REPORT AND FINANCIAL STATEMENTS

2019

Inspired by water...

Table of Contents

I. Management Report

In accordance with the provisions of articles 65 and 66 of the Commercial Companies Code, we present, with reference to the 2019 financial year, the Management Report and Financial Statements of the company OLI - Sistemas Sanitários, SA, headquartered in Travessa do Milano, Parish of Esgueira, Aveiro Municipality, Portugal, legal person no. 500 578 737, registered at the Commercial Registry Office of Aveiro under the same number, with the fully paid-up share capital of 10 000 000 euros, corresponding to 2 000 000 shares, with a nominal value of 5 euros each.

www.oli-world.com

II. Board of Directors' Report - Individual Accounts

Note from the President

2019 was a year marked by the celebration of OLI's 65th anniversary, with several commemorative activities aimed at workers, partners, customers and suppliers, as well as some activities for the community of Aveiro, the city where we were born, grew and remain.

We started the year 2020 with high expectations of consolidating customers and markets, as well as new branches, and with a lot of energy directed towards the development of new products and solutions, in the bathroom area, aimed at inclusion, health and well-being .

In the first quarter of this year we had good results and everything would make us believe that we would have a good year, progressing at a good pace in these new projects, in which we believed and continue to believe, designing various partnerships that allow us to gain skills and gather conditions to test these developments in a real environment.

However, at the end of March the world stopped. In a short space of time, we realized that we were going to experience the most serious crisis in our business history and the economy of Portugal and Europe (where we focus most of our businesses).

We had to review plans, establish contingency plans and daily monitor the evolution of the multiple and diverse factors that condition our business life.

We act, we believe, with the appropriate speed and determination and we have managed to keep the company working without exaggerated constraints, except those imposed on us by the markets, and without risks, at the health level, for employees.

We are attentive and committed to taking the appropriate measures to adjust to the new reality post-COVID-19, without losing the characteristics of the company and reinforcing our bets on the development of solutions that consider health and well-being.

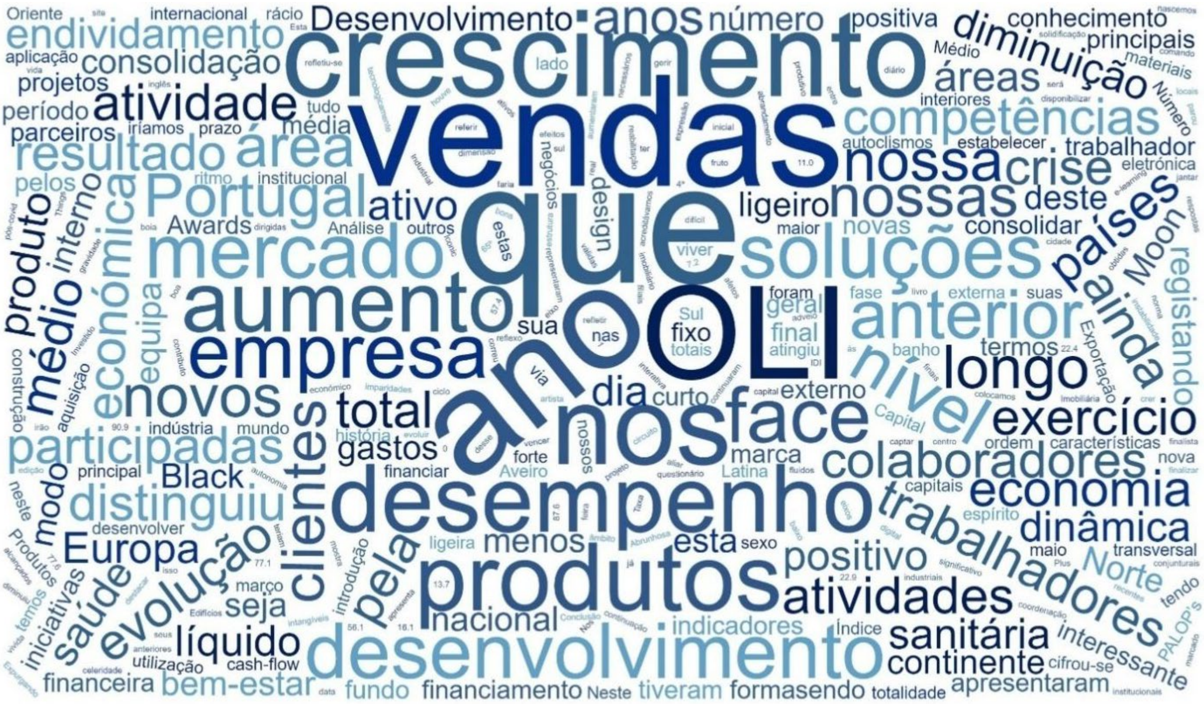
Naturally, this year will be lived up to the pace of news and the evolution of the health crisis and the economic crisis that it induces. It is our determination and conviction that we will close the year 2020 with a positive result, adapting the activity to the transformation of the business.

To all who helped us in this difficult phase, our heartfelt gratitude.

1. Main indicators

EUR

Item	2019	2018	Var. 2019/2018 Amount	%
Sales	59 327 944	56 295 861	3 032 082	5.4%
Production	59 359 289	57 141 329	2 217 960	3.9%
Gross Margin	33 277 900	32 027 819	1 250 081	3.9%
% of Production	56.1%	56.1%	0.0pp	
% of Sales	56.1%	56.9%	-0.8pp	
EBITDA	8 106 702	9 079 816	-973 114	-10.7%
% of Sales	13.7%	16.1%	-2.5pp	
EBIT	3 556 231	4 804 747	-1 248 516	-26.0%
% of Sales	6.0%	8.5%	-2.5pp	
Net Income	3 233 768	4 308 599	-1 074 831	-24.9%
% of Sales	5.5%	7.7%	-2.2pp	
Net Earnings per Share	1.62	2.15	-0.54	-24 9%
Cash-Flow	7 693 645	8 543 552	-849 907	-9.9%
% of Sales	13.0%	15.2%	-2.2pp	
Equity	40 159 798	37 745 290	2 414 508	6.4%
Financial Autonomy	57.4%	56.2%	1.2pp	
Liabilities	29 818 836	29 437 765	381 071	1.3%
Solvency	1.35	1.28	0.06	5.0%
Net Debt	14 555 155	14 500 126	55 029	0.4%
Net debt / Ebitda	1.8	1.6	0.2	12.4%
Average Number of Employees	422	395	27	6.8%



2. Economic environment and performance

Macroeconomic framework

Europe

The economies of European countries, where we place 87.6% of our sales (including Portugal), performed positively in 2019, showing interesting growth when compared to 2018. This growth dynamic was particularly important in Spain and Portugal, when compared with the previous year.

Central and Northern Europe, as well as Eastern Europe, also performed well and, in these countries, our sales grew significantly, with the consolidation of some new and important customers.

Portugal consolidated the trend which came from previous years, with an interesting economic dynamic, construction and real estate showing a strong positive dynamic, motivated also by external demand (tourism and foreign investment) and also with the macroeconomic indicators indicating a consolidation of the good external image of our economy. We must also mention the confirmation of the dynamics of rehabilitation in large city centres. It was our belief that these indicators and these trends would continue in 2020, but the recent events related to COVID-19 health crisis do not allow us to make predictions.

Outside Europe

Africa performed less well, reflecting some instability of the economies on this continent.

The American continent showed different behaviours in the North and in the South. In the North, the economy's performance was positive, while in the South, the economy's performance was affected by socio-political disturbances (and this was reflected in our sales).

The Middle East experienced a slowdown, with local economies suffering from the socio-economic tensions that are taking time to resolve.

In Asia, where our sales are still low, we continue to make new customers and improve our presence.

The good performance of our sales is due, on one hand, to an increase in market share (in some countries) and, on the other, to the reflection of the good progress of the economy in general.

3. Evolution of activity throughout the year 2019

National distribution and PALOPs

Sales of this process (which include sales in Portugal and PALOP's of the goods we buy and products we manufacture) represented 22.4% of the company's total sales and grew 4.9% (with an increase in value of € 622 713) resulting, as said, to the improvement of the national economy.

Disaggregated by large families, the manufactured products showed a growth of about 6.9% (with greater relevance for indoor cisterns) and the goods showed a growth in the order of 1.7% (with emphasis on the bath and tubing areas).

Export and sales to domestic ceramics

Sales of this process performed well, with a growth of around 5.5%. Sales to domestic ceramics fell due to customers cyclical reasons. The export of manufactured products performed well, more or less across all geographies, except the Middle East and Latin America.

In regional terms, Europe presents itself as our sales main destination (87.6% of sales) with an average growth of 7.2%.

In the African continent, the evolution was slightly negative, however, with different behaviours between countries, with special emphasis on the South African market growth, together with a slight performance drop in the Maghreb countries.

In the Middle East, sales growth was negative due to the weak economic situation experienced by the main countries in the region.

The presence in the American continent remains one of our goals, but 2019 did not go well. If sales in North America continued to evolve favourably, with distribution confirming an interesting dynamic, Latin America decreased across all countries.

Conclusion

Global sales reached € 59 327 944, which represents a growth of 5.4% over the previous year. Analysing the division between domestic and foreign markets, we have:

- Domestic market: € 13 582 652 (22.9% of total sales) with an increase of 5.2%
- Foreign market: € 45 745 292 (77.1% of total sales) with a growth of 5.5%

By activities, the breakdown of sales is as follows:

- Manufactured products: € 53 936 741 (90.9% of total sales) with an increase of 5.2%
- Products sold: € 5 391 203 (9.1% of total sales) with an increase of 7.1%

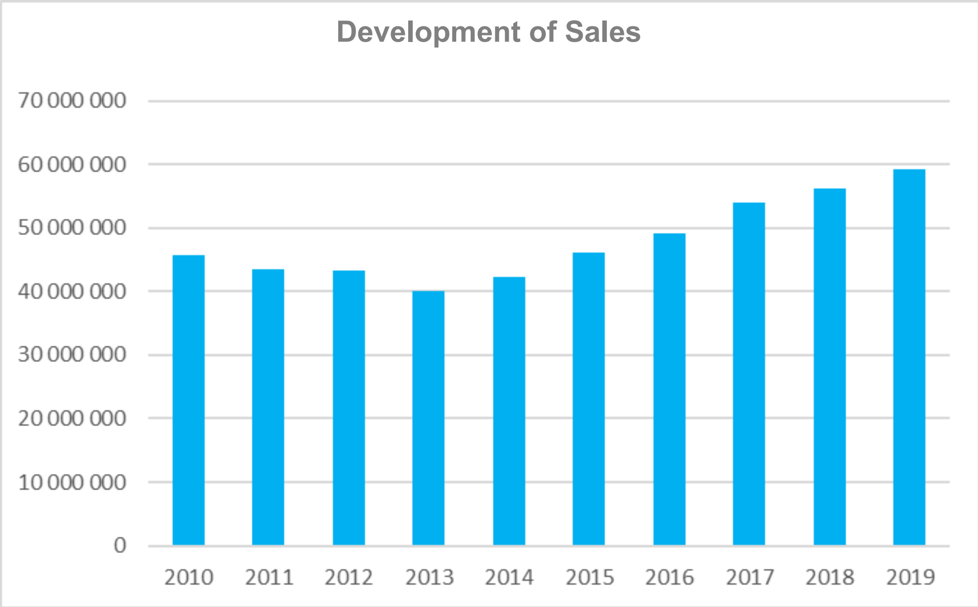
Parcelling information by business unit:

- Distribution (Portugal and PALOP's): € 13 264 477 (22.4% of total sales) with a 4.9% growth
- Industrial sales (Portugal and Exports): € 46 063 467 (77.6% of sales) with a growth of 5.5%
- Real estate: there was no activity related to sales.

However, in terms of supplementary income, this activity generated € 266 800 in rents, in the properties that are assigned to this activity.

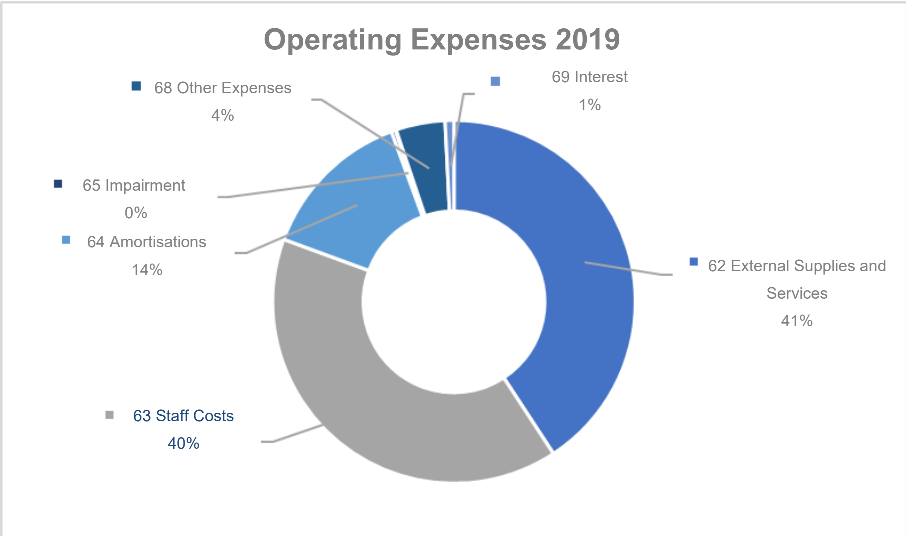
4. Economic and financial analysis 2019

In 2019 OLI reached a turnover of € 59 339 9224, which represents an increase of € 3 032 538, that is, 5.4% compared to 2018. The contribution to this positive evolution came from sales to the domestic market with 5.2% growth and sales to the foreign market with growth of 5.5%.



In terms of the gross accounting margin, there was a stabilization in relation to the previous year, registering 56.1%, depending on production.

In terms of operating expenses (excluding items related to subsidiaries), these accompanied the increase in the company's operating activity, having registered an increase of € 2,095,250, corresponding to 6.8% of total expenses, being the largest contributors to this increase in ESF's, Personnel Expenses and depreciation, with increases of 11.0%, 6.7% and 6.4% respectively.



In terms of impairments and considering reinforcements and reversals, there was a slight gain of € 118 756 resulting essentially from the inventory item.

In other expenses, without considering the item of losses on subsidiaries, we recorded a decrease of € 277 196 from 2019 compared to 2018, corresponding to -16.1%.

As in the previous year, the item of interest and similar expenses decreased, in this year, by € -14 387, corresponding to -5.3%, as a consequence to the decrease on financing conditions and despite the slight increase in net debt recorded in the year .

EBITDA reached € 8 106 702, registering a decrease of € -973 114, that is, 10.7% compared to the previous year. In relative terms and comparing with sales, the ratio stood at 13.7%, 2.5 percentage points less than in the previous year. Cash flow was € 7,693,645, a decrease of -9.9%.

The impact of the subsidiaries, using the equity method and other specific items of the subsidiaries, it was positive at € 203 716.

The net result was € 3 233 768, less € 1 074 831 than in 2018. Excluding the impact of the subsidiaries (which includes the debt forgiveness made in 2018 to OLI Russia), the net result of commercial, industrial activity and real estate decreased from € 644 285 to € 3 030 052.

Invested Capital

Working capital needs in 2019 increased by € 1 966 175 compared to the previous year, registering the amount of € 11 095 095.

With regard to investment in tangible and intangible fixed assets and including investment in investment properties, this amounted to € 3 708 900 in 2019, which represents a 41.6% decrease compared to 2018. Investments were concentrated in 4 areas:

• Land and Buildings - 34%

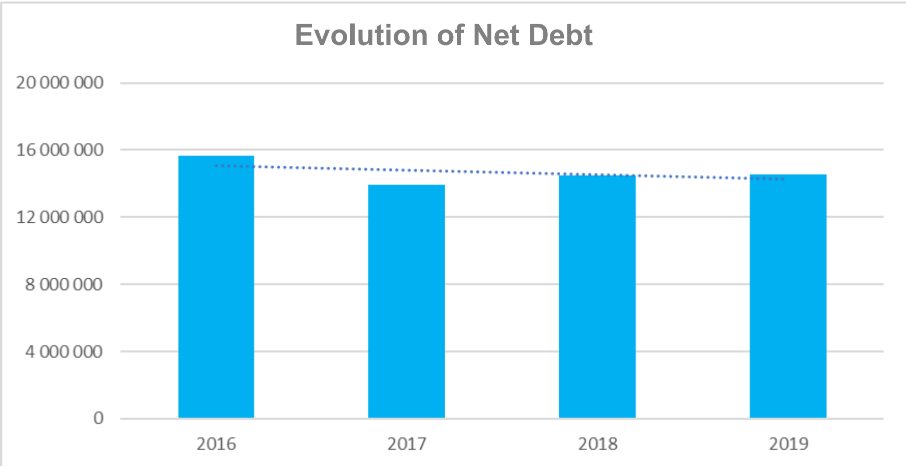
• Moulds - 29%

• Productive equipment - 30%

• The remaining 7% was divided by the acquisition of administrative equipment, transportation and other tangible and intangible assets.

Financial analysis

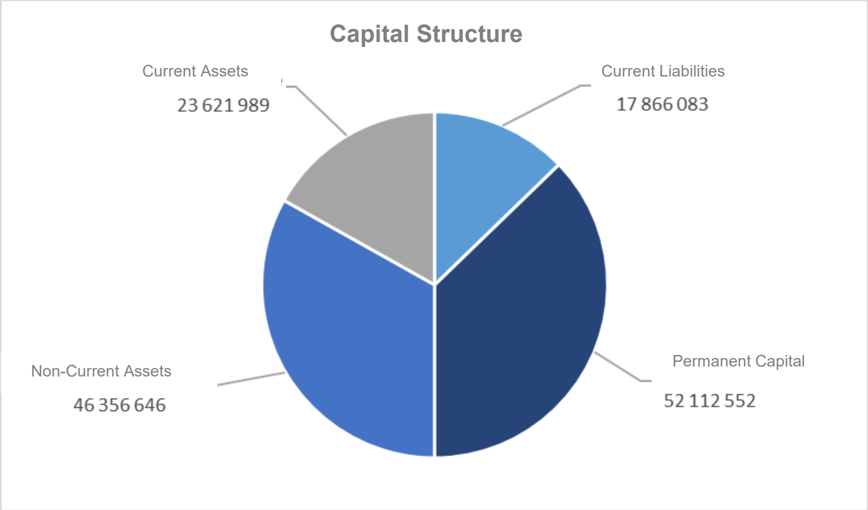
The registered cash flow made it possible to cover almost all the capital invested in fixed assets, working capital and subsidiaries, so the debt increased slightly, having ended 2019 with a net debt of € 14 555 155, plus € 55 029 against 2018.



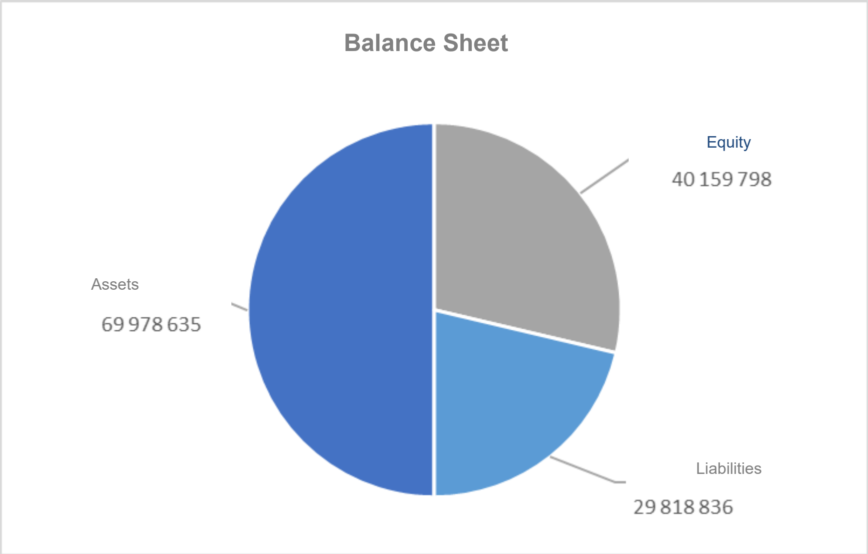
However, the decline in EBITDA, combined with the slight increase in net debt, led to a slight decrease in the debt to EBITDA ratio:

Item	2019	2018
Net debt	14 555 155	14 500 126
Net debt / EBITDA	1.80	1.60

In terms of capital structure, the company maintained its policy of optimization. Seeking to finance investment in fixed assets and the permanent needs of the operating fund with medium and long-term financing, and to finance the treasury cycle using short-term financial instruments. In this sense, at the end of 2019, permanent capital represented 112% of non-current assets, while current liabilities represented 76% of current assets.



Financial autonomy increased to 57.4%.



5. Research, Development and Innovation

One of the reasons for OLI's success is its Research, Development and Innovation capacity (IDI). Equipped with a highly qualified team, capable of developing products for an increasingly avid market for new solutions, OLI consolidates and enriches its competences in new technical-scientific areas by establishing partnerships with entities in the Scientific and Technological Systems.

The result of this work is verified in the input of solutions with high added value in the market, in the vast portfolio of products it presents and in the partnership relationships that it establishes with major manufacturers in the sanitary industry.

During 2019 OLI intensified Research and Development in fields of expertise as different as modular construction, application of new materials with innovative features in OLI products components, introduction of electronics and Internet of Things (IoT) connectivity in solutions for the sanitary industry , development of products that integrate solutions in the area of health and well-being.

During this period, we have also strengthened competences in the field of fluid mechanics, where a partnership was established with the University of Aveiro and the Association for the Development of Industrial Aerodynamics (ADAI) which resulted in the development of a highly differentiated float tap for the English market.

The use of simulation tools was also intensified, strengthening internal technical skills. The implementation of this practice brought greater speed to the development of new products, identification of weaknesses in the initial phase of development and improvement in the quality of the project.

As a result of these projects, 2 patent applications were submitted in 2019, and it has been reached the number of 24 European patents registered in the last 5 years.

Over the past few years OLI has been combining the development of technologically advanced solutions with the solidification of its competencies in product design, and in 2019 this effort was recognized by winning four international design awards achieved with the interior flush control panel.

In 2020 OLI intends to finalize the ongoing innovation projects, strengthen knowledge in the area of solutions for health and well-being, consolidate design and development of products, continue to reinforce internal knowledge in the application of new materials and in areas with the use of electronics in sanitary systems.

6. Marketing

In 2019, the strategic axes of institutional positioning and the OLI brand were privileged, nationally and internationally, through a set of initiatives carried throughout the year, which sought to consolidate OLI's relationship with the main partners and with the company's employees.

Regarding institutional positioning, with the 65th anniversary celebration of the company, the following initiatives stand out:

- Publication of the book “A nossa História”, on February 28th ;
- Holding, on March 1st, a commemorative lunch with the participation of all company employees;
- Realization of the 4th edition of the OLI Regatta, on May 11th ;
- Sponsorship of a concert by artist Pedro Abrunhosa, on May 11th;
- Celebratory dinner with the main institutional partners, customers and suppliers, on September 28th.

On the brand positioning axis, 2019 was a year of strong investment in consolidating the brand image internationally, with emphasis on the following activities:

- Participation in the main European fair of the kind, ISH Frankfurt.
- Sponsorship of the Gresini Racing team, which participates in the MotoGP world circuit with teams in the Moto2 and Moto3 classes.

OLI was awarded in 2019 for its performance and products, with the following distinctions to be highlighted:

- German Innovation Award, which distinguished the product Moon Black;
- Design Plus, which distinguished the product Moon Black;
- Archiproducts Design Awards, which distinguished the product Moon Black;
- Iconic Awards Interior Innovation, which distinguished the product Moon Black;
- Lusophone Creativity Awards (Bronze award, in the digital category), which distinguished the OLI website;
- European Business Awards (national winner and European finalist in the Innovation category), which distinguished the company's performance.

Marketing is an area that will continue to deserve OLI's investment, with the objective of consolidating the work developed in recent years and seeking to reinforce support and coordination with national and international sales, essential to capture the trends of the various markets and develop solutions geared to customer needs.

7. Human capital

At the end of the 2019 financial year, the number of employees was 431, with an increase of 7.5% over the same date of the previous year. The number of employees varied over the year, given the need to adjust to the evolution of demand and seasonality in some markets, as well as to an increase in technical skills.

During 2019, the average number of employees was 422 (an increase of 7% compared to 2018).

The table shown below shows comparative data for the years 2019 to 2017

Description	2019	2018	2017
Number of workers at the end of the period	431	401	389
Male	206	189	193
Female	225	212	196
Average number of workers over the period	422	395	387
Average age of workers	39.6	39.4	39.3
Average seniority of workers	11.7	12.0	11.0
Total training hours	18 469	14 866	16 287
Average hours of training per worker	43	37	42
Staff costs	13 138 228	12 309 015	11 810 450
Average expenses per worker	31 133	31 162	30 518
GVA per worker	140 588	142 521	139 786
Overall absenteeism rate	4.5	4.0	3.3
Frequency index of work accidents	Good	Good	Good
Severity index of work accidents	Very good	Good	Good

In 2019, we changed the OSHAS 18001 Regulation to the new 45001 Regulation on work health and safety and consolidated the hiking initiatives and safety dialogues.

In 2020, we intend that these two activities, walks and dialogues, are part of rooted and productive routines.

In 2019 we carried out an organizational climate questionnaire. 245 valid responses were obtained, corresponding to 48% of workers. Analysing the scores and comments, we point out that, on average, people feel satisfied at OLI.

