendum Group's liquidity risk management aims to ensure:

(I) Liquidity, to ensure the most efficient continued access to sufficient funds to meet current payments on their due dates as well as possible requests for funds by the deadlines set, even if these are not planned for;

(II) Security, to minimize the likelihood of default in repayment of any investment of funds; and

(III) Financial efficiency, to ensure that Companies maximize the value/minimize the opportunity cost of holding excess liquidity in the short term.

The strategy adopted by the Ascendum Group for liquidity risk management is based on the following factors, among others:

(IV) Financial planning and integrated financial management of the Group, based on the cash flow budgets of the various companies;

(V) Diversification of funding sources and suitability of the maturity of financial commitments in line with the cash flow generation;

(VI) Suitability of the maturity of financial commitments concerning investments in non-current assets, in line with their cash flow generation;

(VII) Contracting short-term lines of credit to address occasional cash need peaks.

Any and all surplus liquidity is applied so as to best serve the Group's liquidity and profitability objectives, either in short-term financial investments or by repaying short-term debt, in accordance with reasonable economic and financial criteria.

As at 31 December 2019 and 2018, the Group had a net debt of 218,133,435 euros and 155,774,381 euros, respectively, divided between current and non-current loans and cash equivalents entered into/ invested with several institutions (including the value of the investment in Angolan Treasury Bonds and Ascendum's financial holdings in BCP). The Group has lines of credit in the amount of 683 million euros.

In addition, it should be noted that on 31 December 2019 Current Assets are higher (+56%, +139 million euros) than Current Liabilities; therefore, this risk is minimized.

2.4.2. EXCHANGE RATE RISK

Exchange rate risk reflects the possibility of recording losses or gains as a result of changes in exchange rates between currencies other than the functional currency.

Ascendum's exposure to exchange rate risk results from (i) the existence of subsidiaries located in countries where the functional currency is not the Euro (namely the USA, Mexico, Hungary, Czech Republic, Romania and Croatia), (ii) transactions carried out between these subsidiaries and other Ascendum companies, and (iii) the financial/ operational transactions carried out in a currency other than the local/functional currency (bank loans, trade payables, trade receivables), leading to foreign exchange gains/ losses due to the variation of this credit/debit and payment/ receipt contraction.

Therefore, Ascendum Group's exposure to exchange risk results from the fact that, on the one hand, the preparation of the Group's consolidated financial statements requires the translation of the financial statements of the subsidiaries into euros and, on the other hand, due the existence of transactions/ financing in currencies other than local/functional currencies (local financial statements).

The following table presents the closing exchange rates for the currencies in which the Group directly operates:

HISTORY OF EXCHANGE RATES EUR/CURRENCY	2015	2016	2017	2018	2019
USD	1.089	1.054	1.199	1.145	1.123
TRY	3.177	3.707	4.546	6.059	6.684
MXN	18.915	21.772	23.661	22.492	21.220
CZK	27.023	27.021	25.535	25.724	25.408
HUF	315.98	309.83	310.33	320.98	330.53
HRK	7.638	7.560	7.440	7.413	7.440
RON	4.524	4.539	4.659	4.664	4.783

Source: Banco de Portugal

Any exchange rate variations that occurred in the currencies of these countries against the Euro will affect the conversion of the results attributable to the Ascendum Group and will, therefore, have an impact on the Group's results and financial position.

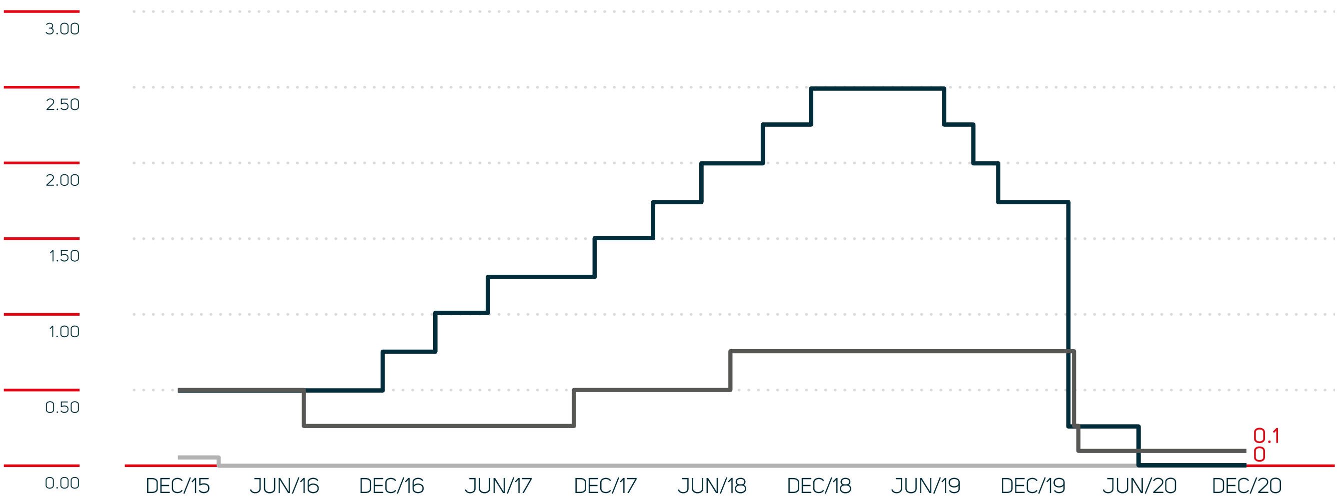
In this context, and due to the uncertainty regarding the evolution of the price of the US Dollar, Czech Koruna, Hungarian Forint, Romanian Leu and Croatian Kuna against the Euro in the coming years, the exchange rate risk management policy followed by the Ascendum Group will aim to reduce, as much as possible, the sensitivity of its results to currency fluctuations through natural currency hedging policies.

2.4.3. INTEREST RATE RISK

Interest rate risk reflects the possibility of fluctuations in the amount of future financial expenses on loans taken out, due to the evolution of the market interest rate level, which could adversely affect Ascendum Group's results.

EVOLUTION OF ECB AND US FEDERAL RESERVE REFERENCE INTEREST RATES

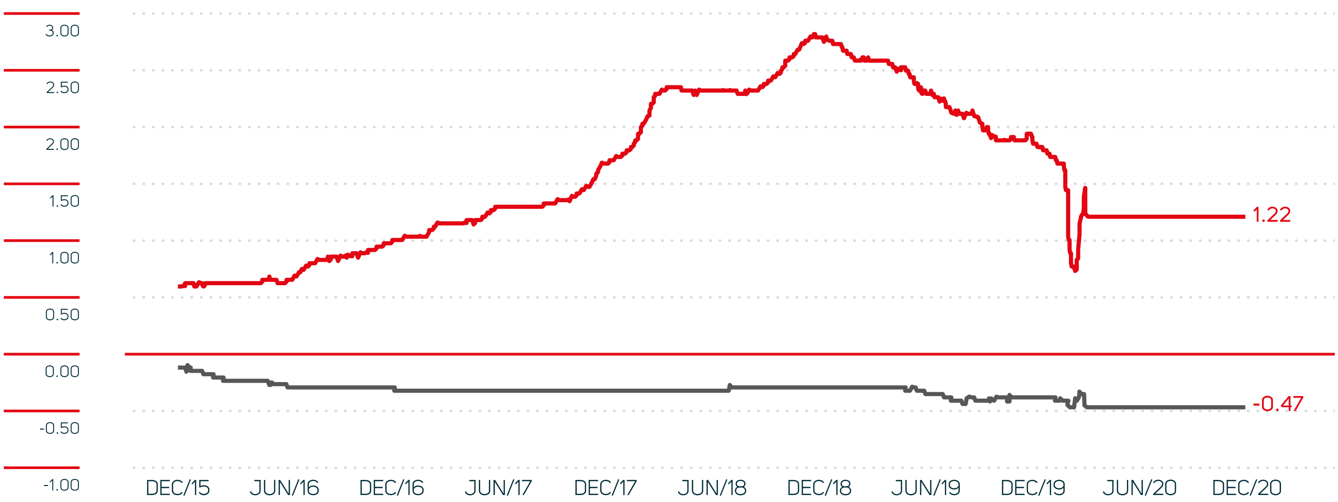
PERCENTAGE POINTS



BCE Refi Rate FED Fund Rate Base rate

EVOLUTION OF EURIBOR 3M AND LIBOR 3M INTEREST RATES

PERCENTAGE POINTS



Libor 3M Euribor 3M

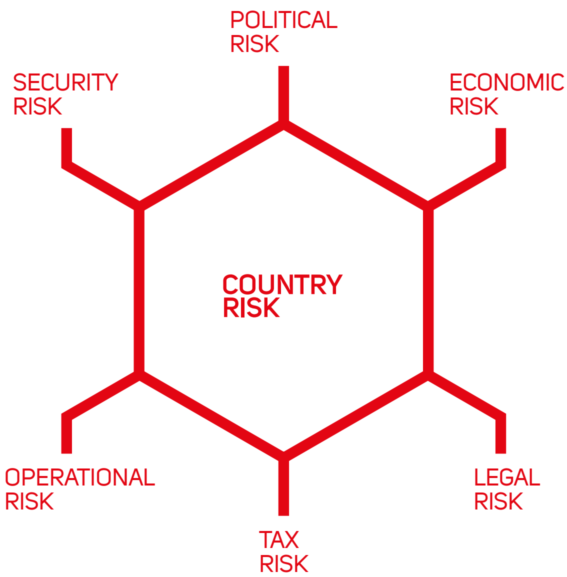
Source: Bloomberg

The introduction of standards in the banking system at various international levels poses challenges in access to credit for companies and individuals. As such, the uncertainty surrounding access to medium/long-term credit persists, potentially affecting the Group's financial operations.

2.4.4. COUNTRY RISK

Country risk is an economic and financial concept concerning the possibility that changes in the business environment of a given country may adversely impact the results or value of the assets of foreign companies established in that country, as well as on the profits, dividends or royalties that they expect to obtain from the investments made therein.

The concept of country risk encompasses several risk categories that can be associated with a country, namely:



It is in this context, and regarding the assessment of country risk, that risk rating agencies, including Moody's, Standard & Poor's and Fitch Ratings, operate. Their main activity involves assigning classifications or ratings to the countries under analysis to indicate the security offered by the government and companies to foreign investors who invest their funds in debt securities of those countries.

The country risk management policy followed by the Ascendum Group aims to reduce, as much as possible, its exposure to countries whose risk is deemed to be high, by always carrying out a careful and thorough analysis of all the markets in which it intends to establish operations, prior to any investment decision.

As at 31 December 2019, the ratings of the countries in which the Group directly operates (Portugal, Spain, USA, Turkey, Mexico, Austria, Czech Republic, Hungary, Romania, Slovakia and Croatia) were the following:

RATINGS AS OF 31/12/2019

COUNTRY	MOODY'S	STANDARD & POOR'S	FITCH
Portugal	Baa3	BBB[1]	BBB
Spain	Baa1	A[2]	A-
USA	Aaa	AA+	AAA
Turkey	B1[3]	B+	BB-[4]
Mexico	A3	BBB+	BBB[5]
Austria	Aa1	AA+	AA+
Czech Republic	Aa3[6]	AA-	AA-
Hungary	Baa3	BBB-	BBB[7]
Romania	Baa3	BBB-	BBB-
Slovakia	A2	A+	A+
Croatia	Ba2	BBB-[8]	BBB-[9]

Source: Bloomberg

Investment grade/Non investment grade

[1] Upgrade from BBB- on the 15 March 2019; (2) Upgrade from A- on the 20 September 2019; (3) Downgrade from Ba3 on the 14 June 2019; (4) Downgrade from BB on the 12 July 2019; (5) Downgrade from BBB+ on the 12 July 2019; (6) Upgrade from A1 on the 4 October 2019; (7) Upgrade from BBB- on the 22 February 2019; (8) Upgrade from BB+ on the 22 March 2019; (9) Upgrade from BB+ on the 7 July 2019.

Throughout 2020, Standard & Poor's changed the Hungarian rating from BBB+ to BBB (20 March 2020).

RATING SCALE

MOODY'S	STANDARD & POOR'S	FITCH	GRADE
Aaa	AAA	AAA	Investment grade
Aa1	AA+	AA+	
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non investment grade
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	
B2	B	B	
B3	B-	B-	
Caa1	CCC+	CCC	
Caa2	CCC	DDD	
Caa3	CCC-	DD	
Ca	CC	D	
-	D	-	

Source: Bloomberg

COVID-19

The world is now facing an extreme situation related to COVID-19, which is impacting not only the business environment, but also the life of each individual and society.

Ascendum Group has been following the Covid-19 issue since its inception in December 2019 in China, since we realized the relevance of this topic and the inevitable spread and impact to other regions of the globe.

Naturally, this situation will have negative impacts on the Ascendum Group's activity (although currently not materially relevant); such impacts will not be (i) symmetrical in the consequences (ii) coincident in time (iii) felt with the same intensity in the different Ascendum Group geographies and companies.

Nevertheless, Ascendum adopted several measures to safeguard the integrity of our employees and minimize the impact at a business level for the Ascendum Group and its stakeholders.

It should be noted that, one of the basic assumptions of this approach is adaptability to the epidemiological cycle (which is distinct) in each of the geographies where Ascendum operates, fully complying with the respective local legal framework and Health Authorities' recommendations, with constant monitoring aiming to swiftly respond and adopt measures to tackle any new circumstance.

Ascendum Group's approach to COVID-19:

1. Basic framework:

    a. Epidemiological – monitoring the epidemiological phases of the different countries where Ascendum operates and also the development of both treatment and vaccine development;

    b. Economic – characterization of the base case and the current supply/demand shock with several macroeconomic scenarios and the corresponding sensitivity scenarios on Ascendum.

2. Measures and Actions:

   a. Management Team – Weekly monitoring and diagnosis by Executive BoD and Local Management Teams (CEO, CFO and other functional areas) with the adoption of measures and actions both at a Group and local level at HR, financial and operational (Commercial, Rental and After-Sales) dimensions;

   b. Employees - protect and give purpose:

      i. Strict adoption of all recommendations by local governments and health authorities;

      ii. Adoption of proactive measures for protecting employees and developing contingency plans in countries where these measures in the face of the epidemiological situation have not yet been adopted, based on WHO recommendations and corporate guidelines (E.g. - social distancing, hygiene, telecommuting / work from home, etc.);

      iii. Non traveling policy (refer to point I above and any situation that does not fall under the recommendations of not traveling must be approved by the management team);

   c. Proactive and coordinated communication policy by the Executive BoD although adapted to the local reality;

   d. Adaptation of work processes and teams:

      i. Structuring teams responsible for developing and sharing best practices in responding to this problem by business and functional segment (HR, Finance, Commercial, Rental and After Sales);

      ii. Intranet repository of processes to be adopted by segment and functional area (accessible to all areas and geographies);

      iii. Functional areas where it is not possible to adopt telecommuting are adopting several solutions to minimize risk (shift policy and team backup, work-distancing.

   e. Financials – weekly monitoring of activity and cash flow with investment decisions on hold and tight cost control:

   f. Stabilize Supply Chain - permanent contact and articulation with the main suppliers to monitor and ensure the purchase plan;

   g. Engage Clients - monitoring of each customer by the sales team.

2.5. FUTURE PERSPECTIVES

As in 2019, which focused on consolidating current operations after a period of strong growth between 2010 and 2013 with the acquisition of operations in Turkey and Central Europe and investment in the Mexican market, in 2020 Ascendum will continue to prioritize operational and business process optimization, in order to maximize the company's future growth capacity.

Therefore, in 2020 the Ascendum Group's priorities will remain focused on the following areas:

a) **Operational and business process optimization**

At this level, Ascendum will continue to promote operational structure optimization, through clear investment in business information systems (e.g. roll- out of SAP ERP to the remaining geographic platforms, optimization of cash/financial management) and in tools to share knowledge and information, in order to improve and broaden business knowledge, maximizing the efficiency of the Company's operations amongst the Group geographic platforms.

b) **Maximizing synergies**

In addition, in order to maximize the size of Ascendum's operation and to seek a return from the strong investment in training and internal knowledge sharing mechanisms, a set of cross-cutting projects will be implemented amongst the Group geographic platforms, taking advantage of the operations' global dimension.

2.5.1. RELEVANT FACTS THAT OCCURRED AFTER THE END OF THE YEAR

Since the very beginning, Ascendum Group has been closely following, with particular attention, the pandemic situation regarding the coronavirus and monitoring the regions where the Group is located.

So far, the impacts on the markets has been negligible. However, the Group has been developing contingency plans to prevent future impacts.

The areas of attention are mostly focused on the health of our employees, ensuring that we keep on serving, treating and attending to our customers' needs, whilst preserving the Group's financial health.

The aforementioned plans take effect regarding the specificities of each group company, taking into account each market's uniqueness, in a way that guarantees the continuity and quality of the operations.

The Ascendum Group is currently showing extremely healthy financial indicators and has, at its disposal, financial instruments of different natures which can be mobilized in order to ensure the timely fulfilment of its commitments.

No other facts that affect the released financial information have occurred since the reference date of the results up until the release of this report.

