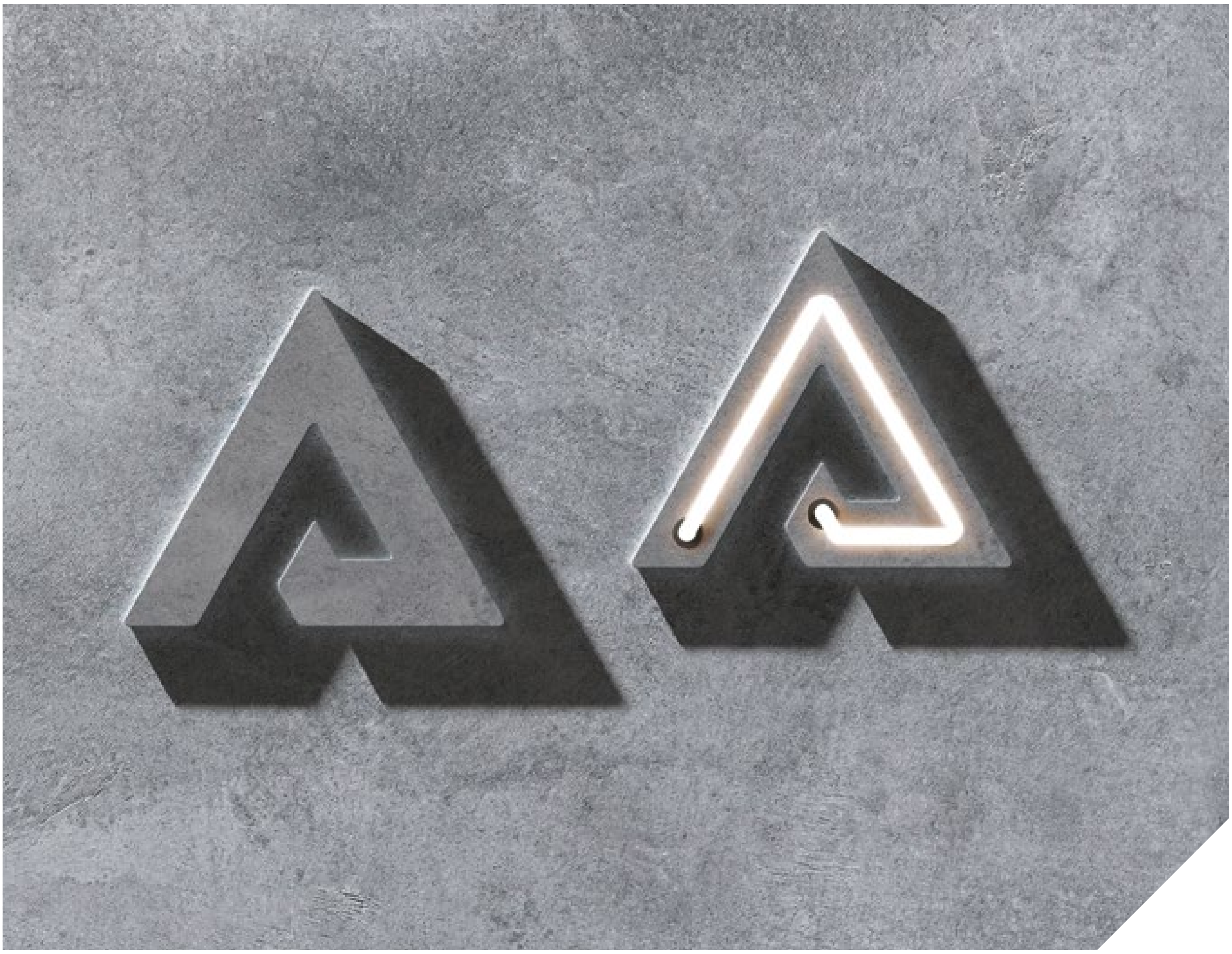
DREAM TO SUCCEED BEYOND THE LIMITS

2020
ANNUAL REPORT



www.ascendum.pt

ASCENDUM

DREAM TO SUCCEED BEYOND THE LIMITS

2020
ANNUAL
REPORT

www.ascendum.pt

ASCENDUM

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 and Mozambique.

62
years of history

Family-run corporate group

Multinational company
based in Portugal

1,420
employees

35,000
machines working around the world

780 M€
turnover in 2020

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

TABLE OF CONTENTS

1. COMPANY INFORMATION

2. ECONOMIC AND FINANCIAL INFORMATION

3. FINANCIAL STATEMENTS AND ANNEX

4. LEGAL CERTIFICATE OF CONSOLIDATED ACCOUNTS AND OPINION OF STATUTORY AUDITOR

DREAM TO IMPROVE PROGRESS

2020 ANNUAL REPORT

1. COMPANY INFORMATION

1.1. MESSAGE FROM THE EXECUTIVE BOARD

2020 will always be remembered as a particular year, and for Ascendum, this was no exception.

Ascendum started to monitor the Covid-19 outbreak since its very beginning, in early 2020, since it was already clear that, despite at that time impacting particularly Asia, it would spread and impact other world regions.

Our assumption was that the impacts on Ascendum's activity would not be (i) symmetrical in its consequences (ii) coincidental in time (iii) proportional in terms of intensity, within the different geographies and companies of the Group.

In order to minimize the impact on our operations, we adopted an approach of constant adaptability towards the epidemiological cycle (that was distinct) in each of the geographies where Ascendum operates, as well as a strict compliance with the correspondent legal framework and local health authorities recommendations, with a constant monitorization of the situation, in order to swiftly respond to changes and adopt the necessary measures in each moment.

The main purpose of this approach, was to protect and safeguard the integrity of our employees, secure liquidity and to minimize the impact in terms of business for Ascendum and all its stakeholders.

Measures and actions wise, Ascendum implemented a number of initiatives to better adapt the operation to the existing restrictions, creating a cross-functional team lead by the Executive BoD who on a weekly basis, monitored a Dashboard covering all Ascendum geographies and 5 main

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.

areas: Epidemiological, Human Resources (employees availability, protection measures, legal framework regulations evolution), Operations (machine working hours, Service and Parts Workshop Orders), Financial & Cash Flow (debt and cash levels, liquidity), Supply Chain (machine availability /orders placement, OoH), tough generating several management actions – non-essential capex freezing, postpone of special projects & tight cost control, monitoring of machine availability and reengineering workshop processes in order to have lowest possible infections on our technicians.

Notwithstanding this, in the 2nd quarter of the year, Ascendum was particularly hit, with volumes down by around 30%, but with a differentiated impact amongst our business areas – commercial activity with higher decreases whereas, both the rental and aftersales – our business most profitable areas - presented a much sound resilience.

In the remaining 2020 quarters, with the adaptation (to the extent possible) of the operations to the epidemiological cycle and as management actions took effect, Ascendum was able to recover and record excellent financials despite an YoY overall 8% drop on volumes, increasing profitability – EBITDA of 78 million euros (10% margin) and Net Income of 15 million euros (2% margin) – and presenting a sound balance sheet with a Net Debt / EBITDA of 1,8X coupled with an Equity over Assets of 29% generating a ROIC of 11%.

The resilience of our company in such a challenging environment provides us the confidence that the Ascendum will be successful in its modernization path ahead and will be able to continue to perform in the future.

"The resilience of our company in such a challenging environment provides us the confidence that Ascendum will be successful in its modernization path ahead and will be able to continue to perform in the future."

25th March 2021
ASCENDUM's Executive Board

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 Arêde 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 Manuel Bessa 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 Manuel Lima Pinho de Miranda
Tomás Jervell

EXECUTIVE BOARD

João Manuel de Pinho Mieiro
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:

António José Canedo de Sousa (S.A.)

ALTERNATE AUDITOR:

António Joaquim Brochado Correia (S.A.)

1.3. HIGHLIGHTS

1.3.1. RELEVANT FACTS

2020 has been an unprecedent year, impacting and shaping the way one lives and connect to one other.

All the challenges brought by the coronavirus pandemic (COVID-19) represented opportunities to improve our Group and strengthen our foundations, helping us to assist our customers during these hard and unpredictable times.

Notwithstanding the extremely challenging context, Ascendum's activity in 2020 presented a relatively positive performance, with the achievement of a consolidated Turnover of 780 million euros, an EBITDA of 78 million euros and a Net Income of 15.2 million euros, with robust solvency ratios Net Debt/EBITDA of 1.8x and Equity/Assets of 29%.

In 2020, Ascendum continued its strategy of consolidating its operations and financial position, focusing on optimizing internal processes and developing common management and communication tools, allowing for a quicker & timely response to business challenges amongst its geographic platforms and improving information and best practices exchange.

Accordingly, exception made to COVID-19 and its impacts which will be addressed further on the report, the following 2020 main events should be highlighted:

01. Business consolidation and response to external challenges

In 2020, 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, following 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 2020 was marked by several external challenges of significant impact on operations' profitability, Ascendum 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 2020, Ascendum's operations were particularly conditioned by a set of factors, such as the (i) impact of the global lockdown over the customer's activities, (ii) global macroeconomic context of contraction, and (iii) volatility of the FX market and uncertainty over the evolution of the pandemic and impact of all the necessary measures to stop its spread.

Despite the challenges presented in the different countries where Ascendum is present, the Group was capable of responding to the difficulties through the adoption of management measures in the operations, minimizing the impact of all the externalities caused by the pandemic.

02. Harmonization and optimization of business processes

During 2020, 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 ongoing process of implementation a business intelligence Datawarehouse platform in the Group, Ascendum continued to fine tune the 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.

Increasing the investment on our digital transformation, we launched two important initiatives focused on repositioning our after sales model, with the Service 2.0 initiative, and on extracting more value from data, with the BI initiative.

Service 2.0 focus on increase productivity by transforming our after sales organization with a deeper and proactive customer orientation, ensuring proactive technical activities, mobile field service capabilities and single customer view. The first phase of the new model was launched in December.

BI focus on increased business visibility and insights by stablishing a single consolidated analytical platform and model. The platform is evolving from insights that help the managers (top tier of the organization) to insights that help everyone on the field with real actionable information empowering our operations. The first phase of the initiative kicked off in December.

03. Consolidating and reinforcement of brand image

In 2020, Ascendum encompass the renewal of its facilities, fact that is particularly visible in our two new facilities modernization efforts, built in Czech Republic in June 2020 and in Romania in November 2020. Brand-new spaces, ready to fully serve all Ascendum customers!

1.3.2. MAIN ECONOMIC, FINANCIAL AND OPERATIONAL INDICATORS

MAIN ECONOMIC, FINANCIAL AND OPERATIONAL INDICATORS THOUSANDS OF EUROS	**2020**	**2019**	**Δ (20/19)**
Turnover	780,415	878,411	-11.2%
EBITDA (1)	78,214	83,510	-6.3%
EBIT (2)	32,961	36,737	-10.3%
Net Income with non-controlling interests	15,234	17,025	-10.5%
Equity Adjusted (with non-controlling interests) (3)	160,574	167,466	-4.1%
Net Debt (4)	141,402	218,133	-35.2%
Net Debt / EBITDA	1.8x	2.6x	-0.8x
Equity / Net Debt	1.1x	0.8x	0.4x
Equity / Total Assets (5)	29%	25%	3.2 pp
Number of employees	1,421	1,482	-4.1%

(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) Net Debt corresponds to the interest bearing financial liabilities deducted from cash and bank deposits, and market value of the financial participations held by Ascendum in BCP.

From an economic, financial and operational perspective, 2020 was a challenging year for the Group, with common economic conditions and circumstances amongst the Group geographic platforms, as follows:

— Global macroeconomic context of contraction:

› In 2020, the global economy contracted 4.4% (according to the IMF estimate for the World Gross Domestic Product growth rate), the first global contraction recorded since 2009;

› Emerging economies showed a lower contraction than the one that occurred in advanced economies in 2020 (emerging economies with a real GDP growth rate of -3.3%, and advanced economies of -5.8%);

› 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 1.3% in 2019 to -8.3% in 2020; in the USA, real GDP growth rate fell from 2.2% in 2019 to -4.3% in 2020; and in Turkey, real GDP growth rate dropped from 0.9% in 2019 to -5.0% in 2020.

— Devaluation of all currencies against the Euro in 2020:

› The devaluation of the US Dollar against the Euro in 2020 amounting to 9.2% (from 1.123 on 31st December 2019 to 1.227 on 31st December 2020) had a negative impact on the contribution of the USA operation to the Group's results and Group's Equity;

› Additionally, the 36% devaluation of the Turkish Lira against the Euro in 2020 (from EUR 6.684 on 31st December 2019 to 9.11 on 31st December 2020) 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 rate differences of 2.9 million euros in the Turkish operation.

— Decrease in Ascendum addressable market[1]:

- › As a consequence of the impacts of COVID-19 pandemic, 2020 was marked by the decrease on all the markets where Ascendum operates (except in Turkey that is recovering from the 2018 financial crisis), with a 7% decrease in the number of units sold compared to 2019;
- › In 2020, Ascendum's addressable market (Portugal, Spain, USA, Turkey, Mexico and Central Europe) represented around 64% 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 2020:

- › 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);
- › 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 2020, it also begins the importation of Bergmann dumpers to the American market through a new company – Bergmann Americas, Inc.;
- › In Turkey, economy is slowly recovering from the adverse shock that affected its economy in 2018/2019. 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 Group's Corporate Center;
- › In Central Europe, the Group focused on optimizing processes improving the after-sales service and improvement of the existing branches (e.g. in Czech Republic and Romania). 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 1st January 2020).

— Thus, despite the still challenging macroeconomic and sectoral framework, Ascendum's efforts contributed to a positive 2020 performance:

- › Operational performance – in 2020, the Group achieved Turnover of 780 million euros, EBITDA of 78 million euros and Net Income of 15.2 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, Ascendum improved its solvency ratios with a Net Debt/EBITDA ratio of 1.8x and Equity/Assets of 29%, 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"

- Regarding 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 1,421 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	VOLVO Sennebogen Yale Mecalac		Multi-brand
	Trucks		VOLVO Mitsubishi			
	Cars		VOLVO Mitsubishi			
	Infrastructure Equipment	Air-Rail	Air-Rail	Air-Rail		
	Agriculture Equipment	Kioti				
Spain	Construction and Industrial Equipment	VOLVO Terex Fuchs ANACONDA Lännen A-Ward Genesis and ALLU Terex GENIE SBM mobile crushers and mobile concrete plants	VOLVO Terex Fuchs ANACONDA Lännen A-Ward Genesis and ALLU Terex GENIE SBM mobile crushers and mobile concrete plants	VOLVO Terex Fuchs ANACONDA Lännen A-Ward Genesis and ALLU Terex GENIE SBM mobile crushers and mobile concrete plants	VOLVO Terex Fuchs ANACONDA 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	Bergmann	VOLVO Sennebogen Doosan Sandvik Leeboy Volvo Penta SDLG K-TEC Bergmann Gradall	VOLVO Sennebogen Doosan Sandvik Leeboy Volvo Penta SDLG K-TEC Gradall	VOLVO Sennebogen Doosan Sandvik Leeboy Volvo Penta SDLG K-TEC Bergmann Gradall	VOLVO Sennebogen Doosan Sandvik Leeboy Volvo Penta SDLG K-TEC Gradall
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 (2011-2020), MAJOR STEPS HAVE BEEN TAKEN TO ACHIEVE THESE OBJECTIVES, NAMELY:

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.

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.

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.

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

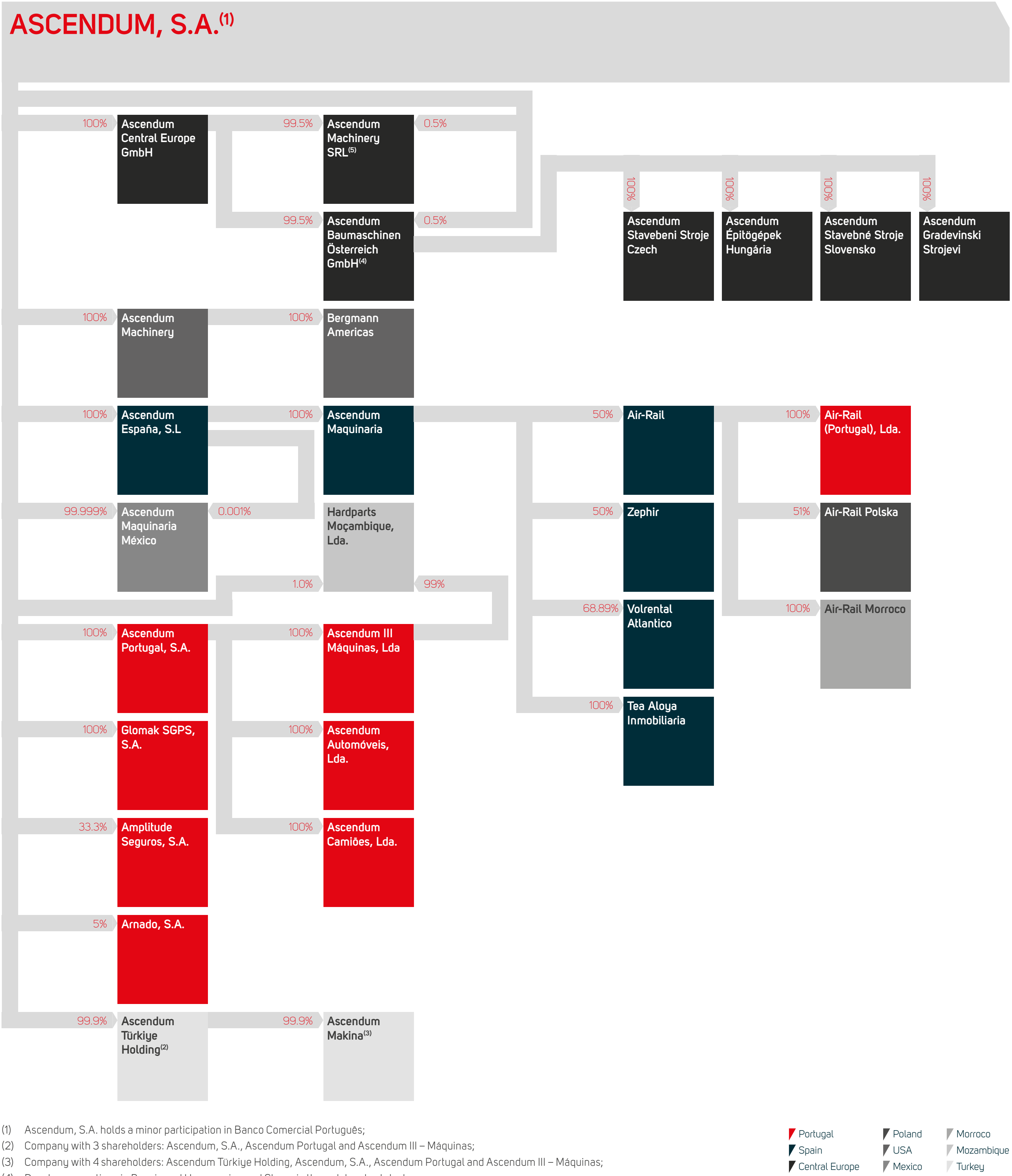
1. Opening of Ascendum Maquinaria new facilities in Ciempozuelos in Madrid, Spain;
2. Refurbishment of Ascendum Maquinaria facilities in Granada, Spain;
3. Refurbishment of Ascendum Baumaschinen facilities in Vienna, Austria.

2020

1. Initiating import of Bergmann dumpers to the USA through the new company Bergmann Americas, Inc.;
2. Opening of Ascendum Stavební Stroje (Czech Republic) new facilities in Chrášťany;
3. Opening of Ascendum Machinery Romania new facilities in Bucharest;
4. Refurbishment of Ascendum Maquinaria facilities in Galicia, Spain;
5. Refurbishment of Ascendum Stavebné Stroje Slovensko S.R.O. facilities in Petrovany, Slovakia;
6. Opening of Ascendum Machinery, Inc. new branch in Charlotte;
7. Opening of Bergmann Americas, Inc. facilities in Spartansburg.

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 3 shareholders: Ascendum, S.A., Ascendum Portugal and Ascendum III – Máquinas;
(3) Company with 4 shareholders: Ascendum Türkiye Holding, Ascendum, S.A., Ascendum Portugal 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

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
Bergmann Americas, Inc.

Rent
Ascendum Machinery

Aftermarket
Ascendum Machinery

Turkey

Construction and Industrial Equipment
Ascendum Makina

Rent
Ascendum Makina

Aftermarket
Ascendum Makina

Mexico

Construction and Industrial Equipment
Ascendum Maquinaria México

Rent
Ascendum Maquinaria México

Aftermarket
Ascendum Maquinaria México

Central Europe

Construction and Industrial Equipment
Ascendum Baumaschinen
Ascendum Machinery
Ascendum Stavebeni stroje
Ascendum Építőgépek
Ascendum Stavebné Stroje
Ascendum Gradevinski

Rent
Ascendum Baumaschinen
Ascendum Stavebeni stroje

Aftermarket
Ascendum Baumaschinen
Ascendum Machinery
Ascendum Stavebeni stroje
Ascendum Építőgépek
Ascendum Stavebné Stroje
Ascendum Gradevinski

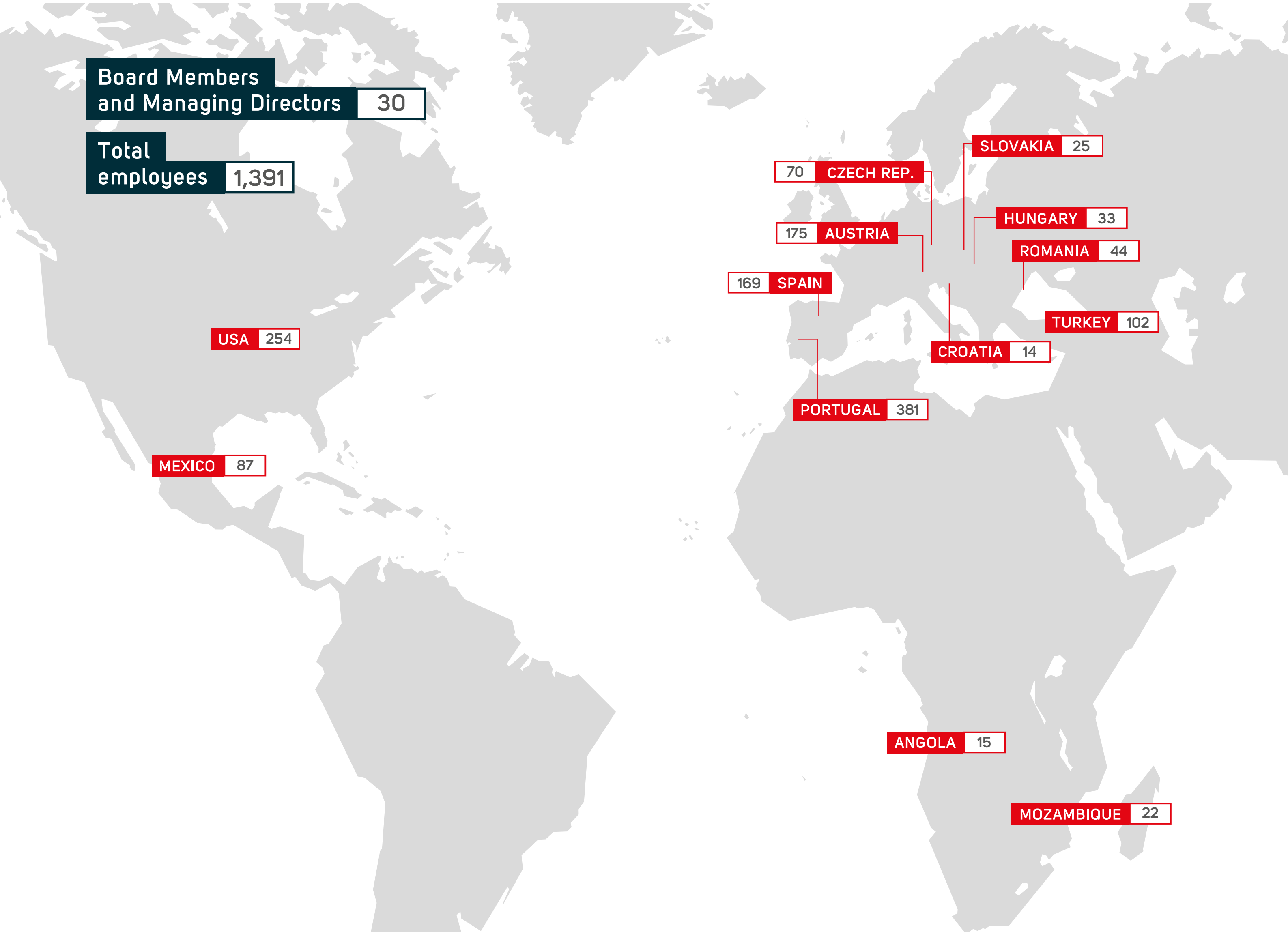
1.4.5. PEOPLE & CULTURE

In 2020, at People & Culture area we were very attentive to the health of our employees and the maintenance of the existing jobs.

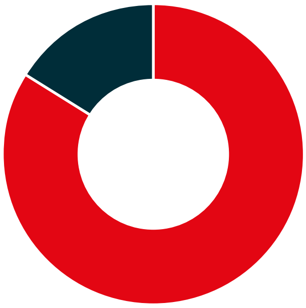
The following map shows the distribution of employees by geography on 31 December 2020, 1,421 in total:

Similarly, to the representativeness of the businesses from the financial point of view, in the human resources area,
the construction equipment business area also maintained its strong preponderance in Ascendum's operations, representing around 89% of the Group's total number of employees.