In general, people are proud to work at OLI, they are concerned with their personal development and perform their work in a rigorous and safe way and feel a great spirit of mutual help.

For 2020, team activities will be carried out in order to promote cohesion and team spirit and communication.

We also intend, in 2020, to prepare for the acquisition of an e-learning platform that will make training content available in a simpler, more appropriate and interactive way.

8. Outlook for the financial year 2020

As we prepare this report, the world is experiencing a unique and unpredictable health and economic crisis, whether in short, medium or long term.

We fear that the effects of the COVID-19 crisis may be profound, widespread and long-lasting, so we do not dare to make predictions for the year 2020.

OLI is actively monitoring this situation, it has developed all the necessary plans in order to proactively manage the negative impact of this surrounding context and, although the situation is unpredictable, we will do everything to ensure that in 2020 we have a positive performance, where continuity is not at stake.

At the time of writing this report the main concerns are related to safeguarding the life and health of our employees through the provision of information and training, as well as adequate means of protection, with ensuring operational management while maintaining essential services in functioning, trying to keep supply chains in operation with suppliers and customers and adapting the organization in terms of processes and procedures to this new, more unpredictable normal operation.

9. Results application proposal

In accordance with the provisions of the Commercial Companies Code, namely Article 66, paragraph f) and taking into account the other legal precepts, as well as the purpose of increasingly consolidating its equity structure, we propose that the net result in the € 3 233 767.92 has the following distribution:

- For other reservations € 2 452 487.54
- For unallocated profits € 781 280.38

10. Profit sharing proposal to the Board of Directors

Based on the performance obtained in 2019, we hereby propose that the amount of € 212 103.65 be attributed, as a share of profits, to the three executive directors of the Board of Directors. Given the accounting rules in force, this amount is already recorded in personnel expenses, so the Net Result already reflects this proposal.

11. State Public Sector

According to article 210 of the Code of Contributory Regimes of the Social Security Social Security System and Decree-Law no. 534/80, of 7th November, it should be noted that there are no arrears situations in relation to public sector entities and there are no other verified situations that imply mandatory reference in this report.

Certificates were issued certifying the regularized situation, valid at the balance sheet closing date, on December 31st, 2019, with the Tax and Social Security Administration.

12. Thanks

To all customers, employees and suppliers, who throughout the ended year collaborated and interacted with us, we want to acknowledge the dedicated and diligent way in which, in general, they did so. To the financial institutions, we want to acknowledge the support given and the trust that they continue to place in us.

We wish to acknowledge the Governing Bodies, as well as the auditors and consultants, for the constant support and availability that they have always given us, and their contribution is important, not only for the achievement of results, but also for the perspective of changes and improvements underway.

Aveiro, 15th May of 2020

The Board of Directors,

António Manuel Moura de Oliveira

António Ricardo Raposo Oliveira

Rui Miguel Vieira de Oliveira

Pier Andreino Niboli

Federica Niboli

Annex to the Board of Directors' Report

We declare the shareholders holding more than one third of the Share Capital:

Shareholders	31/12/2019	31/12/2018
Oliveira & Irmão SGPS, Lda.	50%	50%
Valsir, Spa.	50%	50%

The members of the governing bodies do not directly hold any shares in OLI - Sistemas Sanitários, SA. Indirectly, through those shareholder companies, they hold the number and shares according to the following table:

Name	Occupation	Number of shares	Form of detention
António Manuel Moura de Oliveira	President CA	8 000	Indirect
António Ricardo Raposo Oliveira	Administrator	246 000	Indirect
Rui Miguel Vieira de Oliveira	Administrator	246 000	Indirect
Pier Andreino Niboli	Administrator	180 000	Indirect
Frederica Niboli	Administrator	125 000	Indirect

During the year, there were no transactions for OLI shares.

The members of the supervisory body do not hold any shares.

III. Financial statements - Individual accounts

Individual balance sheet on 31.12.2019 and 31.12.2018 EUR

Items	Notes	Dates 31.12.2019	31.12.2018
ASSETS			
Non-Current Assets			
Tangible fixed assets	7;9;11;30	28 748 060	29 506 818
Investment properties	12;30	5 107 668	5 085 302
Intangible Assets	6	88 087	214 542
Equity holdings – Equity Method	3;5;13	12 191 096	11 671 395
Other Financial Investments	3;13	47 072	612 835
Deferred Tax Assets	20	174 661	210 368
		46 356 646	**47 301 260**
Current Assets			
Inventories	3;14;22	6 140 255	6 623 453
Customers	22	12 570 568	9 493 714
State and other public entities	22	1 513 782	835 209
Other Receivables	22	868 409	667 186
Deferrals	22	350 764	302 176
Non-Current Assets Held for Sale	3;8	239 935	555 779
Cash and Bank Deposits	4;22	1 938 276	1 404 277
		23 621 989	**19 881 795**
Total Assets		**69 978 635**	**67 183 056**
OWN CAPITAL			
Equity			
Subscribed Capital	22	10 000 000	10 000 000
Legal reserves	22	2 000 000	2 000 000
Other Reserves	21;22	8 741 616	6 351 379
Retained Earnings	22	205 876	-3 574
Revaluation Surpluses	7;22	7 618 370	7 618 370
Adjustments/Other Changes in Equity	22	8 360 168	7 470 517
Net Profit for the Period	20;22	3 233 768	4 308 599
Total Equity		**40 159 798**	**37 745 290**
LIABILITIES			
Non-Current Liabilities			
Provisions	16	28 162	29 535
Financing Received	9;10;22	10 672 276	7 661 788
Deferred Tax Liabilities	20	1 252 315	1 430 430
		11 952 753	**9 121 753**
Current Liabilities			
Suppliers	22	7 734 655	7 135 703
Advance Payments from Customers	22	20 036	37 862
State and Other Public Entities	22	363 492	325 254
Financing Received	9;10;22	5 821 155	8 242 615
Other payables	22	3 810 903	4 423 228
Deferrals	22	115 841	151 350
		17 866 083	**20 316 013**
Total Liabilities		**29 818 836**	**29 437 765**
Total equity and liabilities		**69 978 635**	**67 183 056**

Certified Accountant

Board of Directors

Individual Income Statement by nature for the periods ended 31.12.2019 and 31.12.2018

EUR

Income and Expenses	Notes	Periods 2019	2018
Sales and Services Provided	15;30	59 339 922	56 307 384
Operating subsidies	17	144 791	131 836
Income/Losses related to subsidiaries, associated companies and joint ventures	3;13	203 716	1 169 912
Changes in Production Inventories	14;30	31 345	845 468
Cost of goods sold and materials consumed	14;30	-26 081 389	-25 113 510
External supplies and services	23;30	-13 448 622	-12 115 926
Staff costs	3;5;24;30	-13 138 228	-12 309 015
Inventory impairment (losses/reversals)	14;22	144 183	-4 715
Impairment on accounts receivable (losses/reversals)	22	-20 278	58 647
Provisions (increases/reductions)	16	-28 162	-12 316
Impairment of non-depreciable/amortisable investments (losses/reversals)	13	-5 150	-1 500
Other Income	15;18;25;30	2 409 740	1 845 914
Other Expenses	18;26	-1 445 166	-1 722 363
Income Before Depreciation, Financing Costs and Taxes		**8 106 702**	**9 079 816**
Depreciation and Amortisation Expenses/Reversals	6;7;12;28	-4 550 471	-4 275 069
Operating Income (before financing costs and taxes)		**3 556 231**	**4 804 747**
Interest and Similar Expenses	27	-259 617	-274 004
Earnings Before Taxes		**3 296 615**	**4 530 743**
Income Tax for the Period	20	-62 847	-222 145
Net Profit for the Period		**3 233 768**	**4 308 599**

Certified Accountant

Board of Directors

Individual Cash Flow Statement for the period ended 31.12.2019 and 31.12.2018

EUR

Items	Periods 2019	2018
Cash flows from operating activities		
Receipts from customers	57 379 340	56 799 321
Payments to suppliers	-38 727 437	-38 457 455
Payments to staff	-13 012 108	-12 200 851
Cash generated by operations	**5 639 795**	**6 141 015**
Income tax paid/received	-568 823	-89 507
Other receipts/payments	-365 606	132 121
Cash flows from operating activities (1)	**4 705 366**	**6 183 629**
Cash flow from investment activities		
Payments concerning:		
Tangible fixed assets	-3 984 683	-5 099 170
Intangible Assets	-27 144	-118 300
Financial investments	-845 150	-763 500
Other assets	-316 022	-432 746
Receipts from:		
Tangible fixed assets	15 000	138 035
Financial investments	683 405	478 615
Other assets	341 194	
Interest and similar income	1 159	
Dividends	732 600	205 920
Cash flow from investment activities (2)	**-3 399 641**	**-5 591 145**
Cash flows from financing activities		
Receipts from:		
Financing Received	5 789 336	4 431 031
Payments concerning:		
Financing Received	-5 465 818	-3 169 941
Interest and similar costs	-245 245	-271 508
Dividends	-850 000	-780 000
Cash flows from financing activities (3)	**-771 726**	**209 583**
Changes in cash and cash equivalents (1+2+3)	533 999	802 067
Exchange rate effect		
Cash and cash equivalents at the beginning of the financial year	**1 404 277**	**602 210**
Cash and cash equivalents at the end of the financial year	**1 938 276**	**1 404 277**

Certified Accountant

Board of Directors

Individual Statement of Changes in Equity in FY 2019

EUR

Description Notes	Notes	Subscribed Capital	Legal reserves	Other Reserves	Retained Earnings	Revaluation Surpluses	Adjustments/Other Changes in Equity	Net Profit for the Period	Total	Total Equity
		Equity attributed to the holders of the share capital of the parent company								
Position at the beginning of FY 2019	6	10 000 000	2 000 000	6 351 379	-3 574	7 618 370	7 470 517	4 308 290	37 745 290	37 745 290
Changes in the Period										
First-time adoption of the new accounting standards										
Changes to accounting policies										
Exchange rate differences in the financial statements										
Realisation of the revaluation surplus										
Revaluation surpluses						-175 173			-175 173	-175 173
Deferred tax adjustments						175 173			239 641	239 641
Other changes recognised in equity				2 390 237	1 059 450		64 468		-33 728	-33 728
	7			2 390 237	1 059 450		825 184	-4 308 599	30 740	30 740
Net Profit for the Period	8						889 652	-4 308 599	3 233 768	3 233 768
Comprehensive Income	9=7+8							3 233 768	3 233 768	3 264 508
Transactions with shareholders in the period										
Capital increases										
Realisations of share issue premiums										
Profit distribution					-850 000				-850 000	-850 000
Increases for covering losses										
Other operations										
	10				-850 000				-850 000	-850 000
Position at the end of FY 2019	=6+7+8+10	10 000 000	2 000 000	8 741 616	205 876	7 618 370	8 360 168	3 233 768	40 159 798	40 159 798

Individual Statement of Changes in Equity in FY 2018

EUR

Description Notes	Notes	Subscribed Capital	Legal reserves	Other Reserves	Retained Earnings	Revaluation Surpluses	Adjustments/ Other Changes in Equity	Net Profit for the Period	Total	Total Equity
		Equity attributed to the holders of the share capital of the parent company								
Position at the beginning of FY 2019	6	10 000 000	2 000 000	5 144 782	-563 555	7 614 657	6 607 249	3 693 947	34 497 080	34 497 080
Changes in the Period										
First-time adoption of the new accounting standards										
Changes to accounting policies										
Exchange rate differences in the financial statements										
Realisation of the revaluation surplus										
Revaluation surpluses						-175 173			-175 173	-175 173
Deferred tax adjustments						175 311	1736		177 048	177 048
Other changes recognised in equity	18			1 206 597	1 339 981	3 574	861 531	-3 693 947	-282 264	-282 264
	7			1 206 597	1 339 981	3 713	863 267	-3 693 947	-280 389	-280 389
Net Profit for the Period	8							4 308 599	4 308 599	4 308 599
Comprehensive Income	9=7+8							4 308 599	4 308 599	4 308 599
Transactions with shareholders in the period										
Capital increases										
Realisations of share issue premiums										
Profit distribution					-780 000				-780 000	-780 000
Increases for covering losses										
Other operations										
	10				-780 000					-780 000
Position at the end of FY 2018	=6+7+8+10	10 00 000	2 000 000	6 351 379	-3 574	7 618 370	7 470 517	4 308 599	37 745 290	37 745 290

Certified Accountant

Board of Directors


Rue
Saint

IV. Notes to the Financial Statements - Individual accounts

1. Information

1.1. Entity identification

Designation:	OLI - Sistemas Sanitários, SA
Headquarters:	Travessa do Milão, Esgueira, 3800-314 Aveiro, Portugal
VAT Number:	500 578 737
Business:	CAE of main activity 22230 - Manufacture of plastic products for construction

The main activity of this company is the manufacture of plastic items for construction and the secondary activity is the wholesale marketing of sanitary items, hardware, piping for pipes, motor pumps and electric pumps, taps, appliances and heating material. Its secondary activity is also the real estate promotion aiming at the design, construction, ownership, commercialization, commercial exploitation and management of various real estate assets.

1.2. Identification of the final parent company

OLI - Sistemas Sanitários, SA is held in:

- 50% by the company Oliveira & Irmão, SGPS, Lda, headquartered at Travessa do Milano, Esgueira, Aveiro, Portugal
- 50% by the company Valsir, SPA, headquartered at Localita Merlaro 2, Vestone, Italy.

1.3. Identification of the intermediate parent company

The intermediate parent company is OLI - Sistemas Sanitários, SA, headquartered in Travessa do Milano, Esgueira, Aveiro.
Copies of the consolidated financial statements can be obtained at the company's headquarters.

1.4. Risk management

The main objective of risk management is to support OLI in pursuing the long-term strategy, seeking to reduce unwanted financial risks, volatility and trying to mitigate any negative impacts on results. OLI's attitude towards financial risks is conservative and prudent.

Financial risk management policies are approved by the Board of Directors and risks are identified and monitored by the financial department.

i. Credit Risk

a) Customer Loans

Credit risk results mainly from loans granted to customers, related to operating activities. The main purpose of credit risk management is to ensure the effective collection of customer debts, in accordance with negotiated conditions.

In order to mitigate the credit risk that derives from the potential default of payment by the customers, the company:

- Has in place credit control procedures and credit approval processes;
- Has a team dedicated to the management of loans and collections;
- Establishes and monitors its customers' credit limits, monitoring effective exposure;
- Has taken out credit insurance;
- Makes use of all legal means available for credit recovery, when applicable.

b) Other financial assets besides customer loans

In addition to the assets resulting from operating activities, the company holds financial assets resulting from its relationship with Financial Institutions, such as bank deposits. Consequently, there is also a credit risk associated with the potential default of the Financial Institutions with which it has these relationships. Financial exposure related to this type of financial assets is widely diversified and short-term.

ii. Market Risk

a) Interest Rate Risk

As a result of the relevant weight of debt at variable rates in its Balance Sheet, and the subsequent interest payment cash flows, the Company is exposed to interest rate risk, particularly to the risk of fluctuations in the Euro interest rate. In order to reduce this risk, the company has contracted medium and long term fixed rate financing operations.

b) Foreign Exchange Risk

The company is exposed to transaction exchange rate risk. Exchange rate risk relates to the possibility of recording losses or gains as a result of exchange rate changes. The Group's operations are international and it has a subsidiary operating in Russia, thus being exposed to exchange rate risk.

The exchange rate risk management policy seeks to minimise the volatility of investments and operations denominated in foreign currencies, thus contributing to lowering the Group's sensitivity to currency fluctuations.

Whenever possible, the Group attempts to hedge exposed amounts by offsetting granted and received loans denominated in the same currency.

Transaction risk emerges when there is a currency risk related to operating cash-flows denominated in a currency other than the functional currency of the company. The company seeks to compensate for positive and negative cash-flows denominated in the same foreign currency.

iii. Liquidity Risk

Liquidity risk management aims at ensuring that the company is able to obtain the necessary financing in a timely manner, in order to carry out its business activities, implement its strategy and comply with its payment obligations when due, while avoiding the need to obtain financing under unfavourable conditions. To this aim, liquidity management involves the following aspects:

- Consistent financial planning, based on cash flow forecasts and according to different time horizons (weekly, monthly, annual and multi-annual);
- Financing source diversification;
- Diversification of debt maturities issued in order to avoid excessive concentration of debt repayments over short periods;
- Contracting of short-term credit lines, commercial paper programmes and other types of financial operations, so as to ensure a balance between adequate levels of liquidity and commitment fees borne;

iv. Capital Risk

OLI's capital structure, determined by the proportion of equity and net debt, is managed to ensure the continuity and development of its operating activities, maximise shareholder return and optimise the cost of financing. OLI monitors its capital structure periodically, identifying risks, opportunities and necessary adjustment measures in order to achieve the aforementioned objectives.

2. Accounting Framework Used to Prepare the Financial Statements

2.1 Accounting Framework Adopted

The attached Financial Statements were prepared in accordance with the provisions in force in Portugal, in accordance with Decree-Law no. 98/2015 of 2 June, and in accordance with the Conceptual Framework (EC), Accounting and Financial Reporting Standards (NCRF) and Interpretative Standards (NI), respectively, of Notices 8254/2015, 8256/2015 and 8258/2015, of 29 July, contained in the Accounting Standardisation System (SNC), as well as the International Accounting Standards (IAS/IFRS), and the respective Technical Interpretations (SIC/IFRIC), issued by IASB.

2.2 Ongoing Concern Basis

The attached Financial Statements were prepared based on the principle of ongoing concern, from the books and accountancy records of the Company, kept according to accountancy principles generally accepted in Portugal.

2.3 Accrual Basis of Accounting

The Company records revenue and expenses on an accruals basis, under which revenue is recognised when earned and expenses are recognised when incurred, regardless of the timing of receipts or payments. Differences between the amounts received and paid, and the corresponding revenue and expenses are recognised under 'Debtors and Creditors by Accrual and Deferral'.

2.4 Classification of Non-Current Assets and Liabilities

Assets receivable and liabilities payable within more than one year from the date of the statement of financial position are classified, respectively, as non-current assets and liabilities. Additionally, due to their nature, "Deferred Taxes" and "Provisions" are classified as Non-Current Assets and Liabilities.

2.5 Financial Liabilities

Financial liabilities are classified according to the substance of their contractual arrangement, regardless of the legal form.

2.6 Comparability

The accounting policies and measurement criteria adopted on 31 December 2019 are comparable to those used in preparing the Financial Statements on 31 December 2018.
In view of NCRF 10 – Borrowing Costs, the company capitalised interest of 48,166.00 euros, based on the criteria of the asset being in progress for a period exceeding 9 months and its value exceeding 100,000 euros.

2.7 Subsequent Events

Events occurring after the Balance Sheet date providing additional information about the conditions that existed at the time are reflected in the Financial Statements. Any materially relevant events occurring after the Balance Sheet date are disclosed in the Notes to the Financial Statements.

2.8 Derogation of the provisions of the Accounting Standards

During the year reported, there were no exceptional cases regarding these Financial Statements implying the derogation of any provision stipulated in the SNC.

3. Main Accounting Policies

3.1. Measurement Bases Used to Prepare the Financial Statements:

INTANGIBLE ASSETS (NCRF 6)

Intangible assets are recorded at their acquisition cost, net of depreciations and accumulated impairment losses. Intangible assets are recognised only when they are likely to lead to future economic benefits for the entity, are controllable and their cost may be reliably measured.

Development expenses are recognised whenever the entity demonstrates the capacity to complete the respective development, begin to use it and when it is probable that the created asset will generate future economic benefits. Development expenses that do not meet these criteria are recorded as expenses in the year in which they are incurred. Research expenses are recognised as costs in the period in which they are incurred.

Amortisation is calculated after an asset is put into use and determined by the straight-line method according to its estimated useful life.

TANGIBLE FIXED ASSETS (NCRF 7)

Tangible fixed assets acquired until 1 January 2010 (date of the transition to NCRF) are recorded at acquisition cost or at revalued acquisition cost, according to the accounting principles generally accepted in Portugal, minus depreciation and accumulated impairment losses.

Tangible fixed assets acquired after that date are recorded at acquisition cost minus the corresponding depreciation and accumulated impairment losses. The buildings and land were revalued in 2011, by a third party, L2i - Investimentos Imobiliários, Lda., and in 2017, by a third party, CC Morais - Avaliação Imobiliária, Lda. This year, according to our knowledge of the market, they are up-to-date.

Depreciation is calculated after the date on which the goods are available for use by the straight-line method in accordance with the estimated lifetime for each group of goods.

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

Description	Estimated years of life
Commercial and Office Buildings	50
Industrial Buildings	20
Light Structures	10
Moulds	6
Machines	10
Assembly Lines	10
Tools and Utensils	4
Transportation equipment	4
Administrative Equipment	8

Conservation and repair expenses that do not increase the useful life or do not result in significant enhancements or improvements of tangible fixed assets are recorded as expenses in the year in which they are incurred.

Tangible fixed assets in progress are assets still in the construction stage and are recorded at the acquisition cost. These tangible fixed assets are depreciated as of the moment in which the underlying assets are available for use and meet the necessary conditions to operate as planned by management.

Capital gains or losses resulting from the sale or write-off of tangible fixed assets are calculated as the difference between the sale price and the net book value, on the date of the sale or write-off. Said assets are recorded in the Profit-and-Loss Account, in items Other Income and Gains or Other Expenses and Losses.

NON-CURRENT ASSETS HELD FOR SALE (NCRF 8)

Non-current assets held for sale include moulds and computer equipment that were classified as such, as these assets are not being recovered by continuous use but through disposal. The assets are available for immediate sale under current conditions, and management is committed to sell them and has made several diligences to that effect within a short period of time.

Non-current assets classified as held for sale are recorded at the lower between their balance sheet value and their fair value, minus the estimated cost of sale.

Whenever the amount for which the asset is recorded is greater than its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss, under item Impairment Losses.

The recoverable amount is the higher between the net selling price and the value in use. The net selling price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, minus any expenses directly attributable to the sale. Value in use is the current value of any estimated future cash flows expected to arise from the continued use of the asset and its disposal at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

A reversal of an impairment loss recognised in prior years is recorded when it is determined that the impairment loss recognised no longer exists or has decreased. This analysis is carried out whenever there is evidence that the impairment loss previously recognised was reversed. The reversal of impairment losses is recognised in the Income Statement. However, the impairment loss is reverted up to the amount that would be recognised (net of amortisation and depreciation) if the impairment loss had not been recorded in a prior period.

LEASES (NCRF 9)

Leasing contracts are classified as Financial Leases if they imply a substantial transfer of all risks and advantages inherent to ownership of the asset and as Operating Leases if they do not imply the substantial transfer of all risks and advantages inherent to their ownership.

The classification of leases as Financial or Operating depends on the substance of the transaction and not on the form of the contract.

Tangible fixed assets acquired through finance lease contracts, as well as the corresponding responsibilities, are accounted for using the financial method. Tangible fixed assets, the corresponding accumulated depreciation and debts pending liquidation are recognised according to the contractual financial plan. Additionally, interest included in the value of rents and depreciation of tangible fixed assets are recognised as expenses in the profit-and-loss statement for the year to which they refer.

In the case of operating leases, rents owed are recognised as an expense in the Income Statement on a straight-line basis over the lease period.

BORROWING COSTS (NCRF 10)

Interest paid on loans directly attributable to the acquisition or construction of assets is capitalised as part of the cost of those assets. The Entity considers that an asset is eligible for capitalisation when it requires a substantial period of time to be available for use or sale. The amount of interest to be capitalised is determined by applying a capitalisation rate on the value of investments made.

The capitalisation rate used in 2019 was 1.92%. The entity's capitalisation policy is summed up as follows:

- The capitalisation of loan expenses begins when the investment starts, when interest has already been borne and the activities necessary to prepare the asset for use or for sale are already underway;
- Capitalisation ends when all activities necessary to make the asset available for sale or for use are substantially completed;
- As a matter of practicality, capitalisation is only for interest on assets that take at least 9 months to construct and that reach a value exceeding 100,000 euros.
- Other expenses directly attributable to the acquisition and construction of the assets, such as expenditure on materials consumed and staff costs, are also included in the cost of such assets.

INVESTMENT PROPERTIES (NCRF 11)

Investment properties are valued at their acquisition cost, net of depreciation and accumulated impairment losses.

Costs incurred with investment properties, such as maintenance, repairs and insurance, are recognised as expenses in the period to which they relate. If there are improvements, where there is expectation that these will generate future economic benefits beyond those initially expected, these are recognised in the Investment Properties heading.

Periodically, the fair value of investment properties is determined, and this valuation is reflected in the measurement of assets.

With regard to the disclosure of the fair value of investment properties, taking into consideration, on the one hand, that they were recently revalued and, on the other, the current conditions of the real estate market, resulting from the current economic situation, we consider that the value whereby they are recorded in the accounts corresponds to their fair value.

IMPAIRMENT OF ASSETS (NCRF 12)

On the Balance Sheet date, an assessment is carried out to determine the actual existence of impairments implying changes in circumstances which indicate that the value for which the assets are recognised may not be recoverable.

Whenever the carrying amount of the asset is higher than the recoverable amount, an impairment is recognised in the profit-and-loss account, under item Impairment Losses.

The reversal of impairment losses, recognised in previous years, is recorded when there is evidence that such losses no longer exist or have decreased. Said losses are recognised in the profit-and-loss account, under item Reversal of Impairment Losses and are accounted up to the limit amount that would be recognised if the loss had been recorded.