2.5.2. DATE OF ANNUAL REPORT

10th April 2020

THE BOARD OF DIRECTORS

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GO is attitude. It's about trusting the knowledge we master. It's about facing each challenge with a pioneering spirit, not fearing what is new or demanding. It's about, whatever the setbacks, having the determination, courage, strength and honesty to always give our best and make things happen, day after day.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2019 AND 2018

AMOUNTS EXPRESSED IN EUROS

	NOTES	31/12/19	31/12/18
ASSETS			
Non current Assets			
Property, plant and equipment	7 e 30	203,806,083	136,563,851
Investment properties	8	3,584,987	3,560,842
Goodwill	9	33,895,682	33,953,015
Intangible assets	6	10,570,966	9,894,207
Investments accounted for using the equity method	10	128,776	121,241
Financial assets at fair value through other comprehensive income	10	924	1,005
Other accounts receivable	13	893,499	857,585
Other financial assets	10	80,266	63,156
Deferred income tax assets	15	16,374,370	10,808,577
		269,335,554	**195,823,480**
Current Assets			
Inventories	11 e 30	213,398,009	211,084,488
Trade and other receivables	12 e 30	125,419,588	111,265,223
Prepayments to suppliers	13	1,279,984	2,168,345
Income tax	23	2,611,785	5,149,497
State and other public entities	23	12,621,443	16,413,548
Other Accounts receivables	13 e 30	4,400,917	5,114,686
Deferrals	14	776,842	1,047,266
Financial assets at fair value through equity	10	0	3,630,638
Cash and bank deposits	16	30,042,375	25,891,790
		390,550,942	**381,765,481**
Total Assets		**659,886,496**	**577,588,960**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	15,000,000	15,000,000
Legal reserves	18	3,000,000	3,000,000
Revaluation reserves	18	7,243,702	8,610,246
Retained earnings	18	71,558,888	108,911,509
Other reserves	18	49,915,388	6,160,850
Profit for the year	18	16,422,333	23,273,024
		163,140,310	**164,955,628**
Non-controlling interests	19	4,325,372	3,816,918
Total Equity	18	**167,465,682**	**168,772,547**
Liabilities			
Non current liabilities			
Provisions	25 e 30	5,943,078	6,778,860
Borrowings	20 e 30	163,331,211	116,948,845
Deferred income tax liabilities	15 e 30	25,794,242	17,988,008
Other liabilities	22 e 30	46,243,013	44,714,210
		241,311,544	186,429,923
Current liabilities			
Trade and other payables	21 e 30	105,407,933	94,493,971
Prepayments from customers	12	2,435,653	3,364,326
Income tax	23	2,928,563	2,085,729
State and other public entities	23	10,346,791	13,589,906
Borrowings	20 e 30	84,844,599	68,348,659
Other liabilities	22 e 30	32,457,021	28,581,358
Deferrals	24	12,688,709	11,922,541
		251,109,269	**222,386,490**
Total Liabilities		**492,420,814**	**408,816,413**
Total Equity and Liabilities		**659,886,496**	**577,588,960**

CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENT OF INCOME AT DECEMBER 31, 2019 AND 2018

AMOUNTS EXPRESSED IN EUROS

INCOME AND EXPENSES	NOTES	31/12/19	31/12/18
Sales and services rendered	30	878,411,162	941,574,932
Changes in inventories of production	11 e 30	665,959	1,382,933
Works for the entity		4,129,685	1,922,622
Cost of sales	11 e 30	(663,096,970)	(726,861,222)
Gross Profit		**220,109,836**	**218,019,266**
External supplies and services	30 e 37	(57,514,504)	(68,318,162)
Personnel expenses	29, 30 e 38	(80,791,946)	(75,005,054)
Inventories impairments (losses/reversals)	25 e 30	1,015,908	138,830
Accounts receivable impairments (losses/reversals)	25, 30 e 34	(492,780)	(2,643,883)
Provisions (increase/decrease)	25 e 30	(299,173)	330,935
Impairment of non depreciable/amortizable investments (losses/reversals)	10.2 e 30	321	(44,792)
Fair value (increase/decrease)	10.2 e 30	(81)	(129)
Operating subsidies	30	138,516	155,536
Gains/losses on subsidiaries, associated companies and joint ventures	10.1 e 30	66,275	58,739
Other income and gains	30 e 31	6,111,008	7,734,380
Other expenses and losses	30 e 39	(4,608,849)	(4,242,614)
Depreciation and amortization expenses/reversals	6, 7 e 30	(46,481,629)	(29,827,840)
Impairment of depreciable/amortizable investments (losses/reversals)		(516,023)	(136,367)
Operating profit (before finance results and income tax)		**36,736,880**	**46,218,844**
Interest and similar finance incomes	30, 32 e 34	480,123	734,298
Interest and similar finance costs	30, 32 e 34	(11,522,970)	(11,476,092)
Net exchange differences	30 e 34	(2,928,377)	(4,404,464)
Profit before income tax		**22,765,656**	**31,072,586**
Income tax expense	27 e 30	(5,740,286)	(7,044,558)
Profit for the year	30	**17,025,370**	**24,028,028**
Attributable to:			
Owners of the parent		16,422,332	23,273,024
Non-controlling interests	19	603,038	755,004
	28 e 30	17,025,370	24,028,028
Earnings per share	28	1.14	1.60

CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2019 AND 2018

AMOUNTS EXPRESSED IN EUROS

	SHARE CAPITAL	RESERVES		
		LEGAL RESERVES	REVALUATION RESERVES	RETAINED EARNINGS
As at January 1, 2018	**15,000,000**	**3,000,000**	**8,452,271**	**83,308,843**
Changes in the period:				
Consolidated profit application - 2017				27,340,471
Reclassification of fair value reserves				(3,820,996)
Financial statement exchange differences				3,127,393
Others			157,975	(1,044,202)
	0	0	**157,975**	**25,602,666**
Profit for the Year				
Comprehensive income for the year				
Operations with shareholders in the period:				
Distributions				
	0	0	0	0
As at December 31, 2018	**15,000,000**	**3,000,000**	**8,610,246**	**108,911,509**
As at January 1, 2019	**15,000,000**	**3,000,000**	**8,610,246**	**108,911,509**
Changes in the period:				
Consolidated profit application - 2018				23,273,024
Other changes in equity of the subsidiaries				(2,927,238)
Financial statement exchange differences				797,187
Others			(1,366,544)	(58,082,705)
	0	0	**(1,366,544)**	**(36,939,732)**
Profit for the Year				
Comprehensive income for the year				
Other changes in equity of the subsidiaries				(412,889)
Distributions				
	0	0	0	**(412,889)**
As at December 31, 2019	**15,000,000**	**3,000,000**	**7,243,702**	**71,558,888**

The notes to the consolidated financial statements are an integral part of this statement at December 31, 2019

CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

RESERVES			PROFIT FOR THE YEAR	SUBTOTAL	NON-CONTROLLING INTERESTS	TOTAL
FAIR VALUE RESERVES	OTHER RESERVES	TOTAL RESERVES				
(3,820,996)	19,160,850	110,100,969	27,340,471	152,441,439	4,104,212	156,545,651
		27,340,471	(27,340,471)	0		0
3,820,996		0		0		0
		3,127,393		3,127,393	122,209	3,249,602
		(886,227)		(886,227)	(1,164,507)	(2,050,734)
3,820,996	0	29,581,637	(27,340,471)	2,241,166	(1,042,298)	1,198,868
			23,273,024	23,273,024	755,004	24,028,028
			26,400,416	26,400,416	877,214	27,277,630
	(13,000,000)	(13,000,000)		(13,000,000)		(13,000,000)
0	(13,000,000)	(13,000,000)	0	(13,000,000)	0	(13,000,000)
0	6,160,850	126,682,605	23,273,024	164,955,629	3,816,918	168,772,547
(0)	6,160,850	126,682,605	23,273,024	164,955,629	3,816,918	168,772,547
		23,273,024	(23,273,024)	0		0
		(2,927,238)		(2,927,238)	(422,989)	(3,350,227)
		797,187		797,187	(84,484)	712,703
	53,754,538	(5,694,711)		(5,694,711)		(5,694,711)
0	53,754,538	15,448,262	(23,273,024)	(7,824,762)	(507,473)	(8,332,235)
			16,422,332	16,422,332	603,038	17,025,370
			8,597,570	8,597,570	95,565	8,693,135
		(412,889)		(412,889)	412,889	0
	(10,000,000)	(10,000,000)		(10,000,000)		(10,000,000)
0	(10,000,000)	(10,412,889)	0	(10,412,889)	0	(10,000,000)
0	49,915,388	131,717,978	16,422,333	163,140,310	4,325,372	167,465,682

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

AMOUNTS EXPRESSED IN EUROS

	31/12/19	31/12/18
Consolidated profit for the year including non-controlling interests	**17,025,370**	**24,028,028**
Fair value variation on available for sale financial assets		0
Other changes in equity of the subsidiaries	(3,350,227)	0
Financial statements exchange differences	712,703	3,249,602
Other movements	(5,694,711)	0
Comprehensive income for the year	**8,693,135**	**27,277,630**
Owners of the parent	8,597,570	26,400,416
Non-controlling interests	95,565	877,214

The notes to the consolidated financial statements are an integral part of this statement at December 31, 2019

CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENT OF CASH FLOWS AT DECEMBER 31, 2019 AND 2018

AMOUNTS EXPRESSED IN EUROS

	NOTES	31/12/19	31/12/18
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounts receivable		864,508,168	954,696,587
Accounts payable		(719,978,993)	(833,287,892)
Staff payable		(80,122,232)	(75,309,026)
Operating cash flows		**64,406,942**	**46,099,670**
Income tax payable/receivable		(996,939)	(6,743,673)
Other receivables/payables		(26,381,911)	2,864,617
Cash flows from operating activities (1)		**37,028,092**	**42,220,613**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments:			
Property, plant and equipment		(36,691,124)	(39,477,798)
Intangible assets		249,253	(2,259,286)
Receipts:			
Property, plant and equipment		2,178,484	2,550,000
Financial Investments			3,356
Interest and similar income		1,554,771	1,794,797
Cash flows from investing activities (2)		**(32,708,616)**	**(37,388,931)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts:			
Borrowings		22 097 390	30 782 695
Payments:			
Borrowings			
Interest and similar costs		(12,371,778)	(12,275,512)
Dividends		(10,000,000)	(13,000,000)
Cash flows from financing activities (3)		**(274,388)**	**5,507,184**
Net increase/decrease in cash and cash equivalents (1+2+3)		**4,045,087**	**10,338,866**
Net foreign exchange difference		105,498	(853,189)
Cash and cash equivalents at 1 January	16	**25,891,790**	**16,406,113**
Cash and cash equivalents at 31 December	16	**30,042,375**	**25,891,790**

The notes to the consolidated financial statements are an integral part of this statement at December 31, 2019

CERTIFIED ACCOUNTANT THE BOARD OF DIRECTORS

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS ON 31 DECEMBER 2019

1. INTRODUCTORY NOTE

The ASCENDUM Group consists of a group of companies located in Portugal, Spain, USA, Turkey, Mexico, and Central Europe (Austria, Croatia, Slovakia, Hungary, Romania and the Czech Republic) as well as, through its subsidiaries, being present in Poland, Morocco, Angola and Mozambique. The parent company – ASCENDUM S.A., was founded in 1959 and had its headquarters in Coimbra until the end of 2011. On 28 November 2011, the shareholders decided to transform the company into a joint-stock company and also transfer its headquarters to Praça Marquês de Pombal, 3-A, 5º andar in LISBON – PORTUGAL. ASCENDUM mainly operates in the import and distribution of equipment for construction and public works, logistics, port and airport infrastructures, railways and agriculture, and in Portugal it is also the representative of the Volvo and Mitsubishi vehicle brands for part of the country. It also imports and distributes parts and components and has repair workshops for the equipment and vehicles it represents.

On 31 December 2019, the ASCENDUM Group companies and their headquarters were as follows:

COMPANY	HEADQUARTERS	% SHAREHOLDING
Headquartered in Portugal:		
AIR-RAIL (PORTUGAL), SOCIEDADE UNIPESSOAL, LDA.	Estrada Nacional 10, Apartado 2094, 2696-801 São João da Talha, Loures - PORTUGAL	50%
AMPLITUDE SEGUROS - CORRETORES DE SEGUROS, S.A.	R. Conde da Covilhã, nº 1637, 4100-189 Porto - PORTUGAL	33.3%
ARNADO - SOCIEDADE DE EXPLORAÇÃO E ADMINISTRAÇÃO DE IMÓVEIS S.A.	R. João de Ruão 12 - 3000-229 Coimbra - PORTUGAL	5%
ASCENDUM AUTOMÓVEIS, UNIPESSOAL LDA.	R. Vasco da Gama nº 15, 2685-244 Portela - PORTUGAL	100%
ASCENDUM CAMIÕES, UNIPESSOAL LDA.	R. Manuel Madeira, Marcos da Pedrulha, 3021-901 Coimbra - PORTUGAL	100%
ASCENDUM MÁQUINAS, UNIPESSOAL LDA.	Rua do Brasil, nº 27 – Apartado 2094 | 2696-801 São João da Talha - PORTUGAL	100%
ASCENDUM PORTUGAL, SERVIÇOS DE GESTÃO, S.A.	Rua do Brasil, nº 27 – Apartado 2094 | 2696-801 São João da Talha - PORTUGAL	100%
ASCENDUM, S.A.	Praça Marquês de Pombal nº 3 A - 5º, 1250-161 Lisboa - PORTUGAL	Parent company
GLOMAK SGPS, S.A.	R. Vilar de senhor, 461, 4455-213, Lavra, Matosinhos - PORTUGAL	100%
TRACTORRASTOS - SOCIEDADE VENDEDORA DE ACESSÓRIOS, LDA.	Rua da Mata, nº3 Padrão - Leiria 2410-199 Leiria - PORTUGAL	100%

COMPANY	HEADQUARTERS	% SHAREHOLDING
Headquartered in other countries:		
AIR RAIL MAROC, S.A.R.L.A.U.	4 Lotissement La Coline - Sidi Maarouf - 20270 - Casablanca - MOROCCO	50%
AIR-RAIL POLSKA, Sp. Z.o.o.	Ul. Szpitalna 8 lokal 9, 00-0031 Warsawa - POLAND	25%
AIR-RAIL, S.L.	Calle Alsasua, 16, 28023 Madrid - SPAIN	50%
ART HAVA VE RAY EKIPMANLARI LTD. STI	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34956 - Tuzla, Istanbul - TURKEY	50%
ASCENDUM MACHINERY, INC.	9115 Harris Corner Parkway, suite 450, Charlotte, NC 28269 - USA	100%
ASCENDUM MAQUINARIA MEXICO, S.A. DE C.V.	Carretera Mexico Queretaro KM 32.5 - MEXICO	100%
ASCENDUM MAKİNA TİCARET A.Ş.	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34956 - Tuzla, Istanbul - TURKEY	100%
ASCENDUM BAUMASCHINEN ÖSTERREICH GMBH	Grafenholzweg 1, 5101 Bergheim bei Salzburg, Bergheim - AUSTRIA	100%
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKEDELMI Kft	1141 Budapest, Nótárius utca 13-15 - HUNGARY	100%
ASCENDUM ESPAÑA, S.L.	Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 Madrid - SPAIN	100%
ASCENDUM CENTRAL EUROPE GMBH	Grafenholzweg 1, 5101 Bergheim bei Salzburg, Bergheim - AUSTRIA	100%
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA d.o.o	Karlovačka Cesta 94, 10250 Lučko/Zagreb - CROATIA	100%
ASCENDUM MACHINERY SRL	Şoseaua Odăii Nr. 439 Sector 1, et.2. 013606 Bucureşti - ROMANIA	100%
ASCENDUM TÜRKİYE YATIRIM HOLDİNG ANONİM ŞİRKETİ	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34956 - Tuzla, Istanbul - TURKEY	100%
ASCENDUM STAVEBENI STROJE CZECH s.r.o	Plzeňská 430, 267 12 Loděnice - CZECH REPUBLIC	100%
ASCENDUM STRAVEBENE STROJE SLOVENSKO s.r.o	Pestovateľská 10, 821 04 Bratislava - SLOVAKIA	100%
HARDPARTS MOÇAMBIQUE, Limitada	Avenida Julius Neyerere, 2399, Maputo - MOZAMBIQUE	100%
IMPORTADORA DISTRIBUIDORA DE MAQUINARIA INDUSTRIAL ZEPHIR, S.L.	Calle Alsasua, 16, 28023 Madrid - SPAIN	50%
TEA ALOYA INMOBILIARIA, S.A.U.	Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 Madrid - SPAIN	100%
ASCENDUM MAQUINARIA, S.A.	Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 Madrid - SPAIN	100%
VOLRENTAL ATLÁNTICO, S.A.U.	Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 Madrid - SPAIN	68.89%

The accompanying financial statements are presented in euros (rounded to the nearest unit). External operations that use a functional currency other than the euro are included in the consolidated financial statements in line with the policy described in paragraph 2.2 d).

2. MAIN ACCOUNTING POLICIES

The main accounting policies used in preparing the consolidated financial statements are the following:

2.1. BASIS OF PRESENTATION

The accompanying financial statements relate to the consolidated financial statements of ASCENDUM and were prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) issued by the International Accounting Standards Committee IASC) and their interpretations – IFRIC and SIC issued respectively by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standard Interpretations Committee (SIC), adopted by the European Union and in force for the financial years beginning on 01 January 2019.

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

a) **IFRS 16** (new), 'Leases'. This new standard replaces IAS 17 – 'Leases' with a significant impact on the accounting by lessees who are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". The application of IFRS 16 may be retrospective or retrospective modified. The effects on the Consolidated Financial Statements, derived from IFRS 16 adoption at the transition date (January 01, 2019) are disclosed in note 3.1.

b) **IFRS 9** (amendment), 'Prepayment features with negative compensation'. The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit and loss. This amendment didn't have material impacts on the Consolidated Financial Statements.

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

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

e) **Annual Improvements 2015 - 2017**. The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3 and IFRS 11. These amendments didn't have material impacts on the Consolidated Financial Statements.

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

2.1.2. Amendments to standards that have been published and are mandatory for the accounting periods beginning on or after 1 January 2020, that are already endorsed by the EU:

a) **IAS 1 and IAS 8** (amendment), 'Definition of material' (effective for annual periods beginning on or after 1 January 2020). The amendment revises the concept of material. Includes clarifications as to obscured information, its effect being similar to the omission or distortion of information; and also, clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need. It is not expectable that these amendments imply material impacts on the Consolidated Financial Statements.

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

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

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

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

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

New standards summary:

DESCRIPTION	CHANGES	EFFECTIVE DATE
1. Standards (new and amendments) and interpretations effective as at 1 January 2019		
IFRS 16 – Leases	New definition of lease. New accounting of lease contracts by lessees. No major changes to lessor lease accounting.	1 January 2019
IFRS 9 – Financial instruments	Exemption to financial assets at amortised cost classification for financial assets with prepayment negative compensation features.	1 January 2019
IAS 19 – Employee benefits	Requirement to use updated assumptions for the calculation of remaining responsibilities after an amendment, curtailment or settlement of benefits, with impact on income statement except for any reduced excess under "asset ceiling' accounting treatment.	1 January 2019
IAS 28 – Investments in associates and joint ventures	Clarification regarding long-term investments in associates and joint ventures that are not being measured through the equity method.	1 January 2019
Annual improvements to IFRS 2015 – 2017	Clarifications: IAS 23, IAS 12, IFRS 3, IFRS 11.	1 January 2019
IFRIC 23 – Uncertainty over income tax treatments	Clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments.	1 January 2019
2. Amendments to standards that will become effective, on or after 1 January 2020, already endorsed by the EU		
IAS 1 – Presentation of financial statements; IAS 8 – Accounting policies, changes in accounting estimates and errors	Revision of the definition of material, and the implication on the preparation of financial statements as a whole.	1 January 2020
Conceptual framework - Amendments to references to other IFRS	Amendments to some IFRS regarding cross reference and clarification about the application of the new definitions of asset / liability and expense / income.	1 January 2020
3. Standards (new and amendments) that will become effective, on or after 1 January 2020, not yet endorsed by the EU		
IFRS 3 – Business combinations	Revision of the definition of business.	1 January 2020
IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform	Provide certain reliefs in connection with hedge accounting with the objective that interest rate benchmark reform does not cause hedge accounting to terminate.	1 January 2020
IFRS 17 – Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics.	1 January 2021

2.2. CONSOLIDATION PRINCIPLES

The consolidation principles adopted by the Group are the following:

a) **Financial investments in Group companies**

The financial investments in companies in which the Group has direct and/or indirect voting rights of over 50% of the voting rights at the General Meeting of Shareholders or Partners and in which it has the power to control its financial and operating policies in order to benefit from their activities, have been included in the consolidated financial statements using the full consolidation method. The equity and net income of these companies, attributable to the investments of third parties in those same companies, are included separately in the consolidated statement of financial position and the consolidated income statement, under "Non-controlling interests". The Group companies included in the consolidated financial statements are detailed in Note 4.