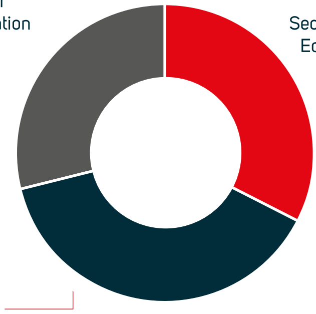
In terms of gender, Ascendum's human resources are essentially composed of male employees (84%) and, in terms of qualifications, 33% have completed basic or secondary education, 39% have completed complementary or technical education, and 29% have some level of higher education.



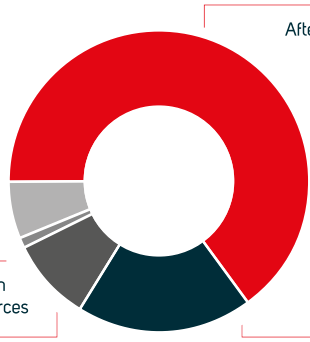
TOTAL EMPLOYEES
BY GENDER



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 with 65% of the employees.

Regarding distribution by management line, the Group has 30 Board Members and Managing Directors, 62 Directors and 140 Managers, with the remaining employees distributed between the 4th and 5th lines.

Given the context caused by COVID-19, 2020 was a year in which we focused on: protecting the health of all and promoting a more agile and modernized Ascendum.

PROMOTING HEALTH & SAFETY OF OUR TEAMS

The pandemic reached all the geographies where Ascendum operates, in periods and with different social and humanitarian impacts. Moreover, it became imperative to improve sharing of knowledge within the company due to scarcity of information about the new virus and its impact in different geographies.

We implemented a management tool that closed the physical distance and supported teams of human resources and leaders with the best possible decisions.

We designed and implemented a *Weekly COVID dashboard* with all the relevant information to accompany our people and support the best operational decisions with:

- The evolution of the weekly virus country by country, in number of infected and deaths;
- The absenteeism rate by location in each workplace;
- The team's operational availability in each workplace, according to the state of health (infected, quarantine, sick leave) or work model (home-office, at the branch or mixed model); and
- Work organization measures to protect employees and customers;
- Country Support Measures - proposed by local governments.

For more than 8 weeks of peak crisis, we closely followed our nearly 1,500 employees and their families, on 72 different sites in all geographies, and shared more than 30 government support measures.

This dashboard was accompanied by weekly meetings with each HR Director. We have had more than 80 hours of virtual meetings during this period of time.

This initiative supported us with:

- Systematization and real-time sharing of actionable information and cross-sectional visibility on the evolution of the pandemic;
- Collaboration and knowledge sharing about good practices across geographies, supporting the best HR and operational decisions;
- Reinforcement of the Ascendum's culture and guidance for employees.

PROMOTING AN AGILE AND MODERNIZED ASCENDUM

New ways of working and collaborating.

The pandemic led us to rethink our work tools that replace physical presence. We saw this as an advantage for the modernization and digitalization of our employees. What we did was to promote business management behaviours and more digital teams, through awareness, sharing and example.

Thus, new virtual work models emerged:

— the chat grew exponentially, being used mainly for short communications;

— virtual meetings have become the model par excellence of working together;

— document sharing platforms were alternative options to traditional information delivery by email.

With these working models: we shortened the physical distances between the teams and leverage digital dexterity of our employees.

New ways of Learning

2020 was the year of transformation of the training models of the "Ascendum Academy". We implemented 100% digital training, a *Client Centric Training.*

The goal of this training was to: understand the role that each individual plays in the organization, their purpose, and how they can make a greater contribution. From the receptionist to the CEO, all the company's roles are decisive when it comes to customer experience. We believe that knowing our purpose makes us better and more accomplished professionals'.

Then, we must be aware that there are already several tools that make it easier for teams to work with each other or on their own. The digital era is here to stay and has brought countless opportunities for sharing, interaction and connection among teams that are functionally and physically distant.

WE LAUNCHED A INNOVATIVE DIGITAL LEARNING SUSTAINED ON:

› 1. MULTIDISCIPLINARITY. Classes were as diverses as possible, to enrich sharing and knowledge.

› 2. Mandatory participation of EXPERT TECHNICIANS who go from trainees to trainers in the classroom.

› 3. PRACTICAL APPROACH TO PROCESSES - promotes constructive criticism for sales and after-sales processes.

› 4. ACTION-ORIENTED - at the end of each stage of the process (from sales to maintenance), the trainees may suggest a number of improvement actions to the organization. 'What's your commitment when it comes to improving the way the world moves and is built?' This was the reflection that everyone is invited to make at the end of the training. It's an individual and collective reflection, intended to lead to action, innovation, and modernity in a context of change.

Client Centric Training took place in September online for all European Countries.

Despite the new context, and given the ongoing commitment to training, in 2020 we provided almost 39,000 hours of training, with an average of 24 hours per year per employee (only 9 hours less per employee compared to the previous year).

This commitment to training is mainly due to the qualifications required of Ascendum's employees regarding the services provided to end customers, which demand specific and in-depth knowledge of products' specifications and operation.

1.4.6. MAIN CONSOLIDATED INDICATORS

In terms of economic performance, the Group achieved a Total Turnover of 780 million euros, EBITDA of 78 million euros and Net Income of 15.2 million euros.

Regarding the financial performance levels, Ascendum presented solid solvency ratios, with a Net Debt/EBITDA ratio of 1.8x and Equity/Assets of 29%, 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 performance throughout 2020 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	**2020**	**2019**	**Δ (20/19)**
Turnover	780,415	878,411	-11.2%
EBITDA (1)	78,214	83,510	-6.3%
EBIT (2)	32,961	36,737	-10.3%
Net Income with non-controlling interests	15,234	17,025	-10.5%
Net Income margin	2.0%	1.9%	0,0 pp
Total Assets	562,134	659,886	-14.8%
Net Debt (3)	141,402	218,133	-35.2%
Equity with non-controlling interests	160,574	167,466	-4.1%
Invested Capital (4)	301,976	385,599	-21.7%
Return on Equity (5)	9%	10%	-0.7 pp
Equity / Assets	29%	25%	3.2 pp
Net Debt / EBITDA	1.8x	2.6x	-0.8x
EBIT / Invested Capital	11%	10%	1.4 pp
Number of employees	1,421	1,482	-4.1%

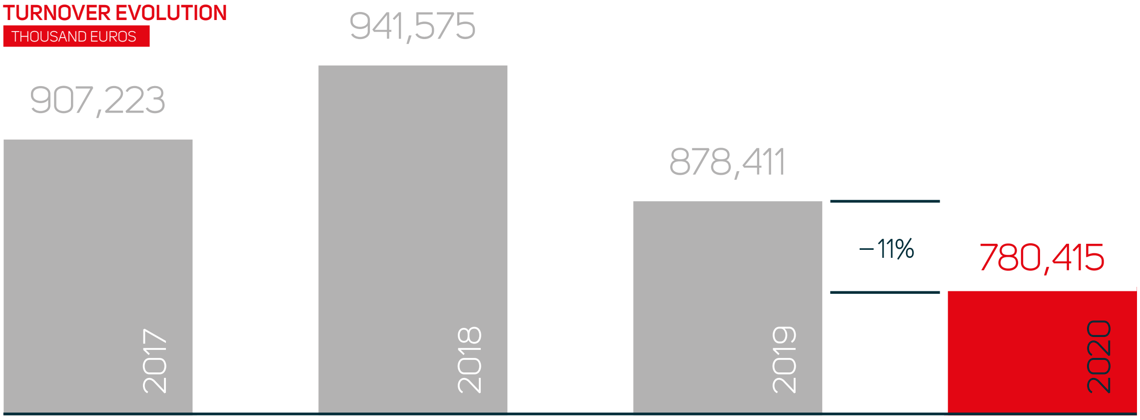
(1) Earnings before depreciations & amortizations, impairments & provisions, financial expenses, net FX differences and taxes.
(2) Earnings before financial expenses, net FX differences and taxes.
(3) Net Debt corresponds to the interest bearing financial liabilities deducted from cash and bank deposits, and market value of the financial participations held by Ascendum in BCP.
(4) Equity with non-controlling interests and Net Debt.
(5) Ratio between Net Income with non-controllings interests and Equity with non-controllings interests.

Turnover

In 2020, Ascendum's Turnover decreased 11% to 780 million euros, mainly as a result of i) the decrease in the contribution of overall operations, except in Turkey, and ii) the change of the consolidation method of Air-Rail companies (from full consolidation method to equity method), which affected both Portugal and Spain turnover when compared to 2019. If one eliminates the contribution of Air-Rail turnover in 2019, overall decrease in turnover amounts to 8%.

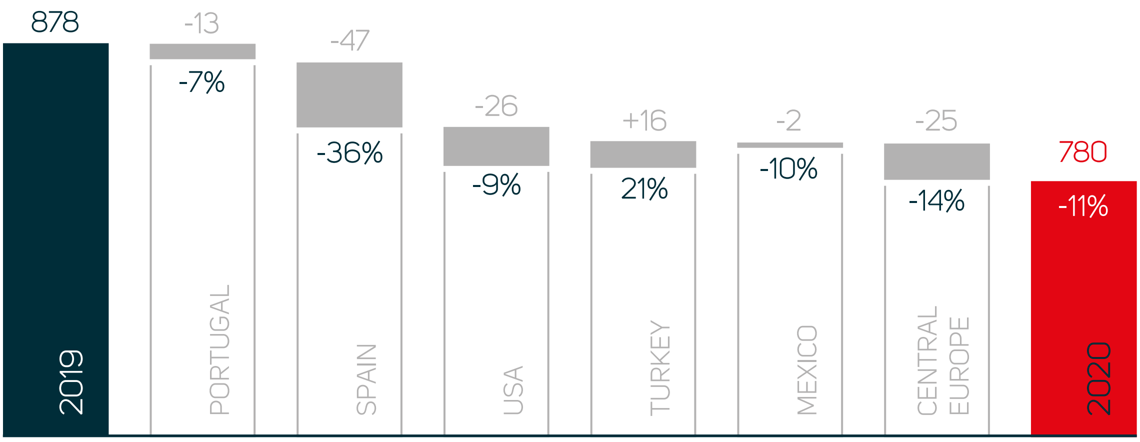
TURNOVER EVOLUTION

THOUSAND EUROS

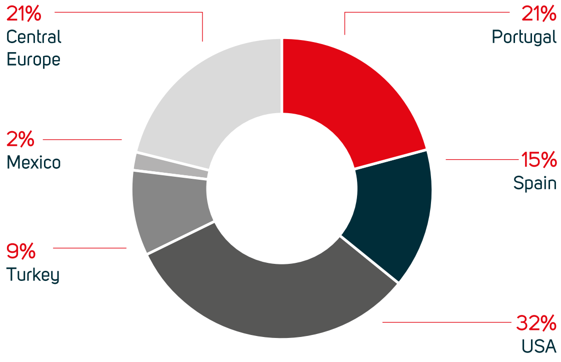


CONTRIBUTION TO THE TURNOVER GROWTH RATE

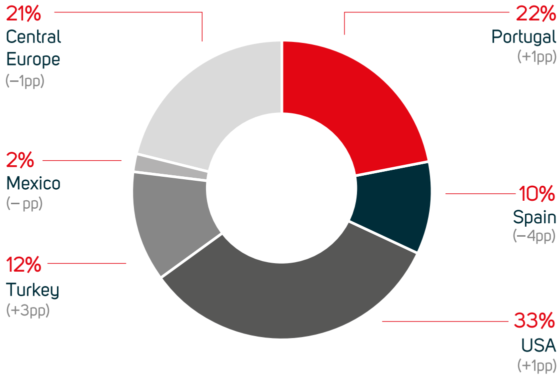
MILLION EUROS / % GROWTH RATE FROM 2019 TO 2020



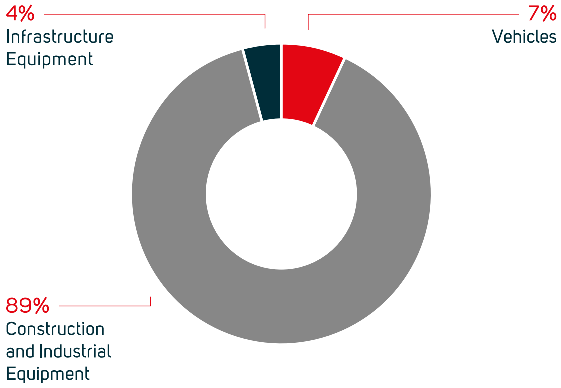
TURNOVER – 2019
% BY COUNTRY
878 MILLION EUROS



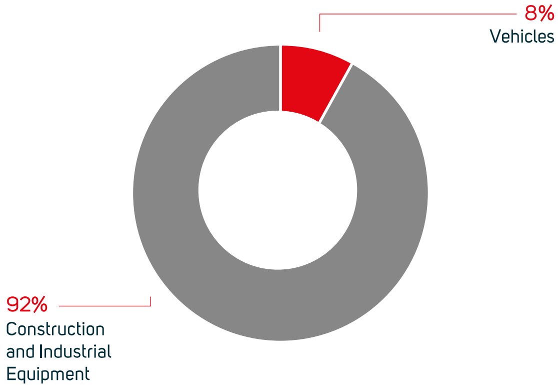
TURNOVER – 2020
% BY COUNTRY
780 MILLION EUROS



TURNOVER – 2019
% BY BUSINESS AREA
878 MILLION EUROS



TURNOVER – 2020
% BY BUSINESS AREA
780 MILLION EUROS

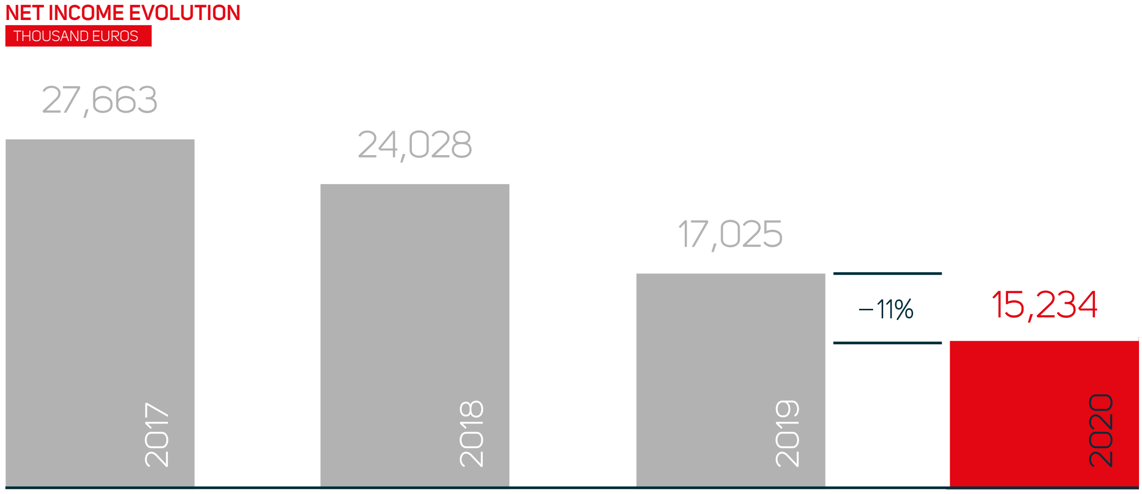


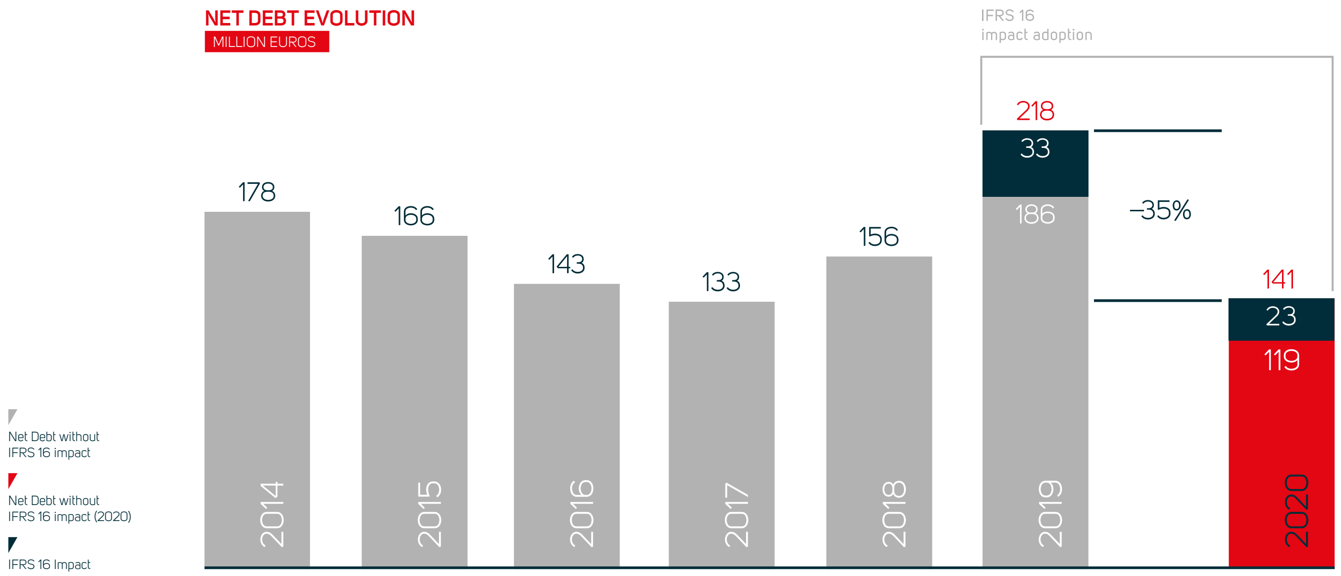
External markets (Spain, USA, Turkey, Mexico and Central Europe) accounted for 78% of the Group's consolidated Turnover in 2020, while the operation in the US remained the Group's largest contributor with a relative weight over 33%.

In terms of business areas, bearing in mind that, due the change of the consolidation method applied to Air-Rail companies, there is no contribution of the Infrastructure Equipment segment in 2020 turnover's, the construction and industrial equipment segment maintained its weight as the main contributor, representing 92% of the Group's Overall Turnover at the end of 2020, while the Vehicle (cars and trucks) business segment represents 8%.

EBITDA

In 2020, Ascendum's EBITDA reached 78.2 million euros, equivalent to 10.0% of the Group's consolidated Turnover, corresponding to a 6.3% decrease compared to 2019. In addition, the Group's management efforts in terms of measures to mitigate the negative impact of the pandemic, allowed the Group to improve the EBITDA margin by 0.5 pp in 2020.





Net Income

In 2020, Ascendum's Net Income equaled 15.2 million euros (a 10.5% drop compared to 2019), equivalent to 2.0% of consolidated Turnover (a 0.01 pp increase compared to 2020).

Consolidated Net Debt

As of 31 December 2020, Net Debt was equal to 141 million euros (including the impact of the IFRS 16 adoption), compared to 218 million euros in 2019, a reduction of 77 million euros (35% reduction).

In addition, consolidated gross debt totaled 192 million euros, out of which 68% is medium and long-term debt (equivalent to 130 million euros) and 32% short-term debt (equivalent to 62 million euros).

At the end of the year, the Net Debt/EBITDA ratio was equal to 1.8x (0.8x below the ratio of 2019), while the Equity/Net Debt ratio stood at around 1.1x.

In 2020, 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 2020, Ascendum's Assets totaled 562 million euros, representing an asset turnover ratio decrease from 75% to 72%.

In absolute terms, Ascendum's Total Assets decreased by 98 million euros compared to 2019, mainly due to the following variations:

— **Tighter and more efficient working capital Management (-40 million euros)** – with a reduction on inventory levels of 42 million euros and on account receivable of 24 million euros;

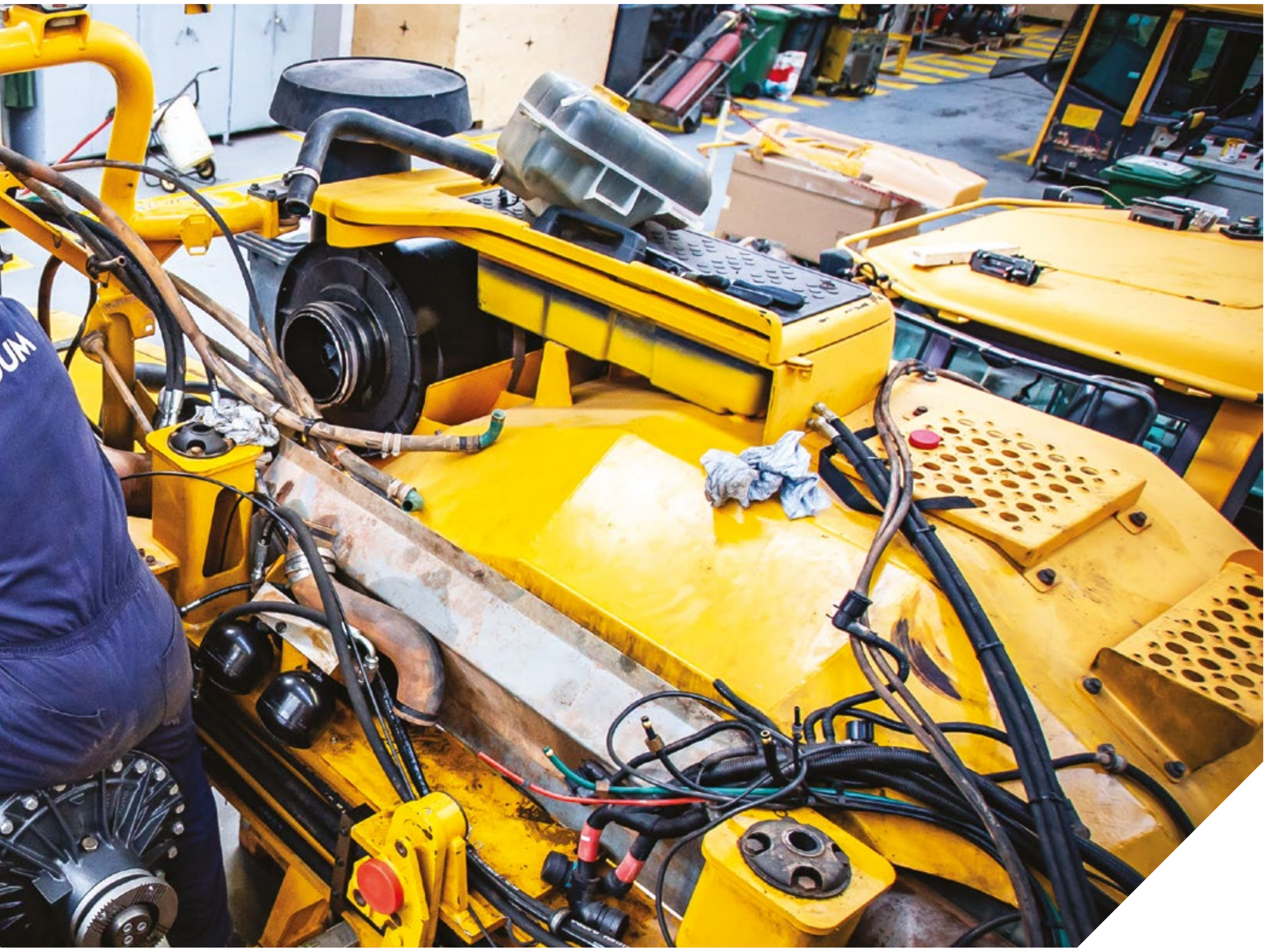
— **Change of Air-Rail's consolidation method.**

Equity (with non-controlling interests) in 2020, totaled 160.6 million euros, with a negative impact of the USD devaluation of 7.8 million euros, but still allowing the achievement of an Equity/Assets ratio of 29%.

DREAM TO EXPLORE NEW PATHS

2020 ANNUAL REPORT

2. ECONOMIC AND FINANCIAL INFORMATION



2.1. MACROECONOMIC CONTEXT

2.1.1. GLOBAL ECONOMY

Marked by the coronavirus (COVID-19) pandemic, 2020 was an unprecedented year for all countries around the world, presenting enormous challenges to health systems, shutdowns, school and business closures, and job losses.

Countries are facing unprecedented challenges in their efforts to achieve sustainable development.

In 2020, Global growth experienced a severe contraction from 2.8% (IMF figures for 2019) to -4.4% (IMF estimated value for 2020). The global economy is slowly recovering from the consequences of the massive April's lockdown, but with the pandemic continuing to spread, many countries have slowed reopening, and some are reinstating partial lockdowns to protect susceptible populations.

The overall activity normalized faster than anticipated, as economies reopened and released limitations on spending, with i) GDP recovery in the second quarter in China due to public investment after April's lockdown, which helped boost ii) the United States and euro area – where both economies contracted at an historic pace in the second quarter, but less severely than projected, with government transfers supporting household incomes.

In what regards global trade, as lockdowns were eased, a recovery was felt, with China as an important contributor. China's exports recovered from deep declines earlier in the year, supported by an earlier restart of activity and a strong pickup in external demand for medical equipment and for equipment to support the shift to remote working.