Inventories, customers and other debtors were checked for impairment on the balance sheet date. It was found that there was objective evidence of impairment in customers. In the case of customers in this financial year, there was an increase in impairment previously constituted due to lawsuits and age. Accordingly, impairment in Customers and reversal of impairment in Other Debtors and Inventories were recognised in the Income Statement.

With regard to Soplasnor, there was an impairment increase of 5,150 euros, related to a loan in that amount made to said company in the current year.

INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION (NCRF 15)

Financial holdings are initially recognised at cost and subsequently adjusted using the Equity Method. Full consolidation is applied, as this is required for holdings and control in subsidiaries.

After associated companies are acquired, profits and losses are accounted in the profits or losses of the parent company against the financial investment value. After the balance sheet date, the profit or loss is transferred to reserves whenever it is not distributed. When the holding determined by the Equity Method is a loss that equals or exceeds the investment in the associated company, the parent company no longer recognises additional losses.

Profits not obtained from transactions with associated companies are eliminated from the scope of consolidation.

Whenever necessary, the accounting policies of associated companies are altered to ensure consistency with the policies adopted by the Group.

At the end of the year, impairment tests are carried out on investees. These tests are performed in order to determine the recoverability of the investment, considering historical performance, as well as the business development expectations. The assessments are based on cash flow projections, which are, in turn, based on financial budgets approved by Management and discounted at the capital cost rate. Cash flows are extrapolated using estimated growth rates based on business development expectations.

INVENTORIES (NCRF 18)

Inventories are valued according to the following criteria:

- Commodities and raw materials, subsidiaries and consumables are valued at the lower between cost and net realisable value. Acquisition cost includes expenses incurred until storage, using the weighted average cost as the output costing method.

- Finished and semi-finished products, by-products and products and works in progress are valued at the lower between their production cost and their net realisable value. Production costs include the cost of the raw materials used, direct labour and overhead expenses.
  The output cost is determined by the standard cost method.

In cases where the value of those goods is lower than the lowest of the average acquisition or production cost, an impairment cost is recorded for depreciation of inventories.

REVENUE (NCRF 20)

The company recognises revenue whenever it is reasonably measurable, when it will likely obtain future economic benefits. The amount of revenue is not considered reasonably measurable until all contingencies relating to a particular sale are substantially resolved. The company bases its estimates on historic results, taking into account the type of customer, the type of transaction and the specificity of each agreement.

Revenue comprises the fair value of the consideration received or receivable for services rendered, arising from the Company's normal business operation. Revenue is recognised net of Value Added Tax (VAT), rebates and discounts.

Revenue from the sale of goods is recognised when all the following conditions are met:

- All risks and benefits associated with the ownership of the goods are transferred to the purchaser;
- The entity does not maintain any control over the goods sold;
- The revenue amount can be reliably measured;
- Future economic benefits associated with the transactions are likely to flow to the entity;
- Costs incurred or to be incurred in the transaction can be reliably measured.

Revenue from services is recognised net of taxes, at the fair value of the amount to be received.

Revenue from services rendered is recognised by reference to the stage of completion of the transaction at the reporting date, provided that all the following conditions are met:

- The amount of revenue can be measured reliably;
- Future economic benefits associated with the transactions are likely to flow to the Entity;
- Costs incurred or to be incurred in the transaction can be reliably measured;
- The transaction completion stage at the date of the report can be reliably measured.

Interest revenue is recognised using the effective interest method, provided it is likely that economic benefits will flow to the entity and its amount can be reliably measured.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (NCRF 21)

The company set up a provision for customer guarantees. Because our products are guaranteed for a period during which claims may be made, the company has a current obligation arising from a past event. It is therefore likely that expenses may be incurred to satisfy that obligation. The obligation amount was calculated based on historic occurrences in the previous three years.

GOVERNMENT SUBSIDIES AND GOVERNMENT SUPPORT (NCRF 22)

Operating subsidies, namely to support job creation, are recognised in the profit-and-loss account, proportionally to the respective expenses incurred, thereby fulfilling the accrual concept of accounting.

Non-refundable investment subsidies to finance tangible assets are recorded in Equity and recognised in the Profit-and-Loss Account, proportionally to the depreciation of subsidised assets during their useful life.

We have a refundable interest-free loan in progress from the concession of financial incentives as part of the NSRF innovation incentive system, to which we applied for internationalisation and investment expenses.

EFFECTS OF CHANGES IN CURRENCY EXCHANGE RATES (NCRF 23)

The assets and liabilities in the financial statements of foreign entities are translated into Euro using historical exchange rates and those in force on the date of the statement of financial position, as applicable, and income and expenses, and cash flows are translated into Euro using the average exchange rate recorded in the financial year.

The exchange rates used to convert the subsidiaries' income statements into Euro were:

Currency	2019		2018	
	Closing rate	Average rate	Closing rate	Average rate
RUB – Russian Ruble	69 9563	72 4553	79 7153	74 0416

On the closing date, the currency exchange rate is updated for outstanding balances (monetary items), applying the exchange rate in force on that date. Favourable and unfavourable exchange rate differences

between the exchange rates in force on the date of transactions and those on the date of collections, payment or on the balance sheet date are recorded as income and/or expenses in the Profit-and-Loss Account for the year in the Exchange Rate Profits/Losses item.
Exchange rate differences arising from the translation into Euro of financial statements of subsidiaries denominated in foreign currencies are recognised in equity, under Other Changes in Equity.

INCOME TAX (NCRF 25)
The company is subject to Corporate Income Tax (IRC). When the taxable amount is established, amounts not accepted for tax purposes shall be added to and deducted from the accounting result. This difference between accounting and fiscal results can be of a temporary or permanent nature.

In 2019, the company deducted amounts from its taxable income related to tax incentives in force applicable to corporate income tax (IRC), namely SIFIDE (Systems of Tax Incentives for Corporate Research and Development) and RFAI (Investment Assistance Tax Policy).

The company records deferred taxes corresponding to the temporary differences between the accounting value of assets and liabilities and the corresponding tax base, according to the provisions of NCRF 25 – Deferred Taxes.

Expenses in income tax for the year are determined by adding current and deferred taxes. Current income taxes are calculated based on the entity's taxable income according to the tax rules in force, net of tax benefits; deferred tax is determined by the temporary differences between the value of assets and liabilities for financial reporting purposes, and the respective values for taxation purposes (tax base).

Deferred tax assets and liabilities are calculated using the tax rates in force and are recognised as an expense or income in the year.
Deferred tax assets are recognised only when there are reasonable expectations of obtaining sufficient future taxable profits for their use, or in situations where there are taxable temporary differences that offset temporary deductible differences in the period of their reversal.

At the end of each period, these deferred taxes are recalculated, and are reduced whenever their future use is no longer likely.

ENVIRONMENTAL MATTERS (NCRF 26)

The activities carried out by the company may cause environmental damages. Therefore, under the terms of Article 22 of Decree-Law no. 147/2008 of 29 July, the company must establish one or more own and autonomous, financial guarantees, alternative or complementary, that allow it to take responsibility for any damages it causes. The company opted to comply with these provisions through the allocation of a reserve not available in equity.

FINANCIAL INSTRUMENTS (NCRF 27)

Financial instruments are valued according to the following criteria:

- Customers and other third-party receivables – debts from customers and other third parties are recorded at their nominal value, as they do not bear interest, and the discount effect is deemed immaterial. At the end of each reporting period, customer and other third-party receivables are analysed to determine the existence of any objective evidence that they are not recoverable. If this is the case, the respective loss is immediately recognised as an impairment loss. Impairment losses are recorded subsequent to events that objectively and in a quantifiable manner imply that all or part of the outstanding balance will not be received. To this end, the entity takes into account market information demonstrating that the customer has defaulted on its responsibilities and historic information showing that overdue balances have not been received.
- Debts to Suppliers and Other Payables – Debts to suppliers and other third parties are recorded at their nominal value since they do not bear interest and the discount effect is regarded as immaterial.
- Loans – using one of the options of NCRF 27, loans are recorded under liabilities at their cost.
- Transactions and balances in foreign currency – transactions in foreign currency are recorded at the exchange rate of the transaction dates. On each reporting date, the carrying amounts of monetary items stated in foreign currency are restated at the exchange rates of that date. The carrying amounts of non-monetary items recorded in foreign currency at fair value are updated on the reporting date at the exchange rates in force on the dates on which the respective fair values were determined. Carrying amounts of non-monetary items recorded at historical cost denominated in foreign currency are not updated. Currency exchange differences arising from the aforementioned updates are recorded in the Profit-and-Loss Account for the year in which they were generated.
- Accrual basis – transactions are recognised in the accounts when they are generated, regardless of the moment when they were received or paid. Differences between amounts received and paid and the corresponding income and expenses are recorded in the items Other Accounts Receivable, Other Accounts Payable and Deferrals.

- Cash and bank deposits – amounts included in the item of cash and cash equivalents correspond to the value of cash and bank deposits, both realisable immediately without losing value.
- Financial Instruments held for trading – Financial assets and financial liabilities are classified as Held for Trading if they are primarily acquired or taken on for the purpose of sale or repurchase within a very short period of time or if they are part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence that actual profit has been recently obtained.

  These assets and liabilities are recorded at fair value, and changes in fair value are recognised in the Income Statement.

EMPLOYEE BENEFITS (NCRF 28)

The entity's employees receive the following benefits:

- Short-term benefits: these include wages, salaries, social security contributions and gratifications. These benefits are accounted in the same time period in which the employee provided the service.
- Benefits for termination of employment: the entity recognises expenses related to work contract terminations, either by expiry of a term contract or by mutual agreement.

3.2. – Main Sources of Uncertainty in Estimates

Estimates are based on the best knowledge at any moment and on planned actions. These actions are periodically reviewed based on available information. Estimates may be reviewed in the event of any changes to the facts and circumstances, such that actual future results may be different.

4. Cash Flows

The Cash and Bank Deposits item is broken down as follows:

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Opening Balance	Debits	Loans	Closing Balance
Cash	12 662	82 409	86 716	8 355
Demand deposits	1 129 607	139 112 607	138 312 293	1 929 920
Other bank deposits	262 009	527 059	789 068	
Total Cash and Bank Deposits	**1 404 277**	**139 722 075**	**139 188 077**	**1 938 276**

5. Related Parties

5.1. Parent Company and Subsidiaries:

Immediate Parent Company: OLI - Sistemas Sanitários, S.A.

Upper Intermediate Parent Company: Oliveira & Irmão, SGPS, Lda.

Upper Intermediate Parent Company: Valsir, S.p.A.

5.2. Remuneration of Key Management Staff

The following remunerations were paid to governing bodies (understood as key management staff) in the financial years ended 31 December 2019 and 2018:

REMUNERATION OF GOVERNING BODIES — EUR

Description	FY 2019	FY 2018
Board of Directors – OLI Sistemas Sanitários, S.A.	608 747	584 384
Total	**608 747**	**584 384**

5.3. Transactions with Related Parties

The following transactions took place between related parties:

RELATED PARTIES — EUR

		FY 2019					FY 2018				
	Description	Sales and Services	Purchases	Balances Receivable	Balances Payable	Loans for the Period	Sales and Services	Purchases	Balances Receivable	Balances Payable	Loans for the Period
Parent Company	VALSIR, S.p.A.	713 864	1 327 923	173 951	271 586		734 352	1 382 041	124 913	247 528	
	Oliveira & Irmão SGPS. Lda										
Total		**713 864**	**1 327 923**	**173 951**	**271 586**		**734 352**	**1 382 041**	**124 913**	**247 528**	
Subsidiaries	OLI.SRL	7 089 320	1 026 080	418 662	93 577		7 070 760	865 862	431 591	57 830	
	OLI Rus OOO	2 080 539		2 239 135			1 404 284		1 718 595		
	OLI Sanitairsysteme GMBH	1 187 028	1 536	528 305			207 700	893	97 728		44 530
	OLI Moldes, Lda	12 890	1 849 997	2 397	966 879		29 573	1 640 298	123	970 182	
	Soplasnor – Soc. Plásticos do Norte, S.A.					5 150					1 500
Total		**10 369 688**	**2 877 613**	**3 188 498**	**1 060 456**	**5 150**	**8 712 317**	**2 507 053**	**4 448 037**	**1 028 012**	**46 030**

On 16 April 2019 OLI - Sanitärsysteme GMBH, Germany, increased its share capital by EUR 750,000.

On 24 December 2019 OOO OLI Rus, Russia, increased its capital by EUR 350,000 through a debt conversion.

On 12 February 2020 OLI - Sanitärsysteme GMBH, Germany, further increased its share capital by EUR 300,000.

6. Intangible assets

Intangible assets were disclosed as follows:

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2019 EUR

	Description	Development projects	Computer Programmes	Intangible assets in progress	Total
	With finite service life				
4	Initial gross carrying amount	59 840	945 802		1 005 842
5	Initial accumulated amortisations	59 840	731 259		791 099
6	Initial accumulated impairment losses				
7	**Initial net carrying amount (7 = 4 - 5 – 6)**		**214 542**		**214 542**
8	**Operations in the period: (8 = 8.1 - 8.2 + 8.3 + 8.4 + 8.5 + 8.6)**		**-133 742**	**7 288**	**-126 455**
8.1	**Total additions**		**17 700**	**7 288**	**24 988**
Additions	First-hand acquisitions		17 700	7 288	24 988
8.2	**Total decreases**		**152 315**		**152 315**
Decreases	Amortisation		152 315		152 315
8.3	Reversals of impairment losses				
8.4	Transfers of IFA in progress		2 156		2 156
8.5	Transfers from/to non-current assets held for sale				
8.6	Other transfers		-1 283		-1283
9	**Final net carrying amount**		**80 800**	**7 288**	**88 087**
	Service life	**3**	**3**		

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2018 EUR

	Description	Development projects	Computer Programmes	Intangible assets in progress	Total
	With finite service life				
4	Initial gross carrying amount	59 840	823 512		883 352
5	Initial accumulated amortisations	51 529	499 915		551 443
6	Initial accumulated impairment losses				
7	**Initial net carrying amount (7 = 4 - 5 – 6)**	**8 311**	**323 597**		**331 908**
8	**Operations in the period: (8 = 8.1 - 8.2 + 8.3 + 8.4 + 8.5 + 8.6)**	**-8 311**	**-109 055**		**-117 366**
8.1	**Total additions**		**122 290**		**122 290**
Additions	First-hand acquisitions		113 415		113 415
8.2	**Total decreases**		8 875		8 875
Decreases	Amortisation	**8 311**	**231 345**		**239 656**
8.3	Reversals of impairment losses	8 311	231 345		239 656
8.4	Transfers of IFA in progress				
8.5	Transfers from/to non-current assets held for sale				
8.6	Other transfers				
9	**Final net carrying amount (9 = 7 + 8)**		**214 542**		**214 542**
	Service life	**3**	**3**		

7. Tangible Fixed Assets

7.1. Disclosures on Tangible Fixed Assets

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE FIXED ASSETS IN 2019

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Basic administrative	Other TFA	TFA in progress	Advances on account of TFA	Total
1	Initial gross carrying amount	5 999 979	22 323 099	39 804 304	1 333 013	1 623 468	1 237 931	3 372 668	31 566	75 726 209
2	Initial accumulated depreciation		12 133 955	30 404 749	1 008 794	1 433 781	1 237 931			46 219 209
4	Initial net carrying amount (4 = 1 - 2 – 3)	5 999 979	10 189 144	9 399 555	324 218	189 687		3 372 668	31 566	29 506 818
5	Operations in the period: (5 = 5.1 - 52 + 5.3 + 54 + 5.5 + 5.6)	27 075	-889 559	405 499	26 884	-25 050	26 804	-318 786	-11 625	-758 758
5.1	**Total additions**	**27 075**	**1 165**	**160 788**	**160 130**	**40 059**		**3 300 742**	**-11 625**	**3 678 334**
Additions	Acquisitions	27 075	1 165	160 788	160 130	40 059		3 300 742	-11 625	3 678 334
5.2	**Total decreases**		**1 445 413**	**2 451 095**	**137 688**	**77 162**	**2 007**			**4 113 365**
Decreases	Depreciations		1 445 413	2 448 595	137 688	77 162	2 007			4 1110 864
	Write-offs			2 500						2 500
5.3	Reversals of impairment losses									
5.4	Transfers of TFA in progress		554 688	2 695 807	4 451	12 053	27 582	-3 617 581		-323 054
5.5	Transfers from/to non-current assets held for sale									
5.6	Other transfers				-9		1 283	-1 947		-673
6	Final net carrying amount (6 = 4 + 5)	6 027 054	9 299 585	9 805 055	351 103	164 637	26 804	3 053 881	19 941	28 740 060
	Service life		**3;10;20;50**	**1;3;4;6;8;10**	**4;6**	**3;5;6;7;8;10**	**3;4**			

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE FIXED ASSETS IN 2018

EUR

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Basic administrative	Other TFA	TFA in progress	Advances on account of TFA	Total
1	Initial gross carrying amount	5 516 000	21 700 840	37 077 182	1 227 611	1 483 440	1 240 638	2 796 184		71 041 895
2	Initial accumulated depreciation		10 868 446	28 921 827	984 119	1 338 764	1 237 017			43 350 173
4	Initial net carrying amount: (4 = 1 - 2 – 3)	5 516 000	10 832 394	8 155 355	243 492	144 675	3 621	2 796 184		27 991 722
5	Operations in the period: (5 = 5.1 - 52 + 5.3 + 54 + 5.5 + 5.6)	483 979	-643 250	1 244 200	80 726	45 012	-3 621	576 484	31 566	1 815 097
5.1	**Total additions**	**483 979**	**30 838**	**327 853**	**240 350**	**146 558**	**4 885**	**4 975 342**	**31 566**	**6 241 371**
Additions	Acquisitions	483 979	30 838	327 853	240 350	146 558	4 885	4 975 342	31 566	6 241 371
5.2	**Total decreases**		**1 445 346**	**2 174 522**	**161 484**	**107 166**	**914**			**3 889 432**
	Depreciations		1 402 353	2 113 195	144 113	105 183	914			3 765 758
Decreases	Sales			47 771	17 371	1 118				66 260
	Write-offs		42 993	13 556		865				57 414
5.3	Reversals of impairment losses									
5.4	Transfers of TFA in progress		793 957	3 068 170	1 860	5 620		-4 387 537		-517 931
5.5	Transfers from/to non-current assets held for sale									
5.6	Other transfers		-22 699	22 699			-7 592	-11 320		-18 912
6	Final net carrying amount (6 = 4 + 5)	5 999 979	10 189 144	9 399 555	324 218	189 687		3 372 668		29 506 818
	Service life		**3;10;20;50**	**1;3;4;6;8;10**	**4;6**	**3;5;6;7;8;10**	**3;4**			

7.2. Disclosures on Revaluation Surplus from Tangible Fixed Assets Recognised by Revalued Amounts

CARRYING AMOUNT AND OPERATIONS IN REVALUATION SURPLUSES IN 2019

EUR

Description	Revaluation Reserves		Revaluation Reserves		Total
	Not Performed	Performed	Not Performed	Performed	
Value of the revaluation surplus at the beginning of the period	57 560	104 533	4 887 210	2 569 067	7 618 370
Depreciations	-13 121	13 121	-598 904	598 904	
Other					
Value of the revaluation surplus at the end of the period	44 439	117 654	4 288 306	3 167 971	7 618 370

EUR

CARRYING AMOUNT AND OPERATIONS IN REVALUATION SURPLUSES IN 2018

Description	Legal Revaluation Reserves		Free Revaluation Reserves		Total
	Not	Performed	Not	Performed	
Value of the revaluation surplus at the beginning of the period	70 678	91 415	5 482 401	1 970 164	7 614 657
Depreciations	-13 118	13 118	-598 904	598 904	
Other			3 713		3 713
Value of the revaluation surplus at the end of the period	57 560	104 533	4 887 210	2 569 067	7 618 370

7.3. Tangible Fixed Assets Pledged as Guarantees for Liabilities

TANGIBLE FIXED ASSETS PLEDGED AS GUARANTEES FOR LIABILITIES IN 2019 EUR

Asset	Creditor	Pledged Amount	Asset Value	Depreciation	Net amount
Soplasnor Building and adjacent land	BPI	4 500 000	5 170 653	742 682	4 427 971
		4 500 000	**5 170 653**	**742 682**	**4 427 971**

TANGIBLE FIXED ASSETS PLEDGED AS GUARANTEES FOR LIABILITIES IN 2018 EUR

Asset	Creditor	Pledged Amount	Asset Value	Depreciation	Net amount
Soplasnor Building and adjacent land	BPI	4 500 000	4 839 391	549 284	4 290 107
Moulds and machinery	BPI	827 750	921 643	601 809	319 835
		5 327 750	**5 761 034**	**1 151 092**	**4 609 941**

8. Non-Current Assets Held for Sale

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Opening Balance	Acquisitions	Sales	Closing Balance
Set of moulds for filling valves	14 268			14 268
Set of moulds for discharge valves	7 927			7 927
Set of computer equipment purchased for sale		3 313	2 058	1 255
Set of moulds for floor siphons	2 114			2 114
Set of moulds purchased for sale	531 470	16 820	333 919	214 371
Total	**555 779**	**20 133**	**335 977**	**239 935**

9 Leases

9.1. Lease Contracts

ASSETS FINANCED THROUGH FINANCIAL LEASE CONTRACTS. RESPECTIVE NET CARRYING AMOUNTS AND CONTINGENT RENTS RECOGNISED WITH 0 EXPENSE IN THE PERIOD EUR

	Contract	Description	Lessor	Acquisition value	Lease term Beginning	Lease term End	2019 Net carrying amount	2018 Net carrying amount
Tangible fixed assets	CT 1530029800	Audi A3-28 PR 19	BPI	39 650	05/04/2015	05/04/2020		2 478
	CT 1530029900	Audi A3 - 28PR20	BPI	39 650	05/04/2015	05/04/2020		2 478
	CT 1561644300	VW Caravelle - 95QL40	BPI	42 000	25/10/2015	25/10/2020		7 875
	CT1660968700	VW Passat 13-SG-86	BPI	35 300	05/01/2017	05/01/2022	8 825	17 650
	CT1860320900	VW Golf 59-UP-34	BPI	24 990	07/05/2018	23/05/2023	14 057	20 304
	CT1762184600	VW Passat 87-TZ-70	BPI	34 990	09/01/2018	09/01/2023	17 495	26 242
	CT1863210000	BMW S5 99-VR-47	BPI	47 841	07/12/2018	17/12/2023	34 884	46 845
	CT1930226400	AUDI E-TRON 08-ZA-40	BPI	109 000	19/11/2019	19/11/2025	104 458	
				373 421			179 720	123 873
	CT211832	BMW 4 - 36QR70	BSANTANDER	46 500	15/01/2016	15/01/2021		11 625
				46 500				11 625
Totals				**419 921**			**179 720**	**135 498**

9.2. Amounts Recognised in These Assets

FINANCIAL LEASES — EUR

	Description	2019 Tangible fixed assets	2018 Tangible fixed assets
1	Final Gross Carrying Amount	419 921	310 921
2	Accumulated Depreciation/Amortisations	240 202	175 423
3	Impairment losses and reversals		
4	**Final net carrying amount (4 = 1 - 2 - 3)**	**179 720**	**135 498**
5	**Future minimum lease payments at the balance sheet date:**		
5.1	Up to one year	66 733	80 751
5.2	From one to five years	150 564	121 196
5.3	More than five years		
	Total (5 = 5.1 + 5.2 + 5.3)	**217 297**	**201 947**

OPERATIONAL LEASING — EUR

	Description	2019	2018
5	**Future minimum lease payments at the balance sheet date:**		
5.1	Up to one year	22 945	23 211
5.2	One to five years	17 587	35 981
5.3	More than five years		
Total (5 = 5.1 + 5.2 + 5.3)		**40 532**	**59 192**
Amount of payments recognised as expenses for the period		**42 548**	**46 577**

10. Borrowing

10.1. Information on General Loans

TYPE OF FINANCING — EUR

Description	31/12/2019 Current	31/12/2019 Non-current	31/12/2019 Total	31/12/2018 Current	31/12/2018 Non-current	31/12/2018 Total
Credit cards				207		**207**
Commercial Paper Programme	3 900 000		**3 900 000**	5 400 000	7 540 591	**5 400 000**
Medium- and Long-Term	1 854 422	9 686 181	**11 540 603**	1 755 406	121 196	**9 295 997**
Leasing	66 733	150 564	**217 297**	80 751		**201 947**
FEDER - Application No. 27024				1 006 251		1 006 251
FEDER - Application No. 33547		835 532	**835 532**			
Total	**5 821 155**	**10 672 276**	**16 493 431**	**8 242 615**	**7 661 788**	**15 904 403**

11. Borrowing Costs

During this financial year, interest on loans directly attributable to the acquisition or construction of capitalised assets as part of the cost of such assets was as follows:

BORROWING COSTS IN 2019 **EUR**

Description	Start date of the work	Interest accrued	Interest rate applied
Tangible fixed assets		**48 166**	
Buildings and other structures	21/05/2018	5 579	1.92%
Buildings and other structures	30/07/2018	1 165	1.92%
Machines for specific uses	30/01/2018	2 067	1.92%
Machines for specific uses	01/02/2018	2 267	1.92%
Machines for specific uses	02/10/2018	1 721	1.92%
Machines for specific uses	02/10/2018	3 155	1.92%
Moulds	30/07/2018	1 185	1.92%
Buildings in progress	01/09/2017	7 852	1.92%
Buildings in progress	07/12/2017	3 540	1.92%
Buildings in progress	31/12/2018	2 855	1.92%
Buildings in progress	12/02/2019	903	1.92%
Buildings in progress	01/03/2019	1 973	1.92%
Basic equipment in progress	06/06/2017	4 462	1.92%
Basic equipment in progress	26/01/2018	2 131	1.92%
Basic equipment in progress	30/05/2018	4 953	1.92%
Basic equipment in progress	02/10/2018	2 357	1.92%
Total		**48 166**	