The accumulated losses of a subsidiary are attributed to the non-controlling interests, in the proportions held, which may result in the recognition of negative non-controlling interests.

In business combinations prior to 2010 the purchase method was followed. The assets and liabilities of each subsidiary are measured at fair value on the acquisition date. Any excess in the acquisition cost over the fair value of net assets and liabilities acquired is recognised as goodwill (Note 2.2 c)). If the difference between the acquisition cost and the fair value of net assets and liabilities acquired is negative, it is recognised as income in the income statements after reconfirming their assigned fair value. The interests of holders of non-controlling interests are presented proportionally to the fair value of identified assets and liabilities.

For business combinations after 1 January 2010, the Group has applied the revised IFRS 3. According to this revised standard, the purchase method continues to be applied to business combinations, but with some significant amendments:

(I) all amounts that make up the purchase price are valued at fair value and there is the option to measure "non-controlling interests," on a transaction-by-transaction basis, by the proportion of the value of the acquired entity's net assets or at the fair value of the acquired assets and liabilities.

(II) all costs related to the acquisition are recorded as expenses.

Since 1 January 2010, the revised IAS 27 has also been applied. This requires all transactions with "non-controlling interests" to be recorded in Equity if there is no change in control over the Entity, and so no goodwill or gains and losses shall be recorded. When there is a loss of control over the entity, any remaining interest in the entity is remeasured at fair value and profit or loss is recognized in the income statement for the period.

The results of subsidiaries acquired or sold in the period are included in the consolidated income statement from the effective date of acquisition or until the date of sale.

Whenever necessary, adjustments are made to the financial statements of subsidiaries to keep their accounting policies in line with those used by the Group. Transactions, margins generated between Group companies, balances and dividends distributed between Group companies are eliminated in the consolidation process.

In situations where the Group holds, in substance, control of other entities created for a specific purpose, even if it has no direct shareholdings in these entities, they are consolidated by the full consolidation method.

b) Financial investments in associated companies

Financial investments in associated companies (companies in which the Group exercises significant influence but does not have control, through involvement in the financial and operational decisions of the Companies – generally investments of 20% to 50% of the share capital of a company) are recorded using the equity method.

Under the equity method, financial investments are initially recorded at their acquisition cost and adjusted annually by the amount representing the Group's share in changes in the equity (including net profit) of associates, against gains or losses in the period as well as dividends received and other changes in equity recorded in the associates.

Differences between purchase cost and fair value of the assets and liabilities associated at the purchase date are recognized as goodwill if they are positive and are recorded under "Financial investments in associates" (Note 2.2 c). If these differences are negative, they are recorded as a gain in the period under "Other income and gains" in the income statement, following reconfirmation of fair value.

Investments in associates are evaluated, when there are indicators that the asset might be impaired, and any confirmed impairment losses are recorded as an expense. When impairment losses recognized in previous periods no longer exist, they are reversed.

When the Group's share of the associate's accumulated losses exceeds the carrying value of the financial investment, the investment is recorded at nil value for as long as the associate's equity is negative, except when the Group has made commitments to the associate. In this case, a provision to meet these obligations is recorded.

Unrealized gains on transactions with associates are eliminated in proportion to the Group's interest in the associate, against the financial investment in that associate. Unrealized losses are similarly eliminated but only to the point where they are not a sign that the transferred asset is impaired.

c) Goodwill

Differences between the acquisition cost of investments in Group companies, plus the share of non-controlling interests in the fair value of acquired assets and liabilities (including contingent liabilities) or alternatively, plus the fair value of the share of the non-controlling interests in the acquired subsidiary and the fair value of the total net assets and liabilities of the acquired subsidiary, when positive, are recorded as "goodwill" (Note 9). When negative, they are recorded directly in the income statement as gains, following reconfirmation of their recognized fair value.

Differences between the acquisition cost of investments in associated companies and the amount attributed to the fair value of the identifiable assets and liabilities of those companies at the purchase date, when positive, are recorded under "Financial investments in associates." When negative, they are recorded directly as gains in the income statement, following reconfirmation of the recognized fair value.

The goodwill amount is not amortized and is tested for impairment losses on an annual basis. The recoverable amount is determined based on the current value of estimated future cash flow expected to arise from continued use of the asset. Goodwill impairment losses recorded in the period are recorded in the income statement under "Impairments of non-depreciable/amortizable investments."

Impairment losses relating to goodwill cannot be reversed.

d) Conversion of financial statements of foreign entities

The assets and liabilities included in the financial statements of foreign entities are converted into euros using the exchange rates at the date of the statement of financial position. Income and expenses and cash flows are converted into euros using the average exchange rate recorded in the period. Exchange rate differences arising after January 1, 2010 are recorded as equity.

When a foreign entity is sold, accumulated exchange rate differences are recognized in the income statement as a gain or loss.

In the 2019 and 2018 financial years, the rates used in the conversion of financial statements of foreign subsidiaries into Euros were the following:

2019 COMPANY	CURRENCY	YEAR END EXCHANGE RATE 2019	AVERAGE HISTORICAL EXCHANGE RATE 2019	EXCHANGE RATE ESTABLISHMENT DATE / ACQUIRED	YEAR END EXCHANGE RATE 2018
ASCENDUM MACHINERY INC	USD	1.12	1.12	1.36	1.15
ASCENDUM MAKİNA TİCARET A.Ş.	TRY	-	-	1.94	-
ASCENDUM TÜRKİYE YATIRIM HOLDİNG ANONİM ŞİRKETİ	TRY	-	-	1.94	-
ART HAVA VE RAY EKIPMANLARI LTD. STI	TRY	6.68	6.36	1.94	6.06
HARDPARTS MOÇAMBIQUE, LIMITADA	MZN	68.90	69.98	39.75	70.25
AIR RAIL POLSKA	PLN	4.26	4.30	4.18	4.30
ASCENDUM MAQUINARIA MEXICO	USD	1.12	1.12	1.36	1.15
AIR-RAIL MAROC	MAD	10.76	10.77	11.16	10.95
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKEDELMI KFT	HUF	330.53	325.35	298.15	320.98
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA D.O.O	HRK	7.44	7.42	7.62	7.41
ASCENDUM MACHINERY SRL	RON	4.78	4.75	4.46	4.66
ASCENDUM STAVEBENI STROJE CZECH S.R.O	CZK	25.41	25.67	25.73	25.72
Applicability		Statement of financial position accounts except for equity	P&L	Issued Capital	Retained earnings

2018 COMPANY	CURRENCY	YEAR END EXCHANGE RATE 2018	AVERAGE HISTORICAL EXCHANGE RATE 2018	EXCHANGE RATE ESTABLISHMENT DATE/ACQUIRED	YEAR END EXCHANGE RATE 2017
ASCENDUM MACHINERY INC	USD	1.15	1.18	1.36	1.20
ASCENDUM MAKİNA TİCARET A.Ş.	TRY	-	-	1.94	4.55
ASCENDUM TÜRKİYE YATIRIM HOLDİNG ANONİM ŞİRKETİ	TRY	-	-	1.94	4.55
ART HAVA VE RAY EKIPMANLARI LTD. STI	TRY	6.06	5.71	1.94	4.55
HARDPARTS MOÇAMBIQUE, LIMITADA	MZN	70.25	71.36	39.75	70.70
AIR RAIL POLSKA	PLN	4.30	4.26	4.18	4.18
ASCENDUM MAQUINARIA MEXICO	USD	1.15	1.18	1.36	1.20
AIR-RAIL MAROC	MAD	10.95	11.01	11.16	11.19
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKEDELMI KFT	HUF	320.98	318.89	298.15	310.33
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA D.O.O	HRK	7.41	7.42	7.62	7.44
ASCENDUM MACHINERY SRL	RON	4.66	4.65	4.46	4.66
ASCENDUM STAVEBENI STROJE CZECH S.R.O	CZK	25.72	25.65	25.73	25.54
Applicability		Statement of financial position accounts except for equity	P&L	Issued Capital	Retained earnings

In 2018, two of the Turkish subsidiaries (ASCENDUM MAKINA and ASCENDUM TÜRKIYE HOLDING) changed their functional currency to euros, reporting in this currency for consolidation purposes.

2.3. MAIN VALUATION CRITERIA

The main valuation criteria used by ASCENDUM in preparing the consolidated financial statements are the following:

a) **Property, Plant and Equipment**

Property, plant and equipment purchased before 1 January 2009 (date of the transition to IFRS) are recorded at deemed cost, which is their acquisition cost or revalued acquisition cost in line with generally accepted accounting principles in Portugal (and in the countries of the Group's subsidiaries) until that date, minus the accumulated depreciation and accumulated impairment losses.

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

Impairment losses identified in the realizable value of property, plant and equipment are recorded in the year in which they are estimated, under "Impairment of Depreciable/Amortizable Investments" in the income statement.

Depreciations are calculated from the moment that the assets are available for use, by the straight-line depreciation method, according to the following estimated useful lives:

	YEARS
Buildings and other constructions	20 - 50
Basic equipment	6 - 16
Transport equipment	4 - 5
Tools and utensils	4 - 14
Administrative equipment	3 - 14
Other tangible assets	4 - 8

Expenditure on property, plant and equipment repairs and maintenance are considered an expense in the period in which they occur. Improvements of significant amounts, which increase the estimated period of use of the assets are capitalized and depreciated in accordance with the remaining useful life of the corresponding assets.

Property, plant and equipment in progress are tangible assets still under construction/development and are recorded at acquisition cost minus the accumulated impairment losses. These assets are transferred to property, plant and equipment and depreciated from the moment that the underlying assets are available to be used in the operating conditions required by management.

Gains or losses resulting from the sale or write-down of property, plant and equipment are considered to be the difference between the sale price and the net book value on the sale/write-down date. They are recorded in the income statement as "Other income and gains" or "Other expenses and losses."

b) **Intangible assets**

Intangible assets are recorded at acquisition cost minus the accumulated amortization and impairment losses. Intangible assets are only recognized if they are likely to result in future economic benefits for the Group, if the Group has the power to control them and if their value can be reasonably measured.

Research costs incurred with new technical knowledge are recognized as an expense in the income statement, when incurred.

Development expenses, for which the Group has proven ability to complete the development and begin commercialization and/or use and for which the created asset is likely to generate future economic benefits, are capitalized. Development expenses that do not meet these criteria are recognized as an expense in the income statement in the year in which they are incurred.

Internal costs associated with software maintenance and development are recorded as expenses in the income statement when they are incurred, except where these costs are directly related to projects that are likely to generate future economic benefits for the Group. In these cases, the costs are capitalized as intangible assets.

Intangible assets are amortized by the straight-line depreciation method over a period of three to five years, except those related to concession rights, which are considered to have an indefinite useful life and, as such, are not amortized and are subject to annual impairment testing.

Amortization of intangible assets in the period is recorded in the income statement under "Depreciation and amortization expenses."

c) **Investment properties**

Investment properties, which are real estate assets owned to generate income from rental or capital gains, rather than for use in the production or supply of goods or services or for administrative purposes, are recorded at acquisition cost and their fair value is disclosed (Note 8).

Investment properties acquired before 1 January 2009 (date of the transition to IFRS) are recorded at "deemed cost," which is their acquisition cost or revalued acquisition cost in line with generally accepted accounting principles in Portugal (and in the countries of the Group's subsidiaries) until that date, minus the accumulated depreciation and accumulated impairment losses.

Investment properties purchased after that date are recorded at acquisition cost minus the accumulated depreciation and impairment losses.

Whenever the fair value of these assets is deemed to be less than their respective carrying amount, an impairment loss is recorded in the period in which the loss is estimated, under the "Impairment of depreciable/amortizable investments" in the income statement. As soon as the recorded accumulated impairment losses cease to exist, they are immediately reversed through a counter-entry under "Impairment on depreciable/amortizable investments" in the income statement to the maximum that would have been established, net of depreciation or amortization, if no impairment loss had been recognized in previous periods.

The fair value of investment properties that is subject to disclosure was based on property valuations carried out by independent specialists.

d) **Leases**

Accounting policy as at 1 January 2019

Identifying a Lease

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the customer has both of the following:

(I) the right to obtain substantially all the economic benefits from use of the identified assets; and

(II) the right to direct the use of the identified assets

Lease Term

An entity shall determine the lease term as the non-cancellable period of a lease, together with both:

(I) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(II) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Recognition and Measurement

At the commencement date, a lessee shall recognize a right-of-use asset and a lease liability.

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise (i) the amount of the initial measurement of the lease liability, (ii) any lease payments made at or before the commencement date, less any lease incentives received, (iii) any initial direct costs incurred by the lessee, and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. After the commencement date, a lessee shall measure the right-of-use asset applying at cost, less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

The depreciable amount of the right-of-use asset shall be allocated on a systematic basis over its useful life. The lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset, if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The depreciation charge for each period shall be recognized in profit and loss. The average of the useful life for the right-of-use assets is:

	YEARS
Buildings and other constructions	4
Basic equipment – machines	4
Transport equipment - vehicles	3

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise (i) fixed payments, less any lease incentives receivables, (ii) variable lease payments, (iii) amounts expected to be payable by the lessee under residual value guarantees, (iv) the exercise price of a purchase option if it is certain, and (v) payments of penalties for terminating the lease. The variable lease payments do not include remunerations linked to the turnover of the lessee.

In the statement of financial position, the right of use assets is included in the Property, Plant and Equipment account and the lessees are included in the Borrowings account.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined (the rate of interest that causes the present value of the lease payments and the unguaranteed residual value to equal the fair value of the underlying asset). If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate (the rate of interest that a lessee would have to pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the underlying asset).

After the commencement date, a lessee shall measure the lease liability by:

(I) increasing the carrying amount to reflect interest on the lease liability (computed with the discount rate applied in the initial measurement of the lease liability and recognized in profit and loss statement);

(II) reducing the carrying amount to reflect the lease payments made; and

(III) remeasuring the carrying amount to reflect any reassessment or lease modifications (ex: terms, lease payments)

The company applies the following practical expedient under IFRS 16:

(I) The contracts that contain lease and services components, the company do not separate the services from lease components.

(II) Leases, that, at the commencement date, have a lease term of 12 months or less are excluded from the scope of IFRS 16.

(III) Leases for which the underlying asset has a value below 5.000 € are excluded from the scope of IFRS 16.

For the leases excluded from the scope of IFRS 16, the lease payments associated with those leases shall be recognized as an expense on a straight-line basis over the lease term in the External supplies and services - Rents and leases account.

Sale and Leaseback Transactions

If an entity (the seller-lessee) transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, both the seller-lessee and the buyer-lessor shall account for the transfer contract and the lease applying as follows:

(I) Transfer of the asset is a sale

If the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset:

The seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The buyer-lessor shall account for the purchase of the asset applying applicable Standards, and for the lease applying the lessor accounting requirements in IFRS 16.

(II) Transfer of the asset is not a sale

If the transfer of an asset by the seller-lessee does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset:

The seller-lessee shall continue to recognize the transferred asset and shall recognize a financial liability equal to the transfer proceeds, applying the accounting requirements in IFRS 9. The buyer-lessor shall not recognize the transferred asset and shall recognize a financial asset equal to the transfer proceeds, applying the accounting requirements in IFRS 9.

Accounting policy used until 31 December 2018

Leases are classified as (i) finance leases, if they involve substantial transfer of all inherent risks and benefits of owning the leased asset; (ii) operating leases, if they do not involve substantial transfer of all inherent risks and benefits of owning the leased asset.

Leases are classified as finance or operating based on the substance rather than the form of the contract.

Assets acquired under finance leases as well as the corresponding liabilities, are recorded using the financial method. According to this method, the cost of the asset is recorded in property, plant and equipment and the corresponding liabilities are recorded as accounts payable to investment suppliers. Rents are made up of financial charges and capital repayments. Financial charges are allocated to the financial years covered by the term of the lease, applying a constant periodic interest rate on the outstanding balance of the liability, with the property, plant and equipment depreciated as described in Note 2.3.a).

In operating leases, lease payments are recognized as an expense in the income statement for the period to which they relate.

e) **Inventories**

Goods classified as construction equipment and vehicles are stated at their specific acquisition cost, while parts, components and raw materials, subsidiary materials and consumables are valued at average acquisition cost, which is lower than their respective market value.

Work in progress is valued at production cost, which is lower than market value. Production costs include the cost of the raw materials used, direct labour, manufacturing overheads and services carried out externally.

Impairment losses reflect the difference between the cost of acquisition and/or production and the net realizable market value of inventories.

f) **Grants from government or other public entities**

Government grants are recognized at fair value when it can be reasonably assured that they will be received and that the Company will meet the conditions of the grant.

Grants and non-refundable contributions received to finance property, plant and equipment are recorded, only when there is reasonable assurance of receipt, under "Deferred income" and are recognized as a gain in the income statement in proportion to the depreciation of the subsidized property, plant and equipment.

Grants related to incurred expenses are recorded as a gain to the extent that there is reasonable assurance that they will be received, that the company has already incurred the subsidized expenses and that conditions of eligibility are met.

g) **Impairment of assets other than goodwill and concession rights**

An impairment of the company's assets is assessed on the date of each statement of financial position and whenever an event or change in circumstances is identified that means the asset's carrying amount may no longer be recoverable.

Whenever the asset's carrying amount is higher than its recoverable amount (established as the higher of the net sales price and its value in use, or as the net sales price for assets held for sale), an impairment loss is recognized and recorded in the income statement. The net sales price is the amount that would be obtained through the sale of the asset in a transaction between two independent entities, minus costs directly attributable to the sale. Value in use is the present value of estimated future cash flows expected to arise from continuing 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 that is not possible, for the cash-generating unit to which the asset belongs.

To evaluate indicators of impairment of assets, the company uses available external and internal sources which prove to be most suitable, such as: (i) significantly higher-than-expected decrease, in that period, of the market value of an asset; (ii) change in the technological, market, economic or legal environment, with a direct impact on the asset or on the entity itself; (iii) the asset's carrying amount is greater than its market capitalization; (iv) evidence of obsolescence or physical damage of/to the asset; (v) evidence that the economic performance of an asset is, or will be, significantly lower than expected.