Concerning inflation, while prices of such items as medical supplies increased and commodity prices lifted, the effects of weak aggregate demand appear to have outweighed the impact of supply interruptions. In sequential terms, inflation in advanced economies remains below pre-pandemic levels. In emerging market and developing economies inflation declined sharply in initial stages of the pandemic, although it has since picked up in some countries (India, for example, reflecting supply disruptions and a rise in food prices).

Several measures were/are being taken to relaunch economic activity. While advanced economies announced discretionary revenue and spending measures, which amount to more than 9% of GDP, with another 11% in various forms of liquidity support (including equity injections, asset purchases, loans, and credit guarantees), Emerging market and developing economies announced 3.5% of GDP in discretionary budget measures and more than 2% in liquidity support.

The Financial system was also impacted by this new reality. Financial conditions have eased for advanced economies and for most emerging markets and developing economies. Equity markets in advanced economies have mostly regained (and in some cases exceeded) their levels from the start of the year, sovereign bond yields are broadly unchanged or have declined further since June (as seen in Italy since the European Union's pandemic recovery package was established and the European Central Bank's pandemic emergency purchase program was expanded), and corporate spreads have dropped further, particularly for high-yield credit (benefiting, in the United States, from the Federal Reserve's targeted lending facilities).

Sovereign yields in emerging markets have generally declined in recent months. Spreads over US Treasury securities, which had begun falling after the Federal Reserve's aggressive actions in March to offset tighter financial conditions and dollar liquidity shortages, have continued to compress since June in line with stronger risk appetite. Equity markets in emerging market and developing economies have also generally firmed up since June (notably in China).

Among major currencies, the euro appreciated between April and late September by close to 4% on improving economic prospects and slower increases in COVID-19 cases while the dollar depreciated by over 4.5% in real effective terms, reflecting improving global risk sentiment and concerns about the impact of rising COVID-19 cases on the speed of the US recovery.

MACROECONOMIC INDICATORS	WORLD	CHINA	JAPAN	EURO ZONE	PORTUGAL	SPAIN	USA	TURKEY	MEXICO	AUSTRIA	CZECH REP.	CROATIA	HUNGARY	ROMANIA
Total population														
2020E (millions of people)	7,753	1,404	126	343	10	46	330	84	129	9	11	4	10	19
CAGR (20E-24E)	n.a	0.2%	-0.4%	n.a	-0.2%	0.3%	0.4%	1.2%	1.0%	0.5%	0.2%	-0.7%	-0.2%	0.0%
Gross Domestic Product														
2020E - nominal (B USD)	87 552	14 402	5 080	13 362	238	1 394	21 433	761	1 258	446	251	60	161	250
Real growth rate (19-20E)	-4.4%	1.9%	-5.3%	-8.3%	-10.0%	-12.8%	-4.3%	-5.0%	-9.0%	-6.7%	-6.5%	-9.0%	-6.1%	-4.8%
CAGR (15-20E)	1.8%	5.7%	-0.4%	-0.2%	-0.1%	-0.7%	0.9%	1.9%	-0.6%	0.3%	1.3%	0.5%	2.0%	3.0%
CAGR (20E-24E)	4.2%	6.3%	1.5%	3.0%	4.0%	4.4%	2.5%	4.0%	2.5%	2.6%	4.1%	4.2%	3.7%	4.0%
Other Indicators (2020E)														
Inflation	3.2%	2.9%	-0.1%	0.4%	0.0%	-0.2%	1.5%	11.9%	3.4%	1.2%	3.3%	0.3%	3.7%	2.9%
GFCF - real growth rate (19-20E)	n.a	n.a	-1.3%	-11.2%	-10.2%	-17.3%	-3.6%	-6.4%	-14.5%	-6.0%	-7.5%	-8.2%	-10.4%	2.5%
Unemployment rate	n.a	3.8%	3.3%	8.9%	8.1%	16.8%	8.9%	14.6%	5.2%	5.8%	3.1%	9.3%	6.1%	7.9%
Gross Public Debt (% of GDP)	n.a	61.7%	266.2%	101.1%	137.2%	123.0%	131.2%	41.7%	65.5%	84.8%	39.1%	87.7%	77.4%	44.8%
CIT (or equivalent)	24%	25%	31%	20.8%	21%	25%	27%	22%	30%	25%	19%	18%	9%	16%
VAT (or equivalent)	16%	13%	10%	21.5%	23%	21%	0%	18%	16%	20%	21%	25%	27%	19%
Central Bank Ref. Rate 31-Dec	n.a	3.85%	-0.10%	0.00%	0.00%	0.00%	0.25%	17.00%	4.25%	0.00%	0.25%	2.50%	0.60%	1.50%

Sources: World Bank, IMF (Economic Outlook - October 2020), AMECO, KPMG and Central Banks (respective reference interest rates).

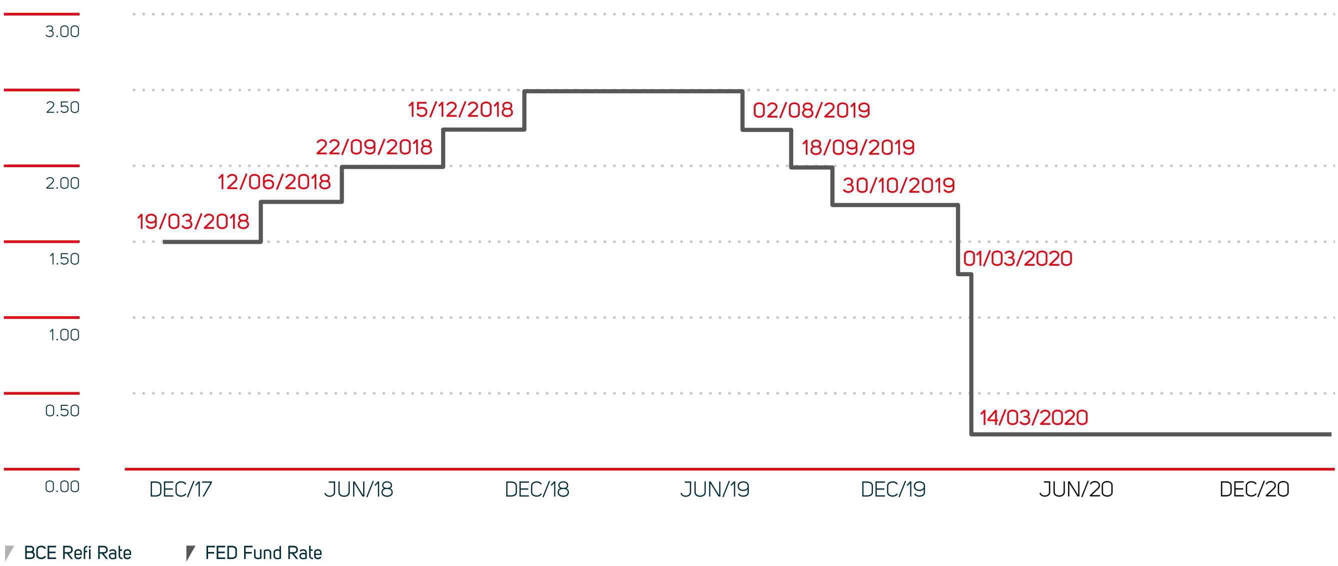
Concerning the Euro Area's macroeconomic scenario, 2020 is marked by a sharp contraction in economic growth, with estimated GDP contraction of -8.3% against a growth of 1.3% recorded in 2019. In terms of unemployment rate, it was recorded an increase from 7.6% in 2019 to 8.9% in 2020, the first since 2013.

Regarding the United States, economic activity also contracted in 2020 by 4.3% after a growth of 0.9% in 2019.

After the 3 decreases during 2019 (lowering from 2.5% to 1.75%), in 2020 the Fed Fund Rate was reduced twice, ending the year at 0.25%.

EVOLUTION OF ECB AND US FEDERAL RESERVE REFERENCE INTEREST RATES

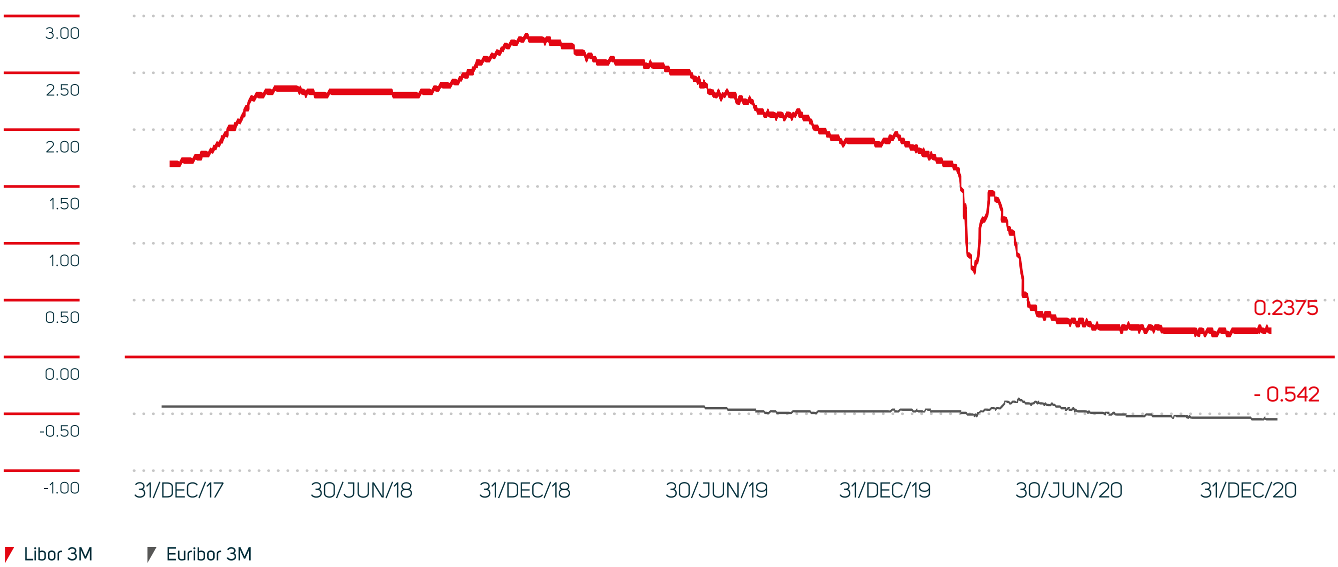
PERCENTAGE POINTS



Source: Bloomberg

EVOLUTION OF EURIBOR 3M AND LIBOR 3M INTEREST RATES

PERCENTAGE POINTS



Source: Bloomberg

EURIBOR 3M	2018	2019	2020
Maximum	-0.309	-0.306	-0.161
Average	-0.322	-0.357	-0.425
Minimum	-0.329	-0.448	-0.546
Close	-0.309	-0.383	-0.545

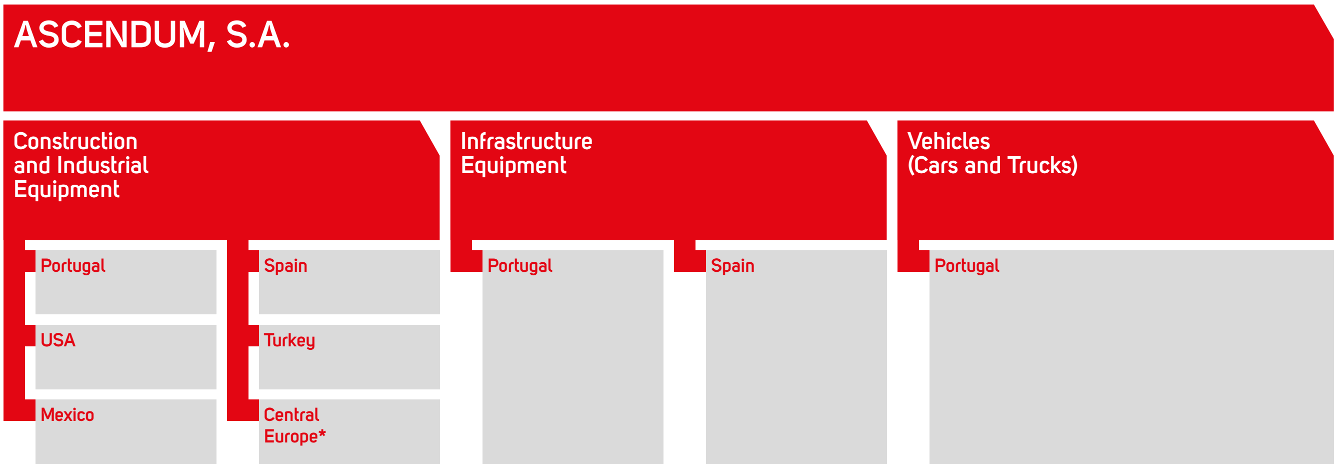
LIBOR 3M (%)	2018	2019	2020
Maximum	2.824	2.804	1.908
Average	2.311	2.328	0.653
Minimum	1.694	1.885	0.205
Close	2.797	1.908	0.238

In terms of developments in the foreign exchange market in countries in which Ascendum operates, in 2020, the overall trend was of appreciation of the Euro against all the currencies, in particular against African countries and Turkey.

EXCHANGE RATES (YEAR-END)	2019	2020	Δ (20/19)
EUR/USD	1.123	1.227	9.2%
EUR/TRY	6.684	9.113	36.3%
EUR/MXN	21.220	24.416	15.1%
EUR/CZK	25.408	26.242	3.3%
EUR/HUF	330.530	363.890	10.1%
EUR/HRK	7.440	7.552	1.5%
EUR/RON	4.783	4.868	1.8%
EUR/AOA	540.817	798.429	47.6%
EUR/MZN	68.895	92.015	33.6%

2.2. ASCENDUM'S PERFORMANCE IN 2020

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:

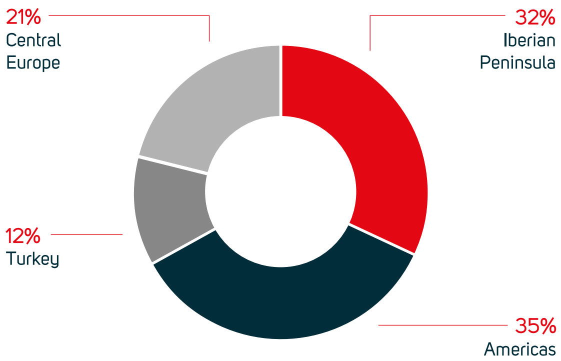


* Austria, Hungary, Czech Republic, Slovakia, Romania, Croatia, Slovenia, Moldova and Bosnia and Herzegovina

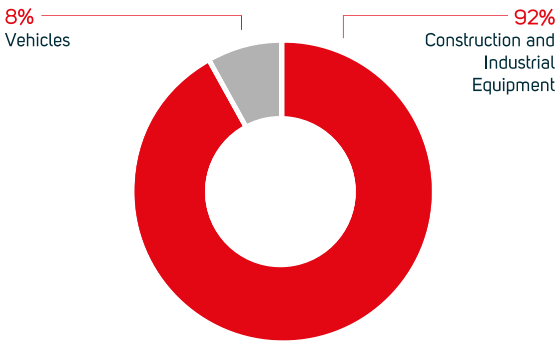
In 2020, the Construction and Industrial Equipment segment once again positioned itself as the largest contributor to the Group's Turnover, with a relative weight of 92%, with the Americas – USA and Mexico – as the leading geographic platform (35%), followed by the Iberian Peninsula (32%), Central Europe (21%) and Turkey (12%).

BUSINESS AREA UNIT: THOUSANDS OF EUROS	IBERIAN PENINSULA	AMERICAS	TURKEY	CENTRAL EUROPE	TOTAL
Construction and Industrial Equipment	193,304	274,105	91,512	162,239	**721,160**
Vehicles	59,255	n.a.	n.a.	n.a.	**59,255**
Total	**252,559**	**274,105**	**91,512**	**162,239**	**780,415**

TURNOVER – 2020
780 MILLION EUROS

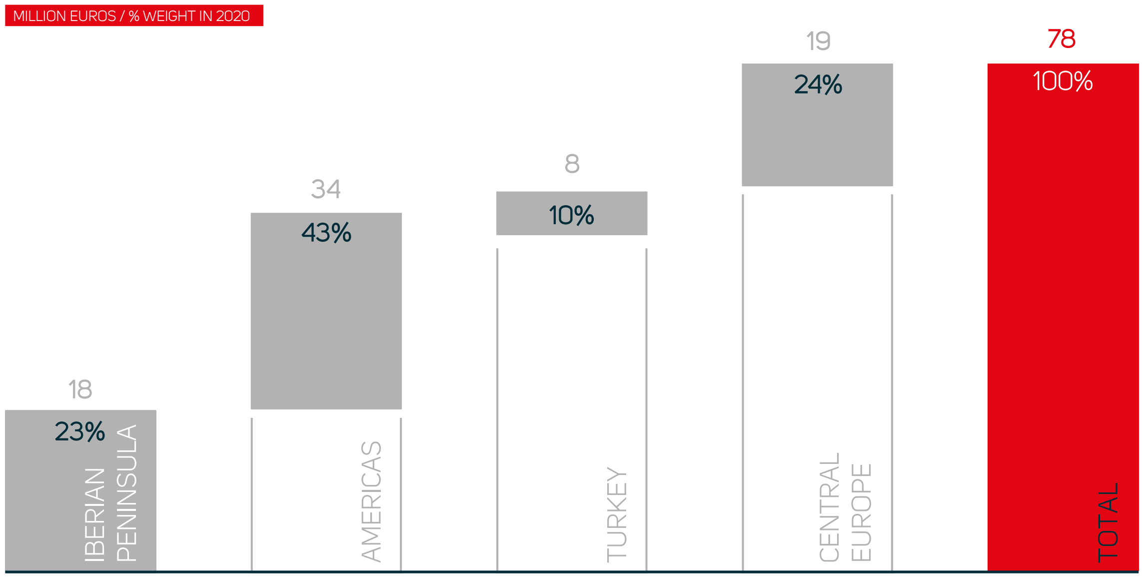


TURNOVER – 2020
780 MILLION EUROS



Regarding EBITDA, the Americas (USA and Mexico) were the main contributors to Ascendum's total EBITDA, with a relative weight of 43% in the Group's total EBITDA.

CONTRIBUTION OF EACH GEOGRAPHIC PLATFORM FOR ASCENDUM GROUP EBITDA
MILLION EUROS / % WEIGHT IN 2020

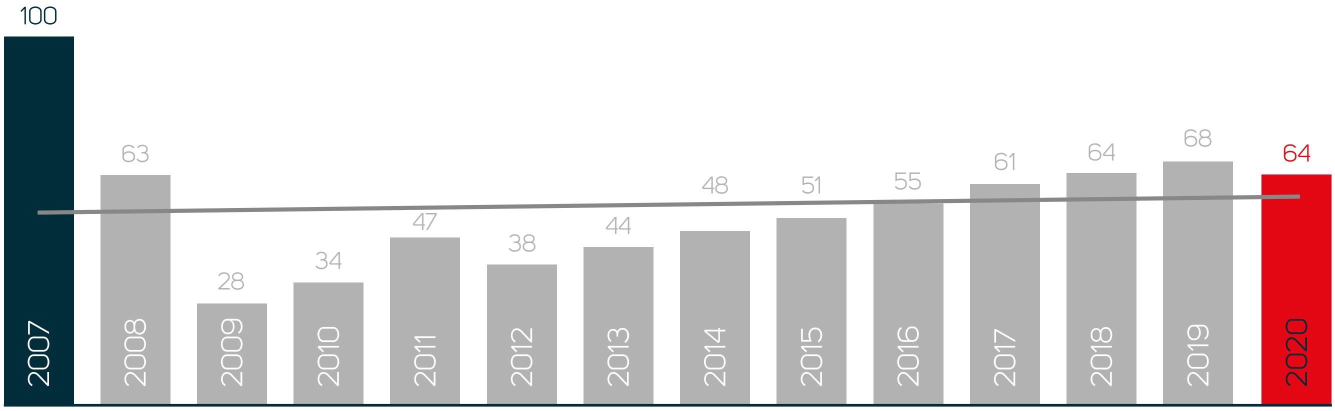


2.2.1. CONSTRUCTION AND INDUSTRIAL EQUIPMENT

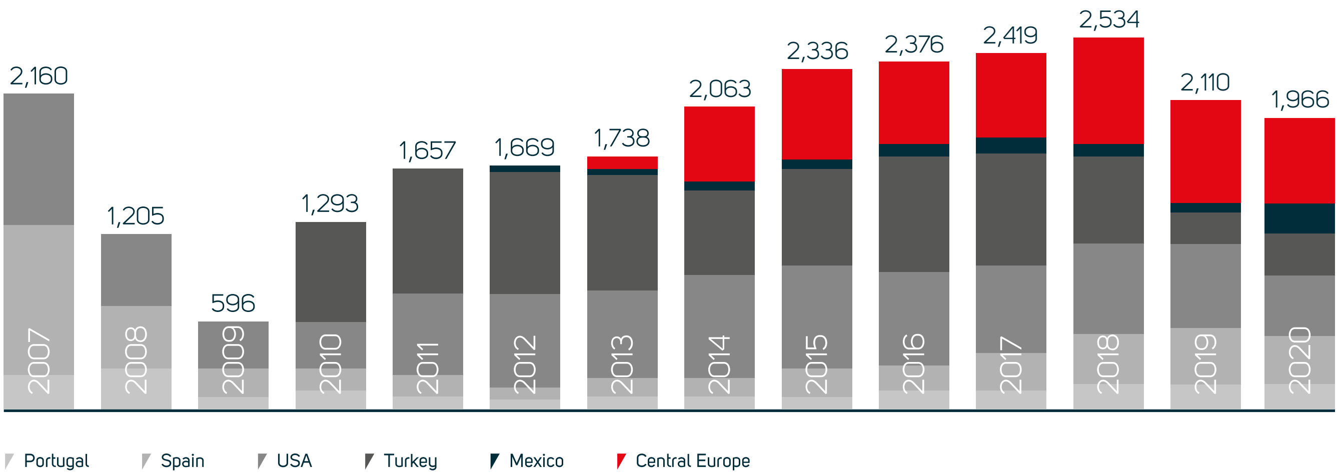
The construction and industrial equipment market where Ascendum operates which had been steadily recovering from the world financial crisis of 2008 to 2010 reached an inflection point in 2020 with the addressable market declining by 5% in 2020 corresponding to 64% of the peak year (2007).

ASCENDUM ADDRESSABLE MARKET INDEX EVOLUTION

HISTORICAL PEAK YEAR 2007 = 40,972 UNITS (INDEX 100 = 2007)



Following its strategy of portfolio growth and diversification, in 2020, Ascendum sold 1,966 units[2], which corresponds to a slight decrease of 7%, compared to 2019 as the positive performances in Turkey (+59%), Mexico (+19%) and Portugal (+9%) were not enough to offset the decline exhibited by the USA (-19%), Spain (-19%) and Central Europe (-16%).



2 Excluding backhoe loaders, motorgraders and skid steers.

In what concerns market share[3], Ascendum showed a good overall performance, particularly in the GPE segment, with an overall market share of 14.3%, of which we highlight the higher penetration by of the Iberian, Slovakian and Austrian operations.

2020	PORTUGAL(1)	SPAIN(2)	USA	TURKEY	MEXICO	CENTRAL EUROPE	TOTAL(3)
Total market	**1,121**	**2,465**	**12,106**	**2,568**	**705**	**6,368**	**25,333**
GPE	349	915	3,978	1,969	499	2,216	**9,926**
CSE	700	1,265	7,690	421	114	3,272	**13,462**
Road Machinery	72	285	438	178	92	880	**1,945**
Ascendum units sold	**188**	**317**	**461**	**338**	**63**	**599**	**1,966**
GPE	102	197	389	303	63	361	**1,415**
CSE	83	107	51	27	0	223	**491**
Road Machinery	3	13	21	8	0	15	**60**
Market share	**16.8%**	**12.9%**	**3.8%**	**13.2%**	**8.9%**	**9.4%**	**7.8%**
GPE	29.2%	21.5%	9.8%	15.4%	12.6%	16.3%	**14.3%**
CSE	11.9%	8.5%	0.7%	6.4%	0.0%	6.8%	**3.6%**
Road Machinery	4.2%	4.6%	4.8%	4.5%	0.0%	1.7%	**3.1%**

Note: The presented figures correspond mainly to new Volvo machines. Backhoe loaders, motorgraders and skid steers 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 construction sector demonstrated great resilience in light of the COVID-19 pandemic restrictions on the overall economy as most economic indicators improved in spite of the lower expectations regarding the economic prospects of the country. Both the Gross Fixed Capital Formation and the Gross Added Value in this sector exhibited positive performances on the first three quarters of 2020, when compared to their homologue periods, and the nation cement consumption rose by 10.6% (14.9% in 2019).

The residential segment continued to benefit from the low level of interest rates and both national and foreign demand remained high. The non-residential segment suffered a slight decrease due to the contraction on the trade and tourism sectors that was not offset by the boost in the public demand, even though 2020 had a very positive performance in terms of public tenders and new contracts which improved the civil engineering segment.

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 16% (in 2019, this indicator was -11%).