BORROWING COSTS IN 2018 EUR

Description	Start date of the work	Interest accrued	Interest rate applied
Tangible fixed assets		**25 651**	
Machines for specific uses	06/06/2017	11 623	1.90%
Machines for specific uses	01/02/2018	397	1.90%
Industrial facilities	01/09/2017	1 859	1.90%
Industrial facilities	07/12/2017	1 134	1.90%
Industrial facilities	30/01/2018	1 159	1.90%
Industrial facilities	02/02/2017	1 531	1.90%
Light Structures	07/07/2017	7 948	1.90%
Total		**25 651**	

12. Investment Properties

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2019 — EUR

	Description	Land and natural resources	Buildings and other structures	Other investment properties	IP in progress	Total
1	Initial gross carrying amount	1 719 814	4 518 239			6 238 053
2	Initial accumulated depreciation		893 330			893 330
3	Initial accumulated impairment losses		259 420			259 420
4	**Initial net carrying amount (4 = 1 - 2 – 3)**	**1 719 814**	**3 365 488**			**5 085 302**
5	**Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)**		**22 366**			**22 366**
5.1	**Total additions**		**5 519**			**5 519**
Additions	Acquisitions		5 579			5 579
	Own work capitalised					
	Revaluation increases					
	Other					
5.2	**Total decreases**		**287 291**			**287 291**
Decreases	Depreciations		287 291			287 291
	Impairment losses					
	Sales					
	Write-offs					
	Others					
5.3	Reversals of impairment losses					
5.4	Transfers of TFA in progress		304 078			304 078
5.5	Transfers from/to non-current assets held for sale					
5.6	Other transfers					
6	**Final net carrying amount (6 = 4 + 5)**	**1 719 814**	**3 387 854**			**5 107 668**
	Service life		**3;11;29**			

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2018 — EUR

	Description	Land and natural resources	Buildings and other structures	Other investment properties	IP in progress	Total
1	Initial gross carrying amount	1 719 814	4 518 239			6 238 053
2	Initial accumulated depreciation		623 675			623 675
3	Initial accumulated impairment losses		259 420			259 420
4	**Initial net carrying amount (4 = 1 - 2 – 3)**	**1 719 814**	**3 635 144**			**5 354 958**
5	**Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)**		**-269 655**			**-269 655**
5.1	**Total additions**					
Additions	Acquisitions					
	Own work capitalised					
	Revaluation increases					
	Other					
5.2	**Total decreases**		**269 655**			**269 655**
Decreases	Depreciations		269 655			269 655
	Impairment losses					
	Sales					
	Write-offs					
	Others					
5.3	Reversals of impairment losses					
5.4	Transfers of TFA in progress					
5.5	Transfers from/to non-current assets held for sale					
5.6	Other transfers					
6	**Final net carrying amount (6 = 4 + 5)**	**1 719 814**	**3 365 488**			**5 085 302**
	Service life		**3;11;29**			

OTHER INFORMATION EUR

Description	2019	2018	Total
Amounts recognised in profit-and-loss			
Rents and other income from investment properties	254 000	68 400	322 400
Direct operating expenses in properties generating income	37 750	45 840	83 590
Direct operating expenses in properties not generating income			
Total	**216 250**	**22 560**	**238 810**

13. Financial Investments

13.1. Information on Financial Investments

FINANCIAL HOLDINGS IN 2019 EUR

	Description	Investments in subsidiaries	Total
	Equity method:		
1	Initial gross carrying amount	11 671 395	11 671 395
2	Initial accumulated impairment losses	-5 610 000	-5 610 000
3	Effects arising from loans granted	6 190 586	6 190 586
4	**Initial net carrying amount (4 = 1 - 2 + 3)**	**12 25 980**	**12 251 980**
5	**Operations in the period: (5=5.1+5.2-15.3-5.4+5.545.6-5.7-5.8-5.9+5.10+5.11+5.12+5.13+5.14)**	**-60 884**	**-60 884**
5.1	Capital increases / acquisitions	1 100 000	
5.2	Other acquisitions		
5.3	Investor's share in the investee's profits	-85 408	-85 408
5.4	Profit distribution received from the investee	-732 600	-732 600
5.5	Changes in equity of the investee not recognised in profit or loss	-409	-409
5.6	Effects arising from loans granted	-575 436	-575 436
5.7	Sales		
5.8	Write-offs		
5.9	Impairment losses	-5 150	-5 150
5.10	Reversals of impairment losses		
5.11	Financial investment transfers in progress		
5.12	Transfers from/to non-current assets held for sale		
5.13	Other transfers		
5.14	Other operations in the period	238 118	238 118
6	**Final net carrying amount (6 = 4 +5)**	**12 191 096**	**12 191 096**
	Other methods		
7	Initial gross carrying amount	32 250	32 250
8	Initial accumulated impairment losses		
9	Effects arising from loans granted		
10	**Initial net carrying amount (10 = 7-3 + 9)**	**32 250**	**32 250**
11	**Operations in the period: (11=11.1 + 11.2 +11.3+ 114+ 11.5 +11.6+ 11.7+ 11.8 +11.9+ 11.10+ 11.11 +11.12)**	**14 822**	**14 822**
11.1	Acquisitions through business combinations		
11.2	Other acquisitions	14 822	14 822
11.3	Changes in fair value measurement through Equity		
11.4	Effects arising from loans granted		
11.5	Sales		
11.6	Write-offs		
11.7	Impairment losses		
11.8	Reversals of impairment losses		
11.9	Financial investment transfers in progress		
11.10	Transfers from/to non-current assets held for sale		
11.11	Other transfers		
11.12	Other operations in the period		
12	**Final net carrying amount (12 = 10 + 11)**	**47 072**	**47 072**

FINANCIAL HOLDINGS IN 2018 EUR

	Description	Investments in subsidiaries	Total
	Equity method:		
1	Initial gross carrying amount	10 970 427	10 970 427
2	Initial accumulated impairment losses	-5 608 500	-5 608 500
3	Effects arising from loans granted	6 184 555	6 184 555
4	**Initial net carrying amount (4 = 1-2+3)**	**11 546 482**	**11 546 482**
5	**Operations in the period: (5=5.1+5.2+5.3-5.4+5 5+5.6-5.7-5.8-5.9-f5.10+5.11+5.12+5.13+5.14)**	**705 498**	**705 498**
5.1	Capital increases / acquisitions		
5.2	Other acquisitions		
5.3	Investor's share in the investee's profits	1 169 912	1 169 912
5.4	Profit distribution received from the investee	-205 920	-205 920
5.5	Changes in equity of the investee not recognised in profit or loss	12 203	12 203
5.6	Effects arising from loans granted	6 030	6 030
5.7	Sales		
5.8	Write-offs		
5.9	Impairment losses	-1 500	-1 500
5.10	Reversals of impairment losses		
5.11	Financial investment transfers in progress		
5.12	Transfers from/to non-current assets held for sale		
5.13	Other transfers		
5.14	Other operations in the period	-275 227	-275 227
6	**Final net carrying amount (6 = 4 + 5)**	**12 251 980**	**12 251 980**
	Other methods		
7	Initial gross carrying amount	32 017	32 017
8	Initial accumulated impairment losses		
9	Effects arising from loans granted		
10	**Initial net carrying amount (10 = 7-8+9)**	**32 017**	**32 017**
11	**Operations in the period: (11 = 11.1+112+11.3+11.4+11.5+11.6+11.7+11.8+11.9+11.10+11.11+11.12)**	**233**	**233**
11.1	Acquisitions through business combinations		
11.2	Other acquisitions	10 233	10 233
11.3	Changes in fair value measurement through Equity		
11.4	Effects arising from loans granted		
11.5	Sales	-10 000	-10 000
11.6	Write-offs		
11.7	Impairment losses		
11.8	Reversals of impairment losses		
11.9	Financial investment transfers in progress		
11.10	Transfers from/to non-current assets held for sale		
11.11	Other transfers		
11.12	Other operations in the period		
12	**Final net carrying amount (12 = 10+11)**	**32 250**	**32 250**

In 2019 there was an increase in impairment losses in financial investments, of 1,500 euros. With this increase, the amount of accumulated impairment is equal to the amount of the loan granted to Soplasnor – Sociedade de Plásticos do Norte, S.A., as the company does not expect to recover this amount, given that the subsidiary does not have sufficient assets to cover it.

On 16 April 2019 OLI - Sistemas Sanitários, S.A., made a further capital increase of 750,000 euros to its subsidiary OLI Sanitärsysteme GmbH, thus making it possible to recognise, in 2019, the portion of net income for the negative year of 2018 not yet recognised.

On 24 December 2019 OOO OLI Rus, Russia, increased its capital by EUR 350,000 through a debt conversion.

During 2019 OLI - Sistemas Sanitários, S.A. lent to its subsidiary OLI Sanitärsysteme, GmBH, the amount of EUR 94,321.69 and was repaid the amount of EUR 674,907.24. Interest was charged in the amount of 2,920.82 euros.

14. Inventories

Inventories are broken down as follows:

EUR

Description	Net amount	31/12/2019 Impairment losses	Net amount	Gross amount	31/12/2018 Impairment losses	Net amount
Goods	898 622	109 379	789 243	1 002 093	274 441	727 651
Raw, subsidiary and consumable materials	2 149 841	107 977	2 041 864	2 292 278	107 341	20184 937
Finished and intermediate goods	3 543 696	234 548	3 309 148	3 925 169	214 304	30710 865
By-products, waste and rejects						
Ongoing work and products						
Advance on account of purchases						
Total	**6 592 159**	**451 903**	**6 140 255**	**7 219 540**	**596 087**	**6 623 453**

The cost of goods and materials consumed is as follows:

EUR

Description	Goods	31/12/2019 Raw, subsidiary and consumption materials	Total	Goods	31/12/2018 Raw, subsidiary and consumption materials	Total
Initial inventories	1 002 093	2 292 278	**3 294 370**	989 234	2 556 428	**3 545 661**
Purchases	4 157 326	21 865 598	**26 022 924**	4 065 505	20 971 583	**25 037 088**
Reclassification and adjustment of inventories	141 938	45 505	**187 443**	148 263	26 607	**174 869**
Final inventories	898 622	2 149 841	**3 048 463**	1 002 093	2 292 278	**3 294 370**
Cost of goods sold and materials consumed (5=1+2+3-4)	4 118 859	21 962 530	26 081 389	3 904 383	21 209 127	25 113 510
Other information concerning raw, subsidiary and consumption materials:						
Accumulated inventory adjustments/impairment losses in the period	109 379	107 977	**217 356**	274 441	107 341	**381 782**
Reversal of inventory adjustments/impairment losses in the period	274 441	107 341	**381 782**	215 847	102 021	**317 868**
Accumulated adjustments/Impairment losses in inventories	109 379	107 977	**217 356**	274 441	107 341	**381 782**

Changes in production inventories were as follows:

EUR

Description	Finished and intermediate goods	31/12/2019 By-products, waste and rejects	Ongoing work and products	Finished and intermediate goods	31/12/2018 By-products, waste and rejects	Finished and intermediate goods
Initial inventories	3 543 696			3 925 169		
Reclassification and adjustment of inventories	412 819			422 663		
Final inventories	3 925 169			3 502 364		
Variation in production inventories (4=1+2-3)	31 345			845 468		
Other information concerning raw, subsidiary and consumption materials:						
Accumulated inventory adjustments/impairment losses in the period	234 548			214 304		
Reversal of inventory adjustments/impairment losses in the period	214 304			273 503		
Accumulated adjustments/Impairment losses in inventories	234 548			214 304		

15. Revenue

The following table breaks down revenue and other income:

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2019	31/12/2018
Revenue recognised in the period		
Sales and services provided	**59 339 922**	**56 307 384**
Goods sold	59 327 944	56 295 861
Services provided	11 978	11 522
Other Income	**3 881**	**4 520**
Interest earned	3 881	4 520
Total	**59 343 804**	**56 311 904**

16. Provisions for the Year

Provisions for guarantees to customers were set up in the proportion between expenses arising from these guarantees actually incurred over the last three fiscal years and sales in the same period.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS EUR

	Description	2019 Guarantees provided to customers	2018 Guarantees provided to customers
1	Initial carrying amount	29 535	35 878
2	Operations in the period (2 = 2.1-2.2)	-1 372	-6 343
2.1	**Total increases**	28 162	29 535
Increases	Reinforcement	28 162	29 535
2.2	**Total decreases**	29 535	35 878
Decreases	Use	29 535	18 658
	Reversal		17 219
3	Carrying amount for the year (3 = 1 + 2)	28 162	29 535
	Final Carrying Amount	28 162	29 535

17. Subsidies

SUBSIDIES FROM THE STATE AND OTHER PUBLIC ENTITIES — EUR

	DESCRIPTION	2019 Amount granted in the period or in previous periods	2019 Amount allocated to the period	2018 Amount granted in the period or in previous periods	2018 Amount allocated to the period
1	**Subsidies related to assets/for investment: (1 = 1.1 + 1.2 + 1.3**	1 423 640	298 047	1 093 234	19 239
1.1	**Tangible fixed assets: (1.1 = 1.1,1 + 1.1.2+.......+ 1.1.6)**	**1 423 640**	**298 047**	**1 093 234**	**19 239**
1.1.1	Land and natural resources				
1.1.2	Buildings and other structures				
1.1.3	Transportation equipment				
1.1.4	Administrative equipment				
1.1.5	Biological equipment				
1.1.6	Others	1 423 640	298 047	1 093 234	19 239
1.2	**Intangible assets: (1.2 = 1.2.1+1.2.2+.......+1.24)**				
1.2.1	Development projects				
1.2.2	Computer Programmes				
1.2.3	Industrial Property				
1.2.4	Others				
1.3	**Other assets**				
2	**Subsidies related to income/Investment subsidies**		144 791		131 836
3	**Value of repayments in the period related to: (3 = 3.1 + 3.2)**				
3.1	Subsidies related to assets/for investment				
3.2	Subsidies related to income/Investment subsidies				
4	**TOTAL (4 = 1 + 2 - 3)**	**1 423 640**	**442 837**	**1 093 234**	**151 075**

The amount of subsidies granted by the state and other public entities concerns the internship and employment programmes and the Research & Development incentives system.

In 2019, the company had no subsidies from other entities.

18. Exchange Rate Differences

EFFECTS OF FOREIGN EXCHANGE RATE CHANGES — EUR

Description	31/12/2019	31/12/2018
Exchange rate differences		
Recognised as income for the period:		
Unfavourable exchange rate differences	20 403	7 397
Favourable exchange rate differences	32 613	29 171

19. Events After the Balance Sheet Date

The financial statements for the year ended 31 December 2019 were approved by the Board of Directors and authorised for issue on 15 May 2020.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. Leading up to, but especially after that date, the world as we knew it started to change radically, suffering huge loss of human life and unprecedented strains on economic activity.

When the 25th anniversary of the Schengen area was celebrated on 25 March, most of the borders had been reinstated, with exceptions made for the movement of cross-border workers and goods. Although the movement of goods was allowed, it was significantly impacted, in turn affecting traffic irreparably, to a degree and extent that is not yet quantifiable.

We stress that such facts are likely to have a negative effect on the activity and profitability of the Entity during the 2020 economic year. At this time, it is not possible to quantify the effects on the financial statements for that year, which depend, among other variables, on the duration and extent of this pandemic.

A drop in sales of about 6% was registered in April and this decline continued to be more pronounced in May. If the current trend continues, the decrease is likely to be around 25%.

At the beginning of April 2020, OLI - Sistemas Sanitários, S.A., following a strategy of conservatism and prudence, requested a credit moratorium from certain banks, provided for in legislation as part of measures to protect from the consequences of COVID-19. This was accepted and some payments were deferred to 2021.

Loan Value	Amount Instalments	Number of Instalments
2 500 000	190 117	2
1 000 000	75 000	3
500 000	42 028	2
750 000	77 530	6
260 000	21 958	7
4 500 000	375 000	4
1 000 000	98 639	4
2 000 000	35 204	2
2 000 000	111 111	6
1 000 000	50 000	1

20. Income Tax

20.1 Disclosure of Expenditure Components (income) of Taxes

INCOME TAX CARRYING AMOUNT EUR

	Description	31/12/2019	31/12/2018
1	Accounting profit-or-loss for the period (before taxes)	3 296 615	4 530 743
2	Current tax	-205 256	-377 892
3	Deferred tax	142 409	155 748
4	**Income Tax for the Period (4 = 2 + 3)**	**-62 847**	**-222 145**
5	Autonomous taxation	146 884	118 860

DEDUCTIONS RELATED TO TAX BENEFITS EUR

Description	31/12/2019	31/12/2018
SIFIDE – System of Tax Incentives for Research and Business Development	800 000	706 332
RFAI – Investment Support Tax Benefit Scheme	55 172	300 518
Total	**855 172**	**1 006 849**

The SIFIDE value deducted from taxable income in 2019 refers to the 2018 report and the part of the estimated value calculated in 2019. The RFAI value deducted from taxable income in 2019 refers to part of the benefit value estimated for 2019.

The company records deferred tax assets of 174,661 euros related to impairment losses not accepted for tax purposes.

It also records deferred tax liabilities of 4,395 euros related to legal revaluations and 1,247,920 euros related to free revaluations.

20.2 Relationship Between Tax Expenses (income) and Accounting Profit

EFFECTIVE TAX RATE, AVERAGE

EUR

Description		Effects on the Income Statement 2019	2018
Earnings Before Taxes	1	3 236 615	4 530 743
Tax rate	2	21.00%	21.00%
Expected Tax for the Year	**3 = 1x2**	**692 289**	**951 456**
Permanent and temporary differences not originating deferred tax assets	**4**	**95 361**	**-8 400**
Corrections regarding previous financial years		128 867	11 400
Cancellation of the effect of the equity method		528 884	-963 332
Non-deductible provisions		5 150	1 500
Insufficient tax estimates		113 040	2 331
Undocumented expenditures		262	633
Charges not properly documented		1 466	1 981
Fines and penalties		2 675	1 699
Taxes, fees and other levies on third parties that the taxable person is not legally authorised to bear		387	
Non-deductible expenses related to the corporate bodies' share in the profits		120 434	167 083
Impairment losses on inventories and non-tax credits		516 366	616 087
Impairment losses on non-current assets and depreciation and amortisation not accepted as expenses		795 799	851 338
40% of the increase in the depreciation of TFA as a result of the tax revaluation		5 767	5 767
Bad credits not accepted as expenses			535 715
Non-deductible social benefits		18 330	22 383
50% of the positive difference between tax gains and tax losses with intention to reinvest		7 500	36 214
Donations not foreseen or beyond legal limits		81 692	59 632
Other increases		880	426
Reversal of taxed impairment losses		-616 087	-531 371
Impairment losses taxed in previous tax periods		-58 671	-31 048
Overestimated taxes		-294 281	-328 035
Accounting capital gains		-15 000	-68 743
Elimination of double taxation of profits and distributed reserves		-732 600	-205 320
Tax benefits		-157 259	-106 332
Tax benefits (except DLRR and CFEI)	5	855 712	841 108
Settlement result	6	2 111	
Deferred tax	7	142 409	155 748
State Surtax	8	67 522	83 722
Surtax	9	56 261	67 361
Autonomous Taxation	10	146 884	1 18 860
Total tax for the year	**11 = 3+4-5-6+7+8+9+10**	**62 847**	**222 145**
Average Tax Rate		1.91%	4.90%
Income Tax for the Year is broken down as follows:			
Current tax		-205 256	-377 892
Deferred Tax		142 409	155 748
		-62 847	**-222 145**

21. Environmental Matters

In 2013, OLI - Sistemas Sanitários, S.A. set up a financial guarantee in the form of a reserve in equity that allows the company to assume the environmental responsibilities inherent to its activity, as required by Decree-Law 147/2008, of 20 July and subsequent amendments. This environmental liability reserve was constituted in the amount of 100,000 euros, transferred from Other Reserves.

22. Financial Instruments

22.1. Disclosure of Third-Party Figures

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2019	31/12/2018
Customers	**12 570 568**	**9 493 714**
Current account	12 385 848	9 314 959
Receivables	169 327	165 497
Doubtful debts	633 840	619 623
Impairment	-618 446	-606 365
Advance Payments from Customers	**20 036**	**37 862**
Suppliers	**7 734 655**	**7 135 703**
Other payables	**3 810 903**	**4 423 228**
Staff	13 898	11 537
Investment suppliers	829 718	1 608 369
Creditors by accrued expenses – Interest	24 644	24 326
Creditors by accrued expenses – Insurance	36 703	3 008
Creditors by accrued expenses – End of month	1 338	4 284
Creditors by accrued expenses - No current account		
Creditors by accrued expenses – Credit cards		
Creditors by accrued expenses – Vacations and vacation pay	1 934 739	1 818 599
Creditors by accrued expenses – Commissions	65 072	55 334
Creditors by accrued expenses – Rappel	395 871	315 748
Creditors by accrued expenses – Points	206 711	150 021
Creditors by accrued expenses – Other	287 506	196 452
Other creditors	14 702	235 549
Other Receivables	**868 409**	**667 186**
Advance payments to suppliers	81 660	43 662
Staff	17 010	24 630
Debtors by accrued income – Interest	1 995	4 520
Debtors by accrued income – Subsidies	225 910	130186
Debtors by accrued income – Other	166 990	244 820
Other Debtors	374 857	219 368
Accumulated impairment losses - Other debtors	-14	
Total	**25 004 571**	**21 757 694**

22.2. State and Other Public Entities

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2019			31/12/2018		
	Current	Non-current	Total	Current	Non-current	Total
State and other public entities						
Assets						
Income Tax	1 076 831		1 076 831	481 834		481 834
Withheld income taxes						
Value-added tax	436 951		436 951	353 375		353 375
Total	**1 513 782**		**1 513 782**	**835 209**		**835 209**
Liabilities						
Income Tax						
Withheld income taxes	129 427		129 427	114 068		114 068
Value-added tax						
Other taxes	167		167	133		133
Social Security contributions	233 898		233 898	210 512		210 512
Total	**363 492**		**363 492**	**325 254**		**325 254**

22.3. Deferrals

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2019			31/12/2018		
	Current	Non-current	Total	Current	Non-current	Total
Deferrals						
Assets						
Expenses to be recognised – Interest	6 227		6 227	5 285		5 285
Expenses to be recognised – Insurance	54 147		54 147	7 070		7 070
Expenses to be recognised – Moulds owned by customer	35 661		35 661	75 590		75 590
Expenses to be recognised – Protection items	7 756		7 756	5 040		5 040
Expenses to be recognised – Marketing items	22 515		22 515	28 289		28 289
Expenses to be recognised – Gift items	467		467	700		700
Expenses to be recognised – Services in transit	52 559		52 559	34 882		34 882
Expenses to be recognised – Investments in transit	420		420	96		96
Expenses to be recognised – Other	171 012		171 012	145 226		145 226
Total	**350 764**		**650 764**	**302 176**		**302 176**
Liabilities						
Income to be recognised – Moulds	69 050		69 050	102 606		102 606
Income to be recognised – Other	46 792		46 792	48 745		48 745
Total	**115 841**		**115 841**	**151 350**		**151 350**

22.4. Financial Assets and Liabilities

INFORMATION CONCERNING FINANCIAL ASSETS AND LIABILITIES IN 2019 EUR

Description	Measured at amortised cost	Measured at cost	Accumulated impairment
Financial assets:			
Customers		12 570 568	618 446
Other Receivables		868 409	
Financial Liabilities:			
Suppliers		7 734 655	
Advance Payments from Customers		20 036	
Financing Received	835 532	15 657 899	
Other payables		3 810 903	

INFORMATION CONCERNING FINANCIAL ASSETS AND LIABILITIES IN 2018 EUR

Description	Measured at amortised cost	Measured at cost	Accumulated impairment
Financial assets:			
Customers		9 493 714	606 365
Other Receivables		667 186	
Financial Liabilities:			
Suppliers		7 135 703	
Advance Payments from Customers		37 862	
Financing Received	1 006 251	14 898 152	
Other payables		4 423 228	

22.5. Cash

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2019	31/12/2018
Cash and Bank Deposits		
Cash	8 355	12 662
Demand deposits	1 929 920	1 129 607
Other bank deposits		262 009
Total	1 938 276	1 404 277

22.6. Financing

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2019 Current	31/12/2019 Non-current	Total	31/12/2018 Current	31/12/2018 Non-current	Total
Financing received						
Credit institutions and financial companies	5 821 155	9 836 744	**15 657 899**	7 236 364	7 661 788	**14 898 152**
Other financing entities		835 532	**835 532**	1 006 251		**1 006 251**
Total	5 821 155	10 672 276	6 493 430.9	8 242 615	7 661 788	15 904 403

22.7. Capital

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2019	31/12/2018
Equity		
Subscribed Capital	10 000 000	10 000 000
Legal reserves	2 000 000	2 000 000
Other Reserves	8 741 616	6 351 379
Environmental responsibility reserve	100 000	100 000
Other Reserves	8 641 616	6 251 379
Retained Earnings	205 876	-3 574
Revaluation surpluses	7 618 370	7 618 370
Adjustments/Other changes in equity	8 360168	7 470 517
Net Profit for the Period	3 233 768	4 308 599
Total	**40 159 798**	**37 745 290**