Reversal of impairment losses recognized in previous years is recorded when it is concluded that the impairment losses no longer exist or have decreased. This analysis is carried out whenever there are signs that a previously recognized impairment loss has been reversed. A reversal of impairment losses is recognized in the income statement in the respective impairment items. However, reversal of the impairment loss is recorded up to the amount that would be recognized (net of amortization or depreciation) if the impairment loss had not been recognized in previous periods.

h) **Financial charges**

Financial charges related to loans (interest, premiums, ancillary costs and interest on leases) are capitalized if they relate to assets that qualify; otherwise, they are recognized as an expense in the period in which they are incurred, in line with the accrual principle.

i) **Provisions**

Provisions are recognized when, and only when, the Group has a current (legal or constructive) obligation as a result of a past event, whenever it is likely that, to settle the obligation, an outflow of resources will take place, and the amount of the obligation can reasonably be estimated. Provisions are reviewed on the date of each statement of financial position and are adjusted to reflect the best estimate of their fair value on that date (Note 25).

Provisions for restructuring costs are recognized by the Group whenever a formal and detailed restructuring plan has been put in place and when it has been communicated to the parties involved.

j) **Financial instruments**

FINANCIAL ASSETS

The company classifies its financial assets into the following categories:

— Debt instruments; and

— Equity instruments

Debt instruments

a) Debt instruments at amortized cost

Debt instruments are measured at amortized cost if both of the following criteria are met:

- Assets are held to receive their contractual cash flows; and
- The asset's contractual cash flows represent only payments of principal and interest.

Financial assets included in this category are initially recognized at fair value and subsequently measured at amortized cost.

Trade and Other Receivables and Cash and bank deposits are debt instruments at amortized cost.

b) Debt instruments at fair value through equity

Debt instruments are measured at fair value through equity if both of the following criteria are met:

- The purpose of the business model is achieved by both the receiving of contractual cash flows and the sale of financial assets; and
- The asset's contractual cash flows represent only payments of principal and interest.

Financial assets included in the category of fair value through equity are initially recognized and subsequently measured at fair value. Movements in the carrying amount are recorded through other comprehensive income, except for the recognition of impairment gains or losses, interest income and exchange gains or losses, which are recognized in the income statement. When the financial asset is de-recognized, the accumulated gain or loss previously recognized in other comprehensive income is reclassified from equity to income.

c) Debt instruments at fair value through profit and loss

Financial assets are classified at fair value through profit and loss if they do not meet the fair-value criteria through other comprehensive income or amortized cost. This occurs when the initial goal is to recover the investment through the sale of the financial asset.

The financial assets included in the category of fair value through profit and loss are measured at fair value with all the variations recorded against the income statement.

Equity instruments

Investments in equity instruments (shares below 20%) are measured at fair value. Equity instruments held for trading are measured at fair value, with changes in fair value recorded under profit and loss. All other shares are measured at fair value, with changes in fair value (except dividends) recorded in other comprehensive income.

The amounts are not recycled from other comprehensive income to income (even in the case of sale of an equity instrument). Accumulated gains or losses are reclassified within equity through retained earnings.

Equity instruments measured at fair value through equity are not reclassified to equity instruments at fair value through profit and loss.

Equity instruments at fair value through profit and loss are not subject to impairment testing.

Equity instruments at fair value through equity are subject to impairment testing, that impairment being accounted for in other comprehensive income.

Trade and Other Receivables

These items mainly include the balances of customers resulting from services rendered as part of the Group's activity and other balances related to operating activities. Balances are classified as current assets when the collection is estimated within a 12-month period. Balances are classified as non-current if the estimated collection occurs more than 12 months after the reporting date.

"Customer" and "Other debtors" are initially recognized at fair value and are subsequently measured at amortized cost, less the impairment adjustments. Identified impairment losses are recorded in the income statement and other comprehensive income in "Impairment of receivables" and are subsequently reversed by profit and loss.

With the introduction of IFRS 9, the company started to recognize the impairment of receivables on third parties based on the sum of the following two components:

- Specific impairment of all receivables in litigation.

- Expected impairment of all receivables, which are not in the process of litigation, using the following risk matrix, based on the observations occurring in the behavior of the receipts in the two previous years:

Receivables before the due date	% in debt
Receipt up to 30 days after the due date	% in debt
Receipt between 31 and 60 days after the due date	% in debt
Receipt between 61 and 90 days after the due date	% in debt
Receipt between 91 and 365 days after the due date	% in debt
Amounts not collected after 365 days from the due date	% in debt

Cash and bank deposits

The amounts included under "Cash and bank deposits" are cash, bank deposits, term deposits and other treasury applications which mature in less than three months and can be immediately mobilized with negligible risk of change in value.

Bank overdrafts are presented in the statement of financial position, in current liabilities, under "Borrowings." On 31 December 2019, Ascendum has equity instruments at fair value through profit and loss and debt instruments at amortized cost (customers and receivables).

FINANCIAL LIABILITIES

Financial liabilities are classified into two categories:

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

(II) Financial liabilities at amortised cost.

Financial liabilities at amortized cost are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost at the effective interest rate.

On 31 December 2019, the Company only has recognized liabilities classified as "Financial liabilities at amortized cost."

Financial liabilities are de-recognized when the underlying obligations are extinguished by payment, are cancelled or expired.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost and the difference between the nominal value and the initial fair value recognized in the income statement and other comprehensive income over the period of the financing using the effective interest rate method.

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

Trade payables

These items generally include balances of suppliers of goods and services that the Group acquired in the normal course of its business. These items will be classified as current liabilities if the payment is due within 12 months or less; otherwise, the accounts of "Trade payables" will be classified as non-current liabilities.

These financial liabilities are initially recognized at fair value. Subsequent to its initial recognition, the liabilities presented under "Trade payables" are measured at amortized cost using the effective interest method.

k) Contingent assets and liabilities

Contingent liabilities are defined by the Group as (i) potential obligations arising from past events whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events not fully under the Group's control or (ii) current obligations arising from past events, but which are not recognized because it is unlikely that an outflow of resources including economic benefits will be required to settle the obligation, or its amount cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the Group's financial statements but disclosed in the Notes to the Consolidated Financial Statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not even disclosed.

Contingent assets are potential assets resulting from past events and that will only be confirmed by the occurrence or not of one or more uncertain future events, not fully under the Group's control.

Contingent assets are not recognized in the Group's financial statements but are disclosed in the Notes to the Consolidated Financial Statements, when it is likely that there will be future economic benefits.

l) Income Tax

Income tax for the financial year is calculated based on the taxable results of companies included in the consolidation, in accordance with the tax rules in force at the headquarters of each Group company. It also considers deferred taxation.

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

Deferred taxes are calculated based on the statement of financial position liability method and reflect the temporary differences between assets and liabilities for accounting purposes and the corresponding amounts for taxation purposes. Deferred tax assets and liabilities are calculated and valued on an annual basis, using current taxation rates, or those that have been announced for the future, on the expected date of reversal of provisional differences.

Deferred tax assets are only recognized when future tax profits can be reasonably expected for their use, or in situations where there are temporary taxable differences that offset temporary deductible differences in the reversion period. At the end of each financial year, deferred taxes are reviewed and reduced whenever their future use is no longer likely.

Deferred taxes are recorded as gains or losses for the year, unless they relate to items recognized directly in Equity. In this case, a counter-entry of deferred tax is also made under the same heading.

m) **Tax consolidation**

In Portugal, income tax for the year is calculated based on the Special Taxation Scheme for Corporate Groups ("RETGS"), which includes Portugal-based companies in which ASCENDUM S.A. has had a shareholding of at least 75% for over a year.

In Austria, ASCENDUM CENTRAL EUROPE GmbH is taxed on a consolidated basis by incorporating, in its tax return, the tax results of its direct subsidiary Ascendum Baumaschinen Österreich GmbH, as well as the tax losses, if any, of foreign subsidiaries: Ascendum Épiutogépek Hungaria Kereslkederlmi Ktf. – Hungary; Ascendum Gradevinski Strojevi Hrvatska, d.o.o. Croatia; Ascendum Stravebene Stroje Slovensko, s.r.o. – Slovakia and Ascendum Machinery, S.R.L., – Romania).

The remaining Group companies are taxed on an individual basis, according to applicable law.

n) **Accrual basis**

Income and costs are recorded on an accrual basis, whereby revenue and expenditure are stated when they are earned or incurred, regardless of the moment when they are received or paid. The differences between the amounts received and paid and corresponding revenues and expenses are recorded under "Other accounts receivable," "Other accounts payable" and "Deferrals."

Gains and income whose real amount are not known are estimated based on the best assessment of the Board of Directors.

o) **Revenue from Contracts with Customers**

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

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

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

The Company considers that, given the nature of the product or service that is associated with the assumed performance obligations, the transfer of control occurs mostly on a specific date and for some kind of services the obligation is performed continuously over the time.

p) **Subsequent Events**

Events occurring after the date of the statement of financial position that provide additional information about conditions at the date of the statement of financial position ("adjusting events") are reflected in the consolidated financial statements. Events after the statement of financial position date that provide information on conditions that occur after the date of the statement of financial position ("non-adjusting events"), if they are material, are disclosed in the Notes to the Consolidated Financial Statements.

q) **Classification of statement of financial position**

Realizable assets and payable liabilities after more than one year from the date of the statement of financial position are classified as non-current assets and liabilities. Deferred tax assets and liabilities are also included in these headings.

r) **Balances and transactions expressed in foreign currency**

Assets and liabilities expressed in foreign currencies have been converted to Euros based on the exchange rate on the date of the statement of financial position. Exchange differences – gains and losses – resulting from differences between the exchange rates on the transaction date and on the date of the collection, payment or on the date of the statement of financial position, are recorded as gains or losses in the consolidated income statement for the period.

2.4. JUDGMENTS AND ESTIMATES

The Board of Directors of ASCENDUM based its preparation of the consolidated financial statements on the best knowledge and experience of past and/or current events, taking into account certain assumptions about future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended 31 December 2019 and 2018 include:

a) Lifetime of tangible and intangible assets and investment properties;

b) Recording of adjustments in the value of assets (accounts receivable and inventories) and provisions;

c) Impairment tests for goodwill;

d) Deferred tax assets and liabilities measurement

Estimates and underlying assumptions were determined based on the best knowledge, on the approval date of the financial statements, of events and transactions in progress, and experience of past and/or current events. However, situations may arise in subsequent periods that are unforeseeable on the approval date of the financial statements and the estimates have not taken these into consideration. For this reason, and given the related degree of uncertainty, the actual results of the transactions may differ from their corresponding estimates. Changes to these estimates, which occur after the date of the consolidated financial statements, will be adjusted in the income statement prospectively, in accordance with IAS 8.

The main estimates and assumptions about future events included in the preparation of the consolidated financial statements are disclosed in the corresponding notes.

2.5. RISK MANAGEMENT

In the development of its activity, the Group is exposed to a variety of risks: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program, inherent to the outlook for ongoing long-term operations, focuses on the unpredictability of financial markets and seeks to minimize any adverse effects that this may have on its financial performance.

The Group's risk management is essentially the responsibility of the finance department, based on the policies approved by the Group's Board of Directors. Accordingly, the Board of Directors has set out the key principles of overall risk management as well as policies covering specific areas, such as interest rate risk and credit risk.

According to International Accounting Standards, financial risk is the risk of possible future change in one or more interest rates, financial instrument prices, commodity prices, exchange rates, price indices or rates, credit ratings or credit indices or any other specified variable, provided that, in the case of a non-financial variable, the variable is not a specific part of the contract.

a) **Exchange rate risk**

As mentioned in Note 2.2.d), the assets and liabilities of the financial statements of foreign entities are translated into Euros using the exchange rates prevailing on the date of the statement of financial position. The profit and loss in the income statement is translated into Euros using the average exchange rate for the year. Resulting exchange rate differences are recorded as equity.

The assets and liabilities included in the Consolidated Statement of Financial Position, arising from conversion of Financial Statements in currencies other than the Euro, are summarized as follows:

	ASSETS				LIABILITIES			
	DEC-19	%	DEC-18	%	DEC-19	%	DEC-18	%
Turkish Lira (TRY)	(352,787)	0%	(346,486)	0%	22,153	0%	20,549	0%
US Dollar (USD)	177,573,962	27%	186,132,702	32%	164,303,444	33%	164,112,378	40%
Polish Zloty (PLN)	(4,036)	0%	(4,152)	0%	615	0%	608	0%
New Romanian Leu (RON)	5,233,908	1%	3,158,753	1%	4,895,667	1%	3,418,839	1%
Moroccan Dirham (MAD)	737,841	0%	665,493	0%	788,479	0%	621,907	0%
Hungarian Forint (HUF)	3,796,886	1%	2,354,045	0%	3,070,062	1%	1,539,626	0%
Croatian Kuna (HRK)	3,159,337	0%	695,729	0%	2,711,005	1%	213,331	0%
Czech Koruna (CZK)	14,438,791	2%	8,253,267	1%	14,323,110	3%	7,478,348	2%
Sub-Total	**204,583,903**	**31%**	**200,909,352**	**35%**	**190,114,534**	**39%**	**177,405,586**	**43%**
Total - Consolidated Balance Sheet - IFRS	**659,886,496**	**100%**	**577,588,960**	**100%**	**492,420,814**	**100%**	**408,816,413**	**100%**

Considering the impact that foreign subsidiaries, with a functional currency different from Euro, have in consolidated financial statements, a test of sensitivity to exchange rate variability was conducted, assuming a variation of +2% and -2%, to all currencies other than the Euro, with the results below:

	VAR. EFFECT +2%	VAR. EFFECT -2%
Assets	5,778,018	(5,778,018)
Profit for the year	62,476	(62,476)
Equity	1,967,760	(1,967,760)
Liabilities	3,810,259	(3,810,259)

b) Price risk

Price risk reflects the degree of exposure of a company to price changes in fully competitive markets, for goods which include, always, its inventories, along with other assets and financial instruments that the company holds, with the intention of future sale.

1. The Group's price risk management of goods in stock is mainly monitored by the sales departments of each company, based on policies approved by ASCENDUM's Board of Directors. Accordingly, the Board of Directors issues guidelines for anticipating trends in the prices of traded goods and to best adapt the purchasing and inventories management policy to circumstances. ASCENDUM's Board of Directors believes that the risk associated with the price of goods in stock is under control to a reasonable extent.

2. On the other hand, the relationships that the various group companies have with their main suppliers are established in contracts and duly formalized protocols, so the risk of commodity price, or credit is reasonably controlled and monitored by the Board of Directors of the group, thus guaranteeing the normal continuity of the operations and development of the various activities and business.

c) Interest rate risk

The Group's indebtedness is mainly related to variable interest rates, which exposes the cost of the debt to high volatility risk. The impact of this volatility on the Group's results or equity is not significant due to the effect of the following factors: (i) a possible correlation between the level of market interest rates and economic growth, which has a positive effect on other lines of the consolidated (and operational) results of the Group, thereby partially offsetting the increased financial costs (natural hedge); and (ii) the existence of liquidity or cash equivalents, which are also remunerated at variable rates.

ASCENDUM's Board of Directors has approved the terms and conditions of financing by analyzing the structure of the debt, its inherent risks and the different market options available. These include the type of interest rate (fixed/variable) and, by continuously monitoring conditions and alternatives in the market, it is responsible for any decisions to enter into occasional derivative financial instruments to hedge interest rate risk exposure.

Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis described below was calculated based on exposure to interest rates for financial instruments existing on the date of the statement of financial position. For liabilities with variable rates, the following assumptions were made:

(I) The actual interest rate is higher/lower than the interest rate borne, by 1 percentage point;

(II) The basis for the calculation was the average indebtedness of the Group in that financial year;

(III) Maintenance of traded spreads.

Sensitivity analyses assume the manipulation of a single variable while all others remain constant. This assumption is unlikely to hold true and there may be related changes in some of the assumptions.

The Group's sensitivity to changes in the interest rates on the financial instruments can be summarized as follows (increases/(decreases)):

	VARIATION	DEC-19 P&L	DEC-18 P&L
Bank loans	1 p.p	2,601,891	2,225,036
Bank loans	(1 p.p)	(2,601,891)	(2,225,036)

d) **Liquidity risk**

Liquidity risk is defined as the risk of inability to settle or meet obligations under the established terms and at a reasonable price.

The existence of liquidity in the Group companies requires performance parameters to be set in the management function of that liquidity, in order to maximize return and minimize opportunity costs related to holding this liquidity in a safe and efficient manner.

The ASCENDUM Group's liquidity risk management has the following objectives:

(I) Liquidity, which is to ensure continued access in the most efficient manner for sufficient funds to meet current payments on their due dates as well as any requests for funds by the deadlines set, even if these are not foreseen;

(II) Safety, which is to minimize the likelihood of default in repayment of any investment of funds; and

(III) Financial efficiency, which is to ensure that the Companies maximize the value/minimize the opportunity cost of holding excess liquidity in the short term.

The strategy adopted by the Group to manage liquidity risk is based on the following factors, among others:

(I) Financial planning and integrated financial management of the Group, based on the cash budgets of the various companies;

(II) Diversification of funding sources and suitability of the maturity of financial commitments in line with the rate of liquidity generation;

(III) Suitability of the maturity of financial commitments concerning investments in non-current assets, at their cash generation rate;

(IV) Contracting short-term credit lines to address occasional cash requirement peaks.

Any surplus liquidity is applied with a view to best serve the Group's liquidity and profitability objectives, either in short-term financial investments or by repaying short-term debt, in line with economic and financial reasonableness criteria.

An analysis of the maturity of the financing of each class of financial liabilities is outlined in Note 20, presenting undiscounted amounts and based on the worst-case scenario, i.e. the shortest period in which the liability became payable.

On 31 December 2019 and 2018, the Group had net debt of 162.816.205 euros and 155,775,076 euros, respectively, divided between current and non-current loans (Note 20) and cash equivalents (Note 16) taken on through several institutions. The amount disclosed above for the year 2019 does not include the lease liability resulting from the first application, in this year, of IFRS 16 - Leases.

In addition, we emphasize that current assets are much higher than current liabilities, so this risk is minimized.

e) **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations, resulting in losses to the Group.

The Group's exposure to credit risk is mainly related to accounts receivable arising from operations.

Managing this risk aims to ensure actual debt recovery within the set terms, without affecting the Group's financial health. This risk is regularly monitored, and the aim of its management is to: (i) limit credit granted to customers, taking into account average customer payment periods, homogeneous groups of customers and individually by customer; (ii) monitor the evolution of the amount of credit provided; (iii) regularly carry out impairment analyses of amounts receivable. The Group secures credit guarantees, whenever a customer's financial position might suggest it is advisable.

The Group also uses credit rating agencies and has specific departments for credit control, collection and management of legal proceedings, which all work towards mitigating that risk.

Adjustments to accounts receivable are calculated by taking into consideration: (a) the customer's risk profile; (b) the average collection period; (c) the customer's financial position. The movements of these adjustments for the years ended 31 December 2019 and 2018 are disclosed in Note 25.