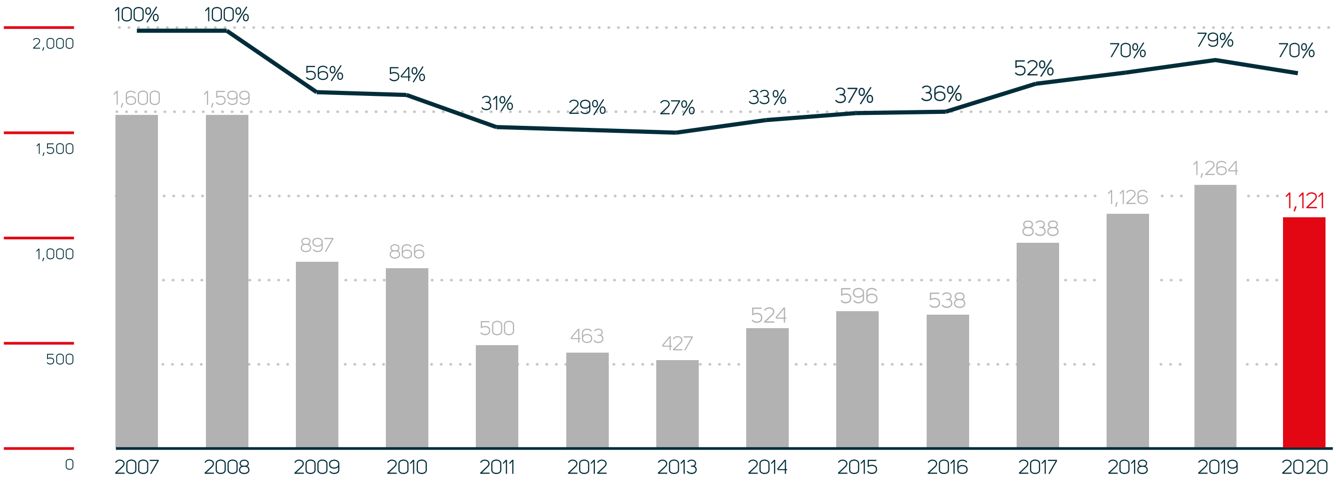
The Industry Confidence Indicator's declined to 17% explained by the evolution of production prospects, product stocks and demand in general.

3 Excluding backhoe loaders, motorgraders and skid steers.

In 2020, the domestic market of construction equipment where Ascendum Máquinas operates declined by 11%, reaching 70% 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 VCE construction and industrial equipment, 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.

Ascendum Máquinas' turnover declined by 1.5% to 59.3 million euros in 2020, driven by a 9.1% drop on sale of new machines, in line with the market decrease, that was mostly offset by the performance of used equipment sales, rental and aftersales, demonstrating the company´s resilience to adverse market conditions.

The used equipment business rose 34.2% to 5.0 million euros, representing 8.4% of the company's turnover in 2020.

The after sales and rental services have also showed very positive performances, increasing by 8.8% and 9.0%, respectively, to a total of 18.0 million euros of combined turnover in 2020.

MILLION EUROS	2019	2020	Δ (20/19)
New machines	39.9	36.3	-9.1%
Used machines	3.7	5.0	34.2%
After sales	13.4	14.6	8.8%
Rental	3.2	3.5	9.0%
Total turnover	**60.2**	**59.3**	**-1.5%**

2.2.1.2. Spain

Ascendum operates in Spain through Ascendum Maquinaria, a company that imports and distributes VCE construction and industrial 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.

The COVID-19 pandemic has severely constricted the Spanish harbors, construction and industry activity during 2020 by compromising the global supply chain and because of the measures put in place to fight the pandemic and their corresponding negative impacts. In order to deploy resources to support the economy, the Central Government has halved the Central State tenders in 2020, including public works.

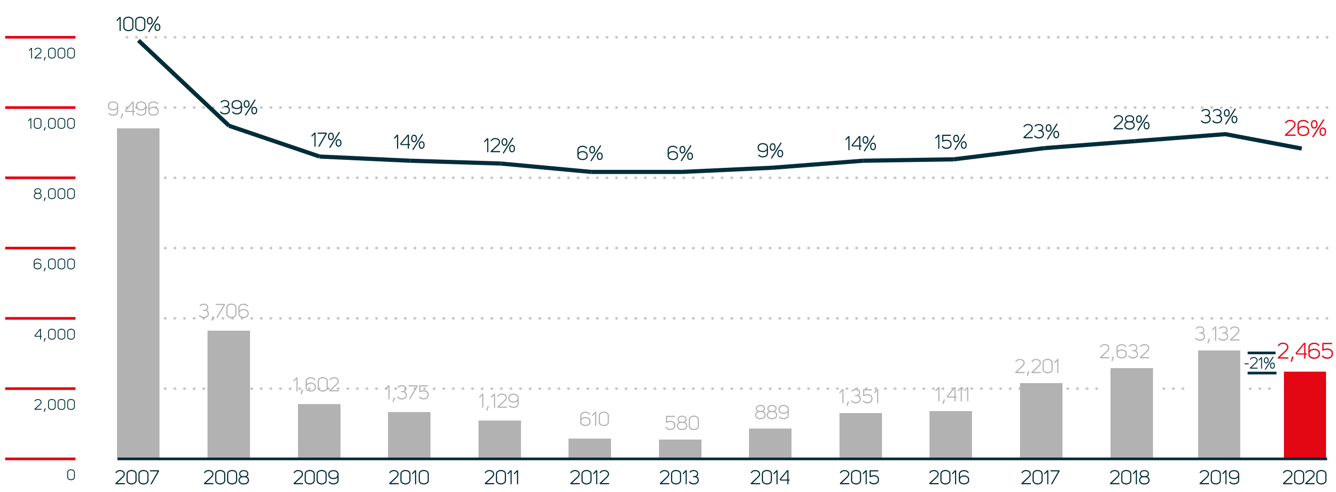
The construction sector is expected to experience a slowdown across all segments in 2020 and Euroconstruct estimates a 17% decline in the residential housing, a 14% drop in the non-residential housing and a 30% decrease in public works.

Going forward, a few major development projects are expected to resume:

- "Madrid Nuevo Norte" aims to be the largest urban regeneration project in Europe. This urban development has been approved but works are still to be initiated. 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") comprising the construction of over 110,000 homes have also been approved.

In 2020, the domestic market of construction equipment where Ascendum Maquinaria operates[4] inverted the positive trend initiated in 2013 and shrunk 21% to 2,465 units sold. The current addressable market represents slightly more than a quarter of the addressable market of 2007 (peak year).

EVOLUTION OF THE SPANISH MARKET WHERE ASCENDUM MAQUINARIA OPERATES
UNITS SOLD



Peak level index (2007 = 100%)

4 Excluding backhoe loaders, motorgraders and skid steers.

In 2020, 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**: preparation of the new facilities in Galicia.

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

Following the market trend in 2020, Ascendum Maquinaria's turnover decreased by 17.8% to 83.5 million euros, mainly driven by the decline on the sale of new equipment as a result of disruptions on the supply chain.

The used equipment business shrunk 21.7% in 2020 as the company made efforts to find new sources of used equipment. The rental business experienced a slight decrease of 5% in 2020 while the after sales service increased by 5%.

Given the different performances of each business segment, the sales mix was subject to a rebalance, with equipment sales representing 66.7% of overall turnover in 2020 (73.7% in 2019), followed by the after sales service with 29.9% (23.4% in 2019) and the rental with 3.4% (2.9% in 2019).

MILLION EUROS	2019	2020	Δ (20/19)
New machines	60.3	44.3	-26.5%
Used machines	14.6	11.4	-21.7%
After sales	23.8	24.9	5.0%
Rental	3.0	2.8	-5.1%
Total turnover	**101.6**	**83.5**	**-17.8%**

2.2.1.3. USA

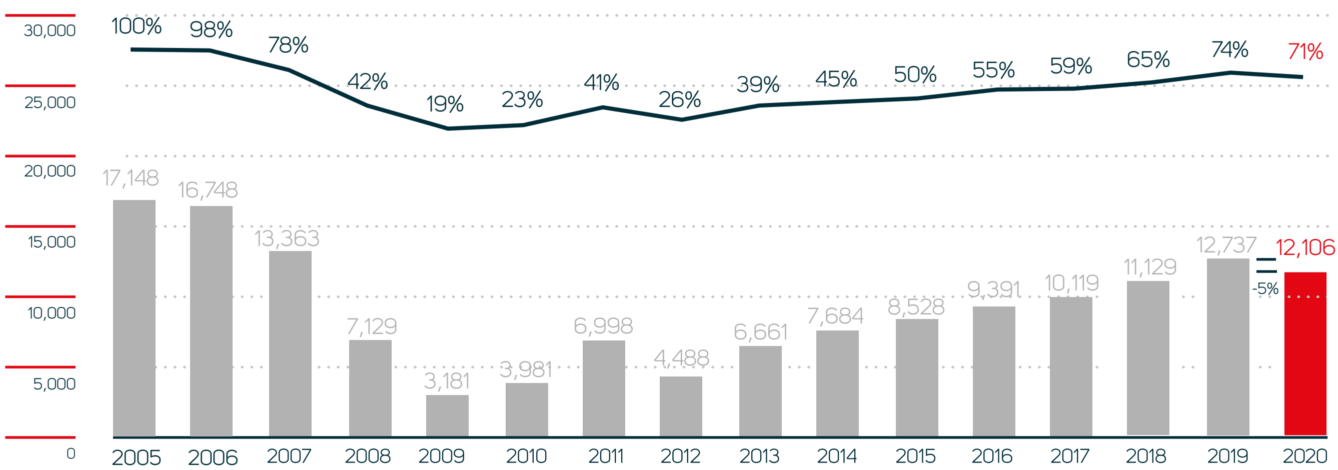
In the USA, Ascendum operates through Ascendum Machinery, Inc., a company incorporated in 2004 after the Group acquired the assets of Saba Holding (a Volvo Group company), which currently holds the distribution of Volvo construction equipment to a wide area of the country, integrating the states of North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

With activity in business segments relating to the sale, rental and after-sales service of VCE construction and industrial 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.

From January 2020, Ascendum expanded its operations by adding Bergmann dumpers to its product portfolio.

Breaking with the growing trend in the previous years, the construction sector declined by 0.4% in 2020, mostly driven by the disruption caused by the COVID-19 pandemic. The domestic market of construction equipment where Ascendum Machinery operates[5] also inverted the growing trend initiated in 2012 and contracted 5% in 2020 to 12,106 units sold[5].

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



5 Excluding backhoe loaders, motorgraders and skid steers.

In 2020, 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;

— Roll-out of the investment plan for existing branches – on the third quarter of 2020, the new Charlotte branch was officially inaugurated. The new facility highlights Ascendum's investment in its operations, improving its infrastructure and allowing for further expansion in the Charlotte market;

— Restructuring the operations in North Dakota, closing its branch in Bismarck and focusing its resources in the Fargo and Williston markets;

Ascendum Machinery faces fierce competition, which, coupled with the market contraction, its strategy to reduce risk and supply chain shortages led to a turnover decline of 7.4% to 291.3 million dollars in 2020 (255.1 million euros), mainly explained by a 19% reduction in the number of new machines sold.

The rental business fell 13.3% to 22.4 million dollars (19.6 million euros) in 2020 but the after sales services remained resilient and experienced a slight decrease of 0.7% to 63.3 million dollars (55.4 million euros).

MILLION US DOLLARS	2019	2020	Δ (20/19)
New and used machines	225.1	205.6	-8.7%
Rental	25.9	22.4	-13.3%
After sales	63.8	63.3	-0.7%
Total turnover	**314.7**	**291.3**	**-7.4%**

2.2.1.4. Turkey

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

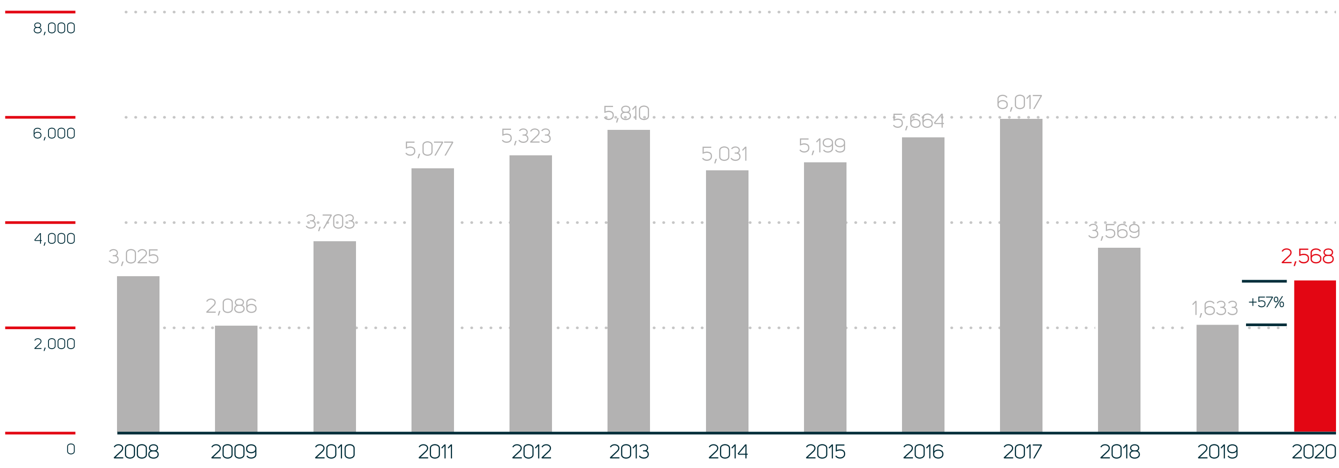
In spite of the COVID-19 pandemic, the Turkish economy is gradually recovering from the recent economic setbacks and is expected to grow by 1% in 2020. The efforts made in improving the transparency and coherence of monetary, fiscal, quasi-fiscal and financial policies raised both domestic and international confidence, deterring capital outflows from the country. The ties with US and EU have also improved due to the geo-political factors.

Nonetheless, Ascendum Makina's operation was influenced by a number of factors such as (i) pandemic and its repercussions, especially in the global supply chain, leading to production shortages and lower product availability, and in freezing marble exports, (ii) the geopolitical situation in the Middle East, (iii) the sharp depreciation of the Turkish lira against major currencies (depreciation of 36% in 2020 against the Euro), (iv) high inflation that hit the 14.6% mark and (v) the sharp increase of the interest rate to 17%.

The market where Ascendum Makina operates inverted its recent declining trend and expanded by 57% to 2,568 units in 2020.

EVOLUTION OF THE TURKISH MARKET WHERE ASCENDUM MAKINA OPERATES

UNITS SOLD



Despite the product availability issues, Ascendum Makina exhibited a strong performance and its turnover rose by 20.1% to 91.6 million euros, boosted by the strong performance on the sale of equipment, which added 125 units in 2020.

The rental business declined by 28.8% to 2.3 million euros and the after sales services shrunk by 9.1% to 22.3 million euros in 2020.

Given the different trends, the sales mix was subject to a rebalance, with equipment sales representing 73.1% of overall turnover in 2020 (63.5% in 2019), followed by the after sales services with 24.4% (32.2% in 2019) and the rental business with 2.5% (4.3% in 2019).

MILLION EUROS	2019	2020	Δ (20/19)
New and used machines	48.4	66.9	38.2%
Rental	3.3	2.3	-28.8%
After sales	24.6	22.3	-9.1%
Total turnover	**76.2**	**91.6**	**20.1%**

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 VCE construction and industrial equipment in Mexico.

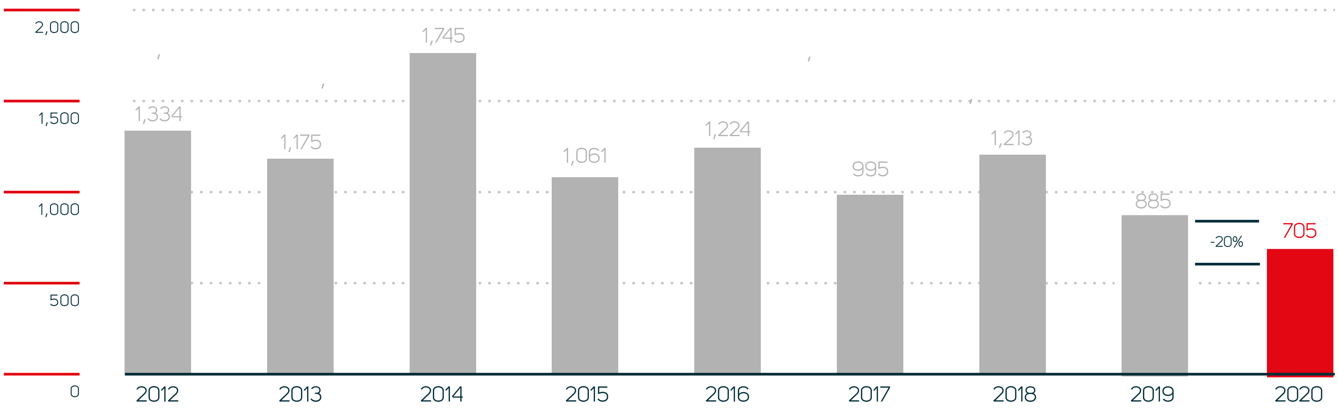
In 2020, Ascendum continued its strategy of strengthening the Mexican market operation, focusing on process improvement, optimization of the operational structure and enhancing employee skills.

The domestic market of construction equipment where Ascendum Maquinaria Mexico operates decreased by 20% to 705 units[6] sold in 2020, the lowest level since the inception of the company.

6 Excluding backhoe loaders, motorgraders and skid steers.

EVOLUTION OF THE MEXCICAN MARKET WHERE ASCENDUM MAQUINARIA MÉXICO OPERATES

UNITS SOLD



Ascendum Maquinaria Mexico was able to counter the negative trend in its market and sustained a 3.5% increase on the sale of equipment to 17.4 million dollars (15.2 million euros) in 2020. This positive performance was offset by a 37.0% decline on the rental and after sales services revenue that resulted in an overall drop of 8.3% to a turnover of 21.7 million dollars (19.0 million euros).

The current performance lead to a new sales mix, with equipment sales representing 80.1% of overall turnover in 2020 (71.0% in 2019), followed by the after sales services with 16.7% (21.2% in 2019) and the rental business with 3.3% (7.8% in 2019).

MILLION US DOLLARS	2019	2020	Δ (20/19)
New and used machines	16.8	17.4	3.5%
Rental	1.9	0.7	-61.9%
After sales	5.0	3.6	-27.9%
Total turnover	**23.7**	**21.7**	**-8.3%**

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.

The domestic market of construction equipment where Ascendum operates shrunk by 11% to 6,368 units[7] sold in 2020, as Austria, Czech Republic and Hungary markets combined lost over 800 units.

Of all the markets[7] encompassed in the Central European operation, the Austrian market is the largest one, accounting for 35.7% of total units sold in 2020, followed by Czech Republic (23.6%) and Romania (16.9%). In fact, 79.1% of the sale of new machines performed by Ascendum in 2020 in Central Europe took place in one of those 3 markets, with particular emphasis on Austria, which alone accounted for 50.1%.

7 Excluding backhoe loaders, motorgraders and skid steers.

2020	AUSTRIA	CZECH REP.	ROMANIA	HUNGARY	CROATIA	SLOVAKIA	TOTAL(*)
Total market	**2,273**	**1,500**	**1,075**	**733**	**490**	**297**	**6,368**
GPE	806	406	418	302	217	67	**2,216**
CSE	1,100	946	477	319	222	208	**3,272**
Road Machinery	367	148	180	112	51	22	**880**
Ascendum units sold	**300**	**111**	**63**	**45**	**49**	**31**	**599**
GPE	185	68	29	27	33	19	**361**
CSE	109	43	31	13	16	11	**223**
Road Machinery	6	0	3	5	0	1	**15**
Market share	**13.2%**	**7.4%**	**5.9%**	**6.1%**	**10.0%**	**10.4%**	**9.4%**
GPE	23.0%	16.7%	6.9%	8.9%	15.2%	28.4%	**16.3%**
CSE	9.9%	4.5%	6.5%	4.1%	7.2%	5.3%	**6.8%**
Road Machinery	1.6%	0.0%	1.7%	4.5%	0.0%	4.5%	**1.7%**

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

Ascendum sold 599 units in Central Europe in 2020, which corresponds to a decrease of 16.1%, compared to 2019, 60.3% of which pertain to general-purpose equipment. As with other geographies, product availability and production shortages negatively impacted Group operations in Central Europe.

In 2020, the operation in Central Europe met an inflection point on its growth trend as the turnover decreased by 13.5% to 162.4 million euros, mainly driven by the sale of construction equipment that declined 20.0%, representing 64.4% of 2020 turnover (69.6% in 2019). In terms of origination, 55,9% of the 2020 turnover comes from Austria, followed by Czech Republic with 17.9% and Romania with 7.6%.

MILLION EUROS	2019	2020	Δ (20/19)
New and used machines	130.7	104.5	-20.0%
Rental	13.3	12.8	-3.4%
After sales	43.8	45.1	2.8%
Total turnover	**187.8**	**162.4**	**-13.5%**

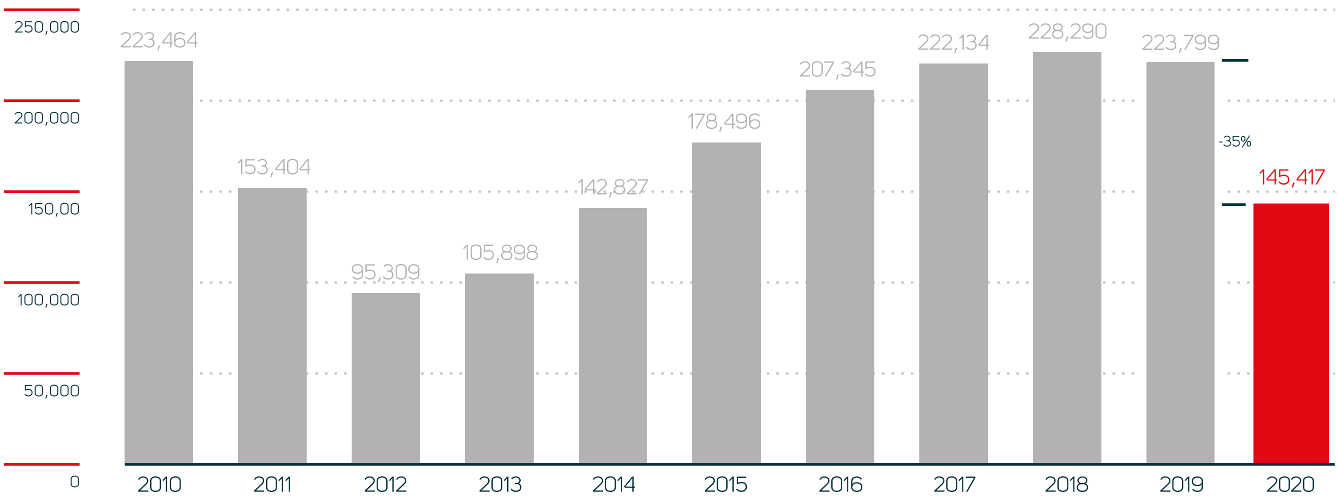
2.2.2. VEHICLES (CARS AND TRUCKS)

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 35% in 2020 to 145,417 new registered units, returning to 2014 market levels.

EVOLUTION OF THE PORTUGUESE PASSENGER CARS MARKET

UNITS



Source: ACAP

While the sale of cars powered by fossil fuels declined, the sale of vehicles powered by alternative energy sources took off changing the mix in the market. ACAP estimates the weight of diesel cars to have decreased by 7 p.p. to 33% (40% in 2019) and gasoline cars by 5 p.p. to 44% (49% in 2019), whereas the weight of vehicles powered by alternative energy sources to have increased by 12 p.p. to 23% (11% in 2019).

The average age of the Portuguese car fleet is expected to rise above the 12.7 years observed in 2019, of which 15.4% of the car fleet was over 20 year (c. 1 million cars).

The year 2020 was the best ever for Volvo cars in terms of market share in Portugal, reaching 2.80% (2.38% in 2019) and establishing itself as the third premium brand nationwide. 4,074 new Volvo cars were registered in Portugal (5,320 in 2019), corresponding to a 23.4% decline but outperforming the national average (-35%).

In turn, the sale of Mitsubishi cars in the Portuguese market shrunk 41.3% to 2,726 units in 2020, reaching a market share of 2.2% (+ 1 p.p. compared to 2019).

Ascendum Automóveis saw its Volvo market share decrease to 15.0% (15.5% in 2019), while its Mitsubishi market share declined to 2.2% (1.4% in 2019), mainly due the entrance of two dealers in the north of the country.

Ascendum Automóveis' turnover experienced a slight decrease of 4.2% in 2020 to 36.2 million euros mainly driven by the sale of new Volvo cars, which decreased by 11.6% to 24.0 million euros, more than offsetting the positive performance in used car business (40.1%).