22.8. Disclosure of Information on Impairment

IMPAIRMENT LOSSES IN CURRENT ASSETS IN 2019 EUR

Description	Impairment losses	Reversals of impairment losses by year	Accumulated
Receivables from customers	40 264		618 446
Other receivables	14	20 000	14
Inventories – goods	109 379	274 441	109 379
Inventories – raw materials	107 977	107 341	107 977
Inventories – finished products	234 548	214 304	234 548
Total	**492 181**	**616 087**	**1 070 363**

IMPAIRMENT LOSSES ON CURRENT ASSETS IN 2018 EUR

Description	Impairment losses	Reversals of impairment losses by year	Accumulated
Receivables from customers		78 647	606 365
Other receivables	20 000		20 000
Inventories – goods	274 441	215847	274 441
Inventories – raw materials	107 341	102 021	107 341
Inventories – finished products	214 304	273 503	214 304
Total	**616 087**	**670 019**	**1 222 452**

22.9. Information on Doubtful Debts

DEBTS RECORDED AS DOUBTFUL

EUR

Description	2019	2018
Regarding companies undergoing processes of insolvency, recovery or enforcement		
Legally claimed	81 348	89719
In arrears:	**537 098**	**516 646**
For more than 24 months	433 086	384 060
For more than eighteen months and up to twenty-four months	23 100	5 232
For more than twelve months and up to eighteen months	26 200	56 101
For more than six months and up to twelve months	51 818	24 398
Up to six months	2 894	46 855
Total	**618 446**	**606 365**

23. Disclosure of Information on External Supplies and Services:

EXTERNAL SUPPLIES AND SERVICES

EUR

Description	31/12/2019	31/12/2018
Subcontracts	**2 160 861**	**2 570 632**
Specialised work	997 624	1 143 537
Advertising and publicity	1 100 331	631 996
Surveillance and security	87 411	83 775
Fees	40 437	30 037
Commissions	411 425	314 232
Maintenance and repairs	1 571 529	1 388 722
Others	354 846	26 107
Total specialised services	**4 563 602**	**3 618 407**
Fast-wear tools and utensils	180 713	204 830
Technical books and documents	1 322	1 213
Office supplies	14 398	16 589
Gift items	65 633	47 420
Others	51 436	93 988
Total materials	**313 502**	**364 040**
Electricity	992 938	1 175 672
Fuel	89 829	84 694
Water	18 999	22 869
Others	1 048	684
Total energy and fluids	**1 102 814**	**1 283 918**
Travels and accommodation	511 090	454 722
Transport of goods	3 374 633	2 930 626
Total transportation, travels and accommodation	**3 885 723**	**3 385 348**
Rents and leases	105 339	72 576
Communication	63 004	58 584
Insurance	286 597	247 956
Royalties	3 093	81
Legal services	7 783	3 428
Representation expenses	844 378	411 644
Cleaning, hygiene and comfort	97 188	95 191
Other services	14 739	4 121
Total miscellaneous services	**1 422 121**	**893 581**
Total external supplies and services	**13 448 622**	**12 115 926**

24. Disclosure of Information on Staff Costs

EMPLOYEES AND HOURS WORKED

Description	2019		2018	
	Average number of employees	Number of hours worked	Average number of employees	Number of hours worked
Persons employed by the company, paid and unpaid:				
Persons employed by the company, paid	423	742 411	398	693 418
Persons employed by the company, unpaid				
People working for the company by type of schedule:				
People working for the company full time	423	742 411	398	693 418
Of which: Remunerated employees working for the company full time	423	742 411	398	693 418
People working for the company part-time				
Of which: Remunerated employees working for the company full time				
People employed by the company, by gender:				
Men	203	368 855	190	339 476
Women	220	373 556	208	353 942
People employed by the company, of which:				
People allocated to research and development activities	21		22	
Service providers	26	9 960	23	8 810
People placed through temporary work agencies	**78**		**92**	

STAFF COSTS

EUR

Description	31/12/2019	31/12/2018
Staff Costs	**13 138 228**	**12 309 015**
Remuneration of governing bodies	608 747	584 384
Of which: Profit sharing	212 104	257 204
Staff remuneration	8 757 441	8 006 787
Indemnities	68 155	183 486
Charges on remunerations	2 030 917	1 857 754
Insurance against work accidents and occupational diseases	78 800	76 395
Social action costs	228 632	159 446
Other staff costs	1 365 537	1 440 763
Temporary workers	1 208 102	1 318 643
Training costs	115 445	78 906

25. Disclosure of Information on Other Income

OTHER INCOME

EUR

Description	31/12/2019	31/12/2018
Supplementary income	1 614 550	1 094 799
Cash payment discounts obtained	89 427	107 490
Debt recovery	5 087	12 454
Income and gains on other financial assets	33 020	29 286
Income and gains on non-financial investments	33 985	72 745
Other Income	629 790	524 620
Interest earned	3 881	4 520
Total other income	**2 409 740**	**1 845 914**

26. Disclosure of Information on Other Expenses

OTHER EXPENSES EUR

Description	31/12/2019	31/12/2018
Taxes	71 709	69 383
Cash payment discounts granted	476 747	473 065
Bad debt		535 715
Losses in inventories	311 735	367 147
Expenses and Losses on Other Financial Investments		3
Expenses and Losses on Non-financial Investments	2 500	44 828
Other Expenses		
Corrections regarding previous financial years	128 867	11 400
Donations	86 777	72 875
Contributions	29 521	16 105
Gifts and samples in inventories	143 622	92 110
Underestimated taxes	113 040	2 931
Moulds owned and customer contributions	28 617	
Unfavourable exchange rate differences	20 403	7 397
Commissions and other bank expenses	24 925	24 720
Others	6 703	4 683
Total other expenses	**1 445 66**	**1 722 363**

27. Disclosure of Information on Interest and Similar Expenses

INTEREST AND SIMILAR EXPENSES EUR

Description	31/12/2019	31/12/2018
Interest borne	259 617	274 004
Total Interest and similar expenses	**259 617**	**274 004**

28. Disclosure of Information on Depreciation Expenses

EXPENSES/REVERSAL OF DEPRECIATION AND AMORTISATION EUR

Description	31/12/2019	31/12/2018
Investment properties	**287 291**	**269 655**
Buildings	287 291	269 655
Tangible Fixed Assets	**4 110 864**	**3 765 758**
Buildings	1 445 413	1 402 353
Basic Equipment	2 448 595	2113195
Transportation equipment	137 688	144 113
Administrative equipment	77 162	105 183
Other tangible fixed assets	2 007	914
Intangible Assets	**152 315**	**239 656**
Development Projects		8 311
Industrial Property		
Computer Programmes	152 315	231 345
Total costs with depreciation and amortisation	**4 550 471**	**4 275 069**

29. Legally Required Disclosures

According to Decree-Law no. 534/80 and Article 210 of CRCSPSS (Social Security and Welfare Contribution Code), it should be noted that the company is in good standing in relation to entities of the state's public sector and that there are no other situations requiring mandatory mention.

Certificates were issued proving our good standing with the Tax and Social Security Administrations, valid at the Balance Sheet closing date, on 31 December 2019.

30. Other Legally Required Disclosures

Ordinance 208/2007, of 16 February, creating the IES (simplified business information) requires the disclosure of the following information:

30.1 Disclosure by Economic Activity

INFORMATION BY BUSINESS 2019 EUR

Description	CAE -22230	CAE -46740	CAE -41100	Total
Sales	**53 936 741**	**5 391 203**		**59 327 944**
Goods		5 391 203		5 391 203
Finished and intermediate goods	53 936 741			53 936 741
Services rendered		**11 978**		**11 978**
Purchases	**21 865 598**	**4 157 326**		**26 022 924**
External supplies and services	**11 853 010**	**1 422 161**	**173 452**	**13 448 622**
Cost of goods sold and materials consumed	**21 962 530**	**4 118 859**		**26 081 389**
Goods		4 118 859		4 118 859
Raw, subsidiary and consumable materials	21 962 530			21 962 530
Changes in Production Inventories	**-31 345**			**-31 345**
Average number of persons employed	338	84		422
Staff Costs	**11 369 070**	**1 769 158**		**13 138 228**
Payments to staff	8061 243	1 373 100		9 434 343
Other (including pensions)	3 307 827	396 058		3 703 885
Tangible Fixed Assets				
Final net carrying amount	24 331 252	4 351 286	65 522	28 748 060
Total acquisitions	3576418	42 192	59 724	3 678 334
Of which: on buildings and other constructions	1 165			1 165
Additions in the current assets period	3 235 784	5 234	59 724	3 300 742
Investment properties				
Final net carrying amount			5 107 668	5 107 668

INFORMATION BY BUSINESS IN 2018 EUR

Description	CAE -22230	CAE -46740	CAE -41100	Total
Sales	**51 259 981**	**5 035 880**		**56 295 861**
Goods		5 035 880		5 035 880
Finished and intermediate goods	51 259 981			51 259 981
Services rendered		**11 522**		**11 522**
Purchases	**20 971 583**	**4 065 505**		**25 037 088**
External supplies and services	**10 802 531**	**1 111 858**	**201 537**	**12 115 926**
Cost of goods sold and materials consumed	**21 209 127**	**3 904 383**		**25 113510**
Goods		3 904 383		3 904 383
Raw, subsidiary and consumable materials	21 209 127			21 209 127
Changes in Production Inventories	**-845 468**			**-845 468**
Average number of persons employed	318	80		398
Staff Costs	**10 525 013**	**1 784 001**		**12 309 015**
Payments to staff	7 488 780	1 285 877		8 774 657
Other (including pensions)	3 036 233	498 124		3 534 357
Tangible Fixed Assets				
Final net carrying amount	24 800 228	4 395 453	311 137	29 506 818
Total acquisitions	5 836 568	93 666	311 137	6 241 371
Of which: on buildings and other constructions	1 090 509	11 697	311 137	1 413343
Additions in the current assets period	4 652 044	12 160	311 137	4 975 342
Investment properties				
Final net carrying amount			5 035 880	5 035 880

30.2 Disclosure by Geographic Markets

INFORMATION BY GEOGRAPHIC MARKET FOR 2019 EUR

Description	Internal	European Union	Outside the EU	Total
Sales	13 582 652	35 186 616	10 558 676	59 327 944
Services rendered	11 978			11 978
Purchases	13408918	11 311 795	1 302 211	26 022 924
External supplies and services	9 931 782	3 368 170	148 669	13 448 622
Acquisitions of tangible fixed assets	3 224 924	453 410		3 678 334
Acquisitions of intangible assets	24 988			24 988
Other supplementary income	447 269	1 015 268	152 013	1 614 550

INFORMATION BY GEOGRAPHIC MARKET FOR 2018 EUR

Description	Internal	European Union	Outside the EU	Total
Sales	12 916 527	32 782 825	10 596 510	56 295 861
Services rendered	11 522			11 522
Purchases	12 750 831	11 574 110	712 146	25 037 088
External supplies and services	8 826 322	3116116	173 488	12 115 926
Acquisitions of tangible fixed assets	4 808 228	1 433 143		6 24 1 371
Acquisitions of intangible assets	37 551	75 864		113415
Other supplementary income	366 544	665 356	62 899	1 094 799

30.3 Disclosure of the Statutory Auditor's Fees

Article 66-A of the Commercial Companies Code requires the disclosure of the services rendered by the Statutory Auditor

FEES BILLED EUR

Description	2019	2018
Statutory Audit	12 000	12 000
Totals	**12 000**	**12 000**

30.4 – Proposed Appropriation of Net Profits

In accordance with the provisions of the Commercial Companies Code, considering that the net profit for the year is 3,233,767.92 euros, we propose the following appropriation of net profit:

For Other Reservations	€ 2,452,487.54
For Unallocated Profits	€ 781,280.38

31. Information on Guarantees Provided

BANK GUARANTEES EUR

Guarantees provided	Beneficiary	Amount
Caixa Geral de Depósitos	APCMC	160 000
Banco Santander Totta	IAPMEI	254 142

The company granted a guarantee to its subsidiary OLI Moldes Lda., of 2,000,000 euros, for the MLP loan granted by Caixa Geral de Depósitos, starting at 18/12/2017 and maturing at 18/12/2028.

Certified Accountant Board of Directors

V. Report and Opinion of the Audit Board – Individual Accounts

Dear Shareholders:

In accordance with the law, the company's articles of incorporation and the mandate granted to us, we hereby submit to your assessment our Report on the Supervisory Activity and our Opinion on the Management Report and Individual Financial Statement prepared by the Board of Directors of OLI – Sistemas Sanitários, SA for the financial year ended 31 December 2019.

Report

1. Throughout the fiscal year, we have monitored the activities of the Company with the regularity and to the extent deemed appropriate, having received all the necessary support and clarifications from the Board of Directors.
2. As part of our responsibilities, we verified that:
    a. The individual financial statements were prepared based on organised accounting, in accordance with the legal provisions in force in Portugal.
    b. The accounting policies and measurement criteria adopted are suited to the circumstances and are in accordance with the accounting rules in force in Portugal and are explained in the Notes.
    c. The Management Report, prepared in accordance with the Companies Code and all other applicable legislation, is sufficiently clear and highlights the most significant aspects.
    d. The proposed distribution of profits is duly justified.
3. The terms of the Statutory Audit and Audit Conclusion and Recommendation Report issued by the Audit Firm were assessed and, having warranted our agreement, are considered to form an integral part of this report.

Opinion

4. In light of the content of the Report, bearing in mind that the accounting, the Individual Financial Statements and the Management Report, together with the Statutory Audit, which was issued without reservations and the Audit Conclusion and Recommendation Report fulfil all legal and statutory provisions, reflecting the financial position and results achieved by the Company during the financial year, and there being no knowledge of any infringement of the law or articles of incorporation, we are of the opinion that the Annual General Meeting should:

a. Approve the Management Report and the Individual Financial Statements submitted by the Board of Directors concerning FY 2019;
b. Approve the profit distribution proposal contained in said report;
c. Conduct a general assessment of the Company's Governing and Audit Bodies.

Aveiro, 29 May 2020

The Supervisory Board

João Paulo Araújo Oliveira – Chairman

Carlos Manuel Tavares Breda – Member

José António Marques Pereira – Member

VI. Statutory Audit – Individual Accounts

Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda.
Audit Firm

STATUTORY AUDIT

REPORT ON THE AUDIT ON THE FINANCIAL STATEMENTS

Opinion
We have examined the financial statements of **OLI - SISTEMAS SANITÁRIOS, S.A.** (the Entity), which comprise the Balance Sheet as of 31 December 2018 (showing a total of 69,978,635 euros and a total equity of 40,159,798 euros, including a net profit of 3,233,768 euros), the Profit-and-Loss Account by nature, the Statement of Changes in Equity and the Cash Flow Statement for the year ended on said date, as well as the corresponding Notes to the Financial Statements, which includes a summary of the main accounting policies.

We are of the opinion that the aforementioned financial statements present, in an appropriate and accurate manner, and in all materially relevant aspects, the financial position of **OLI - SISTEMAS SANITÁRIOS, S.A** on 31 December 2019 and the results of its operations during the year ended on that date, in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Normalisation System.

Bases for our opinion
Our audit was performed in accordance with the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines of the Portuguese Institute of Statutory Auditors. Our responsibilities under these standards are described in the section 'Auditor's Responsibilities in the auditing of the Financial Statements' presented below. We are Independent of the Entity under the law and comply with the other ethical requirements under the code of ethics in the Order of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and adequate to provide a basis for our opinion.

Emphasis
In March 2020, the World Health Organization declared the spread of the new coronavirus ("COVID-19") a pandemic, which has a negative impact on the economies of Portugal, Europe and the world.

As mentioned in note 19 of the notes to the financial statements, we stress that such effects are likely to have a negative effect on the activity and profitability of the Entity during the economic year of 2020. At this time, it is not possible to quantify the effects on the financial statements for that year, which depend, among other variables, on the time dimension and depth of this pandemic.

Our opinion is not changed on this matter.

[initials]

Responsibilities of the management and supervisory bodies for the financial statements

The management body is responsible for:

- preparing the financial statements so as they present the true and appropriate financial position of the Entity, its financial performances, and cash flows, in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Normalisation System;

- preparing the Management Report in accordance with all applicable legal and regulatory terms;

- creating and maintaining an appropriate internal control system to enable the preparation of financial statements free from any material misstatements due to fraud or error;

- adopting appropriate accounting policies and criteria, considering the circumstances; and

- assessing the Entity's ability to maintain continuity, disclosing, when applicable, any matters that may raise significant doubts about the continuity of the business.

The supervisory body is responsible for supervising the process of preparing and disclosing the Entity's financial information.

Responsibilities of the auditor in the auditing of the financial statements

Our responsibility consists of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatements due to fraud or error, and to issue a report setting forth our opinion. Reasonable certainty is a high level of certainty but it does not guarantee that an audit performed in accordance with the ISA will always detect material misstatements, should they exist. Misstatements may arise from fraud or error and are considered material if, alone or together, they can reasonably be expected to influence economic decisions of users taken based on those financial statements.

As part of an audit according to the ISA, we make professional judgements and maintain professional scepticism during the audit and also:

- identify and assess the risk of material misstatements in the financial statements due to fraud or error, design and perform audit procedures that respond to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is greater than the risk of not detecting material misstatement due to error, since fraud may involve collusion, counterfeiting, intentional omissions, misrepresentation or disregard for internal control;

- obtain an understanding of the internal control relevant for the audit for the purpose of designing audit procedures that are appropriate under the circumstances but not to express an opinion on the effectiveness of the Entity's internal control;

- assess the adequacy of the accounting policies used and the reasonableness of accounting estimates and corresponding disclosures made by the management body;

[initials]

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Branch: Rua Manuel Firmino, Ed. Veneza, 52 – 8º andar, sala AZ – 3800-213 Aveiro – Tel.: (+351) 234 386 517 Fax: (+351) 234 386 518
Email: antonio.neto@ua.pt

- conclude on the adequacy of the management body's use of the principle of going concern and, based on the audit evidence obtained, on whether there is any material uncertainty related to events or conditions that may raise significant doubts regarding the Entity's ability to remain in business. If we conclude that there is material uncertainty, we must draw attention in our report to the respective disclosures included in the financial statements or, if should such disclosures not be appropriate, modify our opinion. Our conclusions are based on the audit evidence obtained until the date of our report. However, future events or conditions may cause the Entity to discontinue its activities;

- assess the overall presentation, structure and content of the financial statements, including disclosures, and whether those financial statements represent the underlying transactions and events in order to achieve an appropriate presentation:

- we communicate with governance leaders, including the supervisory body, among other matters, on the scope and planned timetable of the audit, and the significant conclusions drawn, including any significant internal control deficiencies identified during the audit.

Our responsibility also includes verifying that the information contained in the management report is consistent with that of the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management Report

In compliance with Article 451(3)(e) of the Commercial Companies Code, we are of the opinion that the management report was prepared in accordance with all applicable legal and regulatory requirements, the information contained therein is in accordance with the audited financial statements and, taking into account our knowledge and appreciation of the Entity, we have not identified any material inaccuracies.

Aveiro, 22 May 2020

[initials]

Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda, represented by
António Rodrigues Neto (Chartered Accountant registered in OROC under no. 857 and in CMVM under No. 20160480)

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VII. Report of the Board of Directors – Consolidated Accounts

In compliance with legal and statutory provisions, we hereby present and submit to the consideration of the General Meeting the Report of the Board of Directors and the Consolidated Financial Statements for FY 2019.

In 2019, the scope of consolidation of OLI – Sistemas Sanitários, S.A. included the following entities:

- OLI - Sistemas Sanitários, SA. (Parent Company);
- OLI, SRL., 99.0% share held;
- OLI Rus OOO, 100% share held;
- OLI Sanitärsysteme GmBH, 100% share held;
- OLI Moldes, Lda., 83.0% share held;
- Soplasnor - Sociedade Plásticos do Norte, SA., 100% share held.

OLI, SRL

OLI, SRL., Casto, Province of Brescia, Italy, carries on its business in Italy, distributing the industrial products of the parent company and complementing this activity with an interesting re-exporting (and dissemination) activity, involving the products of the parent company in markets with the greatest affinity with Italy, also coordinating commercial partnerships with major industry groups, through its decision centres in Italy (or in locations with a privileged relationship with this market).

It maintains a small ancillary business that manufactures injected parts for third parties, thus improving the use its equipment and industrial skills and boosting turnover.

OLI RUS OOO

OLI RUS, Moscow, Russia is today a commercial and industrial company. Thus, on the one hand, it imports and distributes the parent company's industrial products in Russia. On the other, it locally produces components, which it supplies to the local ceramics industry, with a view to asserting itself as an important player in this sector by locally manufacturing products with technical characteristics equivalent to those of the parent company, positioning itself above local producers, be it in terms of quality, service and, obviously, price.

It has simultaneously been developing the production area of interior cisterns with metallic structure, an area with greater added value in the company's product offer.

OLI SANITÄRSYSTEME, GMBH

OLI Sanitärsysteme, Möckmühl, Baden-Wuerttemberg, Germany, was created to develop the distribution of our products in the German market, allowing a closer presence with potential customers and a development of our brand awareness and presence in this important European market. Its activity registered continuous growth throughout 2019, including exports to nearby markets.

OLI MOLDES LDA

OLI Moldes, Lda., Aveiro, which produces plastic injection moulds, works essentially for the parent company. It continues to play a strategically important role, whether through its capacity to design and produce moulds adapted to the specific needs of our industry, our customers and our markets, or by ensuring the normal and timely maintenance of moulds for the parent company.

SOPLASNOR S.A.

Soplasnor, Matosinhos, Portugal, is in the process of liquidating all its assets and liabilities.

In terms of consolidated turnover, there was an increase of 5.2%, to a total amount of 70,700,921 euros. This increase was mainly driven by OLI – Sistemas Sanitários S.A., OLI-RUS, OLI Sanitärsysteme and OLI Moldes.

In terms of economic and financial performance, the consolidated data reflects the following evolution:

- The consolidated net profit fell by 16.0% to 3,191,409 euros.
- Cash-Flow has fallen slightly by 1.8% to 8,646,469 euros.
- With regard to consolidated *EBITDA* there was a fall of -4.5%, to € 9,298,535, corresponding to 13.2% of turnover.
- Consolidated net bank debt fell by -138,279 euros to 15,881,212 euros.
- Consolidated financial autonomy was 51.4%.

In terms of group strategy, we continue to develop our activity by seeking to solidify the companies that underpin the base of our business, namely:

- The Italian and German subsidiaries, as an important channel for distributing the parent company's products in the respective markets.
- The Russian subsidiary, as complementary industrial unit to the parent company, with the goal of supplying Eastern European markets, in a more economically competitive way.

- OLI Moldes, as an important instrument supplying moulds to the parent company with excellent technical conditions and opportunities (in addition to the increasingly demanding maintenance of existing moulds). OLI Moldes plays a growing role in the parent company's operations and performance due to the complexity of the parent company's partnerships with some important customers, which it will seek to supplement with the manufacture and sale of moulds for the European industrial sector, in order to balance its customer portfolio and to remain technical and economically competitive.
- OLI - Sistemas Sanitários, S.A., the parent company, which must act as the core and driving force for the small group of companies to which it belongs.

The parent company's report was prepared so as to suitably reflect the group's operation strategy, taking into account the proximity and affinity of strategic objectives among the various companies. To avoid unnecessary and tiresome repetitions, we will regard that report as part of this one and implicitly reproduced herein.

We will now briefly analyse each of the companies and indicate the most significant aspects related to the group’s strategy:

OLI - Sistemas Sanitários

The various documents preceding this report clearly indicate the importance and role of this company as the group's core. As we mentioned above, this company is increasingly becoming the core and driving force for the group's other companies (a group which is now more concentrated and cohesive).

Management is deeply committed to boosting the company's competitiveness through various means, by increasing its market share in the various markets where it operates without neglecting geographies that are more distant but where there are business opportunities and possibilities for new partnerships.

Fully aware that differentiation and notoriety are achieved through innovation and product quality, OLI has privileged R&D projects with a direct impact on its business, establishing strategic cooperation relationships with the best knowledge networks in scientific and technological areas with relevance to its activity in the sector, aware that this sharing of knowledge is key to enabling and fostering new and unique opportunities for value creation. Highlight goes to partnerships with members of the Scientific and Technological System, including Universities and organisations dedicated to promoting R&D, as well as with a number of suppliers and customers. The registration of the intellectual property generated remains a key strategic factor, which allows us to be an industry benchmark.

OLI, Srl

As previously mentioned, this company is essentially the Italian sales branch of the parent company, distributing the products manufactured by OLI – Sistemas Sanitários in Italy. However, it complements this activity with the distribution (re-exporting or "representation") in some markets, for reasons of greater affinity between those markets and those products. This strategy has proven successful, in that it allows it to optimise the sales potential of the parent company, with a complementarity that enhances the profitability of both companies.

Highlight also goes to the growing industrial activity that this subsidiary has been developing, particularly in developing solutions for existing OEMs in the Italian market.

The company's sales fell slightly by 1.1% to 16,594,492 euros. In terms of net profits, there was a decrease of 23.7% compared to 2018. Net profit was 914,867 euros.

OLI Rus

The company continues to develop its business plan and to grow both in the commercial and industrial aspects. In 2019, it consolidated the local production of components for the ceramics industry and the production of embedded cisterns with metal structure.