On 31 December 2019 and 2018, the Group considered that there was no need for additional impairment losses beyond the amounts recorded on those dates and outlined, in short, in Note 25.

The amount related to customers and other accounts receivable recorded in the financial statements, presented net of impairment losses, represents the Group's maximum credit risk exposure.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF BASIC ERRORS

During the financial year ended 31 December 2019, there were no correction of errors related to prior years and, besides the adoption of IFRS 16, there were also no impacts of changes in accounting policies.

3.1. IFRS 16 ADOPTION

On 1 January 2019, IFRS 16 became effective with a new approach for the recognition and measurement of leases.

On the transition date, the adoption of this standard had the following impacts on the Statement of Financial Position:

IMPACT ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION – IFRS 16 EUROS	DATE		
	01/01/19	IFRS 16	01/01/2019 ADJUSTED
ASSETS			
Non current Assets			
Property, plant and equipment	136,563,851	38,678,881	175,242,733
Other non current assets	59,196,472	(28,020)	59,168,452
Other financial assets	63,156		63,156
	195,823,480	**38,650,861**	**234,474,341**
Current Assets			
Other current assets	381,765,481	(949,262)	380,816,218
	381,765,481	**(949,262)**	**380,816,218**
Total Assets	**577,588,960**	**37,701,599**	**615,290,559**
EQUITY AND LIABILITIES			
Equity			
Retained earnings	108,911,509	54,239	108,965,747
Other equity	59,861,038		59,861,038
Total Equity	**168,772,547**	**54,239**	**168,826,785**
Liabilities			
Non current liabilities			
Borrowings	116,948,845	25,069,658	142,018,503
Other non current liabilities	69,481,078		69,481,078
	186,429,923	**25,069,658**	**211,499,582**
Current liabilities			
Borrowings	68,348,659	12,577,702	80,926,361
Other current liabilities	154,037,831		154,037,831
	222,386,490	**12,577,702**	**234,964,192**
Total Liabilities	**408,816,413**	**37,647,360**	**446,463,774**
Total Equity and Liabilities	**577,588,960**	**37,701,599**	**615,290,559**

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATION

The Group companies included in the consolidation and the proportion of capital held at December 31, 2019 and 2018 are as follows:

COMPANY	EFFECTIVE SHAREHOLDING PERCENTAGE		CONSOLIDATION METHOD
	DEC-19	DEC-18	
ASCENDUM, S.A.	Parent Company		Full
AIR-RAIL (PORTUGAL), SOCIEDADE UNIPESSOAL, LDA.	50%	50%	Full
AIR RAIL MAROC, S.A.R.L.A.U.	50%	50%	Full
AIR-RAIL POLSKA, SP. Z.O.O.	25%	25%	Full
AIR-RAIL, S.L.	50%	50%	Full
AMPLITUDE SEGUROS - CORRETORES DE SEGUROS, S.A.	33%	33%	Equity Method
ART HAVA VE RAY EKIPMANLARI LTD. STI	50%	50%	Full
ASCENDUM AUTOMÓVEIS, UNIPESSOAL LDA.	100%	100%	Full
ASCENDUM CAMIÕES, UNIPESSOAL LDA.	100%	100%	Full
ASCENDUM MACHINERY, INC.	100%	100%	Full
ASCENDUM MAQUINARIA MEXICO, S.A. DE C.V.	100%	100%	Full
ASCENDUM MÁQUINAS, UNIPESSOAL LDA.	100%	100%	Full
ASCENDUM MAKİNA TİCARET A.Ş.	100%	100%	Full
ASCENDUM BAUMASCHINEN ÖSTERREICH GMBH	100%	100%	Full
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKEDELMI KFT	100%	100%	Full
ASCENDUM ESPAÑA, S.L.	100%	100%	Full
ASCENDUM CENTRAL EUROPE GMBH	100%	100%	Full
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA D.O.O	100%	100%	Full
ASCENDUM MACHINERY SRL	100%	100%	Full
ASCENDUM TÜRKİYE YATIRIM HOLDİNG ANONİM ŞİRKETİ	100%	100%	Full
ASCENDUM PORTUGAL, SERVIÇOS DE GESTÃO, S.A.	100%	100%	Full
ASCENDUM STAVEBENI STROJE CZECH S.R.O	100%	100%	Full
ASCENDUM STRAVEBENE STROJE SLOVENSKO S.R.O	100%	100%	Full
GLOMAK SGPS, S.A.	100%	100%	Full
HARDPARTS MOÇAMBIQUE, LDA.	100%	100%	Full
IMPORTADORA DISTRIBUIDORA DE MAQUINARIA INDUSTRIAL ZEPHIR, S.L.	50%	50%	Full
TEA ALOYA INMOBILIARIA, S.A.U.	100%	100%	Full
TRACTORRASTOS - SOCIEDADE VENDEDORA DE ACESSÓRIOS, LDA.	100%	100%	Full
ASCENDUM MAQUINARIA, S.A.	100%	100%	Full
VOLRENTAL ATLÁNTICO, S.A.U.	68.89%	68.89%	Full

These companies were included in the consolidation using the full consolidation method, as established by IFRS 10 – "Consolidated and separate financial statements" (control of the subsidiary through majority voting rights, or other mechanism, as owner of company shares – Note 2.2).

The 25% and 50% participations included in the above list were included in the Consolidated Financial Statements, using the integral method, since, in addition to the percentage of direct and/or indirect holding, the Group controls the decisions taken at Board level of the Board of Directors of Air Rail, SL, which, in turn, controls the other subsidiaries "Air Rail" and also the subsidiary "Importadora Distribuidora de Maquinaria Industrial Zephir, SL.

5. CHANGES IN THE CONSOLIDATION PERIMETER

During the financial years ended on 31 December 2019 and 31 December 2018, no changes occurred within the consolidation perimeter.

6. INTANGIBLE ASSETS

During the financial years ended on 31 December 2019 and 2018, movements in intangible assets and in the respective amortizations and accumulated impairment losses, were as follows:

2019	INDUSTRIAL PROPERTY AND OTHER RIGHTS	COMPUTER PROGRAMS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Gross assets:				
2019 Opening balance	7,181,371	6,892,862	304,629	14,378,862
Additions	37,378	81,939	747,181	866,499
Translation differences	125,458	46		125,503
Transfers and write-offs				0
December 31, 2019 Final balance	7,344,207	6,974,847	1,051,810	15,370,864
Amortizations and accumulated impairment losses:				
2019 Opening balance	(784,352)	(3,700,303)		(4,484,655)
Amortization for the year	(158,329)	(564,250)		(722,579)
Translation differences	(6,497)	(47)		(6,544)
Disposals, transfers and write-offs	21,123	392,759		413,882
December 31, 2019 Final balance	(928,055)	(3,871,842)	0	(4,799,897)
Net Value	**6,416,152**	**3,103,005**	**1,051,810**	**10,570,966**

2018	INDUSTRIAL PROPERTY AND OTHER RIGHTS	COMPUTER PROGRAMS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Gross assets:				
2018 Opening balance	6,867,624	5,020,832	1,265,754	13,154,211
Additions	83,152	902,193	0	985,345
Translation differences	230,595	8,711	0	239,306
Transfers and write-offs	0	961,126	(961,126)	0
December 31, 2018 Final balance	7,181,371	6,892,862	304,629	14,378,862
Amortizations and accumulated impairment losses:				
2018 Opening balance	(676,010)	(2,809,162)	0	(3,485,172)
Amortization for the year	(144,122)	(474,921)	0	(619,043)
Translation differences	39,556	(416,220)	0	(376,664)
Disposals, transfers and write-offs	(3,776)	0	0	(3,776)
December 31, 2018 Final balance	(784,352)	(3,700,303)	0	(4,484,655)
Net Value	**6,397,019**	**3,192,559**	**304,629**	**9,894,207**

In 2019, the growth of intangible assets is due mainly to the second phase of ERP Global-AsSAP investment in progress, amounting 538 thousand euros by the end of 2019, and a new Human Resources project in progress, amounting 170 thousand euros.

In 2018, the most significant investment relates to the acquisition of software licenses, disclosed in "Additions" in the "Computer Programs" column, and the investment in the new ERP AsSAP, disclosed in "Additions" in the column "Intangible assets in progress", which will become the system across the board for all the companies of the group in the segment of construction equipment and other equipment.

7. TANGIBLE FIXED AND RIGHT-OF-USE ASSETS

7.1. PROPERTY, PLANT AND EQUIPMENT:

During the financial years ended December 31, 2019 and 2018, movements in property, plant and equipment, as well as in depreciations and accumulated impairment losses, were as follows:

2019	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	FIXED ASSETS IN PROGRESS	TOTAL
Gross Assets:								
2019 Opening balance	24,841,424	57,100,302	167,371,213	13,693,140	16,207,487	1,053,307	3,254,517	283,521,390
Reclassification to Right-of-Use			(21,309,698)					(21,309,698)
Additions	1,863,892	11,063,935	39,114,081	2,792,378	1,375,741	1,286,417	504,377	58,000,822
Disposals, transfers and write-offs	129,953	(1,708,087)	(23,491,778)	(918,095)	(1,854,323)	(1,408,758)		(29,251,088)
Translation differences	444,359	340,988	502,599	31,855	78,624	5,869		1,404,295
December 31, 2019 Final balance	27,279,628	66,797,139	162,186,418	15,599,279	15,807,530	936,834	3,758,894	292,365,722
Depreciations and accumulated impairment losses:								
2019 Opening balance		(29,708,605)	(99,056,683)	(4,064,760)	(13,186,942)	(940,548)		(146,957,538)
Reclassification to Right-of-Use			5,397,511					5,397,511
Depreciation for the year	0	(1,676,773)	(24,883,839)	(784,726)	(936,178)	(1,214,757)		(29,496,273)
Disposals, transfers and write-offs		1,401,659	22,767,263	785,728	1,746,729	1,328,870		28,030,248
Translation differences	(19,110)	(93,365)	(64,278)	(27,782)	(69,211)	(5,827)		(279,573)
December 31, 2019 Final balance	(19,110)	(30,077,085)	(95,840,026)	(4,091,540)	(12,445,602)	(832,262)	0	(143,305,625)
Net Value	**27,260,518**	**36,720,054**	**66,346,392**	**11,507,738**	**3,361,927**	**104,572**	**3,758,894**	**149,060,096**

2018	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	FIXED ASSETS IN PROGRESS	TOTAL
Gross Assets:								
2018 Opening balance	25,400,274	55,169,205	157,774,175	14,272,366	15,049,843	1,319,436	1,263,138	270,248,437
Additions	380,054	5,086,449	28,143,767	3,967,131	1,572,154	481,444	1,991,379	41,622,378
Disposals, transfers and write-offs	(1,250,265)	(3,945,193)	(19,921,686)	(4,645,226)	(571,215)	(758,193)	0	(31,091,779)
Translation differences	311,361	789,842	1,374,958	98,869	156,705	10,619	0	2,742,353
December 31, 2018 Final balance	24,841,424	57,100,302	167,371,213	13,693,140	16,207,487	1,053,307	3,254,517	283,521,390
Depreciations and accumulated impairment losses:								
2018 Opening balance	0	(30,219,779)	(92,523,538)	(7,110,722)	(12,725,978)	(1,202,296)	0	(143,782,313)
Depreciation for the year	0	(2,142,248)	(25,391,846)	(635,091)	(846,880)	(192,731)	0	(29,208,797)
Disposals, transfers and write-offs	0	2,920,925	19,021,549	3,760,408	561,424	465,112	0	26,729,419
Translation differences	0	(267,503)	(162,848)	(79,355)	(175,508)	(10,632)	0	(695,848)
December 31, 2018 Final balance	0	(29,708,605)	(99,056,683)	(4,064,760)	(13,186,942)	(940,548)	0	(146,957,538)
Net Value	**24,841,424**	**27,391,697**	**68,314,530**	**9,628,380**	**3,020,545**	**112,759**	**3,254,517**	**136,563,851**

In the table above referring to 2019, the amounts disclosed under the concept "Reclassification to Right of Use" are related to lease contracts carried forward from the previous period.

In 2019 and 2018, the "Basic equipment" asset class justifies the main amount of investment in property, plant and equipment.

7.2. RIGHT-OF-USE ASSETS:

	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	OTHER FIXED ASSETS	TOTAL
Gross Assets:					
2019 Opening balance (1)	**17,837,819**	**32,672,980**	**9,196,606**		**59,707,405**
Carry Forward from 2018		21,309,698			21,309,698
New Contract as of January 1, 2019	17,837,819	11,644,457	9,196,606		38,678,881
Increase/Decrease in the Period (2)	2,299,566	9,185,873	3,831,708	131,034	15,448,180
2019 Final balance (1)+(2)=(3)	**20,137,384**	**41,858,853**	**13,028,314**	**131,034**	**75,155,585**
Depreciations and accumulated impairment losses:					
2019 Opening balance (4)		**5,397,511**			**5,397,511**
Carry Forward from 2018		5,397,511			5,397,511
New Contract as of January 1, 2019					
Increase/Decrease in the Period (5)	(12,387)	(1,205,872)	(50,088)	17,658	(1,250,689)
Depreciation for the year (6)	4,076,767	8,423,023	3,714,589	48,398	16,262,777
2019 Final balance (4)+(5)+(6)=7	**4,064,380**	**12,614,663**	**3,664,500**	**66,056**	**20,409,598**
Net Value (3)-(7)=8	**16,073,004**	**29,244,190**	**9,363,814**	**64,978**	**54,745,986**

Following the adoption of IFRS 16 (Leases) that became effective as at 1 January 2019, Ascendum Group started to recognize all leases in the consolidated balance sheet, excluding (i) leases with a term until 31st December of 2019, (ii) leases with a term below 12 months and (iii) leases for which the underlying asset has a low value, as permitted by this standard.

In the opening balance of Basic Equipment, leases which according to the previous standard were already being recognized are included, as follows;

— Gross Assets € 21.309.698

— Depreciations and accumulated impairments € 5.397.511.

7.3. PROPERTY, PLANT AND EQUIPMENT RECOGNIZED IN THE FINANCIAL STATEMENTS:

2019	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	FIXED ASSETS IN PROGRESS	TOTAL
Property, plant and equipment	27,260,518	36,720,054	66,346,392	11,507,738	3,361,927	104,572	3,758,894	149,060,096
Right-of-Use Assets		16,073,004	29,244,190	9,363,814		64,978		54,745,986
Total	**27,260,518**	**52,793,059**	**95,590,582**	**20,871,552**	**3,361,927**	**169,550**	**3,758,894**	**203,806,083**

2018	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	FIXED ASSETS IN PROGRESS	TOTAL
Property, plant and equipment	24,841,424	27,391,697	68,314,530	9,628,380	3,020,545	112,759	3,254,517	136,563,851
Total	**24,841,424**	**27,391,697**	**68,314,530**	**9,628,380**	**3,020,545**	**112,759**	**3,254,517**	**136,563,851**

8. INVESTMENT PROPERTIES

On 31 December 31, 2019 and 2018, the “Investment properties” item refers to real estate assets held by the Group that are generating income through their lease or for capital appreciation purposes. These assets are recorded at acquisition cost or re-valued cost on the date IFRS was first applied (01-01-2009).

In order to collect updated market indicators to assess whether there were signs of impairment in relation to the book values of investment properties, independent valuations and/or internal evaluations were conducted based on previous external evaluations of the most representative goods of this class of assets.

In 2019, independent external evaluations were carried out in Ascendum S.A. (the main contributor to the total value of the group’s investment properties), to properties with a book value of 1,615,624 euros to update previous ones, which were evaluated by 2,237,000 euros.

The valuation assumptions used by the experts were comparative market values or the market value.

The results of these valuations showed market values higher than the book values on 31 December 2019; therefore, the Board of Directors considered that there is no evidence that they are impaired and that the book values of the investment properties properly reflect their fair value on that date.

The investment properties exhibited in the consolidated statement of financial position for 2019 and 2018 represent land that the Group holds with the intention of future appreciation.

The following table shows the position of the investment properties at the end of 2019 and 2018:

	DEC-18 OPENING BALANCE	INCREASES	DECREASES	DEC-19 FINAL BALANCE
AIR RAIL, S.L.	148,453		(20,187)	128,266
ASCENDUM, S.A.	2,655,138		(188,942)	2,466,196
GLOMAK, S.G.P.S, S.A.	672,686		(14,758)	657,929
ASCENDUM III, Máquinas, Lda	2,822		(282)	2,540
TEA ALOYA INMOBILIARIA, S.A.	78,260			78,260
ASCENDUM BAUMASCH ÖSTERREICH	3,482	248,316		251,798
TOTAL	**3,560,842**	**248,316**	**(224,169)**	**3,584,987**

	DEC-17 OPENING BALANCE	INCREASES	DECREASES	DEC-18 FINAL BALANCE
AIR RAIL, S.L.	170,057	17,009	(38,612)	148,453
ASCENDUM, S.A.	2,387,659	269,279	(1,800)	2,655,138
GLOMAK, S.G.P.S, S.A.	687,444	104,277	(119,035)	672,686
ASCENDUM III, Máquinas, Lda	0	5,643	(2,822)	2,822
TEA ALOYA INMOBILIARIA, S.A.	78,260	0	0	78,260
ASCENDUM BAUMASCH ÖSTERREICH	0	3,482	0	3,482
Total	**3,323,420**	**399,690**	**(162,269)**	**3,560,842**

During 2019 and 2018, there was neither income nor expense related to investment properties.

In 2019 the decrease disclosed in Ascendum S.A. is related to a disposal of one land.

9. GOODWILL

The following table discloses the opening and closing balances and variations during the 2019 and 2018 regarding Goodwill.

GOODWILL	2019	2018
Gross Assets:		
Opening balance	36,045,201	36,033,457
Additions		
Transfers, write-offs and adjustments	(57,333)	11,744
Final balance	35,987,868	36,045,201
Amortizations and accumulated impairment losses:		
Opening balance	(2,092,186)	(2,092,186)
Final balance	(2,092,186)	(2,092,186)
Net Value	**33,895,682**	**33,953,015**

The variation of Goodwill in 2019 and 2018 is essentially related to the effects of exchange rate adjustments, resulting from the translation of the functional currency of the individual accounts to group reporting currency of the consolidated financial statements, the Euro.