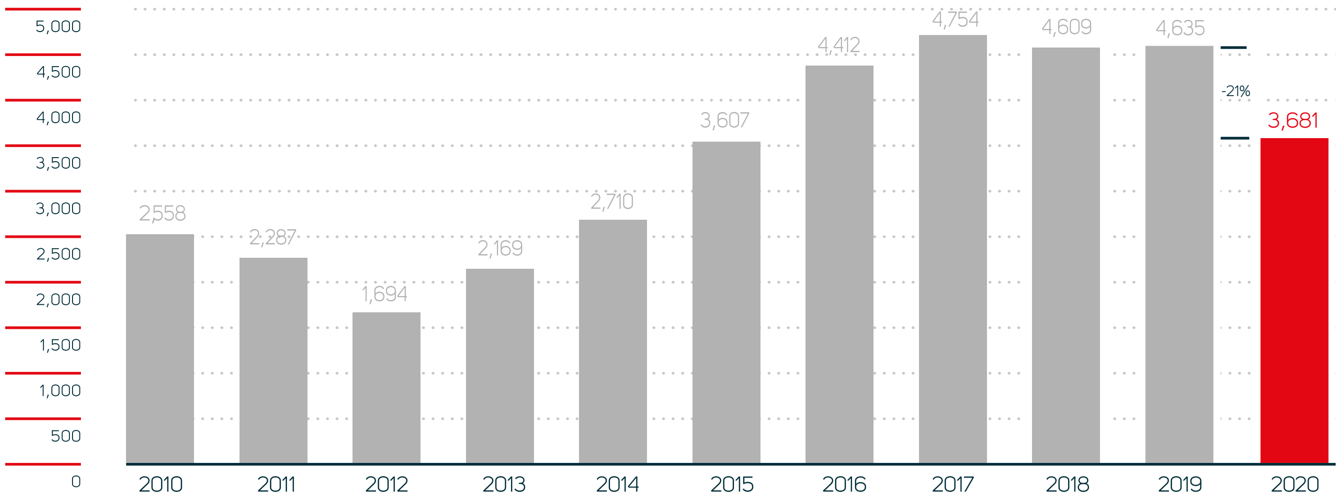
MILLION EUROS	2019	2020	Δ (20/19)
New cars	28.4	25.4	-10.5%
Used cars	4.0	5.6	40.1%
After sales	5.4	5.2	-4.2%
Total turnover	**37.8**	**36.2**	**-4.2%**

The domestic market of heavy goods vehicles, with a gross weight over 10 tons, declined by 21% to 3.681 units in 2020.

In this segment (gross weight > 10 tons), Volvo has improved its market share to 22.9% (13.8% in 2019) by selling 843 units. Ascendum Camiões had a 17.3% weight on Volvo brand, which represents a 8.9 p.p. decline compared to 2019.

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

UNITS



Source: NORS

Ascendum Camiões' turnover fell by 18.5% in 2020 to 23.3 million euros, mainly driven by the 27.2% decline on the new truck revenue. The used trucks and after sales business had a slightly better performance, decreasing by 10.2% and 5.7%, respectively.

MILLION EUROS	2019	2020	Δ (20/19)
New trucks	16.4	11.9	-27.2%
Used trucks	3.0	2.7	-10.2%
After sales	9.2	8.7	-5.7%
Total turnover	**28.5**	**23.3**	**-18.5%**

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 2020, Ascendum's turnover in the infrastructure equipment business segment was negatively impacted by the travel restrictions imposed as a response to the pandemic, reaching 16.9 million euros, 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;
- Implementation and validation of management procedures and systems that ensure high Quality levels in all operations and services provided by Ascendum.

CORPORATE RESPONSIBILITY

In 2020, the geographic platforms developed local initiatives focusing on corporate 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 **Portugal**, following the previous year initiatives, we collaborate with EPIS, supporting the professional insertion of young people with special needs – SPECIAL YOUTH TRANSITION. In practice, it is about promoting the transition to active life and the autonomy of young people, between 15 and 18 years old, with special learning needs, through the sharing of knowledge. In this context, 3 training modules were designed to be taught online, by our employees addressing in a clear way topics like: engines and accessories; transmission, suspension, and also news about hybrid and electric vehicles.

In the **United States**, Ascendum continued to support and value communities in the locations in which we operate. In North Carolina, employee volunteers sponsored a gift program during the Christmas season, known as the Angel Tree project, that selected a young adult student to sponsor, who was in need of materials to live independently. Approximately 20 employees donated household items to this program.

In **Atlanta**, Georgia we helped co-sponsor a career event in March, 2020 for rising high school students seeking careers in heavy equipment. Ascendum provided volunteers to work youth related skills competition in support of promoting careers within heavy construction and the aggregate materials industry.

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. The drawings were posted on social media platforms to show the skills, imagination, and innovation of young students.

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 to the project "Therapeutic help for children who have experienced violence" at the Child Protection Center Salzburg. Ascendum as a supporter wants to use the strength of the construction industry to protect the weakest in our society. The child protection center serves primarily as an aid center for protection and help in the event of abuse and violence in crisis situations.

In **Romania**, a monetary donation has been made to KRONOSPAN foundation and SOS children villages, an organizations that support local education programs and abandoned children.

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 2020 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.

Portugal, Spain, Turkey, Austria 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 company continued to promote safety and health among employees. The main focus was to prepare employees for the COVID-19 pandemic and to place as many safeguards in place to reduce the spread of virus.

The health and safety of employees is an ongoing concern at Ascendum, As an example, in Portugal the use of telemedicine in the area of curative medicine was launched, in order to respond to possible requests and ensure the availability of consultations to employees in teleworking, or others, avoiding physical trips to the facilities.

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 2020 and 2019, the Group had a net debt of 141,402,616 euros and 218,133,435 euros, respectively, divided between current and non-current loans and cash equivalents entered into/ invested with several institutions (including the value of Ascendum's financial holdings in BCP). The Group has lines of credit in the amount of 521 million euros.

In addition, it should be noted that on 31 December 2020 Current Assets are higher (+69%, +140 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	2016	2017	2018	2019	2020
USD	1.054	1.199	1.145	1.123	1.227
TRY	3.707	4.546	6.059	6.684	9.113
MXN	21.772	23.661	22.492	21.220	24.416
CZK	27.021	25.535	25.724	25.408	26.242
HUF	309.83	310.33	320.98	330.53	363.89
HRK	7.560	7.440	7.413	7.440	7.552
RON	4.539	4.659	4.664	4.783	4.868

Source: Banco de Portugal

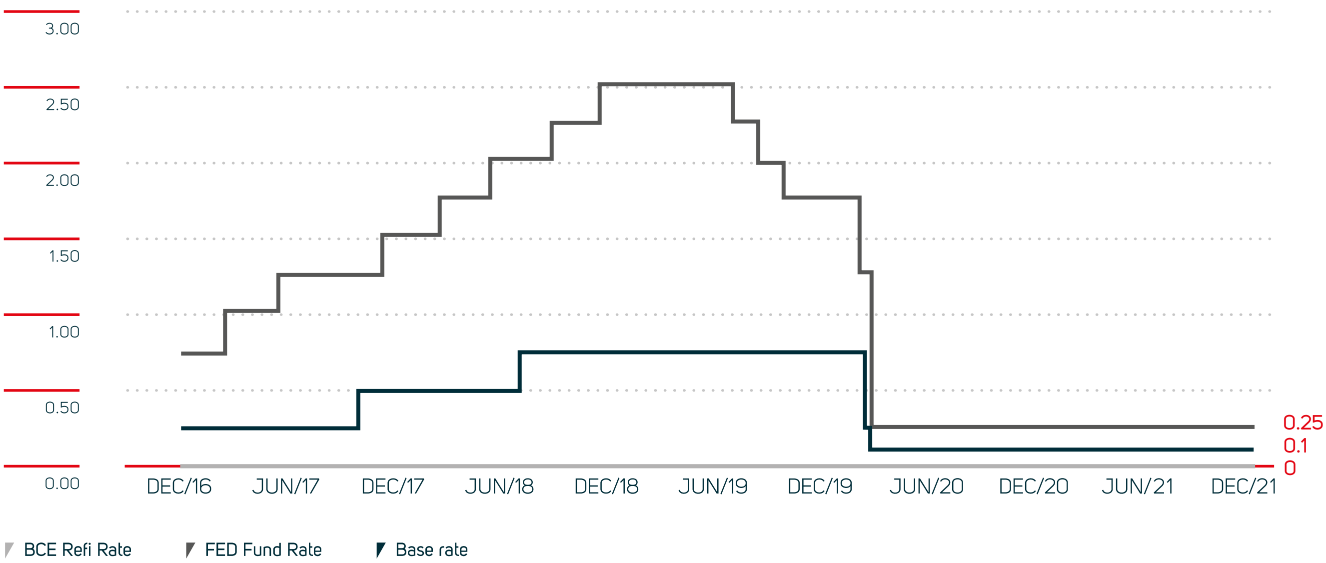
Any exchange rate variations that occurred in the currencies of these countries against the Euro will affect the conversion of the results attributable to the Ascendum Group and will, therefore, have an impact on the Group's results and financial position.

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.

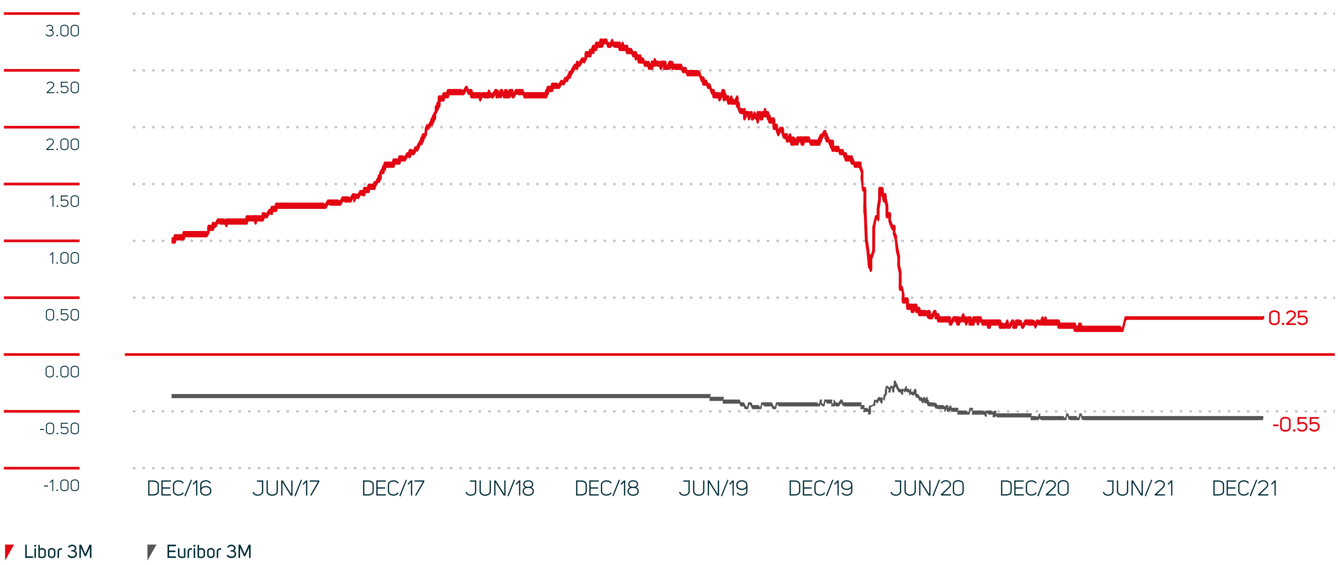
2.4.3. INTEREST RATE RISK

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 REFERENCE INTEREST RATES
PERCENTAGE POINTS



EVOLUTION OF EURIBOR 3M AND LIBOR 3M INTEREST RATES
PERCENTAGE POINTS

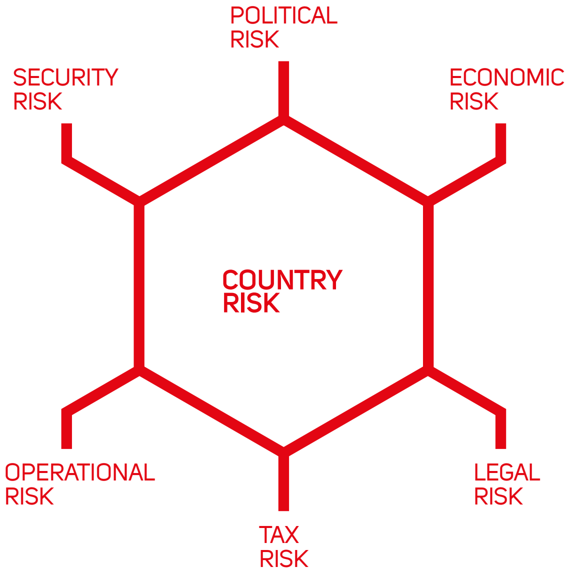


Source: Bloomberg

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 2020, 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 31/12/2020

COUNTRY	MOODY'S	STANDARD & POOR'S	FITCH
Portugal	Baa3	BBB	BBB
Spain	Baa1	A	A-
USA	Aaa	AA+	AAA
Turkey	B2[1]	B+	BB-
Mexico	Baa1[2]	BBB[3]	BBB[4]
Austria	Aa1	AA+	AA+
Czech Republic	Aa3	AA-	AA-
Hungary	Baa3	BBB	BBB
Romania	Baa3	BBB-	BBB-
Slovakia	A2	A+	A+
Croatia	Ba1[5]	BBB-	BBB-

Source: Bloomberg

Investment grade/Non investment grade

[1] Downgrade from B1 on the 11 September 2020; (2) Downgrade from A3 on the 17 April 2020; (3) Downgrade from BBB+ on the 26 March 2020; (4) Downgrade from BBB on the 16 April 2020; (5) Upgrade from Ba2 on the 13 November 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

Since end of 2019 in China and 1st quarter of 2020, the world is facing an extreme situation related to COVID-19, which is impacting not only the business environment, but also the life of each individual and societies whole.

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 has had negative impacts on the Ascendum Group's activity (although not materially relevant); such impacts have not been (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 was the adaptability to the epidemiological cycle (which was 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 during 2020:

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 performed for 2 ½ quarters (February to October) 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 had 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 did not fall under the recommendations of not traveling had to 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);

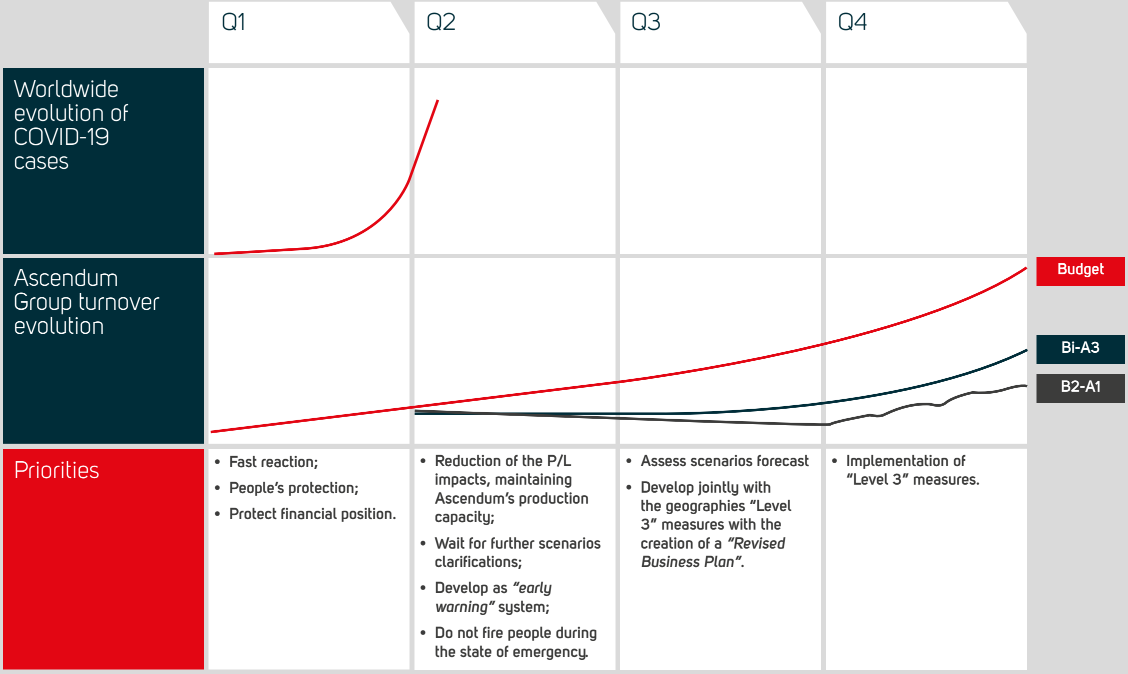
        iii. Functional areas where it is not possible to adopt telecommuting are adopting several solutions to minimize risk (shift policy and team backup, work-distancing.

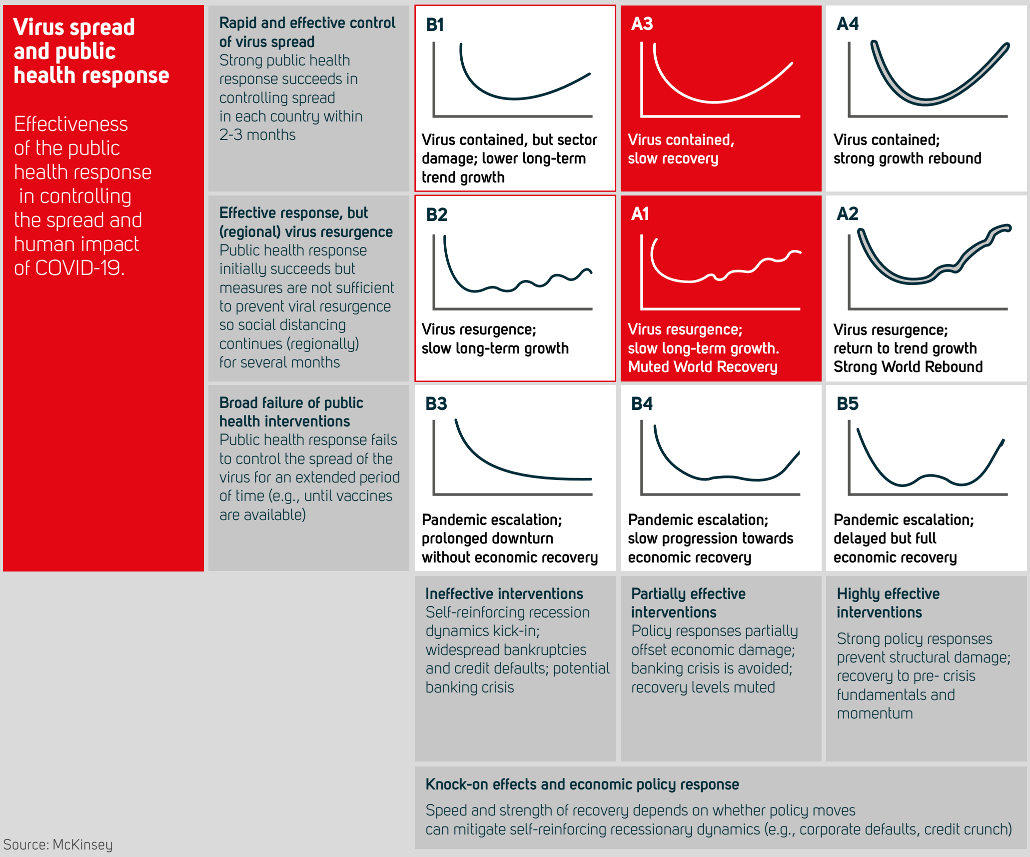
    e. Financials – weekly monitoring of activity and cash flow with investment decisions on hold and tight cost control:

    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.

MACROECONOMIC AND EPIDEMIOLOGIC FRAMEWORKS – ILLUSTRATIVE



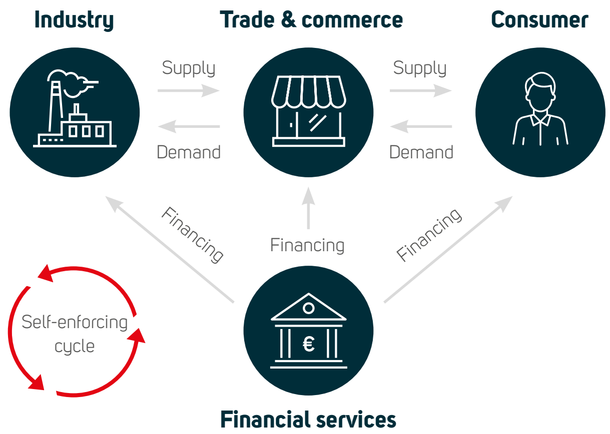


Source: McKinsey

MACROECONOMIC AND EPIDEMIOLOGIC FRAMEWORKS – ILLUSTRATIVE

Supply shock

- Plant shutdowns and logistics bottlenecks reduce supply of consumer and industrial goods
- Businesses reduce investment activities



Demand shock

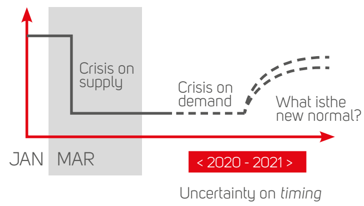
- Partly self-imposed quarantine measures curtail consumer spending
- Decline in consumer confidence and consumption

Capital markets

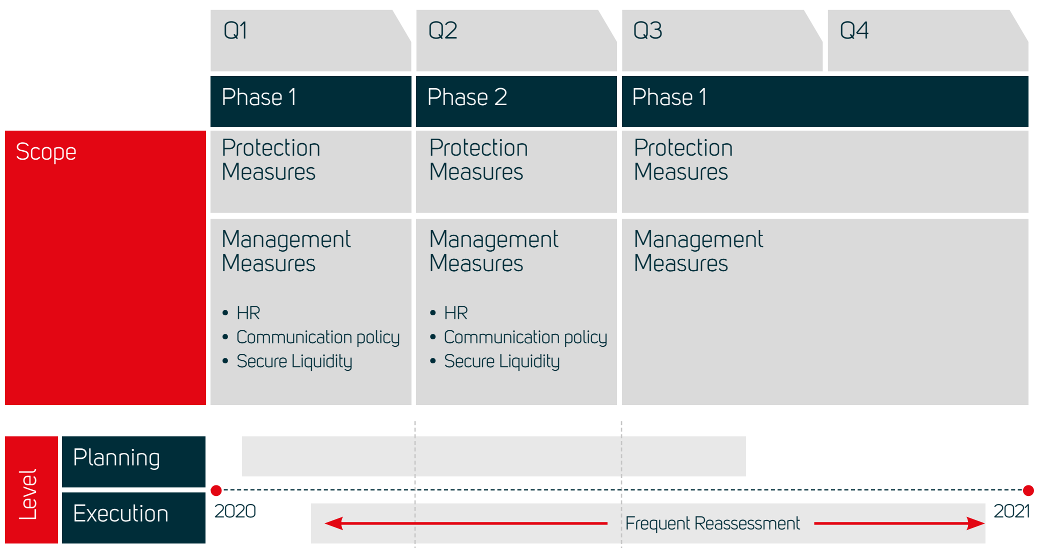
Anticipation of negative impact from COVID-19 on global economy:

- Reduction of investment capital and consumable wealth
- Widening of credit spreads negatively impacts lending

Understanding COVID-19 impact



Source: Roland Berger



2.5. FUTURE PERSPECTIVES

Due to the good performance of the operation on the fourth quarter of 2020, the Executive Board of Directors was able to resume the modernization projects that have been suspended since February 2020.

This set of projects that, encompass a capex investment of more than 20 million euros over a three-year period, have gained a reinforced impetus since January 2021 and correspond to a vital part of Ascendum's strategic vision for the future.

We are confident that the detrimental consequences of the pandemic will not reoccur in 2021, allowing for a gradual recovery of the economies where we operate, even if at a different pace, so that we achieve the turnover and profitability we aspire.

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

Although almost all regions where Ascendum operates started 2021 with a third wave of the pandemic, several vaccines have been developed and local authorities are currently carrying out mass vaccination programs to immunize the population. Despite the occasional setbacks related to the vaccine availability, most countries expect to have their populations inoculated by 2021 fall.