In 2019 it achieved a turnover equivalent to 3,083,898 euros and a net profit of -328,552 euros.

OLI Sanitärsysteme

The company is still striving to assert itself in the demanding German market. In 2019, contracts were consolidated with local distributors and agents and there was an expansion in terms of exports to neighbouring markets, namely Central Europe.

Sales reached 1,463,332 euros and net profit was negative by -430,182 euros.

OLI Moldes

This company continues to work mainly for the parent company, although it plans to expand its facilities, with a view to increasing its activity in the coming years.

Turnover in 2019 was 2,880,082 euros and net profit was 68,351 euros.

Soplasnor

The company is in the process of liquidation and dissolution is the ultimate goal. Every effort is being made to ensure that this dissolution occurs as soon as possible. Soplasnor's negative net profit stood at -92,380 euros.

Future Strategies

As previously mentioned in the management report on the individual accounts, while we are drafting this report the world is experiencing a health and economic crisis on a unique and unpredictable scale, whether in the short, medium or long term.

We fear that the effects of the COVID-19 crisis may be extensive, widespread and lasting, so we dare not make forecasts for the 2020 financial year.

OLI and all the group companies are monitoring this situation, and are implementing all the necessary plans in order to proactively manage the negative impact of this situation and, although it is unpredictable, we will do everything we can to ensure that in 2020 we perform positively, and the continuity of none of the group companies is in question.

Aveiro, 29 May 2020

The Board of Directors,

António Manuel Moura de Oliveira

António Ricardo Raposo Oliveira

Rui Miguel Vieira de Oliveira

Pier Andreino Niboli

Federica Niboli


MADE IN EU

VIII. Consolidated Financial Statements

Consolidated Balance Sheet at 31.12.2019 and 31.12.2018 EUR

Items	Notes	Periods 31.12.2019	Periods 31/12/2018
ASSETS			
Non-Current Assets			
Tangible fixed assets	7:9; 11	36 374 130	37 780 866
Investment properties	12	5 380 914	5 376 764
Intangible Assets	6	111 104	245 786
Other Financial Investments	14	51 614	35 186
Deferred Tax Assets	22	460 651	456 959
		42 378 413	**43 895 560**
Current Assets			
Inventories	16	9 619 735	9 611 507
Customers	24	16 670 817	13 374 136
State and other public entities	24	1 843 394	1 081 243
Other Receivables	24	1 221 528	1 070 309
Deferrals	24	426 667	342 483
Non-Current Assets Held for Sale	8	227 095	270 593
Cash and Bank Deposits	4	5 362 112	3 987 094
		35 371 347	**29 737 364**
Total Assets		**77 749 760**	**73 632 925**
EQUITY AND LIABILITIES			
Equity			
Subscribed Capital	24	10 000 000	10 000 000
Other equity instruments	24	4 653	4 653
Legal Reserves	24	2 305 598	2 305 598
Other Reserves	23;24	17 435 577	14 570 200
Retained Earnings	24	-1 324 001	-1 689 600
Revaluation Surpluses	7;24	7 618 370	7 618 370
Adjustments/Other Changes in Equity	24	207 861	125 707
Net profit for the period	24	3 170 640	3 782 269
Non-controlling interests	24	536 525	523 160
Total Equity		**39 955 222**	**37 240 356**
LIABILITIES			
Non-Current Liabilities			
Provisions	18	244 103	252 797
Financing Received	9;10	12 255 138	9 487 572
Deferred Tax Liabilities	22	1 258 333	1 436 411
		13 757 574	**11 176 781**
Current Liabilities			
Suppliers	24	9 901 151	8 896 368
Advance Payments from Customers	24	65 980	110 531
State and Other Public Entities	24	763 072	791 248
Financing Received	9;10	8 988 186	10 519 013
Other payables	24	4 202 595	4 746 945
Deferrals	24	115 980	151684
		24 036 964	**25 215 788**
Total Liabilities		**37 794 538**	**36 392 569**
Total equity and liabilities		**77 749 760**	**73 632 925**

Certified Accountant Board of Directors

Consolidated Income Statement by nature for the periods ended 31.12.2019 and 31.12.2018

EUR

INCOME AND EXPENSES	Notes	Periods	
		2019	2018
Sales and Services Provided	17;30	70 700 921	17;30
Operating subsidies	19	246 427	19
Changes in Production Inventories	16	-61 848	16
Own work capitalised		1 040 808	
Cost of goods sold and materials consumed	16	-30 213 401	16
External supplies and services	25;30	-16 319 994	25;30
Staff costs	5;26	-17 322 868	5;26
Inventory impairment (losses/reversals)	16	144 183	16
Impairment on accounts receivable (losses/reversals)	24	-54 472	24
Provisions (increases/reductions)	18	-28 162	18
Increases/decreases in fair value	13	30	13
Other Income	17;20;27	2 888 754	17;20;27
Other Expenses	20;28	-1 721 843	20;28
Income Before Depreciation, Financing Costs and Taxes		**9 298 535**	
Depreciation and Amortisation Expenses/Reversals	6;7;9;12	-5 516 609	6;7;9;12
Operating Income (before financing costs and taxes)		**3 781 926**	
Interest and Similar Expenses	29	-307 035	29
Earnings Before Taxes		**3 474 891**	
Income Tax for the Period	22	-283 482	22
Net Profit for the Period		**3 191 409**	
Income from discontinued activities (net of taxes) included in the net income for the period			
Net income for the period attributable to:			
Shareholders of the parent company		3 170 640	
Non-controlling interests		20 768	
		3 191 409	
Basic earnings per share		**6.38**	

Certified Accountant

Board of Directors

Consolidated Statement of Cash Flows on 31.12.2019 and 31.12.2018

EUR

Items	Periods 2019	Periods 2018
Cash flows from operating activities		
Receipts from customers	76 616 363	74 845 709
Payments to suppliers	-49 848 325	-47 583 971
Payments to staff	-15 578 810	-14 651 197
Cash generated by operations	**11 189 227**	**12 610 541**
Income tax paid/received	-1 000 977	-630 246
Other receipts/payments	-3 910 150	-5 744 856
Cash flows from operating activities (1)	**6 278 101**	**6 235 439**
Cash flow from investment activities		
Payments concerning:		
Tangible fixed assets	-3 663 958	-5 981 234
Intangible Assets	-32 354	-121936
Financial investments	-1606	-887
Other Assets	-316 022	-432 746
Receipts from:		
Tangible fixed assets	15 000	140 535
Financial investments	8 498	17 564
Other Assets	341994	
Interest and similar income	16 763	1645
Cash flow from investment activities (2)	**-3 631686**	**-6 377 060**
Cash flows from financing activities		
Receipts from:		
Financing Received	14 202 894	6 858 501
Payments concerning:		
Financing Received	-14 364 778	-3 596 825
Interest and similar costs	-283 798	-295 772
Dividends	-857 400	-782 080
Cash flows from financing activities (3)	**-1 303 062**	**2 183 824**
Changes in cash and cash equivalents (1+2+3)	1 343 332	2 042 203
Exchange rate effect	31686	-23 509
Cash and cash equivalents at the beginning of the financial year	**3 987 094**	**1 968 399**
Cash and cash equivalents at the end of the financial year	**5 362 112**	**3 987 094**

Certified Accountant Board of Directors

Consolidated Statement of Changes in Equity in FY 2019 EUR

DESCRIPTION	NOTES	Equity attributed to the holders of the share capital of the parent company										
		Subscribed Capital	Share issue premiums	Legal reserves	Other Reserves	Retained earnings	Revaluation surpluses	Adjustments/ Other Changes in Equity	Net Profit for the Period	Total	Non-controlling interests	Total Equity
POSITION AT THE BEGINNING OF FY 2019	1	10 000 000	4 653	2 305 598	14 570 200	-1 689 600	7 618 370	125 707	3 782 269	36 717 195	523 160	37 240 356
CHANGES IN THE PERIOD												
First-time adoption of the new accounting standards												
Changes in accounting policies												
Exchange rate differences in the financial statements												
Realisation of the revaluation surplus of Tangible and intangible fixed assets												
Revaluation surpluses of Tangible and intangible fixed assets and respective changes							-175 173			-175 173		-175 173
Deferred tax adjustments							175 173	64 468		239 641		239 641
Other changes recognised in equity					2 865 377	1 215 599		17 686	-3 782 269	316 394	-7 405	308 989
	2				**2 865 377**	**1 215 599**		**82 154**	**-3 782 269**	**380 862**	**-7 405**	373 457
NET PROFIT FOR THE PERIOD	**3**								3 170 640	**3 170 640**	**20 468**	3 191 409
COMPREHENSIVE INCOME	**4=2+3**								**3 170 640**	**3 170 640**	**13 364**	3 564 866
TRANSACTIONS WITH SHAREHOLDERS IN THE PERIOD												
Capital increases												
Realisations of share issue premiums												
Profit distribution						-850 000						
Increases for covering losses												
Other operations												
						-850 000						
	6=1+2+3+5	10 000 000	4 653	2 305 598	17 435 577	-1 324 001	7 618 370	207 861	3 170 640	39 418 697	536 525	39 955 222
POSITION AT THE END OF FY 2019												

Consolidated Statement of Changes in Equity in FY 2018 EUR

DESCRIPTION	NOTES	Equity attributed to the holders of the share capital of the parent company										
		Subscribed Capital	Share issue premiums	Legal reserves	Other Reserves	Retained earnings	Revaluation surpluses	Adjustments/ Other Changes in Equity	Net Profit for the Period	Total	Non-controlling interests	Total Equity
POSITION AT THE BEGINNING OF FY 2018	6	10 000 000	4 653	2 000 000	5 132 649	5 437 370	7 614 657	143 210	3 769 184	34 110 723	521 083	34 622 807
CHANGES IN THE PERIOD												
First-time adoption of the new accounting standards												
Changes in accounting policies												
Exchange rate differences in the financial statements												
Realisation of the revaluation surplus of Tangible and intangible fixed assets												
Revaluation surpluses of Tangible and intangible fixed assets and respective changes							-175 173			-175 173		**-175 173**
Deferred tax adjustments							175 311	1 736		177 048		**177 048**
Other changes recognised in equity				305 598	9 437 551	-6 346 971	3 574	-19 239	-3 769 184	-388 671	-14 206	**-402 877**
	7			**305 598**	**9 437 551**	**-6 346 971**	**3 713**	**-17 503**	**-3 769 184**	**-386 796**	**-14 206**	**-401 002**
NET PROFIT FOR THE PERIOD	**8**								3 782 269	**3 782 269**	**16 283**	**3 798 552**
COMPREHENSIVE INCOME	**9=7+8**								**3 782 269**	**3 782 269**	**2 077**	**3 397 549**
TRANSACTIONS WITH SHAREHOLDERS IN THE PERIOD												
Capital increases												
Realisations of share issue premiums												
Profit distribution						-780 000				-780 000		**-780 000**
Increases for covering losses												
Other operations												
	10					**-780 000**				**-780 000**		**-780 000**
POSITION AT THE END OF FY 2019	11=6+7+8+10	10 000 000	4 653	2 305 598	14 570 200	-1 689 600	7 618 370	125 707	3 782 269	36 717 195	523 160.29	37 240 356

IX. Notes to the Consolidated Financial Statements

1. Information on Companies Included in the Scope of Consolidation

1.1. Companies Included in the Scope of Consolidation

The scope of consolidation included the parent company and all its subsidiaries, listed below:

Company/Registered office	% of Share Capital Held	Share Capital
OLI, SRL Località Rani di Mura 25070 Casto (BS) - Italy	99%	1 000 000
OLI Moldes, LOA Bairro Nossa Senhora das Necessidades - Aveiro - Portugal	83%	500 000
Soplasnor – Soc. Plásticos do Norte, SA Rua das Poças. Lavra - Porto Portugal	100%	6 800 000
Oli Sanitarsysteme GMBH Bittelbronner Strabe 42-46. 74219 Mockmuhl - Germany	100%	25 000
OLI Rus OOO Str Promyshlennaya 11, 142191 - Troitsk, Moscow- Russia	100%	1 829 286

2. Accounting Framework Used to Prepare the Financial Statements

2.1. Accounting Framework Adopted and Presentation Bases

The attached Financial Statements were prepared in accordance with the provisions applicable in Portugal, in compliance with Decree-Law no. 158/2009, of 13 July, as amended by Law No. 20/2010, of 23 August, and by Decree-Law no. 98/2015, of 2 June, and according to the Conceptual Structure (CS), Financial Accounting and Reporting Standards (NCRF) and Interpretation Standards (NI) established, respectively, in Notices Nos. 8254/2015, 8256/2015 and 8258/2015, of 29 July, which are part of the Accounting Standards System (SNC) and additionally subject to the International Accounting Standards (IAS) adopted in the European Union and the International Accounting Standards (IAS/IFRS) issued by IASB and the respective Technical Interpretations (SIC/IFRIC).

The accounting standardisation commission regulated investments in subsidiaries and consolidation by issuing NCRF 15 – Investments in subsidiaries and consolidation, based on IAS 27 – *Consolidated and Individual Financial Statements*.

The consolidation of subsidiary companies indicated in Note 1 was performed based on the full consolidation method. Significant transactions and balances between companies were eliminated in the consolidation process. The value corresponding to third-party holdings in the subsidiary companies is presented in the consolidated balance sheet, under Minority Interests.

Bases of Presentation

The consolidated financial statements were prepared according to the principle of going concern, based on the accounting books and records of the companies included in the consolidation (note 1), maintained according to accounting principles generally accepted in Portugal.

Comparability

The accounting policies and measurement criteria adopted on 31 December 2019 are comparable to those used in preparing the Financial Statements on 31 December 2018.

3. Main Accounting Policies

3.1. Measurement Bases Used to Prepare the Financial Statements

INTANGIBLE ASSETS (NCRF 6)

Intangible assets are recorded at their acquisition cost, net of depreciations and accumulated impairment losses. Intangible assets are recognised only when they are likely to lead to future economic benefits for the entity, are controllable and their cost may be reliably measured.

Development expenses are recognised whenever the entity demonstrates the capacity to complete the respective development, begin to use it and when it is probable that the created asset will generate future economic benefits. Development expenses that do not meet these criteria are recorded as expenses in the year in which they are incurred. Research expenses are recognised as costs in the period in which they are incurred.

Amortisation is calculated after an asset is put into use and determined by the straight-line method according to its estimated useful life.

TANGIBLE FIXED ASSETS (NCRF 7)

Tangible fixed assets acquired by the parent company up to 1 January 2010 (date of the transition to NCRF) are recorded at their acquisition cost or at the revalued acquisition cost, according to the accounting principles generally accepted in Portugal, minus depreciation and accumulated impairment losses.

Tangible fixed assets acquired after that date are recorded at acquisition cost minus the corresponding depreciation and accumulated impairment losses. For most of the companies based in Portugal and included in the scope of consolidation, buildings and land were revalued in 2011 by an external entity called L2I - Investimentos Imobiliários, Lda. and in 2017 by an external entity called CC Morais – Avaliação Imobiliária, Lda. This year, according to our knowledge of the market, they are up-to-date.

Depreciation is calculated after the date on which the goods are available for use by the straight-line method in accordance with the estimated lifetime for each group of goods.

Conservation and repair expenses that do not increase the useful life or do not result in significant enhancements or improvements of tangible fixed assets are recorded as expenses in the year in which they are incurred.

Tangible fixed assets in progress are assets still in the construction stage and are recorded at the acquisition cost. These tangible fixed assets are depreciated as of the moment in which the underlying assets are available for use and meet the necessary conditions to operate as planned by management.

Capital gains or losses resulting from the sale or write-off of tangible fixed assets are calculated as the difference between the sale price and the net book value, on the date of the sale or write-off. Said assets are recorded in the Profit-and-Loss Account, in items Other Income and Gains or Other Expenses and Losses.

NON-CURRENT ASSETS HELD FOR SALE (NCRF 8)

At the parent company, current assets held for sale include moulds and computer equipment that were classified as such, as these assets are not being recovered by continuous use but through their sale. The assets are available for immediate sale under current conditions, and management is committed to sell them and has made several diligences to that effect within a short period of time.

Non-current assets classified as held for sale are recorded at the lower between their balance sheet value and their fair value, minus the estimated cost of sale.

Whenever the amount for which the asset is recorded is greater than its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss, under item Impairment Losses.

The recoverable amount is the higher between the net selling price and the value in use. The net selling price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, minus any expenses directly attributable to the sale. Value in use is the current value of any estimated future cash flows expected to arise from the continued use of the asset and its disposal at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

A reversal of an impairment loss recognised in prior years is recorded when it is determined that the impairment loss recognised no longer exists or has decreased. This analysis is carried out whenever there is evidence that the impairment loss previously recognised was reversed. The reversal of impairment losses is recognised in the Income Statement. However, the impairment loss is reverted up to the amount that would be recognised (net of amortisation and depreciation) if the impairment loss had not been recorded in a prior period.

LEASES (NCRF 9)

Leasing contracts are classified as Financial Leases if they imply a substantial transfer of all risks and advantages inherent to ownership of the asset and as Operating Leases if they do not imply the substantial transfer of all risks and advantages inherent to their ownership.

The classification of leases as Financial or Operating depends on the substance of the transaction and not on the form of the contract.

Tangible fixed assets acquired through finance lease contracts, as well as the corresponding responsibilities, are accounted for using the financial method. Tangible fixed assets, the corresponding accumulated depreciation and debts pending liquidation are recognised according to the contractual financial plan. Additionally, interest included in the value of rents and the depreciation of tangible fixed assets are recognised as expenses in the Profit-and-Loss Statement for the year to which they refer.

In the case of operating leases, rents owed are recognised as expenses in the consolidated Income Statement on a straight-line basis over the lease period.

BORROWING COSTS (NCRF 10)

Interest paid on loans directly attributable to the acquisition or construction of assets is capitalised as part of the cost of those assets. The Group considers that an asset is eligible for capitalisation when it requires a substantial period of time to be available for use or for sale. The amount of interest to be capitalised is determined by applying a capitalisation rate on the value of investments made.

The capitalisation rate used in the financial year 2019 was that referred to in point 11 of the Notes. The Group's capitalisation policy is summed up as follows:

- The capitalisation of loan expenses begins when the investment starts, when interest has already been borne and the activities necessary to prepare the asset for use or for sale are already underway;
- Capitalisation ends when all activities necessary to make the asset available for sale or for use are substantially completed;
- As a matter of practicality, capitalisation is only for interest on assets that take at least 9 months to construct and that reach a value exceeding 100,000 euros.
- Other expenses directly attributable to the acquisition and construction of the assets, such as expenditure on materials consumed and staff costs, are also included in the cost of such assets.

INVESTMENT PROPERTIES (NCRF 11)

Investment properties are valued at their acquisition cost, net of depreciation and accumulated impairment losses.

Costs incurred with investment properties, such as maintenance, repairs and insurance, are recognised as expenses in the period to which they relate. If there are improvements, where there is expectation that these will generate future economic benefits beyond those initially expected, these are recognised in the Investment Properties heading.

Periodically, the fair value of investment properties is determined, and this valuation is reflected in the measurement of assets.

With regard to the disclosure of the fair value of investment properties, taking into consideration, on the one hand, that they were recently revalued and, on the other, the current conditions of the real estate market, resulting from the current economic situation, we consider that the value whereby they are recorded in the accounts corresponds to their fair value.

IMPAIRMENT OF ASSETS (NCRF 12)

On the Balance Sheet date, an assessment is carried out to determine the actual existence of impairments implying changes in circumstances which indicate that the value for which the assets are recognised may not be recoverable.

Whenever the carrying amount of the asset is higher than the recoverable amount, an impairment is recognised in the Profit-and-Loss account, under item Impairment Losses.

The reversal of impairment losses, recognised in previous years, is recorded when there is evidence that such losses no longer exist or have decreased. Said losses are recognised in the consolidated profit-and-loss account, under item Reversal of Impairment Losses and are accounted up to the limit amount that would be recognised if the loss had been recorded.

Inventories, customers and other debtors were checked for impairment on the balance sheet date. It was found that there was objective evidence of impairment in customers. In the specific case of customers of OLI - Sistemas Sanitários, S.A., this year there was an increase in impairment previously constituted due to lawsuits and age. Accordingly, impairment in Customers and reversal of impairment in Other Debtors and Inventories were recognised in the Consolidated Income Statement.

With regard to Soplasnor, there was an impairment increase of 5,150 euros, related to a loan in that amount made to said company in the current year, by the parent company.

INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION (NCRF 15)

In the individual accounts, financial holdings are initially recognised at cost and subsequently adjusted using the Equity Method. Full consolidation is applied, as this is required for holdings and control in subsidiaries.

After associated companies are acquired, profits and losses are accounted in the profits or losses of the parent company against the financial investment value. After the balance sheet date, the profit or loss is transferred to reserves whenever it is not distributed. This year, there will be distribution of dividends by subsidiary OLI SRL and, therefore, the amount to be transferred to reserves will be lower.

When the holding determined by the Equity Method is a loss that equals or exceeds the investment in the associated company, the parent company no longer recognises additional losses except if it has taken on obligations on behalf of the associated company.

Unrealised profits on assets included in the balance sheet transacted between group companies, intragroup transactions and the final balances of related entities are eliminated from the scope of consolidation. Whenever necessary, the accounting policies of associated companies are altered to ensure consistency with the policies adopted by the Group.

At the end of the year, impairment tests are carried out on investees. These tests are performed in order to determine the recoverability of the investment, considering historical performance, as well as the business development expectations. The assessments are based on cash flow projections, which are, in turn, based on financial budgets approved by Management and discounted at the capital cost rate. Cash flows are extrapolated using estimated growth rates based on business development expectations.

INVENTORIES (NCRF 18)

Inventories are valued according to the following criteria:

- Commodities and raw materials, subsidiaries and consumables are valued at the lower between cost and net realisable value. Acquisition cost includes expenses incurred until storage, using the weighted average cost as the output costing method.

- Finished and semi-finished products, by-products and products and works in progress are valued at the lower between their production cost and their net realisable value. Production costs include the cost of the raw materials used, direct labour and overhead expenses.

The output cost is determined by the standard cost method.

In cases where the value of those goods is lower than the lowest of the average acquisition or production cost, an impairment cost is recorded for depreciation of inventories.

REVENUE (NCRF 20)

The Group recognises revenue whenever it is likely to obtain future economic benefits that can be reasonably measured. The amount of revenue is not considered reasonably measurable until all contingencies relating to a particular sale are substantially resolved. The Group bases its estimates on historic results, taking into account the type of customer, the type of transaction and the specificity of each agreement.

Revenue comprises the fair value of the consideration received or to be received for the sale and providing of services arising from the Group's regular activities. Revenue is recognised net of Value Added Tax (VAT), rebates and discounts.

Revenue from the sale of goods is recognised when all the following conditions are met:

- All risks and benefits associated with the ownership of the goods are transferred to the purchaser;
- The entity does not maintain any control over the goods sold;
- The revenue amount can be reliably measured;
- Future economic benefits associated with the transactions are likely to flow to the entity;
- Costs incurred or to be incurred in the transaction can be reliably measured.

Revenue from services is recognised net of taxes, at the fair value of the amount to be received.

Revenue from services rendered is recognised by reference to the stage of completion of the transaction at the reporting date, provided that all the following conditions are met:

- The amount of revenue can be measured reliably;
- Future economic benefits associated with the transaction are likely to flow to the Entity;
- Costs incurred or to be incurred in the transaction can be reliably measured;
- The transaction completion stage at the date of the report can be reliably measured.

Interest revenue is recognised using the effective interest method, provided it is likely that economic benefits will flow to the entity and its amount can be reliably measured.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (NCRF 21)

The Group set up a provision for customer warranties, as its products are guaranteed for a period during which claims may be made. Therefore, there is a current obligation arising from a past event and it is likely that expenses will be incurred to satisfy that obligation. The obligation amount was calculated based on historic occurrences in the previous three years.

In addition, the Group established a provision to guard against a negative outcome in any pending lawsuits.

GOVERNMENT SUBSIDIES AND GOVERNMENT SUPPORT (NCRF 22)

Operating subsidies, in particular subsidies to support the technological research and development system and traineeship and employment programmes, are recognised in the Consolidated Income Statement in an amount proportional to the expenditure incurred, in accordance with the principle of accrual.

Non-refundable investment subsidies to finance tangible assets are recorded in Equity and recognised in the Profit-and-Loss Account, proportionally to the depreciation of subsidised assets during their useful life.

EFFECTS OF CHANGES IN CURRENCY EXCHANGE RATES (NCRF 23)

The assets and liabilities in the financial statements of foreign entities are translated into Euro using historical exchange rates and those in force on the date of the statement of financial position, as applicable, and income and expenses, and cash flows are translated into Euro using the average exchange rate recorded in the financial year.

The exchange rates used to convert the subsidiaries' income statements into Euro were:

Currency	2019		2018	
	Closing rate	Average rate	Closing rate	Average rate
RUB – Russian Ruble	69.9563	72.4553	79.7153	74.0416

On the closing date, the currency exchange rate is updated for outstanding balances (monetary items), applying the exchange rate in force on that date. Favourable and unfavourable exchange rate differences between the exchange rates in force on the date of the transactions and those on the date of collections, payments or on the Balance Sheet date are recorded as income and/or expenses in the Consolidated Income Statement for the year to which they pertain.

Exchange rate differences arising from the translation into Euro of financial statements of subsidiaries denominated in foreign currencies are recognised in equity, under Other Changes in Equity.