The total amount of Goodwill on 31 December 2019 and 2018 is presented in the following tables, as well as the methods and assumptions used to determine whether they are impaired:

2019	ASCENDUM MÁQUINAS	ASCENDUM MACHINERY, INC	ASCENDUM TÜRKİYE YATIRIM HOLDİNG	ASCENDUM MAQUINARIA MEXICO	ASCENDUM GMBH	ASCENDUM ROMANIA	TRACTORRASTOS
Goodwill	7,923	576,035	9,510,723	1,105,132	8,898,227	961,375	935,850
Forecast period	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years
Growth rate (g) (1)	2%	3%	3%	3%	2%	2%	2%
Applied discount rate (2)	6.6%	13.0%	19.6%	11.8%	6.4%	6.4%	5.5%

2019 (CONTINUATION)	ASCENDUM PORTUGAL	GLOMAK S.G.P.S.	AIR-RAIL – SPAIN	GRANADA – SPAIN	ZEPHIR	VOLCATALAN	TOTAL
Goodwill	155,000	202,085	5,930,308	2,255,828	2,620,298	736,897	**33,895,681**
Forecast period	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	
Growth rate (g) (1)	2%	0%	2%	2%	2%	2%	
Applied discount rate (2)	6.6%	6.6%	4.9%	6.0%	4.9%	6.0%	

2018	ASCENDUM MÁQUINAS	ASCENDUM MACHINERY, INC	ASCENDUM TÜRKİNYE HOLDİNG	ASCENDUM MAQUINARIA MEXICO	ASCENDUM GMBH	ASCENDUM ROMANIA	TRACTORRASTOS
Goodwill	7,923	565,169	9,510,723	1,084,284	8,898,227	988,658	935,850
Forecast period	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years
Growth rate (g) (1)	2%	3%	3%	3%	2%	2%	2%
Applied discount rate (2)	6.6%	13.0%	22.9%	14.3%	7.3%	7.3%	6.6%

2018 (CONTINUATION)	ASCENDUM PORTUGAL	GLOMAK S.G.P.S.	AIR-RAIL – SPAIN	GRANADA – SPAIN	ZEPHIR	VOLCATALAN	TOTAL
Goodwill	155,000	202,085	5,992,073	2,255,828	2,620,298	736,897	**33,953,015**
Forecast period	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	
Growth rate (g) (1)	2%	0%	2%	2%	2%	2%	
Applied discount rate (2)	6.6%	8.0%	5.6%	5.6%	5.6%	5.6%	

(1) Rate of growth used to extrapolate cash flows beyond the period considered in the business plan
(2) Discount rate applied to projected cash flows

The Board of Directors, based on the projected cash flows, discounted at the deemed applicable rate, concluded that, on 31 December 2019, the book value of the net assets, including goodwill, did not exceed their recoverable value.

Projected cash flows were based on past performance and expected efficiency improvements. The responsible for these segments believe that a possible change (within a normal scenario) in the main assumptions used to calculate the recoverable amount will not result in impairment losses.

In the impairment tests performed, it was concluded that the recoverable value in major CGUs is well above the Goodwill. Sensitivity analyses performed for the variation of + or – 0.5% of the WACC and Perpetuity Rate, haven't resulted in evidences of impairment.

10. FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

	2019	2018
Investments accounted for using the equity method	128,776	121,241
Financial assets at fair value through profit & loss	924	1,005
Other non-current financial assets	80,266	63,156
Financial assets at fair value through equity		3,630,638

10.1. INVESTMENTS IN ASSOCIATES (EQUITY METHOD)

2019	TOTAL EQUITY	NET PROFIT FOR THE YEAR	% SHARE CAPITAL HELD	PARTICIPATION BOOK VALUE	APPROPRIATED RESULT
Amplitude Seguros - Corretores de Seguros S.A.	386,368	198,844	33.33%	128,776	66,275

2018	TOTAL EQUITY	NET PROFIT FOR THE YEAR	% SHARE CAPITAL HELD	PARTICIPATION BOOK VALUE	APPROPRIATED RESULT
Amplitude Seguros - Corretores de Seguros S.A.	363,760	176,235	33.33%	121,241	58,739

10.2. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

a) **Securities portfolio:**

In the financial years ended on December 31, 2019 and 2018, the Group held the following securities portfolio:

	SHARES	SHARE VALUE 31.12.19	VALUE AT 31.12.19
BCP	3,030	0.203	614
ESFG	1,020,000	0.000	0
TOTALS			**614**

	SHARES	SHARE VALUE 31.12.18	VALUE AT 31.12.18
BCP	3,030	0.230	695
ESFG	1,020,000	0.000	0
Totals			**695**

The movements in the securities portfolio of each financial year were as follows:

	DEC-19	DEC-18
Fair Value on January, 1st	695	824
Increase/(decrease) in Fair Value - P&L	(81)	(129)
Disposals during the Year		0
Fair Value on December, 31st	614	695
Non current assets	**614**	**695**
Total	**614**	**695**

The impact on the income statement was recorded under "Increase/decrease in fair value."

b) **Other investments:**

	SHAREHOLDING %	DEC-19 GLOBAL BOOK VALUE	DEC-18 GLOBAL BOOK VALUE	VARIATION
Arnado, Lda	5%	310	309	1
Garval, Lisgarnte, Norgarante	-			

10.3. OTHER FINANCIAL ASSETS

	DEC-18 OPENING BALANCE	INCREASE/ DECREASE	DEC-19 FINAL BALANCE
AIR-RAIL (PORTUGAL), SOCIEDADE UNIPESSOAL, LDA.	995	525	1,520
ASCENDUM MACHINERY SRL	36,014	1,632	37,646
ASCENDUM, S.A.	7,180	1,993	9,172
ASCENDUM CAMIÕES, UNIPESSOAL LDA.	1,912	1,293	3,204
ASCENDUM PORTUGAL, Serviços de Gestão, S.A.	73	463	535
GLOMAK SGPS, S.A.	3,145	1,910	5,055
ASCENDUM AUTOMÓVEIS, UNIPESSOAL LDA.	3,010	2,918	5,928
ASCENDUM MÁQUINAS, UNIPESSOAL LDA.	4,773	4,630	9,403
TRACTORRASTOS - Sociedade vendedora de acessórios, LDA.	6,055	1,746	7,802
Total	**63,156**	**17,110**	**80,266**

10.4. FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

The balance in 2018 refers to an investment made in Treasury Bonds of the Angolan Government, which the Group classifies as debt instruments at fair value through equity, since the requirements described in note 2.3 j) were met.

During 2019 the amount disclosed in 2018 was converted into cash.

11. INVENTORIES

As at December 31, 2019 and 2018, this item has the following composition:

	DEC-19	DEC-18
Raw Materials, Subsidiaries, and Consumption Materials		
Products and works in progress	3,944,977	3,516,164
Finished and intermediate products	9,036	9,741
Goods	216,067,439	216,382,031
Accumulated Inventories Impairments (Note 25)	(6,623,443)	(8,823,448)
Total	**213,398,009**	**211,084,488**

The cost of sales in the financial years ended on 31 December 2019 and 2018 is as follows:

	DEC-19			DEC-18		
	GOODS	RAW MATERIALS, SUBSIDIARY, AND CONSUMPTION MATERIALS	TOTAL	GOODS	RAW MATERIALS, SUBSIDIARY, AND CONSUMPTION MATERIALS	TOTAL
Opening inventories	216,382,031	0	216,382,031	196,879,166	0	196,879,166
Net purchases	662,782,378	0	662,782,378	746,364,087	0	746,364,087
Final inventories	216,067,439	0	216,067,439	216,382,031	0	216,382,031
Total	**663,096,970**	**0**	**663,096,970**	**726,861,222**	**0**	**726,861,222**

Changes in inventories of Work in progress (WIP) for the financial years ended on 31 December 2019 and 2018 are as follows:

	FINISHED, INTERMEDIATE PRODUCTS, AND WORKS IN PROGRESS	
	DEC-19	DEC-18
Final inventories	3,954,013	3,525,904
Inventory adjustments	(237,850)	359,376
Opening inventories	3,525,904	1,783,595
Total	**665,959**	**1,382,933**

12. TRADE AND OTHER RECEIVABLES

On 31 December 2019 and 2018, this account had the following breakdown:

	ASSETS	
	DEC-19	DEC-18
Customers - current	120,167,413	104,059,354
Customers - trade bills receivable	10,276,832	11,120,334
Customers - doubtful debts	16,214,666	15,821,561
	146,658,912	**131,001,249**
Accumulated impairment losses (Note 25)	(21,239,324)	(19,736,026)
	125,419,588	**111,265,223**

The amounts presented in the statement of financial position are net of accumulated impairment losses for bad debts, which the Group estimated based on the adopted accounting policy and its assessment of the macroeconomic climate on the date of the statement of financial position. Credit risk concentration is limited, as the customer base is broad and non-relational. The Board of Directors, therefore, believes that the carrying amounts of accounts receivable are close to their fair value.

The trade receivables balance amounts recorded as assets are not affected by advances made by them for goods and services yet to be purchased. These are presented as liabilities under "Prepayments from customers," which at year-end 2019 and 2018 amounted to 2,435,653 euros and 3,364,326 euros, respectively.

Given the Group's terms and conditions of sale and the fact that transactions with medium/long-term deferred payments are carried out in partnership with financial institutions, the overall amount of the customer's item represents credits with agreed maturity of up to 12 months.

13. OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS TO SUPPLIERS

On 31 December 2019 and 2018, this item had the following breakdown:

	DEC-19		DEC-18	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Prepayments to suppliers	1,279,984		2,168,345	
Sub-total	**1,279,984**	**-**	**2,168,345**	**-**
Other accounts receivable	2,170,643	893,499	1,710,405	857,585
Accrued income	2,230,274		3,404,281	-
Sub-total	**4,400,917**	**893,499**	**5,114,686**	**857,585**
Total	**5,680,901**	**893,499**	**7,283,031**	**857,585**

Accrued income mainly includes interest, bonuses and other miscellaneous accruals.

In other accounts receivable, there is, in 2019 and 2018, an amount of 361,880 euros, related to a balance receivable with non-controlling interests (external parties).

14. DEFERRALS – (ASSETS)

On 31 December 2019 and 2018, this item had the following breakdown:

	DEC-19	DEC-18
Deferred Costs:		
Insurance	237,101	157,912
Rents	98,733	216,083
Others	441,008	673,270
Total	**776,842**	**1,047,266**

ASCENDUM recognizes expenses on an accrual basis regardless of their moment of payment. At the end of the financial year, expenses already paid are deferred under this item, but they should only affect, economically, the following financial year(s).

The amounts disclosed in the table above are related to the payments of insurance, interest, etc. which, based on the accrual accounting principle, should not affect the results of each of the respective years.

15. DEFERRED TAXES

Details of the amounts and nature of deferred tax assets and liabilities recorded in the consolidated financial statements on 31 December 2019 and 2018, are summarized as follows:

2019	DEC-18	P&L IMPACT	EQUITY IMPACT	DEC-19
Deferred Tax Assets:				
Non-tax deductible impairments	2,094,814	3,795,942	0	5,890,756
Carry forward tax losses	4,520,737	2,093,587	0	6,614,325
IFRS 16 recognition	0	112,114	0	112,114
Non-tax deductible amortizations	1,722,639	(373,504)	0	1,349,135
Amortization of Goodwill - Tax deductible	1,420,845	(155,363)	0	1,265,482
Carry forward of net Financing Expenses	438,053	0	0	438,053
Elimination - Internal Margins	249,293	0	0	249,293
Taxable Deferrals	124,029	(25,541)	0	98,489
Benefits (retirement plans)	171,224	118,555	0	289,779
Investment Properties Impairments	66,944	0	0	66,944
	10,808,578	**5,565,790**	**0**	**16,374,370**
Deferred Tax Liabilities:				
Depreciations resulting from legal and free revaluations	(3,321,659)	0	0	(3,321,659)
Effect of reinvesting capital gains generated by fixed assets disposals	(12,643,435)	(3,778,791)	(3,603,244)	(20,025,470)
Others	(2,022,914)	(424,197)	0	(2,447,112)
	(17,988,008)	**(4,202,989)**	**(3,603,244)**	**(25,794,242)**
Net effect	**(7,179,429)**	**1,362,802**	**(3,603,244)**	**(9,419,871)**

2018	DEC-17	P&L IMPACT	EQUITY IMPACT	DEC-18
Deferred Tax Assets:				
Non-tax deductible impairments	4,630,647	(2,526,105)	(9,728)	2,094,814
Carry forward tax losses	3,348,409	1,172,328	0	4,520,737
Non-tax deductible amortizations	1,866,796	(144,158)	0	1,722,639
Amortization of Goodwill - Tax deductible	1,576,208	(155,363)	0	1,420,845
Carry forward of net Financing Expenses	438,053	0	0	438,053
Elimination - Internal Margins	(133,918)	383,211	0	249,293
Taxable Deferrals	132,977	(8,948)	0	124,029
Benefits (retirement plans)	40,207	131,017	0	171,224
Investment Properties Impairments	66,944	0	0	66,944
	11,966,324	**(1,148,018)**	**(9,728)**	**10,808,577**
Deferred Tax Liabilities:				
Depreciations resulting from legal and free revaluations	(3,321,659)	0	0	(3,321,659)
Effect of reinvesting capital gains generated by fixed assets disposals	(12,350,603)	732,112	(1,024,944)	(12,643,435)
Others	(852,637)	(513,730)	(656,547)	(2,022,914)
	(16,524,900)	**218,382**	**(1,681,491)**	**(17,988,008)**
Net effect	**(4,558,575)**	**(929,635)**	**(1,691,219)**	**(7,179,429)**

a) **Tax losses carried forward:**

2019	TAX LOSSES CARRIED FORWARD	DEADLINE FOR THE USE OF TAX LOSSES	DEFERRED TAX BASE	TAX RATE	DEFERRED TAX ASSETS
ASCENDUM, S.A. - 2015	1,806,725	2027	1,806,725	21%	379,412
ASCENDUM ESPAÑA, S.L.	2,300,996	N/A	2,300,996	25%	575,249
ART HAVA - 2016	1,054	2020	1,054	22%	232
ART HAVA - 2017	1,012	2021	1,012	22%	223
ART HAVA - 2018	1,000	2022	1,000	22%	220
ART HAVA - 2019	1,802	2023	1,802	22%	396
ASCENDUM M. MÉXICO - 2019	6,099,988	2029	6,099,988	30%	1,829,997
GLOMAK SPAIN - 2009	2,147,009	N/A	2,147,009	25%	536,752
GLOMAK SPAIN - 2010	1,502,386	N/A	1,502,386	25%	375,596
GLOMAK SPAIN - 2011	1,716,675	N/A	1,716,675	25%	429,169
GLOMAK SPAIN - 2012	2,255,621	N/A	2,255,621	25%	563,905
GLOMAK SPAIN - 2013	1,199,837	N/A	1,199,837	25%	299,959
GLOMAK SPAIN - 2014	419,355	N/A	419,355	25%	104,839
GLOMAK SPAIN - 2015	925,878	N/A	925,878	25%	231,469
GLOMAK MOZAMBIQUE - 2015	299,264	2020	299,264	32%	95,764
GLOMAK MOZAMBIQUE - 2017	384,686	2021	384,686	32%	123,099
GLOMAK MOZAMBIQUE - 2019	2,234,776	2024	2,234,776	32%	715,128
GLOMAK ANGOLA - 2019	1,176,379	2022	1,176,379	30%	352,914
Total	**24,474,443**		**24,474,443**		**6,614,325**

2018	TAX LOSSES CARRIED FORWARD	DEADLINE FOR THE USE OF TAX LOSSES	DEFERRED TAX BASE	TAX RATE	DEFERRED TAX ASSETS
ASCENDUM, S.A. - 2015	2,450,620	2027	2,450,620	21%	514,630
ASCENDUM, S.A. - 2018	3,458,047	2023	3,458,047	21%	726,190
ASCENDUM ESPAÑA, S.L.	482,412	N/A	482,412	25%	120,603
ASCENDUM MAKINA - 2018	883,070	2024	883,070	22%	194,275
ART HAVA - 2013	20,968	2019	20,968	22%	4,613
ART HAVA - 2014	31,361	2020	31,361	22%	6,900
ART HAVA - 2015	10,279	2021	10,279	22%	2,261
ART HAVA - 2016	1,163	2022	1,163	22%	256
ART HAVA - 2017	1,116	2023	1,116	22%	246
ART HAVA - 2018	1,104	2024	1,104	22%	243
GLOMAK SPAIN - 2009	2,903,380	N/A	2,903,380	25%	725,845
GLOMAK SPAIN - 2010	1,502,386	N/A	1,502,386	25%	375,596
GLOMAK SPAIN - 2011	1,716,675	N/A	1,716,675	25%	429,169
GLOMAK SPAIN - 2012	2,255,621	N/A	2,255,621	25%	563,905
GLOMAK SPAIN - 2013	1,199,837	N/A	1,199,837	25%	299,959
GLOMAK SPAIN - 2014	419,355	N/A	419,355	25%	104,839
GLOMAK SPAIN - 2015	925,878	N/A	925,878	25%	231,469
GLOMAK MOZAMBIQUE - 2015	309,267	2019	309,267	32%	98,965
GLOMAK MOZAMBIQUE - 2017	377,415	2020	377,415	32%	120,773
Total	**18,949,953**		**18,949,953**		**4,520,737**

According to the current legislation in Portugal, tax losses can be carried forward for five years for financial years up to 31 December 2012 and 2013, 12 years for financial years ending in 2014, 2015 and 2016, and 5 years from the financial years ending in 2017, following their occurrence and subject to deduction from taxable profits during this reporting period up to 70% of taxable income.

In Spain, a change has occurred in the tax losses regime, which came into force in 2015, with retroactive effect, stating that there is no time limit to deductible tax losses.

In the United States, under the new legislation, tax losses reported after 31 December 2017 are reportable for subsequent years for a non-determined period. However, the amount of tax losses that may be deductible in a given year is limited to 80% of the taxable profit reported in that year.

In Turkey, tax losses are reportable for a period of five years.

ASCENDUM Group companies with headquarters in Portugal, of which at least 75% of their capital has been held for over a year, are taxed according to the Corporate Income Tax (IRC) rules, under the Special Taxation System for Groups of Companies ("RETGS") outlined in Articles 70 and 71 of the IRC Code. For financial years beginning 1 January 2012, taxable income in excess of 1.5 million euros is also subject to a surcharge of 3% to 9%.

In accordance with the current legislation, the tax return of the ASCENDUM Group and companies headquartered in Portugal is subject to review and corrections by the Tax Authority over a period of up to four years (five years for Social Security), except for a set of circumstances (when there have been tax losses, tax benefits have been granted or claims or appeals are ongoing), situations in which, depending on the circumstances, deadlines may be extended or suspended. ASCENDUM's Board of Directors considers that possible corrections arising from reviews/inspections by the tax authorities of the income statements for the years open to inspection will not have significant impact on the attached consolidated financial statements.

Pursuant to article 88 of the Corporate Income Tax Code, companies headquartered in Portugal are additionally liable to autonomous taxation on several classes of expenses listed in the abovementioned article.

In line with current legislation, the ASCENDUM Group's income tax returns and the companies with headquarters in Spain are subject to review and correction by the tax authorities for a period of four years.