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 manageable. 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

25th March 2021

THE BOARD OF DIRECTORS

DREAM TO ACHIEVE BETTER RESULTS

2020 ANNUAL REPORT

3. FINANCIAL STATEMENTS AND ANNEX

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2020 AND 2019

AMOUNTS EXPRESSED IN EUROS

	NOTES	31/12/20	31/12/19
ASSETS			
Non current Assets			
Property, plant and equipment	7, 31	157,742,836	203,806,083
Investment properties	8	3,194,857	3,584,987
Goodwill	9	25,170,152	33,895,682
Intangible assets	6	9,819,087	10,570,966
Investments accounted for using the equity method	10	11,970,150	128,776
Financial assets at fair value through profit and losses	10	683	924
Other accounts receivable	13	497,895	893,499
Other financial assets	10	59,426	80,266
Deferred income tax assets	15	11,351,945	16,374,370
		219 807 031	**269,335,554**
Current Assets			
Inventories	11, 31	171,470,889	213,398,009
Trade and other receivables	12, 31	101,348,884	125,419,588
Prepayments to suppliers	13	18,596	1,279,984
Income tax	23	7,278,575	2,611,785
State and other public entities	23	8,609,912	12,621,443
Other Accounts receivables	13, 31	2,190,747	4,400,917
Deferrals	14	801,291	776,842
Cash and bank deposits	16	50,608,497	30,042,375
		342,327,392	**390,550,942**
Total Assets		**562,134,423**	**659,886,496**
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	7,244,939	7,243,702
Retained earnings	18	62,825,351	71,558,888
Other reserves	18	57,475,838	49,915,388
Profit for the year	18	15,227,264	16,422,333
		160,773,392	**163,140,310**
Non-controlling interests	19	(199,485)	4,325,372
Total Equity	18	**160,573,907**	**167,465,682**
Liabilities			
Non current liabilities			
Provisions	25, 31	9,849,743	5,943,078
Borrowings	20, 31	129,968,101	163,331,211
Deferred income tax liabilities	15, 31	22,294,875	25,794,242
Other liabilities	22, 31	36,676,958	46,243,013
		198,789,677	**241,311,544**
Current liabilities			
Trade and other payables	21, 31	86,451,771	105,407,933
Prepayments from customers	12	3,517,656	2,435,653
Income tax	23	3,547,251	2,928,563
State and other public entities	23	9,042,086	10,346,791
Borrowings	20, 31	62,043,012	84,844,599
Other liabilities	22, 31	23,761,948	32,457,021
Deferrals	24	14,407,115	12,688,709
		202,770,839	**251,109,269**
Total Liabilities		**401,560,516**	**492,420,814**
Total Equity and Liabilities		**562,134,423**	**659,886,496**

CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENT OF INCOME AT DECEMBER 31, 2020 AND 2019

AMOUNTS EXPRESSED IN EUROS

INCOME AND EXPENSES	NOTES	31/12/20	31/12/19
Sales and services rendered	31	780,414,835	878,411,162
Changes in inventories of production	11, 31	(149,295)	665,959
Works for the entity		3,673,259	4,129,685
Cost of sales	11, 31	(594,039,160)	(663,096,970)
Gross Profit		**189,899,638**	**220,109,836**
External supplies and services	31, 38	(41,952,102)	(57,514,504)
Personnel expenses	30, 31, 39	(76,171,963)	(80,791,946)
Inventories impairments (losses/reversals)	25, 31	169,972	1,015,908
Accounts receivable impairments (losses/reversals)	25, 31, 35	(1,115,796)	(492,780)
Provisions (increase/decrease)	25, 31	(4,359,412)	(299,173)
Impairment of non depreciable/amortizable investments (losses/reversals)	10.2, 31	260	321
Fair value (increase/decrease)	10.2, 31	(241)	(81)
Government grants	26, 31	4,501,167	138,516
Gains/losses on subsidiaries, associated companies and joint ventures	10.1, 31	(899,741)	66,275
Other income and gains	31, 32	5,775,460	6,111,008
Other expenses and losses	31, 40	(2,937,837)	(4,608,849)
Depreciation and amortization expenses/reversals	6, 7, 31	(39,482,729)	(46,481,629)
Impairment of depreciable/amortizable investments (losses/reversals)		(465,840)	(516,023)
Operating profit (before finance results and income tax)		**32,960,836**	**36,736,880**
Interest and similar finance incomes	31, 33, 35	263,373	480,123
Interest and similar finance costs	31, 33, 35	(8,351,121)	(11,522,970)
Net exchange differences	31, 35	(4,512,657)	(2,928,377)
Profit before income tax		**20,360,431**	**22,765,656**
Income tax expense	28, 31	(5,126,340)	(5,740,286)
Profit for the year	31	**15,234,091**	**17,025,370**
Attributable to:			
Owners of the parent		15,227,264	16,422,332
Non-controlling interests	19	6,827	603,038
	29, 31	15,234,091	17,025,370
Earnings per share	29	1.02	1.14

CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2020 AND 2019

AMOUNTS EXPRESSED IN EUROS

	SHARE CAPITAL	RESERVES		
		LEGAL RESERVES	REVALUATION RESERVES	RETAINED EARNINGS
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 statments 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**
As at January 1, 2020	**15,000,000**	**3,000,000**	**7,243,702**	**71,558,888**
Changes in the period:				
Consolidated profit application - 2019				16,422,333
Reclassification of reserves				(15,560,624)
Exchange to Equity Method *(Air Rail)*				
Financial statments exchange differences				(7,661,626)
Others			1,237	(1,933,619)
	0	0	**1,237**	**(8,733,536)**
Profit for the Year				
Comprehensive income for the year				
Operations with shareholders in the period:				
Distributions				
	0	0	0	0
As at December 31, 2020	**15,000,000**	**3,000,000**	**7,244,939**	**62,825,351**

The notes to the consolidated financial statements are an integral part of this statement at December 31, 2020

CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

	RESERVES		PROFIT FOR THE YEAR	SUBTOTAL	NON-CONTROLLING INTERESTS	TOTAL
	OTHER RESERVES	TOTAL RESERVES				
	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)
	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)
	(10,000,000)	**(10,412,889)**	**0**	**(10,412,889)**	**0**	**(10,000,000)**
	4,915,388	**131,717,978**	**16,422,333**	**163,140,310**	**4,325,372**	**167,465,682**
	4,915,388	**131,717,978**	**16,422,333**	**163,140,310**	**4,325,372**	**167,465,682**
		16,422,333	(16,422,333)	0		0
	15,560,624	0		0		0
		0		0	(4,069,218)	(4,069,218)
		(7,661,626)		(7,661,626)	(367,779)	(8,029,405)
	(173)	(1,932,555)		(1,932,555)	(94,687)	(2,027,242)
	15,560,451	**6,828,152**	**(16,422,333)**	**(9,594,181)**	**(4,531,684)**	**(14,125,865)**
			15,227,264	15,227,264	6,827	15,234,091
			5,633,083	5,633,083	(455,639)	5,177,444
						0
	(8,000,000)	(8,000,000)		(8,000,000)		(8,000,000)
	(8,000,000)	**(8,000,000)**	**0**	**(8,000,000)**	**0**	**(8,000,000)**
	57,475,839	**130,546,129**	**15,227,264**	**160,773,392**	**(199,485)**	**160,573,907**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, 2020 AND 2019

AMOUNTS EXPRESSED IN EURO

	31/12/20	31/12/19
Consolidated profit for the year including non-controlling interests	**15,234,091**	**17,025,370**
Fair value variation on available for sale financial assets		
Other changes in equity of the subsidiaries	(2,028,479)	(3,350,227)
Financial statements exchange differences	(8,029,405)	712,703
Other movements	1,237	(5,694,711)
Comprehensive income for the year	**5,177,444**	**8,693,135**
Owners of the parent	5,633,083	8,597,570
Non-controlling interests	(455,639)	95,565

The notes to the consolidated financial statements are an integral part of this statement at December 31, 2020

CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENT OF CASH FLOWS AT DECEMBER 31, 2020 AND 2019

AMOUNTS EXPRESSED IN EUROS

	NOTES	31/12/20	31/12/19
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounts receivable		798,897,882	864,508,168
Accounts payable		(623,672,448)	(719,978,993)
Staff payable		(76,688,472)	(80,122,232)
Operating cash flows		**98,536,962**	**64,406,942**
Income tax payable/receivable		(7,561,283)	(996,939)
Other receivables/payables		(24,671,038)	(26,381,911)
Cash flows from operating activities (1)		**66,304,641**	**37,028,092**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments:			
Property, plant and equipment		(21,918,331)	(36,691,124)
Intangible assets		(513,192)	249,253
Receipts:			
Property, plant and equipment		8,296,813	2,178,484
Financial Investments			
Interest and similar income		1,375,810	1,554,771
Cash flows from investing activities (2)		**(12,758,900)**	**(32,708,616)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts:			
Borrowings			22 097 390
Payments:			
Borrowings	20	(14,139,579)	
Interest and similar costs		(8,398,675)	(12,371,778)
Dividends		(8,000,000)	(10,000,000)
Cash flows from financing activities (3)		**(30,538,254)**	**(274,388)**
Net increase/decrease in cash and cash equivalents (1+2+3)		**23,007,487**	**4,045,087**
Changes in perimeter variations		(2,017,924)	
Net foreign exchange difference		(423,441)	105,498
Cash and cash equivalents at 1 January	16	**30,042,375**	**25,891,790**
Cash and cash equivalents at 31 December	16	**50,608,497**	**30,042,375**

The notes to the consolidated financial statements are an integral part of this statement at December 31, 2020

CERTIFIED ACCOUNTANT THE BOARD OF DIRECTORS

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS ON 31ST DECEMBER 2020

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), 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 28th 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 31st December 2020, 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	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	100%
ASCENDUM PORTUGAL, SERVIÇOS DE GESTÃO, S.A.	Rua do Brasil, nº 27 – Apartado 2094 | 2696-801 São João da Talha	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%

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%
BERGMAN AMERICAS, INC.	160 Conway Black Road, Spartanburg, SC 29307 - USA	100%
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 1st January 2020.

2.1.1. The impact of the adoption of the new standards and amendments to standards that became effective as of 1st January 2020 is as follows:

a) **IFRS 13** (amendment), 'Definition of a business'. The amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition includes an input, as well as a substantial process that jointly generates 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. This amendment didn't have material effects on the Consolidated Financial Statements.

b) **IFRS 9, IAS 39 and IFRS 7** (amendment), 'Interest rate benchmark (IBOR) reform – phase 1'. 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 reliefs relate to hedge accounting, regarding: 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, the objective being that the interest rate benchmark reform does not cause hedge accounting to be discontinued. However, any hedge ineffectiveness should continue to be recorded in the income statement. These amendments didn't have material effects on the Consolidated Financial Statements.

c) **IAS 1 and IAS 8** (amendment), 'Definition of material'. These amendments revise 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. This amendment didn't have material effects on the Consolidated Financial Statements.

d) **Conceptual framework,** 'Amendments to references in other IFRS'. 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. These amendments didn't have material effects on the Consolidated Financial Statements.

2.1.2. Standards (new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1st January 2021, already endorsed by the EU:

a) **IFRS 16** (amendment), 'Leases – COVID-19 related rent concessions' (effective for annual periods beginning on or after 1st June 2020). This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether the rent concessions granted by lessors due to the COVID-19 pandemic are a modification to the lease contract, when three criteria are cumulatively met: i) the change in lease payments results in a revised fee for the lease that is substantially equal to, or less than, the fee immediately prior to the change; ii) any reduction in lease payments only affects payments due on or before June 30th, 2021; and iii) there are no substantive changes to other lease terms and conditions. Lessees that elect to apply this practical expedient, recognise the change in rent payments, as variable rents in the period(s) in which the event or condition that triggers the reduced payment occurs. This amendment is applied retrospectively with the impacts reflected as an adjustment to retained earnings (or another equity component, as appropriate) at the beginning of the annual reporting period in which the lessee applies this amendment for the first time. It is not expectable that this amendment implies material impacts on the Consolidated Financial Statements.

b) **IFRS 4** (amendment), 'Insurance contracts – deferral of IFRS 9' (effective for annual periods beginning on or after 1st January 2021). This amendment addresses the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming IFRS 17 Insurance Contracts. In particular, the amendments to IFRS 4 extend the expiry date of the temporary exemption from applying IFRS 9 until 2023 in order to align the effective date of IFRS 9 with the new IFRS 17. This amendment is not applicable to Ascendum Group.

2.1.3. Standards (new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1st January 2021, but are not yet endorsed by the EU:

a) **IAS 1** (amendment), 'Presentation of financial statements – classification of liabilities' (effective for annual periods beginning on or after 1st January 2023). This amendment is still subject to endorsement by the European Union. This amendment intends to clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether or not the entity will exercise that right), or by events occurring after the reporting date, such as the non-compliance with a given "covenant". This amendment also introduces a new definition of "settlement" of a liability. This amendment is applied retrospectively. It is not expectable that this amendment implies material impacts on the Consolidated Financial Statements.

b) **IAS 16** (amendment), 'Proceeds before intended use' (effective for annual periods beginning on or after 1st January 2022). This amendment is still subject to endorsement by the European Union. This amendment changes the accounting treatment of the proceeds obtained from the sale of products that resulted from the production test phase of property, plant and equipment, prohibiting their deduction to the acquisition cost of assets. This amendment is applied retrospectively without restating comparatives. It is not expectable that this amendment implies material impacts on the Consolidated Financial Statements.

c) **IAS 37** (amendment), 'Onerous Contracts – Cost of Fulfilling a Contract' (effective for annual periods beginning on or after 1st January 2022). This amendment is still subject to endorsement by the European Union. This amendment specifies that when assessing whether a contract is onerous or not, only expenses directly related to the performance of the contract, such as incremental costs related to direct labor and materials and the allocation of other expenses directly related to the allocation of depreciation expenses of tangible assets used to carry out the contract, can be considered. This amendment must be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include contractual obligations to be satisfied, without restating comparatives. It is not expectable that this amendment implies material impacts on the Consolidated Financial Statements.

d) **Annual Improvements 2018 - 2020.** (effective for annual periods beginning on or after 1st January 2022). These improvements are still subject to endorsement by the European Union. The 2018-2020 annual improvements impact: IFRS 1, IFRS 9, IFRS 16 and IAS 41. It is not expectable that these improvements imply material impacts on the Consolidated Financial Statements.

e) **IFRS 3** (amendment), 'Reference to the Conceptual framework' (effective for annual periods beginning on or a fter 1st January 2022). This amendment is still subject to endorsement by the European Union. This amendment updates the references to the Conceptual Framework in the text of IFRS 3, without changing the accounting requirements for business combinations. This amendment also clarifies the accounting treatment to be given to contingent liabilities and liabilities under IAS 37 and IFRIC 21, incurred separately versus within a business combination. This amendment is applied prospectively. It is not expectable that this amendment implies material impacts on the Consolidated Financial Statements.

f) **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16** (amendment) 'Interest rate benchmark (IBOR) reform – phase 2' (effective for annual periods beginning on or after 1st January 2021). This amendment is still subject to endorsement by the European Union. These amendments address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one, providing exemptions like: i) changes to designations and hedging documentation; ii) amounts accumulated in the cash flow hedge reserve; iii) assessment of retrospective effectiveness on a hedge relationship under IAS 39; iv) amendments to hedge relationships for groups of items; v) presumption that an alternative benchmark rate designated as a non-contractually specified risk component is separately identifiable and qualifies as a hedged risk; and vi) update the effective interest rate, with no gain or loss recognised, for financial instruments measured at amortised cost with changes in the contractual cash flows as a result of IBOR reform, including leases that are indexed to an IBOR. It is not expectable that these amendments imply material impacts on the Consolidated Financial Statements.

g) **IFRS 17** (new), 'Insurance contracts' (effective for annual periods beginning on or after 1st January 2023). 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 general model "building block approach" or a simplified one "premium allocation approach". The "building block approach" is based on discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ('CSM'), which represents the unearned profit of the contract. Subsequent changes in estimated cash flows are adjusted against the contractual service margin, unless it becomes negative. IFRS 17 is applied retrospectively. This standard is not applicable to Ascendum Group.

h) **IFRS 17** (amendment), 'Insurance contracts' (effective for annual periods beginning on or after 1st January 2023). This standard is still subject to endorsement by the European Union. This amendment includes specific changes in eight areas of IFRS 17, such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation of the Statement of Financial Position; vii) recognition and measurement of the Income statement; and viii) disclosures. This amendment also includes clarifications, which aim to simplify some of the requirements of this standard and ease transition. IFRS 17 is applied retrospectively. On the issue this amended the end date for applying IFRS 9 (temporary exemption or overlay approach) under the IFRS 4 standard, was extended to 1st January 2023, aligned with the effective date of IFRS 17. This amendment is not applicable to Ascendum Group.

New standards summary:

DESCRIPTION	CHANGES	EFFECTIVE DATE
1. Standards (new and amendments) effective as at 1st January 2020		
IFRS 3 – Business combinations	Revision of the definition of business.	1st January 2020
IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark (IBOR) reform – phase 1	Provide certain reliefs in connection with hedge accounting, so that the interest rate benchmark reform does not affect hedge accounting.	1st January 2020
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.	1st 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.	1st January 2020
2. Standards (new and amendments) that will become effective, on or after 1st January 2021, already endorsed by the EU		
IFRS 16 – Leases – COVID-19 related rent concessions	Application of exemption in the recognition of rent concessions granted by lessors related to COVID-19, as modifications.	1st June 2020
IFRS 4 – Deferral of IFRS 9	The end of the exemption of applying IFRS 9 by the entities with insurance activity was deferred to 1st January 2023.	1st January 2021
3. Standards (new and amendments) that will become effective, on or after 1st January 2021, not yet endorsed by the EU		
IAS 1 – Presentation of financial statements – classification of liabilities	Classification of a liability as current or non-current, depending on an entity's right to defer its payment. New definition of "settlement" of a liability.	1st January 2023
IAS 16 – Proceeds before intended use	Prohibition of deducting the proceeds obtained from the sale of items produced during the testing phase, to the acquisition cost of property, plant and equipment.	1st January 2022
IAS 37 – Onerous contract – cost of fulfilling a contract	Clarification about the nature of the expenses to be considered in determining whether a particular contract has become onerous.	1st January 2022
Annual improvement 2018 - 2020	Specific amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1st January 2022
IFRS 3 – Reference to the Conceptual framework	Update to references to the Conceptual Framework and clarification on the registration of provisions and contingent liabilities within the scope of a business combination.	1st January 2022
IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark (IBOR) reform – phase 2	Provide practical expedients to address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.	1st January 2021
IFRS 17 – Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participating features.	1st January 2023
IFRS 17 – Insurance contracts (amendments)	The amendments to IFRS 17 relate to changes in areas such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation of the Statement of Financial Position; vii) recognition and measurement of the Income statement; and viii) disclosures.	1st January 2023

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 1st 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 1st 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 gain 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 1st , 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 2020 and 2019 financial years, the rates used in the conversion of financial statements of foreign subsidiaries into Euros were the following:

2020 COMPANY	CURRENCY	YEAR END EXCHANGE RATE 2020	AVERAGE HISTORICAL EXCHANGE RATE 2020	EXCHANGE RATE ESTABLISHMENT DATE / ACQUIRED	YEAR END EXCHANGE RATE 2019
ASCENDUM MACHINERY INC	USD	1.23	1.14	1.36	1.12
BERGMAN AMERICAS, INC	USD	1.23	1.14	1.11	
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	9.11	8.05	1.94	6.68
HARDPARTS MOÇAMBIQUE, LIMITADA	MZN	92.02	79.57	39.75	68.90
AIR RAIL POLSKA	PLN	4.56	4.44	4.18	4.26
ASCENDUM MAQUINARIA MEXICO	USD	1.23	1.14	1.36	1.12
AIR-RAIL MAROC	MAD	10.94	10.82	11.16	10.76
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKEDELMI KFT	HUF	363.89	351.25	298.15	330.53
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA D.O.O	HRK	7.55	7.54	7.62	7.44
ASCENDUM MACHINERY SRL	RON	4.87	4.84	4.46	4.78
ASCENDUM STAVEBENI STROJE CZECH S.R.O	CZK	26.24	26.46	25.73	25.41
Applicability		Statement of financial position accounts except for equity	P&L	Issued Capital	Retained earnings

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

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 1st 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 1st 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

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 or 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 lease liability is 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 euros 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.

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:

Receipt 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 31st December 2020, 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 31st December 2020, 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 expire.

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 is 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, but in 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 31st December 2020 and 2019 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

The COVID 19 pandemic brought increased unpredictability about the future impacts on the group's operations.

The group analyzed whether there were signs of impairment due to the impacts of COVID-19, according to current forecasts, based on projections of GDP growth and inflation in the group company's locations. No material impacts were identified.

Despite the impact of COVID 19, resulting from the mandatory lock-down, so far, the impacts in the activity and results were not significant, and therefore there are no indicators of the existence of impairments on tangible fixed assets and inventories due to the pandemic.

In 2020, a provision of 4.5 million euros has been recognised, in order to counter the future potential unknown negative effects induced by the Covid-19 pandemic might cause to the operational activity of the Group (note 25).

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-20	%	DEC-19	%	DEC-20	%	DEC-19	%
Turkish Lira (TRY)	0	0%	(352,787)	0%	0	0%	22,153	0%
US Dollar (USD)	151,855,233	27%	177,573,962	27%	129,528,811	32%	164,303,444	33%
Polish Zloty (PLN)	2,484	0%	(4,036)	0%	0	0%	615	0%
New Romanian Leu (RON)	5,015,243	1%	5,233,908	1%	3,744,035	1%	4,895,667	1%
Moroccan Dirham (MAD)	(77,370)	0%	737,841	0%	0	0%	788,479	0%
Hungarian Forint (HUF)	1,761,674	0%	3,796,886	1%	1,324,957	0%	3,070,062	1%
Croatian Kuna (HRK)	1,500,112	0%	3,159,337	0%	900,871	0%	2,711,005	1%
Czech Koruna (CZK)	11,179,047	2%	14,438,791	2%	12,166,196	3%	14,323,110	3%
Sub-Total	**171,236,422**	**30%**	**204,583,903**	**31%**	**147,664,869**	**37%**	**190,114,534**	**39%**
Total - Consolidated Balance Sheet - IFRS	**562,134,423**	**100%**	**659,886,496**	**100%**	**401,560,516**	**100%**	**492,420,814**	**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	4,902,271	(4,902,271)
Profit for the year	118,355	(118,355)
Equity	1,948,547	(1,948,547)
Liabilities	2,953,723	(2,953,723)

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-20 P&L	DEC-19 P&L
Bank loans	1 p.p	2,454,032	2,601,891
Bank loans	(1 p.p)	(2,454,032)	(2,601,891)

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 31st December 2020 and 2019, the Group had net debt of 141,402,617 euros and 218,133,435 euros, respectively, divided between current and non-current loans (Note 20) and cash equivalents (Note 16) taken on through several institutions.

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 31st December 2020 and 2019 are disclosed in Note 25.

On 31st December 2020 and 2019, 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 31st December 2020, there were no correction of errors related to prior years nor changes in accounting policies.

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATION

The Group companies included in the consolidation and the proportion of capital held at December 31st, 2020 and 2019 are as follows:

COMPANY	EFFECTIVE SHAREHOLDING PERCENTAGE		CONSOLIDATION METHOD
	DEC-20	DEC-19	
ASCENDUM, S.A.	Parent Company		Full
AIR-RAIL (PORTUGAL), SOCIEDADE UNIPESSOAL, LDA.	50%	50%	Equity Method(*)
AIR RAIL MAROC, S.A.R.L.A.U.	50%	50%	Equity Method(*)
AIR-RAIL POLSKA, SP. Z.O.O.	25%	25%	Equity Method(*)
AIR-RAIL, S.L.	50%	50%	Equity Method(*)
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
BERGMAN AMERICAS, INC.	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%	Equity Method (*)
TEA ALOYA INMOBILIARIA, S.A.U.	100%	100%	Full
TRACTORRASTOS - SOCIEDADE VENDEDORA DE ACESSÓRIOS, LDA.	-	100%	Full(**)
ASCENDUM MAQUINARIA, S.A.	100%	100%	Full
VOLRENTAL ATLÁNTICO, S.A.U.	68,89%	68,89%	Full

(*) In January 2020 the group lost the majority's votes in the Board and has changed the consolidation methodology to the Equity Method
(**) In June 2020 this company was merged with ASCENDUM MÁQUINAS, UNIPESSOAL LDA.

5. CHANGES IN THE CONSOLIDATION PERIMETER

During the year ended on 31st December 2020 the changes occurred within the consolidation perimeter were:

— Due to the loss of control on Air Rail's board of directors, for this company, and their direct subsidiaries (AIR-RAIL (PORTUGAL), Sociedade Unipessoal, LDA. / AIR RAIL MAROC, S.A.R.L.A.U. / AIR-RAIL POLSKA, Sp. Z.o.o. / IMPORTADORA DISTRIBUIDORA DE MAQUINARIA INDUSTRIAL ZEPHIR, S.L.) the Group has changed the consolidation methodology from the full consolidation method to the equity method.

— The subsidiary Tractorrastos was merged with Ascendum Maquinas, Unipessoal, Lda., on 30th June 2020.

— A new company (Bergman Americas, INC.) was created in the United States to represent a new line of equipment.

The following tables show the comparison of the 2020's financial statements with the 2019's financial statements, restated by the effect of changing the consolidation method of Air Rail's group companies.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	DEC-20 AIR RAIL (EQUITY METHOD)	AIR RAIL (EQUITY METHOD) RESTATED	DEC-19 AIR RAIL (FULL METHOD)	ANNUAL REPORT
ASSETS				
Non current Assets				
Property, plant and equipment	157,742,836	168,353,378	(35,452,705)	203,806,083
Other non current assets	62,064,195	69,216,087	3,686,616	65,529,471
	219,807,031	**237,569,465**	**(31,766,089)**	**269,335,554**
Current Assets				
Inventories	171,470,889	210,604,537	(2,793,472)	213,398,009
Trade and other receivables	101,348,884	115,425,387	(9,994,201)	125,419,588
Other current assets	18,899,121	19,237,451	(2,453,519)	21,690,970
Cash and bank deposits	50,608,497	28,024,452	(2,017,924)	30,042,375
	342,327,391	**373,291,826**	**(17,259,116)**	**390,550,942**
Total Assets	**562,134,423**	**610,861,292**	**(49,025,204)**	**659,886,496**
EQUITY AND LIABILITIES				
Total Equity	**160,573,907**	**163,546,177**	**(3,919,505)**	**167,465,682**
Liabilities				
Non current liabilities				
Borrowings	129,968,101	139,434,528	(23,896,683)	163,331,211
Other non current liabilities	68,821,576	77,935,644	(44,689)	77,980,333
	198,789,677	**217,370,172**	**(23,941,373)**	**241,311,544**
Current liabilities				
Trade and other payables	86,451,771	101,810,944	(3,596,989)	105,407,933
Borrowings	62,043,012	72,337,486	(12,507,113)	84,844,599
Other current liabilities	54,276,056	55,796,512	(5,060,225)	60,856,737
	202,770,839	**229,944,942**	**(21,164,327)**	**251,109,269**
Total Assets	**401,560,516**	**447,315,114**	**(45,105,700)**	**492,420,814**
Total Equity	**562,134,423**	**610,861,291**	**(49,025,205)**	**659,886,496**

CONSOLIDATED STATEMENT OF INCOME	DEC-20 AIR RAIL (EQUITY METHOD)	AIR RAIL (EQUITY METHOD) RESTATED	DEC-19 AIR RAIL (FULL METHOD)	ANNUAL REPORT
INCOME AND EXPENSES				
Sales and services rendered	780,414,835	847,128,578	(31,282,584)	878,411,162
Cost of sales	(590,515,196)	(643,603,556)	14,697,770	(658,301,326)
Gross Profit	**189,899,638**	**203,525,022**	**(16,584,814)**	**220,109,836**
External supplies and services	(41,952,102)	(52,880,088)	4,634,415	(57,514,504)
Personnel expenses	(76,171,963)	(77,125,056)	3,666,890	(80,791,946)
Depreciation and amortization expenses/reversals	(39,482,729)	(40,346,969)	6,134,659	(46,481,629)
Other incomes and costs	(11,932,413)	(11,650,720)	905,382	(12,556,102)
Profit before income tax	**20,360,431**	**21,522,188**	**(1,243,468)**	**22,765,656**
Income tax expense	(5,126,340)	(5,425,433)	314,853	(5,740,286)
Profit for the year	**15,234,091**	**16,096,755**	**(928,615)**	**17,025,370**

In the above Consolidated Statement of Income, the profit for the year is disclosed with Non-controlling interests, included.