INCOME TAX (NCRF 25)

The group is subject to Corporate Income Tax (IRC) or equivalent. When the taxable amount is established, amounts not accepted for tax purposes shall be added to and deducted from the accounting result. This difference between accounting and fiscal results can be of a temporary or permanent nature.

The Group records deferred taxes corresponding to the temporary differences between the accounting value of assets and liabilities and the corresponding tax base, according to the provisions of NCRF 25 – Deferred taxes.

Expenses in income tax for the year are determined by adding current and deferred taxes.

Current income taxes are calculated based on the entity's taxable income according to tax regulations in force. Deferred tax results from temporary differences between the value of assets and liabilities for financial reporting purposes, and the respective values for taxation purposes (tax base).

Deferred tax assets and liabilities are calculated using the tax rates in force and are recognised as an expense or income in the year.

Deferred tax assets are recognised only when there are reasonable expectations of obtaining sufficient future taxable profits for their use, or in situations where there are taxable temporary differences that offset temporary deductible differences in the period of their reversal.

At the end of each period, these deferred taxes are recalculated, and are reduced whenever their future use is no longer likely.

ENVIRONMENTAL MATTERS (NCRF 26)

The activities carried out by the parent company may cause environmental damages. Therefore, under the terms of Article 22 of Decree-Law no. 147/2008 of 29 July, the company must establish one or more own and autonomous, financial guarantees, alternative or complementary, that allow it to take responsibility for any damages it causes. The company opted to comply with these provisions through the allocation of a reserve not available in equity.

FINANCIAL INSTRUMENTS (NCRF 27)

Financial instruments are valued according to the following criteria:

- Customers and Other receivables – debts from customers and other third parties are recorded at their nominal value, as they do not bear interest, and the discount effect is deemed immaterial. At the end of each reporting period, customer debts and other receivables are analysed to determine the existence of any objective evidence of their irrecoverability. If this is the case, the respective loss is immediately recognised as an impairment loss. Impairment losses are recorded subsequent to events that objectively and in a quantifiable manner imply that all or part of the outstanding balance will not be received. To this end, the entity takes into account market information demonstrating that the customer has defaulted on its responsibilities and historic information showing that overdue balances have not been received.

- Debts to Suppliers and Other Payables – Debts to suppliers and other third parties are recorded at their nominal value since they do not bear interest and the discount effect is regarded as immaterial.

- Loans – using one of the options of NCRF 27, loans are recorded under liabilities at their cost.

- Transactions and balances in foreign currency – transactions in foreign currency are recorded at the exchange rate of the transaction dates. On each reporting date, the carrying amounts of monetary items stated in foreign currency are restated at the exchange rates of that date. The carrying amounts of non-monetary items recorded in foreign currency at fair value are updated on the reporting date at the exchange rates in force on the dates on which the respective fair values were determined. Carrying amounts of non-monetary items recorded at historical cost denominated in foreign currency are not updated. Currency exchange differences arising from the aforementioned updates are recorded in the Consolidated Profit-and-Loss Account for the year in which they were generated.

- Accrual basis – transactions are recognised in the accounts when they are generated, regardless of the moment when they were received or paid. Differences between amounts received and paid and the corresponding income and expenses are recorded in the items of other accounts receivable, other accounts payable and deferrals.

- Cash and bank deposits – amounts included in the item of cash and cash equivalents correspond to the value of cash and bank deposits, both realisable immediately without losing value. Bank overdrafts are shown in the Consolidated Balance Sheet, in Current Liabilities, under Borrowing.

- Financial Instruments held for trading – financial assets and financial liabilities are classified as Held for Trading if they are primarily acquired or taken on for the purpose of sale or repurchase within a very short period of time or if they are part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence that actual profit has been recently obtained.
  These assets and liabilities are recorded at fair value, and changes in fair value are recognised in the Income Statement.

EMPLOYEE BENEFITS (NCRF 28)

The Group's employees receive the following benefits:

- Short-term benefits: these include wages, salaries, social security contributions and a share in the profits. These benefits are accounted in the same time period in which the employee provided the service.

- Benefits for termination of employment: the Group recognises expenses related to work contract terminations, either by expiry of a term contract or by termination agreement.

3.2. Main Sources of Uncertainty in Estimates

Estimates are based on the best knowledge at any moment and on planned actions. These actions are periodically reviewed based on available information. Estimates may be reviewed in the event of any changes to the facts and circumstances, such that actual future results may be different.

4. Cash Flows

The Cash and Bank Deposits item is broken down as follows:

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Opening Balance	Debits	Loans	Closing Balance
Cash	14 205	107 753	111 337	10 621
Demand deposits	3 710 880	146 055 296	144 414 685	5 351 491
Other bank deposits	262 009	527 059	789 068	0
Total Cash and Bank Deposits	**3 987 094**	**146 690 108**	**145 315 090**	**5 362 112**

5. Investment in Subsidiaries and Consolidation

5.1. Significant Operations in Subsidiaries

LIST OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES EUR

FY 2019						
Description		Country of incorporation/ Registered office	Shareholding		Accounting method used	Carrying amount of investments
			Shareholding percentage	Percentage of voting rights		
	OLI Moldes, LDA	Portugal	83.00%	83.00%	MEP	2 177 888
	Soplasnor – Soc. Plásticos do Norte, S.A.	Portugal	100.00%	100.00%	A)	0
Subsidiaries	OLI, SRL	Italy	99.0%	99.0%	MEP	8 954 666
	OLI SanitarsystemeGMBH	Germany	100.0%	100.0%	B)	30 694
	OLI Rus OOO	Russia	100.0%	100.0%	MEP	1 027 849
Total						**12 191 096**

LIST OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES EUR

FY 2018						
Description		Country of incorporation/Registered office	Shareholding		Accounting method used	Carrying amount of investments
			Shareholding	Percentage of		
	OLI Moldes, LDA	Portugal	83.00%	83.00%	MEP	2 121 156
	Soplasnor – Soc. Plásticos do Norte, S.A.	Portugal	100.00%	100.00%	A)	
Subsidiaries	OLI, SRL	Italy	99.0%	99.0%	MEP	8 781 956
	OLI SanitarsystemeGMBH	Germany	100.0%	100.0%	B)	
	OLI Rus OOO	Russia	100.0%	100.0%	MEP	768 283
Total						**11 671 395**

Key: EM – Equity Method

A) The EM no longer applies to Soplasnor.

B) In 2018, the EM was no longer applicable to OLI Sanitärsysteme, as provided by NCRF. In 2019, the EM value for 2018 that had not yet been recognised was recognised.

5.2. Remuneration of Key Management Staff

REMUNERATION OF GOVERNING BODIES EUR

Description	FY 2019	FY 2018
Board of Directors – OLI Sistemas Sanitários, S.A.	608 747	584 384
Management – OLI Moldes Lda	76 413	87 760
Management – OLI SRL	205 500	209 200
Total	**890 500**	**881 344**

6. Disclosure of Intangible Assets

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2019 EUR

	Description	Development projects	Computer programmes	Industrial property	Other intangible assets	Intangible assets in progress	Advance payments on account of Intangible Assets	Total
	With finite service life							
4	Initial gross carrying amount	59 840	1 003 143	33 609	386 490	15 000		1 498
5	Initial accumulated amortisations	59 840	772 357	33 609	386 490			082
6	Initial accumulated impairment losses							1 252 296
7	**Initial net carrying amount (7 = 4-5-6)**		**230 786**			**15 000**		**245 786**
8	**Operations in the period: (8 = 8.1 – 8.2 + 8.3 + 8.4 + 8.5 + 8.6)**		**- 126 969**			**-7 713**		**-134 682**
8.1	**Total additions**		**17 911**			**12 288**		**30 19**
Additions	Acquisitions		17 911			12 288		**8**
8.2	**Total decreases**		**165 753**					30 19
Decreases	Amortisation		165 753					8
8.3	Reversals of impairment losses							**165 7**
8.4	Transfers of IFA in progress		22 156			-20 000		**53**
8.5	Transfers from/to non-current assets held for sale							165 7
8.6	Other transfers		-1 283					53
								2 156
9	**Final net carrying amount (9 = 7 + 8)**		**103 816**			**7 288**		**111 104**
	Service life	**3**	**3**	**3**	**3**			

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2018 EUR

	Description	Development projects	Computer Programmes	Industrial property	Other intangible assets	Intangible assets in progress	Advance payments on account of Intangible Assets	Total
	With finite service life							
4	Initial gross carrying amount	59 840	877 217	33 609	428 997	78 035		1 477
5	Initial accumulated amortisations	51 529	527 741	33 609	386 490			698
6	Initial accumulated impairment losses							999 360
7	**Initial net carrying amount (7 = 4-5-6)**	**8 311**	**349 476**		**42 507**	**78 035**		**478 329**
8	**Operations in the period: (8 = 8.1 – 8.2 + 8.3 + 8.4 + 8.5 + 8.6)**	**-8 311**	**-118 691**		**-42 507**	**-63 035**		**-232 544**
8.1	**Total additions**		**125 926**			**2 100**		128 0
Additions	Acquisitions		117 051			2 100		26
8.2	**Total decreases**	**8 311**	**244 616**			65 135		119 1
Decreases	Amortisation	9 311	244 616					51
8.3	Reversals of impairment losses							318 0
8.4	Transfers of IFA in progress							62
8.5	Transfers from/to non-current assets held for sale							252 9
8.6	Other transfers				-42 507			28
9	**Final net carrying amount (9 = 7 + 8)**		**230 786**			**15 000**		**245 786**
	Service life	**3**	**3**	**3**	**3**			

7. Tangible Fixed Assets

7.1 Disclosure of Tangible Fixed Assets

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE FIXED ASSETS IN 2019 EUR

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Administrative equipment	Other TFA	TFA in progress	Advance payments on account of TFA	Total
1	Initial gross carrying amount	6 422 587	27 032 858	47 994 936	1 949 406	2 260 055	401 332	264 552	31 566	91 357 292
2	Initial accumulated depreciation		12 550 362	36 368 363	1 408 839	1 858 587	390 276			53 576 427
3	Initial accumulated impairment losses									
4	Initial net carrying amount (4=1*2-3)	6 422 507	14 482 496	11 626 573	540 567	401 460	11056	264 552	31566	37 780 866
5	Operations in the period: (5=5.1 * 5.2 + 5.3 + 5.4 + 5.5 +	27 075	-1 082 873	940 295	-22 379	-147 280	25 418	135 366	-11 625	-1 406 735
5.1	**Total additions**	**27 075**	**2150**	**422 594**	**168 820**	**47 608**	**319**	**960 496**	**-11625**	**4 617 438**
Additions	First-hand acquisitions	27 075	2150	422 594	168 820	47 608	319	960 496	-11625	4 617 438
5.2	**Total decreases**		**1 650 717**	**3 396 380**	**267 796**	**110 314**	**4 728**	**270 513**		5 700 446
Decrease	Depreciations		1 650 717	3 377 638	246 751	110 314	4 728			5 390 147
s	Sales			16 242	21 045					37 287
	Write-offs			2 500						2 500
	Reversals of impairment losses									
5.3	Transfers of TFA in progress		565 694	3 889 607	4 451	12 053	28 543	823 402		-323 054
5.4	Transfers from/to non-current assets held for sale									
5.5	Other transfers			24 473	72 146	-96 627	1 283	-1 947		-673
5.6										
6	Final net carrying amount (6 = 4 + 5)	6 449 652	13 399 623	12 566 868	518188	254 188	36 474	129 186	19 941	36 374 130
	Service life		**3;10;20;50**	**1;3;4;6;8;10**	**4;6**	**3;5;6;7;8;10**	**3;4**			

CARRYING AMOUNT AND MOVEMENTS IN TANGIBLE FIXED ASSETS IN 2018 EUR

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Administrative equipment	Other TFA	TFA in progress	Advance payments on account of TFA	Total
1	Initial gross carrying amount	5 891 101	23 448 800	43 885 227	1 795 271	1 974 089	415 397	280 684	13 100	83 703 669
2	Initial accumulated depreciation		11 159 835	33 297 099	1 276 299	1 773 657	399 146			48 906 035
3	Initial accumulated impairment losses									
4	Initial net carrying amount (4=1*2-3)	5 891 101	12 288 965	10 588 128	518 973	200 432	16 251	280 684	13 100	34 797 634
5	Operations in the period: (5=5.1 * 5.2 + 5.3 + 5.4 + 5.5 + 5.6)	531 486	2 193 531	1 038 455	21 594	201 036	-5 195	-1 016	18 466	2 963 232
5.1	**Total additions**	**483 979**	**32190**	**735 424**	**289 083**	**268 856**	**9 205**	**822 933**	**31 566**	**8 673 235**
Additions	First-hand acquisitions	483 979	32 190	735 424	289 083	268 856	9 205	822 933	31 566	8 673 235
5.2	**Total decreases**		**1 585 340**	3 192 081	**269 349**	**140 875**	**6 808**			**5 194 453**
Decrease	Depreciations		1 533 902	3 071 264	251 978	137 814	3 757			4 998 714
s	Sales			58 707	17 371	1 118	3 051			80 246
	Write-offs		51 439	57 461		1 943				110 843
	Others			4 650						4 650
	Reversals of impairment losses									
5.3	Transfers of TFA in progress	5 000	3 760 755	3 472 404	1 860	73 056		-7		-517 931
5.4	Transfers from/to non-current assets held for sale							831 004		22 380
5.5	Other transfers	42 507	-14 074	22 699			-7 592			
5.6								-8 061	-13100	
6	Final net carrying amount (6 = 4 + 5)	6 422 587	14 482 496	11 626 573	540 567	401 468	11 056	264 552	31 566	37 780 866
7	Amount of guarantee of liabilities and/or restricted ownership									
	Service life		**3;10;20;50**	**2;3;4;5;6;8;10;20**	**4;6**	**3;5;6;7;8;10**	**3;4**			

7.2. Disclosure of Revaluation Surplus of Tangible Fixed Assets

CARRYING AMOUNT AND OPERATIONS IN REVALUATION SURPLUSES IN 2019 EUR

Description	Legal Revaluation Reserves		Free Revaluation Reserves		Total
	Not Performed	Performed	Not Performed	Performed	
Value of the revaluation surplus at the beginning of the period	57 560	104 533	4 887 210	2 569 067	7 618 370
Depreciations	-13 121	13 121	-598 904	598 904	
Value of the revaluation surplus at the end of the period	44 439	117 654	4 288 306	3 167 971	7 618 370

CARRYING AMOUNT AND OPERATIONS IN REVALUATION SURPLUSES IN 2018 EUR

Description	Legal Revaluation Reserves		Free Revaluation Reserves		Total
	Not Performed	Performed	Not Performed	Performed	
Value of the revaluation surplus at the beginning of the period	70 678	91 415	5 482 401	1 970 164	**7 614 657**
Depreciations	-13 118	13 118	-598 904	598 904	
Other			3 713		**3 713**
Value of the revaluation surplus at the end of the period	57 560	104 533	4 887 210	2 569 067	7 618 370

7.3. Tangible Fixed Assets Pledged as Guarantees for Liabilities

TANGIBLE FIXED ASSETS PLEDGED AS GUARANTEES FOR LIABILITIES IN 2019 EUR

Asset	Creditor	Pledged Amount	Asset Value	Depreciation	Net amount
Soplasnor Building and adjacent land	BPI	4 500 000	5 170 653	742 682	4 427 971
OLI SRL Building	Ubi Banca	2 000 000	1 830 753	344 693	1 486 060
		2 000 000	**1 830 753**	**344 693**	**1 486 060**

EUR

TANGIBLE FIXED ASSETS PLEDGED AS GUARANTEES FOR LIABILITIES IN 2018

Asset	Creditor	Pledged Amount	Asset Value	Depreciation	Net amount
Soplasnor Building and adjacent land	BPI	4 500 000	4 839 391	549 284	4 290 107
Moulds and machines	BPI	827 750	921 643	601 809	319 835
OLI SRL Building	Ubi Banca	2 000 000	1 830 753	293 066	1 537 687
		7 327 750	**7 591 787**	**1 444 158**	**6 147 628**

8. Non-Current Assets Held for Sale

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Opening Balance	Acquisitions	Sales	Write-offs	Closing Balance
Set of moulds for filling valves	14 268				14 268
Set of moulds for discharge valves	7 927				7 927
Set of computer equipment purchased for sale		3 313			3 313
Set of moulds for floor siphons	2 114				2 114
Set of moulds purchased for sale	179 305	3 980	-16 188		199 473
Set of machines	52 291			52 291	
Set of office furniture	14 689			14 689	
Total	**270 593**	**7 293**	**-16 188**		**227 095**

9 Leases

The company's leasing contracts are listed below:

ASSETS BEING FINANCED THROUGH FINANCE LEASE CONTRACTS, THE RESPECTIVE NET CARRYING AMOUNTS AND CONTINGENT RENTS RECOGNISED AS EXPENSES IN THE PERIOD

EUR

	Contract	Description	Lessor	Acquisition value	Lease term Beginning	Lease term End	2019	2018
Tangible Fixed Assets OLI Sistemas Sanitários, S.A.	CT 1530029800	Audi A3-28 PR 19	BPI	39 650	05/04/2015	05/04/2020		2 478
	CT 1530029900	Audi A3 - 28PR20	BPI	39 650	05/04/2015	05/04/2020		2 478
	CT 1561644300	VW Caravelle - 95QL40	BPI	42 000	25/10/2015	25/10/2020		7 875
	CT1660968700	VW Passat 13SG86	BPI	35 300	05/01/2017	05/01/2022	8 825	17 650
	CT1860320900	VW Golf 59UP34	BPI	24 990	07/05/2018	23/05/2023	14 057	20 304
	CT1762184600	VW Passat 87TZ70	BPI	34 990	09/01/2018	09/01/2023	17 495	26 242
	CT1863210000	BMW 5 99VR47	BPI	47 841	07/12/2018	17/12/2023	34 884	46 845
	CT1930226400	AUDI E-TRON 08ZA40	BPI	109 000	19/11/2019	19/11/2025	104 458	
	CT211832	BMW 4 - 36QR70	BSANTANDER	46 500	15/01/2016	15/01/2021		11 625
Totals				**419 921**			**179 730**	**135 498**
Tangible Fixed Assets OLI Moldes, Lda	1861392700	Volkswagen Golf -52US01	BPI	24 990	30/05/2018	30/05/2023	14 578	20 825
	2015044167	Industrial equipment	BPI	95 000	06/11/2015	06/11/2021	45 521	57 396
Totals				**119 990**			**60 098**	**78 221**

10. Borrowing

10.1. Information on General Loans

EUR

Description	31/12/2019 Current	31/12/2019 Non-current	31/12/2019 Total	31/12/2018 Current	31/12/2018 Non-current	31/12/2018 Total
Credit cards				207		**270**
Commercial Paper Programme	3 900 000		**3 900 000**	5 400 000		**5 400 000**
Medium- and Long-Term	5 000 753	11 241 736	**16 242 490**	4 010 558	9 318 369	**10 328 927**
Leasing	87 433	177 870	**265 303**	101 997	169 203	**271 200**
FEDER - Application No. 27024						
FEDER - Application No. 33547		835 532	**835 532**	1 006 251		**1 006 251**
Total	**8 988 186**	**12 255 138**	**21 243 325**	**10 519 013**	**9 487 572**	**20 006 585**

11. Borrowing Costs

OLI - Sistemas Sanitários, S.A.

BORROWING COSTS IN 2019

Description	Start date of the work	Interest accrued	Interest rate applied
Tangible fixed assets		48 166	
Buildings and other structures	21/05/2018	5 579	192%
Buildings and other structures	30/07/2018	1 165	132%
Machines for specific uses	30/1/2018	2 067	132%
Machines for specific uses	1/2/2018	2 267	132%
Machines for specific uses	02/10/2018	1 721	132%
Machines for specific uses	02/10/2018	3 155	132%
Moulds	30/07/2018	1 185	132%
Buildings in progress	01/09/2017	7 852	132%
Buildings in progress	07/12/2018	3 540	132%
Buildings in progress	31/12/2018	2 855	132%
Buildings in progress	12/02/2019	903	192%
Buildings in progress	01/03/2019	1 973	132%
Basic equipment in progress	6/6/2017	4 462	132%
Basic equipment in progress	26/01/2018	2 131	132%
Basic equipment in progress	30/05/2018	4 953	132%
Basic equipment in progress	02/10/2018	2 357	132%
Total		**48 166**	

BORROWING COSTS IN 2018

Description	Start date of the work	Interest accrued	Interest rate applied
Tangible fixed assets		**25 651**	
Machines for specific uses	06/06/2017	11 623	1.90%
Machines for specific uses	01/02/2018	397	1.90%
Industrial facilities	01/09/2017	1 859	1.90%
Industrial facilities	07/12/2017	1 134	1.90%
Industrial facilities	30/01/2018	1 159	1.90%
Industrial facilities	02/02/2017	1 531	1.90%
Light Structures	07/07/2017	7 948	1.90%
Total		**25 651**	

OLI Moldes, Lda

BORROWING COSTS IN 2018

Asset identification	Start date of the work	Interest accrued	Interest rate applied
New facilities	01/01/2016	8 689	1.60%

Prerequisites: in progress for a period of more than 9 months and amount higher than 100 000 euros

12. Investment Properties

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2019 EUR

	Description	Land and natural resources	Buildings and other structures	Total
1	Initial gross carrying amount	1 719 814	4 882 566	6 602 380
2	Initial accumulated depreciation		966 196	966 196
3	Initial accumulated impairment losses		259 420	259 420
4	**Initial net carrying amount (4 = 1 - 2 - 3)**	**1 719 814**	**3 656 950**	**5 376 764**
5	**Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)**		**4 150**	**4150**
5.1	**Total additions**		**5 579**	**5 579**
Additions	Acquisitions		5 579	5 579
5.2	**Total decreases**		**305 507**	**305 507**
Decreases	Depreciations		305 507	305 507
5.3	Reversals of impairment losses			
5.4	Transfers of TFA in progress		304 078	304 078
5.5	Transfers from/to non-current assets held for sale			
5.6	Other transfers			
6	**Final net carrying amount (6 = 4 + 5)**	**1 719 814**	**3 661 100**	**5 380 914**
	Service life		**3;11;29**	

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2018 EUR

	Description	Land and natural resources	Buildings and other structures	Total
1	Initial gross carrying amount	1 719 814	4 882 566	6 602 380
2	Initial accumulated depreciation		678 324	678 324
3	Initial accumulated impairment losses		259 420	259 420
4	**Initial net carrying amount (4 = 1 - 2 - 3)**	**1 719 814**	**3 944 822**	**5 664 636**
5	**Operations in the period: (5=5.1-5.2 +5.3+5.4+5.5+5.6)**		**-287 872**	**-287 872**
5.1	**Total additions**			
Additions	Acquisitions			0
5.2	**Total decreases**		**287 872**	**287 872**
Decreases	Depreciations		287 872	287 872
5.3	Reversals of impairment losses			
5.4	Transfers of TFA in progress			
5.5	Transfers from/to non-current assets held for sale			
5.6	Other transfers			
6	**Final net carrying amount (6 = 4 + 5)**	**1 719 814**	**3 656 950**	**5 376 764**
	Service life		**3;11;29**	

OTHER INFORMATION EUR

Description	2019	2018	Total
Amounts recognised in profit-and-loss			
Rents and other income from investment properties	254 000	68 400	322 400
Direct operating expenses in properties generating income	37 750	45 840	83 590
Total	**216 250**	**22 560**	**238 810**

13. Disclosure of information on gains related to fair value

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD IN GAINS RELATED TO FAIR VALUE AT OLI SRL EUR

	Description	31/12/2019	31/12/2018
5	**Operations in the period: (5 = 5.1 +5.2 +5.3 - 5.4 + 5.5 +5.6 - 5.7 - 5.8 - 5.9 +5.10 +5.11)**	**30**	**28**
5.3	Investor's share in the investee's profits	30	28
6	**Final net carrying amount (6 = 4 + 5)**	**30**	**28**

14. Financial Investments

FINANCIAL HOLDINGS IN 2019 EUR

	Description	Investments in subsidiaries	Total
7	**Other methods** **Initial gross carrying amount**	35 186	35 186
10	**Initial net carrying amount**	**35 186**	**35 186**
11	**Operations in the period:**	**16 428**	**16 428**
11.2	**Other acquisitions**	16 428	16 428
12	**Final net carrying amount**	**51 614**	**51 614**

FINANCIAL HOLDINGS IN 2018 EUR

	Description	Investments in subsidiaries	Total
	Equity method:	708	708
1	Initial gross carrying amount		
4	**Initial net carrying amount (4 = 1-2 +3)**	**708**	**708**
5	**Operations in the period: (5 = 5.1 + 5.2 + 5.3 - 5.4 + 5.5 + 5.6 - 5.7 - 5.8 - 5.9 + 5.10 + 5.11 + 5.12 + 5.13+5.14)**	**-708**	**-708**
5.13	Other transfers	-708	-708
6	**Final net carrying amount (6 = 4 +5)**		
	Other methods	33 358	33 358
7	Initial gross carrying amount		
10	**Initial net carrying amount (10 = 7-8 +9)**	**33 358**	**33 358**
11	**Operations in the period: (11 = 11.1 + 11.2 + 11.3 + 11.4 + 11.5 + 11.6 + 11.7 + 11.8 + 11.9 + 11.10 + 11.11 + 11.12)**	**1 828**	**1 828**
11.2	**Other acquisitions**	11 121	11 121
11.5	**Sales**	-10 000	-10 000
11.11	**Other transfers**	708	708
12	**Final net carrying amount (12 = 10 + 11)**	**35 186**	**35 186**