Austrian subsidiary Ascendum Central Europe GmbH consolidates its individual taxable profits with the taxable profits of Ascendum Baumaschinen Österreich GmbH, jointly with the taxable profits of the subsidiaries in Hungary, Croatia, Slovakia and Romania.

In the United States, the tax returns of the Group's company – Ascendum Machinery Inc., are subject to review and correction by the tax authorities for a period of three years.

In Turkey, the tax returns for the Group's companies are subject to review and correction by the tax authorities for a period of five years.

In Mexico, the tax returns for the Group's company are subject to review and correction by the tax authorities for a period of ten years.

INCOME TAX RATE BY COUNTRY	2019	2018
Austria	25.0%	25.0%
Angola	30.0%	30.0%
Croatia	18.0%	18.0%
Slovakia	21.0%	21.0%
Spain	25.0%	25.0%
United States of America	21.0%	21.0%
Hungary	9.0%	9.0%
Mexico	30.0%	30.0%
Portugal	21.0%	21.0%
Czech Republic	19.0%	19.0%
Romania	16.0%	16.0%
Mozambique	32.0%	32.0%
Turkey	22.0%	22.0%

On each reporting date, the Group carries out a precise assessment of the ability to recover the tax carried forward, in order to recognize the corresponding Deferred Tax Assets. In the 2019 financial year, Deferred Tax Assets were recognized only on the basis of tax losses that were likely to be recovered in future taxable profits, according to the business plans of the respective companies, based on tax rates in effect in the future, to be known on this date.

16. CASH AND BANK DEPOSITS

On 31 December 2019 and 2018, the breakdown of cash and cash equivalents was as follows:

	DEC-19	DEC-18
Cash	163,175	165,288
Current Bank Deposits	29,879,200	25,726,502
	30,042,375	**25,891,790**

17. SHARE CAPITAL STRUCTURE

On 31 December 2019, the capital of the parent company – ASCENDUM, S.A. – fully subscribed and paid up, is represented by 15,000,000 nominal shares of 1.00 euro each.

The legal entities with more than 20 % of the subscribed capital are the following:

Ernesto Vieira & Filhos, S.A.	50%
NORS, S.A.	50%

18. EQUITY

Dividends

The dividend policy is the responsibility of the Shareholders' General Meeting.

According to a decision from the Shareholders' General Meeting held on the 15th May 2019, dividends in the amount of 10.000.000 euros were paid.

The dividend payment that is deliberated by the shareholders will have no tax impact for the Group.

Legal reserve

Portuguese corporate law states that at least 5% of the annual profit of each company for the year, as calculated in their individual accounts, must be assigned to legal reserves, until they represent up to 20% of the total share capital. These reserves cannot be distributed, except in case of Company liquidation, but can be used to absorb losses after other reserves have been used or incorporated into share capital.

Revaluation reserves

Revaluation reserves relate to the amount of the property, plant and equipment revaluation reserve, net of deferred taxes. This reserve can only be distributed after its realization, which occurs through the use or disposal of revaluated assets.

Other reserves

This includes the amounts of any available reserves, whose allocation is determined by the shareholders.

Retained earnings

The net result of the previous year is recorded under this caption. It is subsequently moved according to any application of profits or hedging of losses that may be decided.

The reserves available to distribute to shareholders are determined based on the individual Financial Statements of ASCENDUM, S.A.

19. NON-CONTROLLING INTERESTS

Movements in this heading in the financial years ended on 31 December 2019 and 2018 were as follows:

	DEC-19	DEC-18
Opening balance on January, 1st	3,816,918	4,104,212
Net profit for the period attributed to non-controlling interests	603,038	755,004
Other variations in equity	(94,585)	(1,042,298)
Final balance on December, 31st	**4,325,372**	**3,816,918**

NON-CONTROLLING INTERESTS DETAIL:	DEC-19	DEC-18
AIR RAIL, S.L.	3,669,549	3,435,649
AIR RAIL MAROC, S.A.R.L.A.U.	(4,186)	(4,186)
AIR RAIL POLSKA	(2,325)	(2,380)
AIR RAIL (PORTUGAL), SOCIEDADE UNIPESSOAL, LDA.	403,115	419,431
ART HAVA VE RAY EKIPMANLARI LTD. STI	(186,916)	(182,964)
GLOMAK - SGPS, S.A.	174,984	(113,683)
VOLRENTAL ATLANTICO, S.A.	127,920	128,385
IMPORTADORA DISTRIBUIDORA DE MAQUINARIA INDUSTRIAL ZEPHIR, S.L.	143,232	136,668
Total	**4,325,372**	**3,816,918**

20. BORROWINGS

On 31 December 2019 and 2018, the structure of this item was as follows:

	DEC-19		DEC-18	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bank loans/current accounts /overdrafts	81%	28%	91%	46%
Commercial papers	1%	47%	3%	42%
Lease liabilities	18%	24%	6%	12%
	100%	**100%**	**100%**	**100%**

	DEC-19	DEC-18 01-01-2019 (ADJUSTED)	ADJUSTMENT (IFRS-16)	DEC-18
Bank Loans Obtained				
Long Term (1)	123,420,407	103,428,479		103,428,479
Short Term (2)	69,438,173	64,161,946		64,161,946
Sub Total (1)+(2)	**192,858,580**	**167,590,424**		**167,590,424**
Lease Liabilities				
Long Term (3)	**39,910,804**	**38,590,025**	**25,069,658**	**13,520,366**
Carry Forward from 2018	18,239,257	13,520,366		13,520,366
New Contract as of January 1, 2019	21,671,547	25,069,658	25,069,658	
Short Term (4)	**15,406,426**	**16,764,416**	**12,577,702**	**4,186,713**
Carry Forward from 2018	4,502,656	4,186,713		4,186,713
New Contract as of January 1, 2019	10,903,771	12,577,702	12,577,702	
Sub Total (3)+(4)	**55,317,230**	**55,354,440**	**37,647,360**	**17,707,080**
Total (1)+(2)+(3)+(4)	**248,175,810**	**222,944,864**	**37,647,360**	**185,297,504**

Of the non-current bank loans obtained at the date of 31 December 2019, 12.3% is due in 5 years or more.

Bank loans bear interest according to market rules and spreads traded by the Group, based, in most cases, on the three-month Euribor rate.

21. SUPPLIERS

On 31 December 2019 and 2018, this item was comprised of current payable balances to suppliers, all of which are due in the short term.

On 31 December 2019 and 2018, the aggregate balance of the Suppliers item was not conditioned by payment plans that incorporated interest payments and, thus, the financial risk related to changes in interest rates is residual here.

22. OTHER LIABILITIES

On 31 December 2019 and 2018, this account had the following breakdown:

	CURRENT LIABILITIES		NON-CURRENT LIABILITIES	
	DEC-19	DEC-18	DEC-19	DEC-18
Accrued expenses liabilities	18,827,506	19,356,526		-
Asset suppliers	539,185	1,713,200	116,356	1,159,996
Other creditors	13,090,329	7,511,631	46,126,657	43,554,214
	32,457,021	**28,581,358**	**46,243,013**	**44,714,210**

The accrued expenses include accruals for staff payments and charges, interest payable, taxes, and other miscellaneous operating expenses.

Other creditors:

The current liabilities increased in 2019 5.5 million euros, mainly due to the increase in Air Rail (Spain) and Ascendum Baumaschinen (Austria), 2.1 million and 2.6 million respectively. The increase in the non-current liabilities occurred in the USA subsidiary.

23. INCOME TAX AND STATE AND OTHER PUBLIC ENTITIES

On 31 December 2019 and 2018, "Income Tax" and "State and Other Public Entities" has the following breakdown:

	ASSETS		LIABILITIES	
	DEC-19	DEC-18	DEC-19	DEC-18
Income Tax	2,611,785	5,149,497	2,928,563	2,085,729
Sub-Total	**2,611,785**	**5,149,497**	**2,928,563**	**2,085,729**
Value Added Tax	12,227,090	15,979,675	8,284,618	11,721,046
Withholding income tax	0	0	681,835	634,398
Social Security Contributions	0	0	1,305,975	1,174,466
Others	394,353	433,873	74,362	59,996
Sub-Total	**12,621,443**	**16,413,548**	**10,346,791**	**13,589,906**
Total	**15,233,227**	**21,563,045**	**13,275,354**	**15,675,635**

The overall balance of the "Income Tax" for the financial years ended on 31 December 2019 shows a net liability of 0,3 million euros, while on 31 December 2018, there were an overall amount of 3 million euros to be reimbursed. This changing was mainly due to the contribution of subsidiaries in United States of America, Czech Republic, and Ascendum Maquinaria (Spain).

On the other hand, the overall balance of the VAT account for the financial years ended on 31 December 2019 and 31 December 2018, maintained an overall amount of 4 million euros to be reimbursed, mainly due to the contribution of our subsidiaries in Slovakia, the Czech Republic and Spain in 2018 and of our subsidiaries in Slovakia and Ascendum Maquinaria (Spain), in 2019.

24. DEFERRALS – LIABILITIES

On 31 December 2019 and 2018, the item "Revenue deferrals" has the following structure:

	DEC-19	DEC-18
Revenue deferrals		
Sales and services to recognize	3,066,766	2,660,200
Guarantees	9,196,944	9,008,426
Others	424,998	253,914
Total	**12,688,709**	**11,922,541**

The Group recognizes revenues in an accrual basis of the financial year regardless of their payment. At the end of the financial year, this item defers transactions that have already been invoiced for which, on 31 December, not all requirements had been met for their recognition as revenue in the period. This was notable because not all the inherent rights of ownership of the goods involved in the transaction had been transferred on that date.

The amount recorded under "Guarantees" refers to warranty extensions, billed on the date of sale of the equipment, which are deferred and will be recognized in the income statement over the life of the warranty agreement.

25. PROVISIONS AND ACCUMULATED IMPAIRMENTS

Movements in provisions in the financial years ended on 31 December 2019 and 2018 were as follows:

2019 DESCRIPTION	OPENING BALANCE	EXCHANGE RATE EFFECT	PERIMETER VARIATION	INCREASES	REVERSALS	UTILIZATIONS/ ADJUSTMENTS	TOTAL
Accumulated impairment losses - accounts receivable (Note 12)	19,736,026	15,357		1,228,562	(735,783)	995,161	21,239,324
Accumulated impairment losses - inventories (Note 11)	8,823,448	55,781		232,364	(1,248,272)	(1,239,879)	6,623,443
Provisions	6,778,859	(2,745)		815,223	(516,050)	(1,132,208)	5,943,078

2018 DESCRIPTION	OPENING BALANCE	EXCHANGE RATE EFFECT	PERIMETER VARIATION	INCREASES	REVERSALS	UTILIZATIONS/ ADJUSTMENTS	TOTAL
Accumulated impairment losses - account receivables (Note 12)	19,665,125	(1,271,482)	-	2,643,883	-	(1,301,500)	19,736,026
Accumulated impairment losses - inventories (Note 11)	9,085,280	(693,631)	-		(138,830)	570,630	8,823,448
Provisions	6,587,316	(11,391)	-	1,032,930	(1,363,865)	533,869	6,778,859

On 31 December 2019 and 2018, the details of "Provisions" presented in the consolidated statement of financial position were as follows:

DESCRIPTION	DEC-19	DEC-18
Provisions for guarantees	1,844,247	2,808,388
Provisions for risks and costs - Litigation	199,639	92,742
Other provisions	3,899,192	3,877,730
Total	**5,943,078**	**6,778,860**

Under Provisions for Guarantees, the Group discloses its best estimates for current obligations of uncertain timing related to guarantees provided to customers as a result of the normal flow of operations.

"Provisions for risks and costs – Litigation" also discloses the best estimates of total outflows that may occur in the future, due to legal proceedings filed by third parties.

"Other Provisions" provides a set of estimates of other current obligations of uncertain timing not included in the two previous categories.

26. FINANCIAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

On 31 December 2019 and 2018, ASCENDUM had the following financial commitments:

TYPES	DEC-19	DEC-18
Bank Guarantees	12,961,961	15,778,001
Warranties granted to importers of represented brands	3,803,160	2,370,000
Guarantees provided in public tenders	2,245,233	100,149
Guarantees for suppliers of water, electricity, fuel and similar	279,281	237,823
Other guarantees	11,404,722	9,644,164
Total	**30,694,356**	**28,130,137**

The increase of guaranties in 2.5 million in 2019 comparing with 2018, occurred in the following subsidiaries:

- Glomak, plus 2 million,
- Ascendum Makina Ticaret A.S., plus 2 million,
- Ascendum Baumaschinen Österreich GmBH, plus 1 million,
- Ascendum Central Europe GmBH, plus 2 million
- Ascendum S.A., less 5 million.

27. INCOME TAX

Income tax recognised in the financial years ended on 31 December 2019 and 2018 is as follows:

	DEC-19	DEC-18
Current Income Tax	4,377,485	6,114,922
Deferred Income Tax (Note 15)	1,362,802	929,635
Total	**5,740,286**	**7,044,558**

The decrease in "Current income tax" in 2019, when compared to 2018 is essentially explained by the decrease of the turnover and lower taxable income.

The reconciliation of income tax is detailed below:

INCOME TAX		TAX 2019		TAX 2018
Profit before income tax	22,765,656		31,072,586	
Income tax - Portugal	21%	4,780,788	21%	6,525,243
Tax resulting from adjustments to the tax base		(403,303)		(410,321)
Total - Current income tax		**4,377,485**		**6,114,922**
Total - Deferred income		**1,362,802**		**929,635**
Total		**5,740,286**		**7,044,558**

28. EARNINGS PER SHARE

Earnings per share can be expressed as “basic earnings” or “diluted earnings.”

Basic earnings per share are calculated by dividing profit or loss for the financial year by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing profit or loss for the financial year by the weighted average number of ordinary shares outstanding during the period, plus the number of ordinary shares that may be issued as a result of conversion of other instruments issued by the entity.

The parent company, ASCENDUM, S.A., was transformed into a joint stock company, with share capital of 15,000,000 euros, represented by 15,000,000 shares with a nominal value of 1 (one) euro each.

In the 2019 and 2018 financial years, there was no other issuance/reduction or withdrawal of shares and, therefore, the average number of ordinary shares in circulation during the year was 15,000,000.

There was also no issuance/amortization of any instruments that could be converted into ordinary shares.

There are no shares with special and/or limited rights.

Earnings per share are as follows:

	DEC-19	DEC-18
Net Profit/Loss of the period	17,025,370	24,028,028
Average number of ordinary shares	15,000,000	15,000,000
Basic earnings per share	**1.14**	**1.60**
Diluted earnings per share	**1.14**	**1.60**

29. NUMBER OF EMPLOYEES

In the financial years ended on 31 December 2019 and 2018, the number of employees working for the Group was as follows:

STAFF	DEC-19	DEC-18
Board	31	31
Directors	57	56
Managers	153	148
Human Resources	11	10
Financial and Administrative	94	92
Logístics, IT, General support and others	63	78
Commercial	225	237
After-Sales	848	845
Total	**1,482**	**1,497**

30. CONTRIBUTION OF GEOGRAPHICAL AREAS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED INCOME STATEMENT ON 31 DECEMBER 2019 AND 2018

The contribution of sales and services rendered by geographical market for the financial years ended on 31 December 2019 and 2018 were as follows:

MARKET	DEC-19		DEC-18	
	AMOUNT	%	AMOUNT	%
Portugal	156,505,777	17.82%	141,333,507	15.01%
Spain	147,935,502	16.84%	141,297,984	15.01%
United States of America	280,910,006	31.98%	299,686,765	31.83%
Turkey	75,830,875	8.63%	147,846,263	15.70%
Mexico	21,177,965	2.41%	33,265,008	3.53%
Morocco	138,975	0.02%		0.00%
Austria	106,434,752	12.12%	98,274,674	10.44%
Hungary	13,942,154	1.59%	12,167,436	1.29%
Romania	12,001,600	1.37%	9,435,304	1.00%
Croatia	7,860,443	0.89%	8,879,204	0.94%
Czech Republic	36,430,264	4.15%	34,057,445	3.62%
Slovakia	11,054,636	1.26%	10,300,920	1.09%
Mozambique	8,188,212	0.93%	5,030,423	0.53%
Total	**878,411,162**	**100%**	**941,574,932**	**100%**

The following tables show the main items of the Statement of Financial Position and Income Statement broken down by the geographical markets in which ASCENDUM operates, for 2019 and 2018:

2019	NON-CURRENT ASSETS	CURRENT ASSETS		NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
	PROPERTY, PLANT AND EQUIPMENT	INVENTORIES	TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE	BORROWINGS	OTHER LIABILITIES	TRADE PAYABLES AND OTHER LIABILITIES	BORROWINGS
Portugal	35,196,168	32,065,637	32,999,109	113,149,862	4,204,182	1,555,467	13,761,762
Spain	63,123,794	24,662,414	33,606,150	30,283,276	1,398,036	21,360,890	19,616,574
United States of America	55,114,907	97,473,111	22,711,765	4,683,062	67,499,693	35,287,696	19,224,216
Turkey	8,135,466	15,144,327	11,364,342	912,923	-	35,894,762	14,728,420
Mexico	4,183,621	16,671,031	3,065,398	3,071,286	-	(157,103)	11,982,358
Poland	-	-	6,425	-	-	271	-
Morocco	313,897	-	309,886	-	-	745,423	-
Austria	29,820,666	11,487,697	7,920,037	7,238,349	3,698,584	23,129,465	3,862,565
Hungary	639,594	1,393,471	1,616,122	91,746	141,590	1,493,477	71,819
Romania	1,083,571	1,847,414	2,068,338	387,853	(9,883)	3,748,244	159,756
Croatia	574,705	1,196,731	2,079,949	292,337	62,787	1,632,166	66,748
Czech Republic	4,319,658	4,422,616	7,958,170	2,797,948	433,112	8,328,854	1,228,561
Slovakia	703,812	1,387,391	718,458	251,252	82,382	539,653	132,041
Mozambique	596,223	5,646,170	3,396,355	171,317	469,851	4,305,688	9,778
Total	**203,806,083**	**213,398,009**	**129,820,505**	**163,331,211**	**77,980,333**	**137,864,954**	**84,844,599**