6. INTANGIBLE ASSETS

During the financial years ended on 31st December 2020 and 2019, movements in intangible assets and in the respective amortizations and accumulated impairment losses, were as follows:

2020	INDUSTRIAL PROPERTY AND OTHER RIGHTS	COMPUTER PROGRAMS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Gross assets:				
2020 Opening balance	7,344,207	6,974,847	1,051,810	15,370,864
Change in the consolidation method (Air Rail)		(177,345)		(177,345)
Additions	3,447	405,434	112,036	520,917
Translation differences	(567,364)	(2,441)		(569,804)
Transfers and write-offs				
December 31, 2020 Final balance	6,780,291	7,200,495	1,163,845	15,144,631
Amortizations and accumulated impairment losses:				
2020 Opening balance	(928,055)	(3,871,842)	0	(4,799,897)
Change in the consolidation method (Air Rail)		149,576		149,576
Amortization for the year	(119,421)	(555,175)		(674,597)
Translation differences	36,579	(37,204)		(626)
Disposals, transfers and write-offs				0
December 31, 2020 Final balance	(1,010,898)	(4,314,646)	0	(5,325,544)
Net Value	**5,769,393**	**2,885,849**	**1,163,845**	**9,819,087**

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**

In 2020 the additions are mainly related to new projects of Success factor/HR – 199 thousand euros; BOFC/Consolidation – 57 thousand euros; E-Commerce – 13 thousand euros; Service 2.0 – 161 thousand euros; Business warehouse – 47 thousand euros; and Bar Code – 15 thousand euros.

In 2020, the intangible assets in progress are mainly due to the investments made in IT systems in Ascendum SA, amounting 1,115 thousand euros.

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.

7. TANGIBLE FIXED AND RIGHT-OF-USE ASSETS

7.1. PROPERTY, PLANT AND EQUIPMENT:

During the financial years ended December 31st, 2020 and 2019, movements in property, plant and equipment, as well as in depreciations and accumulated impairment losses, were as follows:

2020	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	FIXED ASSETS IN PROGRESS	TOTAL
Gross Assets:								
2020 Opening balance	27,279,628	66,797,139	162,186,418	15,599,279	15,807,530	936,834	3,758,894	292,365,722
Change in the consolidation method (Air Rail)		0	(13,561,440)	(609,509)	(312,219)	(67,165)		(14,550,333)
Additions		8,103,978	22,440,207	4,031,479	1,182,736	66,610		35,825,010
Disposals, transfers and write-offs		(1,449,029)	(27,476,373)	(1,619,691)	(1,667,571)	(112,367)	(1,821,811)	(34,146,842)
Translation differences	(712,549)	(1,996,964)	(2,755,834)	(242,296)	(408,112)	(29,866)		(6,145,621)
December 31, 2020 Final balance	26,567,079	71,455,123	140,832,978	17,159,262	14,602,363	794,046	1,937,083	273,347,935
Depreciations and accumulated impairment losses:								
2020 Opening balance	(19,110)	(30,077,085)	(95,840,026)	(4,091,540)	(12,445,602)	(832,262)	0	(143,305,625)
Change in the consolidation method (Air Rail)		0	4,918,111	298,489	279,401	114,414		5,610,415
Depreciation for the year		(1,834,437)	(25,128,854)	(1,013,529)	(996,818)	(45,368)		(29,019,006)
Disposals, transfers and write-offs		325,420	24,310,446	726,842	1,355,148	69,798		26,787,655
Translation differences		632,775	263,769	124,201	336,674	20,142		1,377,560
December 31, 2020 Final balance	(19,110)	(30,953,327)	(91,476,554)	(3,955,538)	(11,471,197)	(673,276)	0	(138,549,001)
Net Value	**26,547,969**	**40,501,796**	**49,356,424**	**13,203,724**	**3,131,166**	**120,771**	**1,937,083**	**134,798,935**

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**

In 2020 and 2019, the "Basic equipment" asset class justifies the main amount of investment in property, plant and equipment.

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.

7.2. RIGHT-OF-USE ASSETS:

During the financial years ended December 31st, 2020 and 2019, movements in right-of-use assets, as well as in depreciations and accumulated impairment losses, were as follows:

2020	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	OTHER FIXED ASSETS	TOTAL
Gross Assets:					
2020 Opening balance (1)	**20,137,384**	**41,858,853**	**13,028,314**	**131,034**	**75,155,585**
Change in the consolidation method (Air Rail) (2)	(618,321)	(33,997,288)	(465,784)		(35,081,393)
Increase/Decrease in the Period (3)	1,572,941	(3,606,884)	2,738,201	(131,034)	573,224
2020 Final balance (1)+(2)+(3)=4	**21,092,004**	**4,254,680**	**15,300,731**	**0**	**40,647,416**
Depreciations and accumulated impairment losses:					
2020 Opening balance (5)	**4,064,380**	**12,614,663**	**3,664,500**	**66,056**	**20,409,598**
Change in the consolidation method (Air Rail) (6)	(128,702)	(8,451,170)	(107,783)		(8,687,655)
Increase/Decrease in the Period (7)	(281,485)	(3,180,912)	(246,346)	(98,815)	(3,807,557)
Depreciation for the year (8)	4,251,761	1,592,496	3,912,111	32,759	9,789,127
2020 Final balance (5)+(6)+(7)+(8)=9	**7,905,954**	**2,575,078**	**7,222,483**	**0**	**17,703,514**
Net Value (4)-(9)=10	**13,186,050**	**1,679,602**	**8,078,249**	**0**	**22,943,901**

2019	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 1st 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 2019 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 euros

— Depreciations and accumulated impairments 5,397,511 euros.

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

2020	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	26,547,969	40,501,796	49,356,424	13,203,724	3,131,166	120,771	1,937,083	134,798,935
Right-of-Use Assets		13,186,050	1,679,602	8,078,249				22,943,901
Total	**26,547,969**	**53,687,847**	**51,036,027**	**21,281,973**	**3,131,166**	**120,771**	**1,937,083**	**157,742,836**

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**

8. INVESTMENT PROPERTIES

On 31st December, 2020 and 2019, 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 valuations were carried out on Ascendum´s assets (the main contributor to the total value of the group's investment properties). The main Ascendum`s assets with a book value 1,615,624 euros were valuated at 2,237,000 euros. The Board considers the external valuation carried out in 2019 as adequate, supporting the internal valuations performed in 2020.

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 31st December 2020; 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 2020 and 2019 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 2020 and 2019:

	DEC-19 OPENING BALANCE	INCREASES	DECREASES	CHANGE IN THE CONSOLIDATION METHOD (AIR RAIL)	DEC-20 FINAL BALANCE
AIR RAIL, S.L.	128,266			(128,266)	0
ASCENDUM, S.A.	2,466,196		(28,167)		2,438,029
GLOMAK, S.G.P.S, S.A.	657,929	18,382			676,311
ASCENDUM III, Máquinas, Lda	2,540		(282)		2,258
TEA ALOYA INMOBILIARIA, S.A.	78,260				78,260
ASCENDUM BAUMASCH ÖSTERREICH	251,798		(251,798)		(0)
TOTAL	**3,584,987**	**18,382**	**(280,247)**	**(128,266)**	**3,194,857**

	DEC-18 OPENING BALANCE	INCREASES	DECREASES	NEW ENTRIES ON THE PERIMETER	DEC-19 FINAL BALANCE
AIR RAIL, S.L.	148,453		(20,187)	0	128,266
ASCENDUM, S.A.	2,655,138		(188,942)	0	2,466,196
GLOMAK, S.G.P.S, S.A.	672,686		(14,758)	0	657,929
ASCENDUM III, Máquinas, Lda	2,822		(282)		2,540
TEA ALOYA INMOBILIARIA, S.A.	78,260			0	78,260
ASCENDUM BAUMASCH ÖSTERREICH	3,482	248,316			251,798
TOTAL	**3,560,842**	**248,316**	**(224,169)**	**0**	**3,584,987**

During 2020 and 2019, 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 2020 and 2019 regarding Goodwill.

GOODWILL	2020	2019
Gross Assets:		
Opening balance	35,987,868	36,045,201
Change in the consolidation method (Air Rail)	(8,550,607)	
Additions		
Transfers, write-offs and adjustments	(174,924)	(57,333)
Final balance	27,262,338	35,987,868
Amortizations and accumulated impairment losses:		
Opening balance	(2,092,186)	(2,092,186)
Final balance	(2,092,186)	(2,092,186)
Net Value	**25,170,152**	**33,895,682**

The variation of Goodwill in 2020 is essentially related to:

(I) the change in the consolidation method of the Air Rail sub-group, which is consolidated in 2020 by the equity method, and the goodwill of these investments is included in the caption "investments accounted for using the equity method".

(II) due to the merger occurred in 2020 between Ascendum Máquinas and Tractorrastos, in which the goodwill of this company, in the amount of 935,850 euros, was incorporated in Ascendum Máquinas.

The total amount of Goodwill on 31st December 2020 and 2019 is presented in the following tables, as well as the methods and assumptions used to determine whether they are impaired:

2020	ASCENDUM MÁQUINAS	ASCENDUM MACHINERY, INC	ASCENDUM TÜRKİYE YATIRIM HOLDİNG	ASCENDUM MAQUINARIA MEXICO	ASCENDUM GMBH	ASCENDUM ROMANIA	TRACTORRASTOS
Goodwill	943,773	527,356	9,510,723	1,011,739	8,898,227	928,524	0
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)]	5.7%	13.0%	18.0%	9.6%	5.6%	5.6%	5.7%

2020 (CONTINUATION)	ASCENDUM PORTUGAL	GLOMAK S.G.P.S.	AIR-RAIL – SPAIN	GRANADA – SPAIN*	ZEPHIR	VOLCATALAN	TOTAL
Goodwill	155,000	202,085	0	2,255,828	0	736,897	**25,170,152**
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)]	5.7%	8.0%	4.6%	5.6%	4.6%	5.6%	

*Goodwill related to the acquisition of the dealer from Granada
(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

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	**33,895,682**
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%	

*Goodwill related to the acquisition of the dealer from Granada
(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 31st December 2020, 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

	2020	2019
Investments accounted for using the equity method	11,970,150	128,776
Financial assets at fair value through profit & loss	683	924
Other non-current financial assets	59,426	80,266

The variation occurred between 2020 and 2019 is due to the consolidation by the equity method of the Air Rail sub-group in 2020.

10.1. INVESTMENTS IN ASSOCIATES (EQUITY METHOD)

2020	TOTAL EQUITY	NET PROFIT FOR THE YEAR	% SHARE CAPITAL HELD	PARTICIPATION BOOK VALUE	APPROPRIATED RESULT
AIR-RAIL, S.L.	4,839,090	(1,739,416)	50.00%	2,427,191	(869,708)
AIR RAIL MAROC, S.A.R.L.A.U.	(154,743)	(90,724)	50.00%	(77,370)	(45,362)
AIR-RAIL POLSKA, Sp. Z.o.o.	9,934		25.00%	2,484	0
AIR-RAIL (PORTUGAL), Sociedade Unipessoal, LDA.	798,799	(14,752)	50.00%	399,399	(7,376)
Importadora Distribuidora de Maquinaria Industrial ZEPHIR, S.L.	272,310	5,847	50.00%	136,155	2,923
Goodwill at the acquisition date (*)				8,674,136	
AIR-RAIL, S.L. (Gain at the date of control loss)				259,199	
Sub total AIR RAIL	**5,765,390**	**(1,839,045)**		11,821,194	(919,522)
Amplitude Seguros - Corretores de Seguros S.A.	446,864	59,342	33.33%	148,956	19,781
Total	**6,212,254**	**(1,779,702)**		**11,970,150**	**(899,741)**
(*) Forecast period		**Cash flow projections for 5 years**			
Growth rate (g) (1)	0.02	0.02			
Applied discount rate (2)	0.056	0.056			

The incorporation of the new business areas related to equipment for ports, airports and railways, within the Ascendum Group, through the joint financial investment in Air Rail and Zephir, generated a global goodwill of 8,674,136 euros. The fact that these dealerships are in separate companies, implied, from an accounting perspective, that the distribution of goodwill would be relative to the two subsidiaries as a whole. In order to execute the strategy to enter these new markets segments, the total price paid was set for the Air Rail subgroup, so investment valuation and impairment tests are jointly carried out for all Air Rail companies.

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

10.2. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

a) **Securities portfolio:**

In the financial years ended on December 31st, 2020 and 2019, the Group held the following securities portfolio:

	SHARES	SHARE VALUE DEC-20	VALUE AT DEC-20
BCP	3,030	0.123	373
ESFG	1,020,000	0.000	0
TOTALS			**373**

	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**

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

	DEC-20	DEC-19
Fair Value on January, 1st	614	695
Increase/(decrease) in Fair Value - P&L	(241)	(81)
Disposals during the Year		
Other adjustments		
Fair Value on December, 31st	373	614
Non current assets	**373**	**614**
Total	**373**	**614**

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

b) **Other investments:**

	SHAREHOLDING %	DEC-20 GROSS BOOK VALUE	DEC-19 GROSS BOOK VALUE	VARIATION
Arnado, Lda	5%	310	310	0

10.3. OTHER FINANCIAL ASSETS

	DEC-19 OPENING BALANCE	INCREASE/ DECREASE	CHANGE IN THE CONSOLIDATION METHOD (AIR RAIL)	DEC-20 FINAL BALANCE
AIR-RAIL (PORTUGAL), SOCIEDADE UNIPESSOAL, LDA.	1,520		(1,520)	0
ASCENDUM MACHINERY SRL	37,646	(37,646)		0
ASCENDUM, S.A.	9,172	3,180		12,352
ASCENDUM CAMIÕES, UNIPESSOAL LDA.	3,204	1,393		4,597
ASCENDUM PORTUGAL, Serviços de Gestão, S.A.	535	389		924
GLOMAK SGPS, S.A.	5,055	2,879		7,934
ASCENDUM AUTOMÓVEIS, UNIPESSOAL LDA.	5,928	3,664		9,592
ASCENDUM MÁQUINAS, UNIPESSOAL LDA.	9,403	14,623		24,026
TRACTORRASTOS - Sociedade vendedora de acessórios, LDA.	7,802	(7,802)		0
Total	**80,266**	**(19,320)**	**(1,520)**	**59,426**

11. INVENTORIES

As at December 31st, 2020 and 2019, this account has the following composition:

	DEC-20	DEC-19
Raw Materials, Subsidiaries, and Consumption Materials		
Products and works in progress	2,937,333	3,944,977
Finished and intermediate products	0	9,036
Goods	176,980,110	216,067,439
Accumulated Inventories Impairments (Note 25)	(8,446,554)	(6,623,443)
Total	**171,470,889**	**213,398,009**

Due to the slowdown of operational activity in 2020, Group Ascendum has decreased the inventories.

In 2020, the increase of inventory impairments is mainly related to the following subsidiaries:

- Ascendum Machinery, Inc (620,909 euros);
- Ascendum Maquinaria Mexico (454,499 euros), and;
- Ascendum Maquinaria España (399,745 euros).

The cost of sales in the financial years ended on 31st December 2020 and 2019 is as follows:

	DEC-20			DEC-19		
	GOODS	RAW MATERIALS, SUBSIDIARY, AND CONSUMPTION MATERIALS	TOTAL	GOODS	RAW MATERIALS, SUBSIDIARY, AND CONSUMPTION MATERIALS	TOTAL
Opening inventories	216,067,439	0	216,067,439	216,382,031	0	216,382,031
Net purchases	554,951,830	0	554,951,830	662,782,378	0	662,782,378
Final inventories	176,980,110	0	176,980,110	216,067,439	0	216,067,439
Total	**594,039,160**	**0**	**594,039,160**	**663,096,970**	**0**	**663,096,970**

Changes in inventories of Work in progress (WIP) for the financial years ended on 31st December 2020 and 2019 are as follows:

	FINISHED, INTERMEDIATE PRODUCTS, AND WORKS IN PROGRESS	
	DEC-20	DEC-19
Final inventories	2,937,333	3,954,013
Inventory adjustments	(867,384)	(237,850)
Opening inventories	3,954,013	3,525,904
Total	**(149,295)**	**665,959**

12. TRADE AND OTHER RECEIVABLES

On 31st December 2020 and 2019, this account has the following breakdown:

	ASSETS	
	DEC-20	DEC-19
Customers - current	99,306,833	120,167,413
Customers - trade bills receivable	7,479,071	10,276,832
Customers - doubtful debts	15,309,147	16,214,666
	122,095,051	**146,658,912**
Accumulated impairment losses (Note 25)	(20,746,167)	(21,239,324)
	101,348,884	**125,419,588**

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 2020 and 2019 amounted to 3,517,656 euros and 2,435,653 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.

In 2020, the profile of customer´s payments, excluding mainly the old balances in litigation (19,371,602 euros), and the assessment of default risk are shown in the following tables:

TOTAL	DEC-20	DEC-19
Paid between 0 and 30 days	81.4%	85.5%
Paid between 30 and 60 days	8.8%	7.1%
Paid between 60 and 90 days	3.7%	2.9%
Paid between 90 and 365 days	5.6%	4.1%
Paid above 365 days	0.3%	0.3%
Invoices not paid	0.2%	0.1%
Total	**100%**	**100%**

PROBABILITY OF DEFAULT % 2020

TOTAL	CURRENT [0-30]	30 - 60 DAYS	60 - 90 DAYS	90 - 365 DAYS	AFTER 365 DAYS
1.5%	0.2%	0.5%	1.1%	2.3%	50.7%

13. OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS TO SUPPLIERS

On 31st December 2020 and 2019, this item has the following breakdown:

	DEC-20		DEC-19	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Prepayments to suppliers	18,596		1,279,984	
Sub-total	**18,596**	**-**	**1,279,984**	**-**
Other accounts receivable	1,198,367	497,895	2,170,643	893,499
Accrued income	992,380		2,230,274	
Sub-total	**2,190,747**	**497,895**	**4,400,917**	**893,499**
Total	**2,209,343**	**497,895**	**5,680,901**	**893,499**

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

14. DEFERRALS – (ASSETS)

On 31st December 2020 and 2019, this item has the following breakdown:

	DEC-20	DEC-19
Deferred Costs:		
Insurance	168,437	237,101
Rents	23,838	98,733
Others	609,017	441,008
Total	**801,291**	**776,842**

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 31st December 2020 and 2019, are summarized as follows:

2020	DEC-19	P&L IMPACT	EQUITY IMPACT	DEC-20
Deferred Tax Assets:				
Non-tax deductible impairments	5,890,756	(2,224,079)	0	3,666,676
Carry forward tax losses	6,614,325	(2,609,435)	0	4,004,889
IFRS 16 recognition	112,114	(38,047)	0	74,067
Non-tax deductible amortizations	1,349,135	(110,014)	0	1,239,120
Amortization of Goodwill - Tax deductible	1,265,482	(155,363)	0	1,110,119
Carry forward of net Financing Expenses	438,053	0	0	438,053
Elimination - Internal Margins	249,293	34,178	0	283,471
Taxable Deferrals	98,489	(38,325)	0	60,164
Benefits (retirement plans)	289,779	118,661	0	408,440
Investment Properties Impairments	66,944	0	0	66,944
	16,374,370	**(5,022,425)**	**0**	**11,351,945**
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	(20,025,470)	2,889,151	544,041	(16,592,278)
Others	(2,447,112)	66,175	0	(2,380,937)
	(25,794,242)	**2,955,325**	**544,041**	**(22,294,875)**
Net effect	**(9,419,871)**	**(2,067,100)**	**544,041**	**(10,942,930)**

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)**

a) **Tax losses carried forward:**

2020	TAX LOSSES CARRIED FORWARD	DEADLINE FOR THE USE OF TAX LOSSES	DEFERRED TAX BASE	TAX RATE	DEFERRED TAX ASSETS
ASCENDUM ESPAÑA, S.L. - 2001	175,301	N/A	175,301	25%	43,825
ASCENDUM ESPAÑA, S.L. - 2002	248,503	N/A	248,503	25%	62,126
ASCENDUM ESPAÑA, S.L. - 2012	32,407	N/A	32,407	25%	8,102
ASCENDUM ESPAÑA, S.L. - 2013	88,196	N/A	88,196	25%	22,049
TEA ALOYA INMOBILIARIA, S.A.U.- 2017	1,531	N/A	1,531	25%	383
TEA ALOYA INMOBILIARIA, S.A.U.- 2018	3,029	N/A	3,029	25%	757
TEA ALOYA INMOBILIARIA, S.A.U.- 2019	1,644	N/A	1,644	25%	411
TEA ALOYA INMOBILIARIA, S.A.U.- 2020	1,592	N/A	1,592	25%	398
GLOMAK SPAIN - 2009	1,475,513	N/A	1,475,513	25%	368,878
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 ANGOLA - 2017	154,883	2020	154,883	30%	46,465
GLOMAK ANGOLA - 2018	2,755,186	2021	2,755,186	30%	826,556
GLOMAK ANGOLA - 2019	797,590	2022	797,590	30%	239,277
GLOMAK MOZAMBIQUE - 2019	1,189,767	2024	1,189,767	32%	380,726
Total	**14,944,891**		**14,944,891**		**4,004,889**

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**

According to the current legislation in Portugal, tax losses can be carried forward for five years for financial years up to 31st 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 31st 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 an effort to help businesses affected by COVID-19, the CARES Act removed the restriction for carryback of losses in tax years beginning after Dec. 31st, 2017, and before Jan. 1st, 2021, to each of the five taxable years before the tax year of the loss.

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 five years.

INCOME TAX RATE BY COUNTRY	2020	2019
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 2020 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 31st December 2020 and 2019, the breakdown of cash and cash equivalents was as follows:

	DEC-20	DEC-19
Cash	115,643	163,175
Current Bank Deposits	50,492,855	29,879,200
	50,608,497	**30,042,375**

All funds from Cash and Bank Deposit accounts are readily available for use.

17. SHARE CAPITAL STRUCTURE

On 31st December 2020, the capital of the parent company – ASCENDUM, S.A. – fully subscribed and paid up, is represented by 15,000,000 nominal shares of 1 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 16th July 2020, dividends in the amount of 8,000,000 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 31st December 2020 and 2019 were as follows (see also note 5):

	DEC-20	DEC-19
Opening balance on January, 1st	4,325,372	3,816,918
Net profit for the period attributed to non-controlling interests	6,826	603,038
Other variations in equity	(4,531,683)	(94,585)
Final balance on December, 31st	**(199,485)**	**4,325,372**

NON-CONTROLLING INTERESTS DETAIL:	DEC-20	DEC-19
AIR RAIL, S.L.		3,669,549
AIR RAIL MAROC, S.A.R.L.A.U.		(4,186)
AIR RAIL POLSKA		(2,325)
AIR RAIL (PORTUGAL), SOCIEDADE UNIPESSOAL, LDA.		403,115
ART HAVA VE RAY EKIPMANLARI LTD. STI		(186,916)
GLOMAK - SGPS, S.A.	(326,922)	174,984
VOLRENTAL ATLANTICO, S.A.	127,437	127,920
IMPORTADORA DISTRIBUIDORA DE MAQUINARIA INDUSTRIAL ZEPHIR, S.L.		143,232
Total	**(199,485)**	**4,325,372**

20. BORROWINGS

On 31st December 2020 and 2019, the structure of this item was as follows:

	DEC-20		DEC-19	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bank loans/current accounts /overdrafts	82%	34%	81%	28%
Commercial papers	6%	54%	1%	47%
Lease liabilities	12%	12%	18%	24%
	100%	**100%**	**100%**	**100%**

	DEC-20	DEC-19
Bank Loans Obtained		
Long Term (1)	114,044,955	123,420,407
Short Term (2)	54,548,005	69,438,173
Sub Total (1)+(2)	**168,592,960**	**192,858,580**
Lease Liabilities		
Long Term (3)	15,923,146	39,910,804
Short Term (4)	7,495,008	15,406,426
Sub Total (3)+(4)	**23,418,154**	**55,317,230**
Total (1)+(2)+(3)+(4)	**192,011,113**	**248,175,810**

Of the non-current bank loans obtained at the date of 31st December 2020, 1.9% 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.