15. Investments in Subsidiaries and Consolidation

Company/Registered office	% of Share Capital Held
OLI SRL Località Piani di Mura 25070 Casto (BS) - Italy	99%
OLI Moldes LDA Bairro Nossa Senhora das Necessidades - Aveiro - Portugal	83%
Soplasnor - Soc. Plásticos do Norte. SA Rua das Poças Lavra - Porto - Portugal	100%
Oli Sanitarsysteme GMBH Bittelbronner Strabe 42-46. 74219 Mockmuhl - Germany	100%
OLI Rus OOO Str Promyshlennaya 11 142191 - Troitsk Moscow- Russia	100%

16. Inventories

Inventories are broken down as follows:

CARRYING AMOUNT EUR

Description	31/12/2019			31/12/2018		
	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
Goods	2 349 823	109 379	2 240 444	2 179 526	274 441	1 905 085
Raw subsidiary and consumable materials	3 523 187	107 977	3 415 210	3 383 122	107 341	3 275 781
Finished and intermediate goods	4 198 628	234 548	3 964 080	4 644 945	214 304	4 430 641
Total	**10 071 638**	**451 903**	**9 619 735**	**10 207 594**	**596 087**	**9 611 507**

The cost of goods and materials consumed is as follows:

CALCULATION OF THE COST OF GOODS SOLD AND MATERIALS CONSUMED

EUR

Description	31/12/2019 Goods	31/12/2019 Raw subsidiary and consumer materials	31/12/2019 Total	31/12/2018 Goods	31/12/2018 Raw subsidiary and consumable materials	31/12/2018 Total
Initial inventories	2 219 459	3 428 118	5 647 577	2 021 847	3 617 959	5 639 806
Purchases	4 169 573	26465 295	30634 868	4 338 068	24 419 795	28 757 862
Reclassification and adjustment of inventories	437 351	-201 682	235 668	195 763	16 133	211 896
Final inventories	2 331 940	3 501 435	5 833 376	2 210 065	3 417 533	5 627 598
Cost of goods sold and materials consumed (5=1+2+3-4)	**3 619 741**	**26 593 660**	**30 213 401**	**3 954 067**	**24 604 067**	**28 558 174**
Other information concerning raw subsidiary and consumption materials:						
Accumulated inventory adjustments/impairment losses in the period	109 379	107 977	217 356	274 441	107 341	381 782
Reversal of inventory adjustments/impairment losses in the period	274 441	107 341	381 782	263 144	203 586	466 730
Accumulated adjustments/Impairment losses in inventories	109 379	107 977	217 356	274 441	107 341	381 782

Changes in production inventories were as follows:

Description	31/12/2019 Finished and intermediate goods	31/12/2018 Finished and intermediate goods
Final inventories	4 192 369	4 661840
Reclassification and adjustment of inventories	412 819	422 976
Initial inventories	4 667 036	4 110 780
Changes in Production Inventories	**-61 848**	**974 036**
Accumulated inventory adjustments/impairment losses in the period	234 548	214 304
Reversal of inventory adjustments/impairment losses in the period	214 304	273 503
Accumulated adjustments/Impairment losses in inventories	234 548	214 304

17. Revenue

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Total	
	2019	2018
Revenue recognised in the period		
Sales and services provided	**70 700 921**	**67 181 648**
Goods sold	70 433 673	66 372 581
Services provided	267 248	809 066
Other Income	**28 998**	**17 039**
Interest earned	28 998	17 039
Total	**70 729 919**	**67 198 686**

18. Provisions for the Year

	Description	2019				2018			
		Guarantees provided to customers	Lawsuits in progress	Other	Total	Guarantees provided to customers	Lawsuits in progress	Other	Total
1	Initial carrying amount	29 535	118214	105 049	252 797	35 878	104 852	105 804	246 533
2	Operations in the period (2 = 2.1 - 2.2)	-1 372	12 055	-8 222	-8 694	-6 343	13 362	-755	6 264
2.1	**Total increases**	**28 162**	**12 055**	**412**	**40 629**	**29 535**	**13 362**	**1**	**42 898**
Increases	Reinforcement	28 162	12 055	412	40 629	29 535	13 362	1	42 898
2.2	**Total decreases**	**29 535**		**8 634**	**49 324**	**35 878**		**756**	**36 634**
Decreases	Use	29 535	11 155	8 634	49 324	18 658		756	19 414
	Reversal					17 219			17 219
3	**Carrying amount for the year (3 = 1 +**	**28 162**	**130 269**	**96 826**	**244 103**	**29 535**	**118 214**	**105 049**	**252 797**
	Final Carrying Amount	**28 162**	**130 269**	**96 826**	**244 103**	**29 535**	**118 214**	**105 049**	**252 797**

19. Government Subsidies and Aids

SUBSIDIES FROM THE STATE AND OTHER PUBLIC ENTITIES EUR

	DESCRIPTION	2019		2018	
		Amount granted in the period or in previous periods	Amount allocated to the period	Amount granted in the period or in previous periods	Amount allocated to the period
1	**Subsidies related to assets/for investment: (1 = 1.1 + 1.2 + 1.3)**	**1 423 640**	**298 047**	**1 093 234**	**19 239**
1.1	Tangible fixed assets	1 423 640	298 047	1 093 234	19 239
1.2	Intangible assets				
1.3	Other assets				
2	**Subsidies related to income/Investment subsidies**	0	246 427	0	238 655
3	**Value of repayments in the period related to:**	0			
4	**TOTAL (4 = 1 + 2 - 1)**	**1 423 640**	**544 474**	**1 093 234**	**257 894**

In 2019 the group had no subsidies from other entities.

20. Effects of Changes on Foreign Exchange Rates

EFFECTS OF FOREIGN EXCHANGE RATE CHANGES EUR

Description	31/12/2019	31/12/2018
Exchange rate differences		
Recognised as income for the period:		
Unfavourable exchange rate differences	20 403	14 608
Favourable exchange rate differences	32 613	29 195

21. Events After the Balance Sheet Date

The consolidated financial statements for the year ended 31 December 2019 were approved by the Board of Directors and authorised for issue on 29 May 2020.

In March 2020 the World Health Organization declared COVID-19 a global pandemic. Leading up to but especially after that date the world as we knew it started to change radically suffering huge loss of human life and unprecedented strains on economic activity.

When the 25th anniversary of the Schengen area was celebrated on 25 March most of the borders had been reinstated with exceptions made for the movement of cross-border workers and goods. Although the movement of goods was allowed it was significantly impacted in turn affecting traffic irreparably to a degree and extent that is not yet quantifiable.

We stress that such facts are likely to have a negative effect on the activity and profitability of the Entity during the 2020 economic year. At this time it is not possible to quantify the effects on the financial statements for that year which depend among other variables on the duration and extent of this pandemic.

A drop in sales of about 6% was registered in April and this decline continued to be more pronounced in May. If the current trend continues the decrease is likely to be around 25%.

At the beginning of April 2020 OLI - Sistemas Sanitários S.A. following a strategy of conservatism and prudence requested a credit moratorium from certain banks provided for in legislation as part of measures to protect from the consequences of COVID-19. This was accepted and some payments were deferred to 2021.

Loan Value	Amount Instalments	Number of Instalments
2 500 000	190 117	2
1 000 000	75 000	3
500 000	42 028	2
750 000	77 530	6
260 000	21 958	7
4 500 000	375 000	4
1 000 000	98 639	4
2 000 000	35 204	2
2 000 000	111 111	6
1 000 000	50 000	1

On 3 April 2020 OLI Moldes Lda following a strategy of conservatism and prudence requested a credit moratorium from Caixa Geral de Depósitos provided for in legislation as part of measures to protect from the consequences of COVID-19. This was accepted with 2 instalments of 111 111 euros of the loan of 2 000 000 euros being deferred to 2021.

22. Income Tax

INCOME TAX CARRYING AMOUNT EUR

Description	31/12/2019	31/12/2018
Accounting profit-or-loss for the period (before taxes)	3 474 891	4 391 881
Current tax	-568 754	-871 137
Deferred tax	285 272	277 807
Income Tax for the Period (4 = 2 + 3)	**-283 482**	**-593 329**
Autonomous taxation	153 285	123 858

DEDUCTIONS RELATED TO TAX BENEFITS AT OLI – Sistemas Sanitários S.A. EUR

Description	31/12/2019	31/12/2018
SIFIDE – System of Tax Incentives for Research and Business Development	800 000	706 332
RFAI – Investment Support Tax Benefit Scheme	55 172	300 518
Total	**855 172**	**1 006 849**

The SIFIDE value deducted from taxable income in 2019 refers to the 2018 report and the part of the estimated value calculated in 2019. The RFAI value deducted from taxable income in 2019 refers to part of the benefit value estimated for 2019.

The company records deferred tax assets of 174 661 euros related to impairment losses not accepted for tax purposes.

It also records deferred tax liabilities of 4 395 euros related to legal revaluations and 1 247 920 euros related to free revaluations.

23. Environmental Matters

In 2013 the parent company OLI - Sistemas Sanitários S.A. set up a financial guarantee in the form of a reserve in equity that allows the company to assume the environmental responsibilities inherent to its activity as required by Decree-Law 147/2008 of 20 July and subsequent amendments. This environmental liability reserve was constituted in the amount of 100 000 euros transferred from other reserves.

24. Financial Instruments

24.1. Disclosure of Third-Party Figures

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Total	
	31/12/2019	31/12/2018
Customers	**16 670817**	**13 374136**
Current account	15 266 081	12 703 332
Receivables	1583 751	804 350
Doubtful debts	1 869 870	1 855 654
Impairment losses	-2 048 885	-1 989 199
Advance Payments from Customers	**65 980**	**110 531**
Suppliers	**9 901151**	**8 896368**
Other payables	**4 202 595**	**4 746945**
Staff	244240	152 377
Investment suppliers	216 821	1044 740
Creditors by accrued expenses – Interest	25 698	26 034
Creditors by accrued expenses – Insurance	42 375	3 008
Creditors by accrued expenses – End of month	1 338	4 284
Creditors by accrued expenses - No current account		
Creditors by accrued expenses – Credit cards	1 902	
Creditors by accrued expenses – Vacations and vacation pay	2 631207	2 525 722
Creditors by accrued expenses – Commissions	65 072	55 334
Creditors by accrued expenses – Rappel	395 871	315 748
Creditors by accrued expenses – Points	206 711	150 021
Creditors by accrued expenses – Other	327 949	215 452
Other Creditors	43 411	254 226
Other Receivables	**1 221 528**	**1 070 309**
Advance payments to suppliers	101394	50 507
Staff	18 343	24 797
Debtors by accrued income – Interest	1995	198
Debtors by accrued income – Subsidies	225 910	130 186
Debtors by accrued income – Other	419 597	593 449
Other Debtors	454 302	271172
Accumulated impairment losses - Other debtors	-14	
Total	**32 062 070**	**28 198 288**

24.2. Disclosure of Information on Capital

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD — EUR

Description	31/12/2019	31/12/2018
Equity		
Subscribed Capital	10 000 000	10 000 000
Other equity instruments	4 653	4 653
Legal reserves	2 305 598	2 305 598
Other Reserves	17 435 577	14 570 200
Environmental responsibility reserve	100 000	100 000
Other Reserves	17 335 577	14 470 200
Retained Earnings	-1 324 001	-1 689 600
Revaluation surpluses	7 618 370	7 618 370
Adjustments/Other Changes in Equity	207 861	125 707
Consolidated net income for the financial year	3 170 640	3 782 269
Non-controlling interests	536 525	523 160
Total	**39 955 222**	**37 240 356**

24.3. Disclosure of Information on Deferrals

CARRYING AMOUNT — EUR

Description	Total 2019	Total 2018
Deferrals		
Assets		
Expenses to be recognised – Interest	6 227	5 285
Expenses to be recognised – Insurance	60 898	7 926
Expenses to be recognised – Moulds owned by customer	35 661	75 590
Expenses to be recognised – Protection items	8 491	5 040
Expenses to be recognised – Marketing items	22 515	28 289
Expenses to be recognised – Gift items	467	700
Expenses to be recognised – Services in transit	52 559	34 882
Expenses to be recognised – Investments in transit	420	96
Expenses to be recognised – Other	239 429	184 676
Total	**426 667**	**342483**
Liabilities		
Income to be recognised – Moulds	69 189	102 939
Income to be recognised – Other	46 792	48 745
Total	**115 980**	**151 684**

24.4. Disclosure of Information on the State and Other Public Entities

STATE AND OTHER PUBLIC ENTITIES		EUR
Description	Total	
	2019	2018
State and Other Public Entities		
Assets		
Income Tax	1 351 834	550 745
Value-added tax	490 156	526 375
Social Security contributions	1405	
Total	**1 843 394**	**1 081 243**
Liabilities		
Income Tax		126 387
Withheld income taxes	231294	130 569
Value-added tax	136 523	174 952
Other taxes	285	5 160
Social Security contributions	394 958	354 149
Other levies	12	31
Total	**763 072**	**791 248**

25. Disclosure of Information on External Supplies and Services:

EXTERNAL SUPPLIES AND SERVICES — EUR

Description	Total	
	31/12/2019	31/12/2018
Subcontracts	**2 162 377**	**2 438 874**
Specialised work	1 373 803	1 518 920
Advertising and publicity	1 387 323	858 465
Surveillance and security	98 794	92 153
Fees	115 941	108 868
Commissions	680 536	679 820
Maintenance and repairs	1 407 174	1 433 913
Others	345 744	26 107
Total specialised services	**5 409 315**	**4 718 245**
Fast-wear tools and utensils	294 859	288 347
Technical books and documents	1 544	1 440
Office supplies	20 016	22 628
Gift items	65 861	47 420
Others	66 879	109 471
Total materials	**449 158**	**469 306**
Electricity	1 271 715	1 433 539
Fuel	130 798	127 460
Water	28 324	32 221
Others	7 371	4 578
Total energy and fluids	**1 438 207**	**1 597 798**
Travels and accommodation	781 591	698 000
Transport of goods	4 035 769	3 441 382
Total transportation travels and accommodation	**4 817 360**	**4 139 382**
Rents and leases	315 692	271 584
Communication	98 440	82 323
Insurance	347 151	289 208
Royalties	3 307	1 045
Legal services	7 985	17 353
Representation expenses	899 328	504 763
Cleaning hygiene and comfort	129 246	98 219
Other services	242 428	268 661
Total miscellaneous services	**2 043 576**	**1 533155**
Total external supplies and services	**16 319 994**	**14 896 760**

26. Disclosure of Information on Staff Costs:

STAFF COSTS EUR

Description	Total	
	31/12/2019	31/12/2018
Staff costs	**17 322 868**	**16 109 071**
Remuneration of governing bodies	890 660	881 344
Of which: Profit sharing	212 104	257 204
Staff remuneration	11 696 147	10 756 090
Charges on remunerations	2 839 333	2 594 237
Insurance against work accidents and occupational diseases	123 386	130 262
Employee benefit costs	242 257	160 765
Other staff costs	531 086	1 586 372
Of which:		
Temporary workers	1 223 691	1 320 016
Training costs	118 276	89 832

27. Disclosure of Information on Other Income

OTHER INCOME EUR

Description	Total	
	2019	2018
Supplementary income	1 548 352	511 961
Cash payment discounts obtained	59 470	107 791
Debt recovery	5 087	12 457
Gains on inventories	4 734	20 338
Income and gains on other financial assets	33 020	29 286
Income and gains on non-financial investments	43 235	79 865
Other income and gains on non-financial investments	1 067	
Others	1 167 713	751 028
Interest earned	26 077	21 362
Other similar income		25 929
Total	**2 888 754**	**1 560 016**

28. Disclosure of Information on Other Expenses

OTHER EXPENSES EUR

Description	Total 2019	Total 2018
Taxes	119 712	119 192
Cash payment discounts granted	491 249	482 641
Bad debt	20 875	26 042
Losses in inventories	320 271	380 268
Expenses and Losses on Other Financial Investments	0	3
Expenses and Losses on Non-financial Investments	71721	108 543
Others		
Corrections regarding previous financial years	156 594	11400
Donations	86 877	72 875
Contributions	46 628	30 881
Gifts and samples in inventories	191 735	153 764
Underestimated taxes	113 040	2 931
Unfavourable exchange rate differences	20 403	14 608
Commissions and other bank expenses	54 404	51368
Others	28 333	58 441
Other expenses and losses	**1 721 843**	**1 512 958**

29.Disclosure of Information on Interest and Similar Expenses

INTEREST AND SIMILAR EXPENSES EUR

Items	Total 2019	Total 2018
Interest Borne	307 035	312 064
Total interest and similar expenses	**307 035**	**312 064**

30. Legally Required Disclosures

Articles 66(A) and 508(F) of the Commercial Companies Code and Ordinance 208/2007 of 16 February which establishes the IES (simplified business information) require the disclosure of the following information:

30.1. Information on Guarantees Provided

EUR

Guarantees provided	Beneficiary	Amount
Bank guarantees		
Caixa Geral de Depósitos	APCMC	16 000
Banco Santander Totta	IAPMEI	254 142

The parent company granted a guarantee of 2 000 000 euros to its subsidiary OLI Moldes Lda. for the MLP loan granted by Caixa Geral de Depósitos starting at 14/12/2017 and maturing at 18/12/2028.

30.2. Information on Sales by Market

SALES AND SERVICES PROVIDED BY ACTIVITY AND BY GEOGRAPHIC MARKET EUR

Description	2019			2018		
	Commercial	Property	Total	Commercial	Property	Total
Portugal	4 898 315	9 224 393	**14 122 709**	4 650 478	9 084 493	**13 734 971**
Others	2 966 516	53 611 696	**56 578 212**	1 789 867	51 656 809	**53 446 676**
Total	**7 864 832**	**62 836 090**	**70 700 921**	**6 440 345**	**60 741 303**	**67 181 648**

30.3. Information on Fees Billed

Article 508(F) of the Commercial Companies Code requires the disclosure of the services rendered by the Statutory Auditor

FEES BILLED BY STATUTORY AUDITORS EUR

	Description	2019	2018
66.º-A508.ºF	Statutory Audit	21 856	20 231
Totals		**21 856**	**20 231**

Certified Accountant

Board of Directors


OLI

X. Report and Opinion of the Audit Board – Consolidated Accounts

Dear Shareholders:

In accordance with the law the company's articles of incorporation and the mandate granted to us we hereby submit to your assessment our Annual Report on the Supervisory Activity and our Opinion on the Management Report and Consolidated Financial Statement prepared by the Board of Directors of OLI – Sistemas Sanitários S.A. for the financial year ended 31 December 2019.

Report

1. In fulfilment of the mandate granted to us and in the performance of our legal and statutory duties we have found that the preparation of the consolidated financial statements followed all applicable accounting principles and consolidation rules.
2. In the performance of our duties we have specifically verified the following:
    a. that the individual financial statements included in the consolidation were properly examined and that all clarifications deemed necessary have been obtained;
    b. that the consolidation operations were adequately handled;
    c. that the accounting policies adopted were appropriate and duly explained in the Notes and result in an accurate evaluation of the Group's assets and earnings.
    d. that the Management Report on the consolidated accounts prepared in accordance with the Companies Code and all other applicable legislation is sufficiently clear and highlights the most significant aspects.
3. The Supervisory Board closely followed the work of Jorge Silva Neto Ribeiro & Pinho Sroc Lda. as well as the Statutory Audit on the Consolidated Accounts it produced and considers that the Consolidated Financial Statements present in a true and appropriate manner and in all material aspects the consolidated financial position of Grupo OLI – Sistemas Sanitários S.A. on 31 December 2019 and the consolidated results of its operations changes in consolidated equity and consolidated cash flows for the year then ended in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Normalisation System.

Opinion

4. In light of the content of the Report bearing in mind that the Consolidated Financial Statements and the Report from the Board of Directors together with the Statutory Audit which was issued without reservation fulfil all legal and statutory provisions reflecting the financial position and results achieved by the Group during the financial year in question and there being no knowledge

of any infringement of the law or the articles of incorporation we are of the opinion that the Annual General Meeting approves the Management Report and the Consolidated Financial Statements presented by the Board of Directors concerning FY 2019.

Aveiro 5 June 2020

The Supervisory Board

João Paulo Araújo Oliveira – Chairman

Carlos Manuel Tavares Breda – Member

José António Marques Pereira – Member


OLI
MADE IN EU

XI. Statutory Audit – Consolidated Accounts

Jorge Silva Neto Ribeiro & Pinho Sroc Lda.
Audit Firm

STATUTORY AUDIT

REPORT ON THE AUDIT ON THE FINANCIAL STATEMENTS

Opinion
We have examined the financial statements of **OLI - SISTEMAS SANITÁRIOS S.A.** (the Group) which comprise the Balance Sheet as of 31 December 2019 (showing a total of 77 749 760 euros and a total equity of 39 955 222 euros including a net profit of 3 170 640 euros) the Profit-and-Loss Account by nature the Statement of Changes in Equity and the Cash Flow Statement for the year ended on said date as well as the corresponding Notes to the Financial Statements which includes a summary of the main accounting policies.

We are of the opinion that the aforementioned consolidated financial statements present in an appropriate and accurate manner and in all materially relevant aspects the financial position of **OLI - SISTEMAS SANITÁRIOS S.A** on 31 December 2019 and the results of its operations during the year ended on that date in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Normalisation System.

Bases for our opinion
Our audit was performed in accordance with the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines of the Portuguese Institute of Statutory Auditors. Our responsibilities under these standards are described in the section "Auditor's Responsibilities in the auditing of the Financial Statements" presented below. We are Independent of the Entities under the law and comply with the other ethical requirements under the code of ethics in the Order of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and adequate to provide a basis for our opinion.

Emphasis
In March 2020 the World Health Organization declared the spread of the new coronavirus ("COVID-19") a pandemic which has a negative impact on the economies of Portugal Europe and the world.

As mentioned in note 21 of the notes to the consolidated financial statements we stress that such effects are likely to have a negative effect on the activity and profitability of the Group during the economic year of 2020. At this time it is not possible to quantify the effects on the financial statements for that year which depend among other variables on the time dimension and depth of this pandemic.

Our opinion is not changed on this matter.

[initials]

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Email: antonio.neto@ua.pt

Jorge Silva Neto Ribeiro & Pinho Sroc Lda.
Audit Firm

Responsibilities of the management and supervisory bodies over the financial statements

The management body is responsible for:

- preparing the consolidated financial statements so as they present the true and appropriate financial position of the Entity its financial performances and cash flows in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Normalisation System;

- preparing the Management Report in accordance with all applicable legal and regulatory terms;

- creating and maintaining an appropriate internal control system to enable the preparation of financial statements free from any material misstatements due to fraud or error;

- adopting appropriate accounting policies and criteria considering the circumstances; and

- assessing the Group's ability to maintain continuity disclosing when applicable any matters that may raise significant doubts about the continuity of the business.

The supervisory body is responsible for supervising the process of preparing and disclosing the Entity's financial information.

Responsibilities of the auditor in the auditing of the consolidated financial statements

Our responsibility consists of obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements due to fraud or error and to issue a report setting forth our opinion. Reasonable certainty is a high level of certainty but it does not guarantee that an audit performed in accordance with the ISA will always detect material misstatements should they exist. Misstatements may arise from fraud or error and are considered material if alone or together they can reasonably be expected to influence economic decisions of users taken based on those financial statements.

As part of an audit according to the ISA we make professional judgements and maintain professional scepticism during the audit and also:

- identify and assess the risk of material misstatements in the consolidated financial statements due to fraud or error design and perform audit procedures that respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is greater than the risk of not detecting material misstatement due to error since fraud may involve collusion counterfeiting intentional omissions misrepresentation or disregard for internal control;

- obtain an understanding of the internal control relevant to the audit for the purpose of designing audit procedures that are appropriate under the circumstances but not to express an opinion on the effectiveness of the Group's internal control;

[initials]

- assess the adequacy of the accounting policies used and the reasonableness of accounting estimates and corresponding disclosures made by the management body;

- conclude on the adequacy of the management body's use of the principle of going concern and based on the audit evidence obtained on whether there is any material uncertainty related to events or conditions that may raise significant doubts regarding the Group's ability to remain in business. If we conclude that there is material uncertainty we must draw attention in our report to the respective disclosures included in the financial statements or if should such disclosures not be appropriate modify our opinion. Our conclusions are based on the audit evidence obtained until the date of our report. However future events or conditions may cause the Group to discontinue its activities;

- assess the overall presentation structure and content of the consolidated financial statements including disclosures and whether those financial statements represent the underlying transactions and events in order to achieve an appropriate presentation;

- we obtained sufficient and appropriate audit evidence regarding the financial information of the entities or businesses within the Group to express our opinion on the consolidated financial statements. We are responsible for guiding supervising and performing the Group's audit and we are ultimately responsible for our audit opinion;

- we communicate with governance leaders including the supervisory body among other matters on the scope and planned timetable of the audit and the significant conclusions drawn including any significant internal control deficiencies identified during the audit.

Our responsibility also includes verifying that the information contained in the management report is consistent with that of the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management Report

In compliance with Article 451(3)(e) of the Commercial Companies Code we are of the opinion that the management report was prepared in accordance with all applicable legal and regulatory requirements the information contained therein is in accordance with the audited financial statements and taking into account our knowledge and appreciation of the Group we have not identified any material inaccuracies.

Aveiro 2 June 2020

[initials]

Jorge Silva Neto Ribeiro & Pinho Sroc Lda represented by
António Rodrigues Neto (Chartered Accountant registered in OROC under no. 857 and in CMVM under No. 20160480)

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