2018	NON-CURRENT ASSETS	CURRENT ASSETS		NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
	PROPERTY, PLANT AND EQUIPMENT	INVENTORIES	TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE	BORROWINGS	OTHER LIABILITIES	TRADE PAYABLES AND OTHER LIABILITIES	BORROWINGS
Portugal	25,108,202	35,871,518	26,590,584	95,900,000	4,044,633	(17,606,147)	14,798,449
Spain	41,984,227	24,371,324	25,602,051	17,080,954	1,498,362	24,003,744	8,745,913
United States of America	37,088,026	87,858,199	20,218,855	-	58,378,288	30,436,774	6,454,410
Turkey	6,654,438	29,996,316	13,456,137	111,454	-	36,842,169	19,132,461
Mexico	3,969,240	18,070,885	8,944,184	966,397	-	10,418,465	17,903,821
Poland	-	-	6,358	-	-	269	10
Morocco	173,059	-	114,863	158,710	-	381,260	-
Austria	19,873,269	6,998,826	8,815,393	2,731,331	3,129,119	22,637,602	1,313,594
Hungary	326,513	1,262,737	1,323,636	-	44,609	478,875	-
Romania	324,675	808,021	1,549,784	-	445,369	2,277,198	-
Croatia	323,259	303,033	746,957	-	122,826	(365,252)	-
Czech Republic	230,155	3,248,477	5,577,724	-	1,221,674	5,229,866	-
Slovakia	78,882	1,472,451	2,330,847	-	111,758	1,738,215	-
Mozambique	429,906	822,699	1,102,537	-	484,440	6,602,292	-
Total	**136,563,851**	**211,084,488**	**116,379,910**	**116,948,845**	**69,481,078**	**123,075,328**	**68,348,659**

2019	SALES AND SERVICES RENDERED	COSTS OF SALES	EXTERNAL SUPPLIES AND SERVICES	PERSONNEL COSTS	OTHER GAINS/ LOSSES	NET PROFIT/ LOSS FOR THE PERIOD
Portugal	156,505,777	(129,084,051)	(12,480,988)	(17,017,367)	1,479,963	(596,665)
Spain	147,935,502	(103,553,557)	(12,969,685)	(13,759,924)	(11,566,020)	6,086,317
United States of America	280,910,006	(212,546,861)	(7,725,403)	(24,342,832)	(26,273,228)	10,021,682
Turkey	75,830,875	(58,756,299)	(6,880,946)	(5,167,873)	(5,132,595)	(106,838)
Mexico	21,177,965	(18,402,067)	(4,781,460)	0	(3,465,243)	(5,470,804)
Morocco	138,975	0	(50,495)	0	(82,292)	6,188
Austria	106,434,752	(72,855,020)	(7,150,223)	(13,767,521)	(9,234,443)	3,427,546
Hungary	13,942,154	(10,496,199)	(931,200)	(883,296)	(928,846)	702,614
Romania	12,001,600	(9,044,484)	(657,590)	(1,228,561)	(447,334)	623,631
Croatia	7,860,443	(6,396,267)	(150,529)	(392,354)	(580,747)	340,546
Czech Republic	36,430,264	(27,178,866)	(2,204,980)	(2,784,018)	(3,085,510)	1,176,890
Slovakia	11,054,636	(8,439,976)	(554,221)	(1,048,171)	(795,778)	216,491
Mozambique	8,188,212	(6,343,323)	(976,785)	(400,031)	129,700	597,772
Total	**878,411,162**	**(663,096,970)**	**(57,514,504)**	**(80,791,946)**	**(59,982,373)**	**17,025,370**

2018	SALES AND SERVICES RENDERED	COSTS OF SALES	EXTERNAL SUPPLIES AND SERVICES	PERSONNEL COSTS	OTHER GAINS/ LOSSES	NET PROFIT/ LOSS FOR THE PERIOD
Portugal	141,333,507	(114,747,900)	(13,230,623)	(15,916,930)	2,304,778	(253,234)
Spain	141,297,984	(103,086,751)	(12,830,984)	(11,847,760)	(5,366,997)	8,149,441
United States of America	299,686,765	(233,716,162)	(10,157,406)	(21,855,891)	(23,118,246)	10,839,060
Turkey	147,846,263	(120,909,188)	(11,054,397)	(7,051,797)	(10,103,208)	(1,260,210)
Mexico	33,265,008	(26,410,284)	(4,869,196)	0	(1,939,081)	46,448
Austria	98,274,674	(67,662,971)	(9,514,948)	(12,636,759)	(5,628,902)	2,831,093
Hungary	12,167,436	(9,303,108)	(698,845)	(770,995)	(540,754)	853,734
Romania	9,435,304	(7,503,629)	(651,837)	(883,869)	(193,161)	202,807
Croatia	8,879,204	(6,924,650)	(545,934)	(366,586)	(576,771)	465,263
Czech Republic	34,057,445	(25,764,798)	(2,928,634)	(2,410,394)	(1,270,800)	1,682,820
Slovakia	10,300,920	(7,229,675)	(1,015,502)	(991,486)	(650,464)	413,793
Mozambique	5,030,423	(3,602,107)	(819,857)	(272,585)	(278,860)	57,014
Total	**941,574,932**	**(726,861,222)**	**(68,318,162)**	**(75,005,054)**	**(47,362,467)**	**24,028,028**

Additionally, the segmentation of sales and after-sales (parts and services) by activity is the following:

MARKET	DEC-19		DEC-18	
	AMOUNT	%	AMOUNT	%
Construction equipment and other equipment	812,309,916	92.47%	877,272,187	93.17%
Vehicles	37,695,978	4.29%	36,556,334	3.88%
Trucks	28,405,268	3.23%	27,746,411	2.95%
TOTAL	**878,411,162**	**100%**	**941,574,932**	**100%**

31. OTHER INCOME AND GAINS

On 2019 and 2018, "Other income and gains" was comprised by:

DESCRIPTION	DEC-19	DEC-18
Cash discounts obtained	580,289	208,439
Claims	461,924	257,975
Excess of income tax estimate	31,604	60,751
Adjustments related to prior years	1,425	212
Capital gains from property, plant and equipment disposals	(172,167)	1,145,336
Others	5,207,934	6,061,667
Total	**6,111,008**	**7,734,380**

The item "Others" derives from various income and recovery of expenses related to normal business activity.

32. FINANCIAL RESULTS

a) On 31 December 2019 and 2018, financial results had the following composition:

INTEREST AND SIMILAR COSTS	DEC-19	DEC-18
Interests for Leases	2,241,304	344,454
Other Interests	9,281,666	11,131,638
	11,522,970	**11,476,092**

The separate line disclosure, in 2019, of interest on lease contracts results from the disclosure rules of the new IFRS 16, which came into force on 01-01-2019.

INTEREST AND SIMILAR INCOME	DEC-19	DEC-18
Interests	480,123	734,298
	480,123	**734,298**

b) Exchange differences on financial assets and liabilities related to operating activities in 2019 and 2018 were as follows:

	GAIN / (LOSS)	
	DEC-19	DEC-18
Gains in foreign exchange differences	1,842,930	5,130,682
Losses in foreign exchange differences	(4,771,307)	(9,535,146)
	(2,928,377)	**(4,404,464)**

33. RELATED PARTIES

A related party is a party that controls or is controlled by the other party, or that has a significant influence over it, exercises joint control, is a member of the key management personnel, or a close member of the staff controlling the entity or of the key management individuals, or the party is a post-employment benefits plan for the entity's employees.

Balances and transactions between the parent company and its subsidiaries or between subsidiaries, where these are related parties, have been eliminated in the consolidation process and are, therefore, not disclosed in this Note. The details of balances and transactions between ASCENDUM S.A. and related parties can be summarized as follows:

	ACCOUNTS RECEIVABLES	
	DEC-19	DEC-18
Key management personnel	78,531	53,655

BALANCES WITH RELATED PARTIES	DEC-19	DEC-18
Customers/other accounts receivable:		
Nors, S.A.	387,612	190,610
Suppliers/other accounts payable:		
Nors, S.A.	5,706,559	6,325,726

TRANSACTIONS WITH RELATED PARTIES 2019	SALES	SERVICES RENDERED	PURCHASES	OTHER EXPENSES	OTHER INCOME
Nors S.A.	894,642	1,805,064	17,913,394	469,500	172,167

TRANSACTIONS WITH RELATED PARTIES 2018	SALES	SERVICES RENDERED	PURCHASES	OTHER EXPENSES	OTHER INCOME
Nors S.A.	753,485	1,139,573	23,545,004	352,484	129,426

The main transaction with Ernesto Vieira & Filhos is related with the payment of dividends. Other transactions are not material and are essentially related to expense payments related to assigned personnel and facilities rent debts.

The purchase and sale of goods and services rendered to related parties were performed at market prices.

34. FINANCIAL ASSETS AND LIABILITIES

On 31 December 2019, financial assets and liabilities had the following composition:

FINANCIAL ASSETS	CATEGORY	BOOK VALUE	VALUATION METHOD
Financial assets at fair value through Profit and loss (Note 10)	equity instruments	924	fair value through other comprehensive income
Other accounts receivable (Note 13)	debt instruments	5,294,416	amortized cost
Financial assets at fair value through equity (Note 10)	debt instruments	209,042	fair value through equity
Trade and Other Receivbles (Note 12)	debt instruments	125,419,588	amortized cost
Advance to Suppliers (Note 13)	debt instruments	1,279,984	amortized cost
Cash and Bank Deposits (Note 16)	debt instruments	30,042,375	amortized cost
		162,246,329	

FINANCIAL LIABILITIES	CATEGORY	BOOK VALUE	VALUATION METHOD
Borrowings (Note 20)	amortized cost	192,858,580	amortized cost
Lease Liabilities (Note 20)	amortized cost	55,317,230	amortized cost
Other liabilities (Note 22)	amortized cost	78,700,034	amortized cost
Trade and Othe payables (Note 21)	amortized cost	105,407,933	amortized cost
Advance from Customers	amortized cost	2,435,653	amortized cost
		434,719,431	

Impairment losses on Financial Assets (Customers, Other accounts receivable and Equity instruments at fair value through profit and loss) are listed in Notes 10.2, 12 and 25.

Gains and losses on financial assets and liabilities in 2019 and 2018 were as follows:

	GAIN / (LOSS)	
	DEC-19	DEC-18
Accounts receivable impairments (losses/reversals)	(492,780)	(2,643,883)
	(492,780)	**(2,643,883)**

35. REMUNERATION OF THE MEMBERS OF THE GOVERNING BODIES

The remuneration of the members of the governing bodies of the ASCENDUM Group in 2019 and 2018 were as follows:

BOARD	DEC-19	DEC-18
Board	4,586,231	4,210,374

36. REMUNERATION OF THE STATUTORY AUDITOR

The fees paid to the Statutory Auditor, PricewaterhouseCoopers & Associados – S.R.O.C., Lda., in the 2019 and 2018 financial years were as follows:

	CURRENCY	DEC-19	DEC-18
Portugal	EUR	68,750	67,800
Spain	EUR	54,250	53,300
United States of America	USD	140,000	152,000
Mexico	EUR	14,000	19,148
Turkey	EUR	28,000	28,500
Mozambique	USD	1,000	2,000
Romania	EUR	13,200	13,000
Hungary	EUR	7,750	7,620
Austria	EUR	20,150	19,680
Croatia	EUR	6,100	6,000
Slovakia	EUR	12,850	12,500
Czech Republic	EUR	16,407	15,000

37. EXTERNAL SUPPLIES AND SERVICES

On 2019 and 2018, external supplies and services had the following breakdown:

	DEC-19	DEC-18
Subcontracts/ Specialized services	22,832,655	22,382,480
Advertising and promotion	1,833,832	1,625,587
Surveillance and security	702,367	602,118
Maintenance/repairs/tools	2,004,272	2,192,042
Office supplies/technical documentation	852,404	948,515
Electricity/fuels/water/other fluids	1,059,826	1,234,899
Travel and accommodation	5,977,106	5,125,626
Transport of goods	4,252,005	4,258,747
Rents and leases	7,230,141	19,832,960
Communications	1,551,973	1,399,285
Insurance	2,695,821	2,487,474
Clean hygiene and comfort	1,044,512	877,124
Other external supplies and services	5,477,592	5,351,305
Total	**57,514,504**	**68,318,162**

The decrease in the "External supplies and services" account occurred in 2019 is mainly related to the first adoption of IFRS-16 and the new methodology for accounting the lease contracts.

38. PERSONNEL EXPENSES

On 2019 and 2018, Employee Expenses had the following breakdown:

	DEC-19	DEC-18
Payroll	54,599,327	48,912,184
Social charges	4,772,228	4,788,571
Insurance against labour accident	145,116	168,799
Commissions	6,414,710	5,892,823
Awards and Bonuses	7,078,808	7,865,400
Indemnities	697,691	599,778
Other staff related expenses	7,084,066	6,777,498
TOTAL	**80,791,946**	**75,005,054**

39. OTHER EXPENSES AND LOSSES

On 2019 and 2018, other expenses and losses had the following breakdown:

	DEC-19	DEC-18
Taxes and fees	1,775,963	2,064,889
Bank commissions and other charges	2,205,112	648,471
Insufficient income tax estimate	1	16,696
Adjustments related to prior years	34,831	753
Donations	54,434	151,389
Subscriptions and contributions	18,153	12,338
Other costs	520,356	1,348,079
Total	**4,608,849**	**4,242,614**

40. ENVIRONMENTAL INFORMATION

The Group adopts necessary measures on environmental matters to comply with current legislation.

ASCENDUM's Board of Directors, in 2020, does not estimate any risks related to environmental protection and improvement, and was not notified of any administrative notifications of offences in this matter in the 2019 financial year.

41. SUBSEQUENT EVENTS

No other facts that affect the released financial information have occurred since the reference date of the results up until the release of this report.

Since the very beginning, Ascendum Group has been closely following, with special attention, the pandemic situation regarding the coronavirus and monitoring the regions where the Group is located. So far, the impacts on the markets has been negligible. However, the Group has been developing contingency plans to prevent future impacts.

The areas of attention are mostly focused on the health of our employees, ensuring that we keep on serving, treating and attending to our clients' needs, whilst also preserving the financial health of the group.

The aforementioned plans take effect regarding the specificities of each group's company, taking into account each market's uniqueness, in a way that guarantees the continuity and quality of the operations.

The Ascendum Group is currently showing extremely healthy financial indicators and has in its disposal financial instruments of different natures which can be mobilized in order to ensure the timely fulfilment of its commitments.

42. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 10 April 2020. Additionally, the financial statements attached on 31 December 2019 are awaiting approval by the General Assembly Meeting. However, ASCENDUM's Board of Directors believes they will be approved without significant changes.

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS


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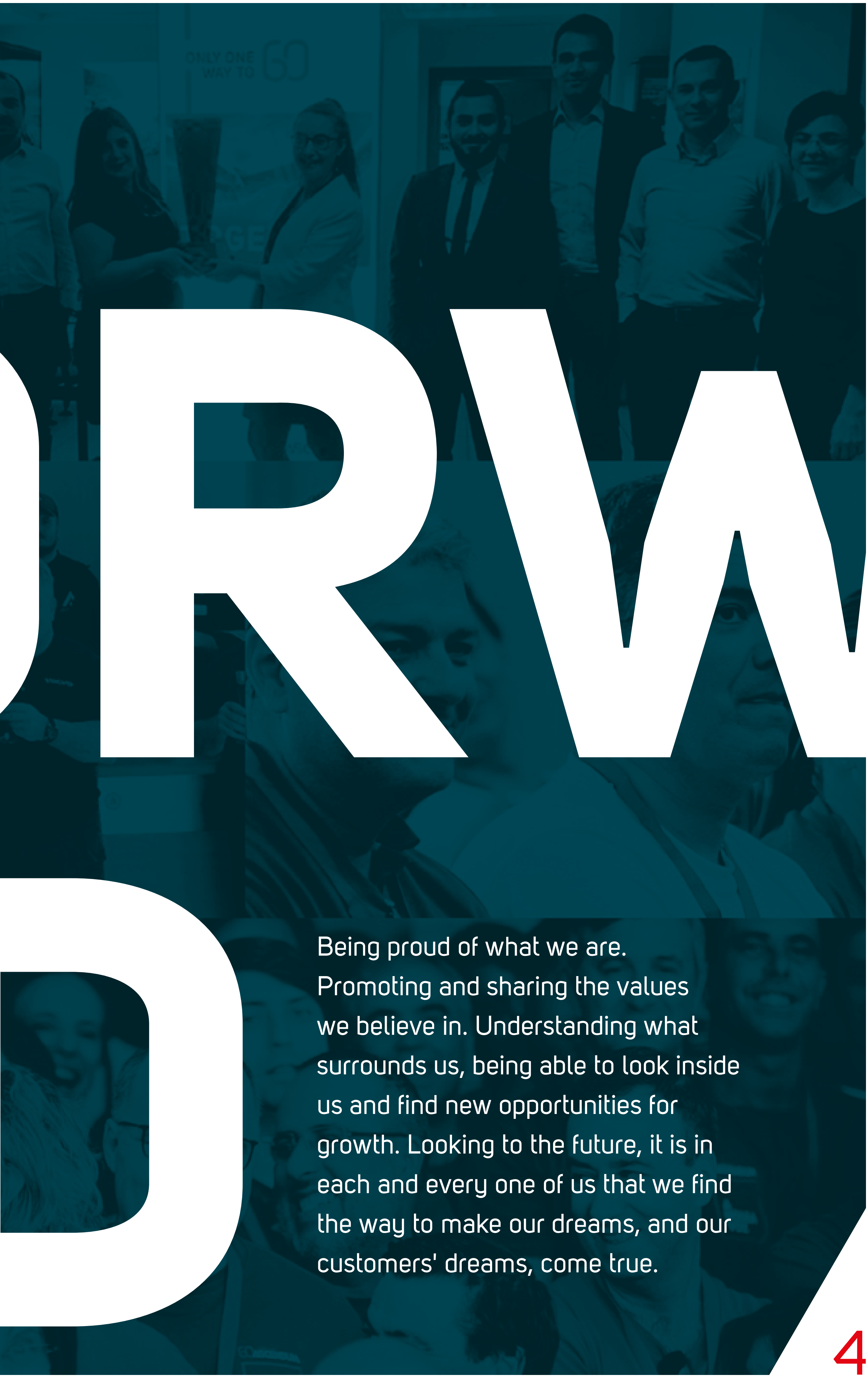

Being proud of what we are. Promoting and sharing the values we believe in. Understanding what surrounds us, being able to look inside us and find new opportunities for growth. Looking to the future, it is in each and every one of us that we find the way to make our dreams, and our customers' dreams, come true.

4. LEGAL CERTIFICATE OF CONSOLIDATED ACCOUNTS AND OPINION OF STATUTORY AUDITOR

Statutory Audit Report

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Ascendum, S.A (The Group), which comprise the consolidated statement of financial position as at December 31, 2019 (which shows total assets of Euro 659.886.496 and total shareholders' equity of Euro 167.465.682, including a net profit of Euro 16.422.333), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ascendum S.A. as at December 31, 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to the information disclosed in note 41 of the notes of the financial statements, namely with regard to the impacts that Covid 19 pandemic may have on the group's future operating activity.

Our opinion is not modified in respect of this matter.

Responsibilities of management for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

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b) the preparation of the Directors' Report in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

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e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance 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;

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

April 15, 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

José Miguel Dantas Maio Marques, R.O.C.

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