In 2020 the net cash flow related to bank loans obtained represented a net payment of 14,139,579 euros, disclosed as follows:

	DEC-20
Bank Loans Obtained	
Opening balance	192,858,580
Net cash flow in the year	(14,139,579)
Changing Air Rail consolidation method	(10,126,041)
Closing balance	**168,592,960**

21. SUPPLIERS

On 31st December 2020 and 2019, this item was comprised of current payable balances to suppliers, all of which are due in the short term.

On 31st December 2020 and 2019, 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 31st December 2020 and 2019, this account had the following breakdown:

	CURRENT LIABILITIES		NON-CURRENT LIABILITIES	
	DEC-20	DEC-19	DEC-20	DEC-19
Accrued expenses liabilities	18,949,287	18,827,506		
Asset suppliers	(350)	539,185	114,718	116,356
Other creditors	4,813,011	13,090,329	36,562,240	46,126,657
	23,761,948	**32,457,021**	**36,676,958**	**46,243,013**

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

The reduction in 2020 in the other creditors caption in an amount of 17 million euros compared to 2019, is explained by the effect of changing in the consolidation method of Air Rail (minus 3 million euros) and also the reduction in the subsidiaries of United States (minus 9 million euros) and Austria (minus 5 million euros) as a result of a lower volume of purchases due to the decrease of their activities during the year.

23. INCOME TAX AND STATE AND OTHER PUBLIC ENTITIES

On 31st December 2020 and 2019, "Income Tax" and "State and Other Public Entities" has the following breakdown:

	ASSETS		LIABILITIES	
	DEC-20	DEC-19	DEC-20	DEC-19
Income Tax	7,278,576	2,611,785	3,547,251	2,928,563
Sub-Total	**7,278,576**	**2,611,785**	**3,547,251**	**2,928,563**
Value Added Tax	8,505,184	12,227,090	6,999,597	8,284,618
Withholding income tax	0	0	782,126	681,835
Social Security Contributions	0	0	1,122,114	1,305,975
Others	104,727	394,353	138,249	74,362
Sub-Total	**8,609,911**	**12,621,443**	**9,042,086**	**10,346,791**
Total	**15,888,487**	**15,233,227**	**12,589,337**	**13,275,354**

In the table above the main variations in 2020 compared to 2019, were the following:

The increase of 4.6 million euros in the income tax asset in 2020 compared to 2019 is essentially justified by a request for tax refunds made before the Tax Authorities by the United States´ subsidiary, which was pending to receive, at the end of the year.

The decrease of 3.7 million euros in the value added tax asset in 2020 compared to 2019 includes refunds made by the Tax Authorities to the Mexican subsidiary, in the amount of 2.1 million euros.

Group Ascendum complies scrupulously with its tax obligations and does not have any outstanding tax debts.

24. DEFERRALS – LIABILITIES

On 31st December 2020 and 2019, the item "Revenue deferrals" has the following structure:

	DEC-20	DEC-19
Revenue deferrals		
Sales and services to recognize	5,059,289	3,066,766
Guarantees	8,865,017	9,196,944
Others	482,809	424,998
Total	**14,407,115**	**12,688,709**

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 31st December, not all requirements had been met for their recognition as revenue in the period. This is 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 31st December 2020 and 2019 were as follows:

2020 DESCRIPTION	OPENING BALANCE	EXCHANGE RATE EFFECT	PERIMETER VARIATION	INCREASES	REVERSALS	UTILIZATIONS/ ADJUSTMENTS	TOTAL
Accumulated impairment losses - accounts receivable (Note 12)	21,239,324	(228,589)	(11,971)	1,799,303	(683,507)	(1,368,393)	20,746,167
Accumulated impairment losses - inventories (Note 11)	6,623,442	(343,346)	113,000	852,905	(1,022,877)	2,223,429	8,446,554
Provisions	5,943,078	(482,951)		4,953,158	(593,746)	30,204	9,849,743

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

On 31st December 2020 and 2019, the details of "Provisions" presented in the consolidated statement of financial position were as follows:

DESCRIPTION	DEC-20	DEC-19
Provisions for guarantees	1,875,833	1,844,247
Provisions for risks and costs - Litigation	310,879	199,639
Other provisions	7,663,031	3,899,192
Total	**9,849,743**	**5,943,078**

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. In 2020, a provision of 4.5 million euros has been recognised, in order to counter the potential unknown negative effects that the Covid-19 pandemic might cause to the operational activity of the Group, considering the current uncertainties as to the world economic prospects in the years to come, as well as the noticeable evidence of profound technological disruption in the construction sector, possibly implying future adaptation measures to current operational models.

26. GOVERNMENT GRANTS

GOVERNMENT GRANTS	DEC-20	DEC-19
ASCENDUM BAUMASCHINEN ÖSTERREICH GMBH	441,442	134,082
ASCENDUM MACHINERY, INC.	3,805,739	
ASCENDUM CENTRAL EUROPE GMBH	42,376	
ASCENDUM STRAVEBENE STROJE SLOVENSKO s.r.o	45,270	
GLOMAK SGPS, S.A.	31,989	4,434
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA d.o.o	16,793	
ASCENDUM AUTOMÓVEIS, UNIPESSOAL LDA.	59,208	
ASCENDUM CAMIÕES, UNIPESSOAL LDA.	45,022	
ASCENDUM MÁQUINAS, UNIPESSOAL LDA.	13,330	
Total	**4,501,167**	**138,516**

The government grants received by Ascendum Group in 2020 are related to the governments aid for the COVID-19 pandemic.

27. FINANCIAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

On 31st December 2020 and 2019, ASCENDUM has the following financial commitments:

TYPES	DEC-20	DEC-19
Bank Guarantees	10,445,460	12,961,961
Warranties granted to importers of represented brands	2,646,998	3,803,160
Guarantees provided in public tenders	349,331	2,245,233
Guarantees for suppliers of water, electricity, fuel and similar	230,649	279,281
Other guarantees	5,108,363	11,404,722
Total	**18,780,801**	**30,694,356**

In the table above, the main variations have occurred in the items of Bank guaranties, Guaranties provided in public tenders and Other guarantees, as detailed below:

Bank guaranties:

The decrease has occurred mainly in:

— Glomak, minus 1 million euros,

— Accendum Baumaschinen Österreich, minus 0.8 million euros.

Guaranties provided in public tenders:

The decrease has occurred mainly in the Turkish subsidiary, with a reduction of 1.7 million euros.

Other guarantees:

The decrease has resulted from the change in the consolidation method of Air Rail (minus 1.8 million euros) and a significant reduction in the subsidiary of Ascendum Central Europe, GMBH (minus 4.4 million euros).

28. INCOME TAX

Income tax recognised in the financial years ended on 31st December 2020 and 2019 is as follows:

	DEC-20	DEC-19
Current Income Tax	3,059,241	4,377,485
Deferred Income Tax (Note 15)	2,067,100	1,362,802
Total	**5,126,340**	**5,740,286**

The decrease in "Current income tax" in 2020, when compared to 2019 is essentially explained by the decrease of the turnover.

The reconciliation of income tax is detailed below:

INCOME TAX		TAX 2020		TAX 2019
Profit before income tax	20,360,431		22,765,656	
Income tax	22%	4,385,187	21%	4,780,788
Tax resulting from adjustments to the tax base		741,154		959,498
Total		**5,126,340**		**5,740,286**

29. 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 2020 and 2019 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-20	DEC-19
Net Profit/Loss of the period	15,234,091	17,025,370
Average number of ordinary shares	15,000,000	15,000,000
Basic earnings per share	**1.02**	**1.14**
Diluted earnings per share	**1.02**	**1.14**

30. NUMBER OF EMPLOYEES

In the financial years ended on 31st December 2020 and 2019, the average number of employees working for the Group was as follows:

STAFF	DEC-20	DEC-19
Board	31	31
Directors	62	57
Managers	140	153
Human Resources	9	11
Financial and Administrative	90	94
Logístics, IT, General support and others	67	63
Commercial	199	225
After-Sales	824	848
Total	**1,422**	**1,482**

31. CONTRIBUTION OF GEOGRAPHICAL AREAS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED INCOME STATEMENT ON 31ST DECEMBER 2020 AND 2019

The contribution of sales and services rendered by geographical market for the financial years ended on 31st December 2020 and 2019 were as follows:

MARKET	DEC-20		DEC-19	
	AMOUNT	%	AMOUNT	%
Portugal	142,755,896	18.29%	156,505,777	17.82%
Spain	101,233,361	12.97%	147,935,502	16.84%
United States of America	255,064,817	32.68%	280,910,006	31.98%
Turkey	91,511,721	11.73%	75,830,875	8.63%
Mexico	19,040,460	2.44%	21,177,965	2.41%
Morocco	0	0.00%	138,975	0.02%
Austria	90,652,473	11.62%	106,434,752	12.12%
Hungary	10,779,323	1.38%	13,942,154	1.59%
Romania	12,346,285	1.58%	12,001,600	1.37%
Croatia	11,703,375	1.50%	7,860,443	0.89%
Czech Republic	29,030,891	3.72%	36,430,264	4.15%
Slovakia	7,726,612	0.99%	11,054,636	1.26%
Mozambique	8,569,620	1.10%	8,188,212	0.93%
Total	**780,414,835**	**100%**	**878,411,162**	**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 2020 and 2019:

2020	NON-CURRENT ASSETS		CURRENT ASSETS		
	PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	INVENTORIES	TRADE RECEIVABLES AND OTHER ASSETS	ASSETS TOTAL
Portugal	33,993,161	24,156,333	27,812,804	40,855,163	126,817,461
Spain	26,874,858	9,684,577	16,626,787	30,000,455	83,186,677
United States of America	50,915,579	7,927,663	78,740,751	21,598,019	159,182,012
Turkey	4,831,684	4,764,234	9,699,052	44,165,860	63,460,830
Mexico	3,370,439	2,718,738	17,597,006	6,661,887	30,348,070
Austria	28,086,565	11,111,246	8,043,709	11,387,893	58,629,414
Hungary	590,378	575	1,148,742	681,577	2,421,272
Romania	1,208,680	931,824	1,535,646	2,400,053	6,076,203
Croatia	1,451,906	2,487	277,629	586,002	2,318,024
Czech Republic	5,380,783	269,988	4,101,374	4,175,343	13,927,488
Slovakia	461,675	66,412	1,386,505	1,170,885	3,085,477
Mozambique	577,128	430,118	4,500,884	7,173,365	12,681,494
Total	**157,742,836**	**62,064,194**	**171,470,889**	**170,856,503**	**562,134,423**

2020 (CONTINUATION)	NON-CURRENT LIABILITIES		CURRENT LIABILITIES		
	BORROWINGS	OTHER LIABILITIES	TRADE PAYABLES AND OTHER LIABILITIES	BORROWINGS	LIABILITIES TOTAL
Portugal	106,061,749	8,700,368	12,775,767	22,405,416	149,943,301
Spain	7,741,795	1,199,243	13,790,430	3,187,067	25,918,535
United States of America	3,461,281	54,714,512	32,340,291	9,531,796	100,047,879
Turkey	315,783	4,944	32,473,081	14,997,438	47,791,245
Mexico	1,811,905	-	8,139,801	8,592,200	18,543,906
Austria	5,878,008	3,221,702	21,452,192	1,948,256	32,500,158
Hungary	27,307	91,645	1,149,976	56,028	1,324,957
Romania	263,353	108,289	3,248,780	123,677	3,744,099
Croatia	227,544	67,236	545,649	60,442	900,871
Czech Republic	3,889,647	186,705	7,052,180	1,037,663	12,166,196
Slovakia	106,953	57,225	872,279	98,807	1,135,263
Mozambique	182,777	469,705	6,887,402	4,222	7,544,106
Total	**129,968,101**	**68,821,575**	**140,727,827**	**62,043,012**	**401,560,516**

2019	NON-CURRENT ASSETS		CURRENT ASSETS		
	PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	INVENTORIES	TRADE RECEIVABLES AND OTHER ASSETS	ASSETS TOTAL
Portugal	35,196,168	15,234,764	32,065,637	39,540,815	122,037,384
Spain	63,123,794	16,649,288	24,662,414	36,426,701	140,862,198
United States of America	55,114,907	12,219,421	97,473,111	24,072,314	188,879,754
Turkey	8,135,466	4,612,304	15,144,327	38,746,980	66,639,078
Mexico	4,183,621	2,968,179	16,671,031	8,698,389	32,521,220
Poland	-	-	-	11,256	11,256
Morocco	313,897	(1,665)	-	433,981	746,213
Austria	29,820,666	11,632,032	11,487,697	8,670,429	61,610,824
Hungary	639,594	595	1,393,471	2,422,823	4,456,484
Romania	1,083,571	1,000,259	1,847,414	2,363,776	6,295,020
Croatia	574,705	1,326	1,196,731	2,204,488	3,977,249
Czech Republic	4,319,658	196,278	4,422,616	8,248,681	17,187,232
Slovakia	703,812	92,106	1,387,391	777,989	2,961,298
Mozambique	596,223	924,582	5,646,170	4,534,311	11,701,287
Total	**203,806,083**	**65,529,471**	**213,398,009**	**177,152,932**	**659,886,496**

2019 (CONTINUATION)	NON-CURRENT LIABILITIES		CURRENT LIABILITIES		
	BORROWINGS	OTHER LIABILITIES	TRADE PAYABLES AND OTHER LIABILITIES	BORROWINGS	LIABILITIES TOTAL
Portugal	113,149,862	4,204,182	8,247,942	13,761,762	139,363,749
Spain	30,283,276	1,398,036	23,882,821	19,616,574	75,180,707
United States of America	4,683,062	67,499,693	46,523,769	19,224,216	137,930,740
Turkey	912,923	-	36,289,635	14,728,420	51,930,978
Mexico	3,071,286	-	(157,073)	11,982,358	14,896,571
Poland	-	-	604	-	604
Morocco	-	-	788,479	-	788,479
Austria	7,238,349	3,698,584	26,293,871	3,862,565	41,093,369
Hungary	91,746	141,590	2,764,907	71,819	3,070,062
Romania	387,853	(9,883)	4,357,941	159,756	4,895,667
Croatia	292,337	62,787	2,289,133	66,748	2,711,005
Czech Republic	2,797,948	433,112	9,863,489	1,228,561	14,323,110
Slovakia	251,252	82,382	644,282	132,041	1,109,957
Mozambique	171,317	469,851	4,474,871	9,778	5,125,817
Total	**163,331,211**	**77,980,333**	**166,264,671**	**84,844,599**	**492,420,814**

2020	SALES AND SERVICES RENDERED	COSTS OF SALES	EXTERNAL SUPPLIES AND SERVICES	PERSONNEL COSTS	OTHER GAINS/ LOSSES	NET PROFIT/ LOSS FOR THE PERIOD
Portugal	142,755,896	(114,836,976)	(10,468,628)	(17,084,245)	(5,232,696)	(4,866,650)
Spain	101,233,361	(74,561,333)	(7,050,810)	(10,342,530)	(5,334,575)	3,944,114
United States of America	255,064,817	(194,875,927)	(3,906,356)	(24,026,293)	(19,015,257)	13,240,985
Turkey	91,511,721	(73,487,845)	(5,515,709)	(3,992,852)	(7,510,168)	1,005,147
Mexico	19,040,460	(15,706,523)	(4,150,201)	(304,682)	(2,440,050)	(3,560,997)
Morocco					(45,362)	(45,362)
Austria	90,652,473	(60,450,966)	(6,013,403)	(13,558,692)	(7,532,612)	3,096,800
Hungary	10,779,323	(7,564,314)	(776,850)	(874,795)	(1,040,250)	523,114
Romania	12,346,285	(8,908,345)	(594,857)	(1,378,547)	(449,392)	1,015,143
Croatia	11,703,375	(9,124,741)	(458,915)	(522,819)	(1,086,683)	510,216
Czech Republic	29,030,891	(20,912,955)	(1,955,273)	(2,722,098)	(2,922,687)	517,879
Slovakia	7,726,612	(5,549,727)	(507,067)	(1,000,144)	(569,096)	100,578
Mozambique	8,569,620	(8,059,508)	(554,031)	(364,265)	161,307	(246,877)
Total	**780,414,835**	**(594,039,160)**	**(41,952,102)**	**(76,171,963)**	**(53,017,520)**	**15,234,091**

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**

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

MARKET	DEC-20		DEC-19	
	AMOUNT	%	AMOUNT	%
Construction equipment and other equipment	721,159,573	92.41%	812,309,916	92.47%
Vehicles	36,101,224	4.63%	37,695,978	4.29%
Trucks	23,154,038	2.97%	28,405,268	3.23%
TOTAL	**780,414,835**	**100%**	**878,411,162**	**100%**

32. OTHER INCOME AND GAINS

In 2020 and 2019, “Other income and gains” was comprised by:

DESCRIPTION	DEC-20	DEC-19
Cash discounts obtained	539,266	580,289
Claims	111,749	461,924
Excess of income tax estimate	34,287	31,604
Adjustments related to prior years	7,116	1,425
Capital gains from property, plant and equipment disposals	0	(172,167)
Others	5,083,042	5,207,934
Total	**5,775,460**	**6,111,008**

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

33. FINANCIAL RESULTS

a) On 31st December 2020 and 2019, financial results had the following composition:

INTEREST AND SIMILAR COSTS	DEC-20	DEC-19
Interests for Leases	1,400,146	2,241,304
Other Interests	6,950,975	9,281,666
	8,351,121	**11,522,970**

The separate line disclosure, in 2020 and 2019, of interest on lease contracts results from the disclosure rules of the new IFRS 16, which came into force on 01-01-2019.

The decrease in Other Interests was caused by the lower level of debt occurred in 2020.

INTEREST AND SIMILAR INCOME	DEC-20	DEC-19
Interests	263,373	480,123
	263,373	**480,123**

b) Exchange differences on financial assets and liabilities related to operating activities in 2020 and 2019 were as follows:

	GAIN / (LOSS)	
	DEC-20	DEC-19
Operational Foreign Exchange Gain (+) / Loss (-)	(4,974,414)	(3,302,761)
Financial Foreign Exchange Gain (+) / Loss (-)	461,758	374,384
	(4,512,657)	**(2,928,377)**

The major contributors to the Exchange differences indicated for 2020 were Turkey, amounting 2.9 million Euros, as well as companies that operate in US Dollars, amounting 0.7 million euros.

34. 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-20	DEC-19
Key management personnel	83,893	78,531

BALANCES WITH RELATED PARTIES	DEC-20	DEC-19
Customers/other accounts receivable:		
Nors, S.A.	622,084	387,612
Suppliers/other accounts payable:		
Nors, S.A.	5,921,139	5,706,559

TRANSACTIONS WITH RELATED PARTIES 2020	SALES	SERVICES RENDERED	PURCHASES	OTHER EXPENSES	OTHER INCOME
Nors S.A.	852,949	1,687,986	17,418,295	319,178	15,380

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

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.

35. FINANCIAL ASSETS AND LIABILITIES

On 31st December 2020, 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	683	fair value through other comprehensive income
Other accounts receivable (Note 13)	debt instruments	2,688,642	amortized cost
Other non-current financial assets (Note 10)	debt instruments	59,426	amortized cost
Trade and Other Receivbles (Note 12)	debt instruments	101,348,884	amortized cost
Prepayments to suppliers (Note 13)	debt instruments	18,596	amortized cost
Cash and Bank Deposits (Note 16)	debt instruments	50,608,497	amortized cost
		154,724,728	

FINANCIAL LIABILITIES	CATEGORY	BOOK VALUE	VALUATION METHOD
Borrowings (Note 20)	amortized cost	168,592,960	amortized cost
Other liabilities (Note 22)	amortized cost	60,438,906	amortized cost
Trade and other payables (Note 21)	amortized cost	86,451,771	amortized cost
Prepayments from Customers	amortized cost	3,517,656	amortized cost
		319,001,293	

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 2020 and 2019 were as follows:

	GAIN / (LOSS)	
	DEC-20	DEC-19
Accounts receivable impairments (losses/reversals)	(1,115,796)	(492,780)
	(1,115,796)	**(492,780)**

36. REMUNERATION OF THE MEMBERS OF THE GOVERNING BODIES

The remuneration of the members of the governing bodies of the ASCENDUM Group in 2020 and 2019 were as follows:

BOARD	DEC-20	DEC-19
Board	4,102,134	4,586,231

37. REMUNERATION OF THE STATUTORY AUDITOR

The fees paid to the Statutory Auditor, PricewaterhouseCoopers & Associados – S.R.O.C., Lda., in the 2020 and 2019 financial years were as follows:

	CURRENCY	DEC-20	DEC-19
Portugal	EUR	68,000	68,750
Spain	EUR	54,250	54,250
United States of America	USD	141,000	140,000
Mexico	EUR	26,000	14,000
Turkey	EUR	15,000	28,000
Mozambique	USD	0	1,000
Romania	EUR	13,300	13,200
Hungary	EUR	9,000	7,750
Austria	EUR	20,300	20,150
Croatia	EUR	6,500	6,100
Slovakia	EUR	10,600	12,850
Czech Republic	EUR	16,406	16,407

38. EXTERNAL SUPPLIES AND SERVICES

In 2020 and 2019, external supplies and services had the following breakdown:

	DEC-20	DEC-19
Subcontracts/ Specialized services	18,553,935	22,832,655
Advertising and promotion	1,078,187	1,833,832
Surveillance and security	653,973	702,367
Maintenance/repairs/tools	1,175,089	2,004,272
Office supplies/technical documentation	745,129	852,404
Electricity/fuels/water/other fluids	232,432	1,059,826
Travel and accommodation	2,369,761	5,977,106
Transport of goods	3,404,036	4,252,005
Rents and leases	3,437,633	7,230,141
Communications	1,507,514	1,551,973
Insurance	2,640,819	2,695,821
Clean hygiene and comfort	1,139,553	1,044,512
Other external supplies and services	5,014,041	5,477,592
Total	**41,952,101**	**57,514,504**

In 2020, the measures to contain and reduce expenses, as well as the freezing of several projects that were in the launching phase, decided by the Executive Committee, in response to the negative effects caused by the COVID-19 Pandemic, resulted in a decrease of 16 million euros in the SG&A items, with main impact on expenses with specialized services, travel and accommodation and rents.

39. PERSONNEL EXPENSES

In 2020 and 2019, the Personnel Expenses had the following breakdown:

	DEC-20	DEC-19
Payroll	51,034,645	54,599,327
Social charges	3,897,359	4,772,228
Insurance against labour accident	178,885	145,116
Commissions	5,827,507	6,414,710
Awards and Bonuses	6,724,463	7,078,808
Indemnities	1,629,921	697,691
Other staff related expenses	6,879,183	7,084,066
TOTAL	**76,171,963**	**80,791,946**

The Personnel expenses have decreased in 2020, due to the exit of the Air Rail sub-group from the full consolidation perimeter.

40. OTHER EXPENSES AND LOSSES

In 2020 and 2019 other expenses and losses had the following breakdown:

	DEC-20	DEC-19
Taxes and fees	1,580,631	1,775,963
Bank commissions and other charges	1,039,920	2,205,112
Insufficient income tax estimate	0	1
Adjustments related to prior years	12,689	34,831
Donations	232,653	54,434
Subscriptions and contributions	18,909	18,153
Other costs	53,034	520,356
Total	**2,937,837**	**4,608,849**

41. ENVIRONMENTAL INFORMATION

The Group adopts necessary measures on environmental matters to comply with current legislation.

ASCENDUM's Board of Directors, in 2021, 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 2020 financial year.

42. 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.

43. COVID-19

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 have 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.

44. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 25th March 2021. Additionally, the financial statements attached on 31st December 2020 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

DREAM TO OVERCOME CHALLENGES

2020 ANNUAL REPORT

4. LEGAL CERTIFICATE OF CONSOLIDATED ACCOUNTS AND OPINION OF STATUTORY AUDITOR

pwc

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, 2020 (which shows total assets of Euro 562.134.423 and total shareholders' equity of Euro 160.573.907, including a net profit of Euro 15.227.264), 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, 2020, 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.

Responsibilities of management for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and cash flows of the Group in accordance with International Financial Reporting Standards consolidated (IFRS), as adopted by the European Union;

b) the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error;

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.
Porto Office Park, Avenida de Sidónio Pais, 153 - piso 1, 4100-467 Porto, Portugal
Tel: +351 225 433 000, Fax: +351 225 433 499, www.pwc.pt
Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

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;

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 consolidated Directors' report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Consolidated Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the consolidated Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the consolidated 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.

March 31, 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António José Canedo de Sousa, R.O.C

CORPORATE CENTER

Praça Marquês de Pombal, 3A – 5º
1250-161 Lisbon, Portugal
T. 00 351 213 808 600

PORTUGAL

E.N. 10 – Apartado 2094
2696-801 S. João da Talha
Portugal
T. 00 351 219 946 500

SPAIN

Parque Empresarial San Fernando
Edificio Munich, Planta 3
28830 San Fernando de Henares
Madrid | Spain
T. 00 34 916 559 340

USA

9115 Harris Corners Parkway,
suite 450 NC 28269
Charlotte | USA
T. 00 1704 494 81 00

TURKEY

Fatih Mah. Katip Çelebi Cad.
No: w43 34956 Tuzla
Istanbul | Turkey
T. 00 90 216 581 80 00

MEXICO

Carretera México Querétaro,
Km 32.5, Lecheria – Tultitlan
54940 Mexico State | Mexico
T. 01 800 062 2720

CENTRAL EUROPE

Grafenholzweg 1
5101 Bergheim
Salzburg | Austria
T. 0043 662 469 110

www.ascendum.pt