



RAMADA

INVESTIMENTOS E INDÚSTRIA

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

Public Company

Earnings announcement 1st Half 2021
(unaudited)

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

Head Office: Rua Manuel Pinto de Azevedo, 818
4100-320 Oporto
Share capital: 25,641,459 Euro

INTRODUCTION

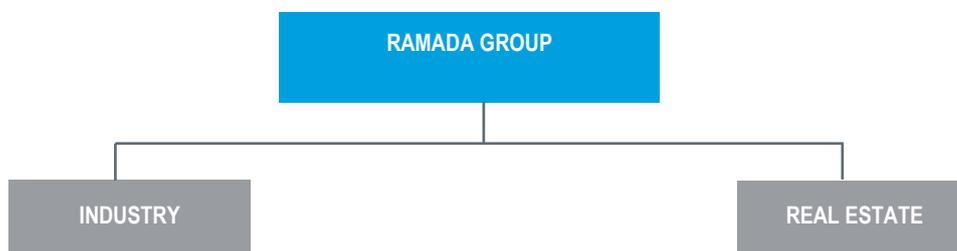
Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments: i) Industry segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the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

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

The wire drawing activity is developed by Socitrel, whose main business is the manufacture and commercialization of steel wires, capable of being used in a wide variety of activities, including industry, agriculture and construction.

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

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



CONSOLIDATED INCOME STATEMENT BY NATURE

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

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

	1H 2021	1H 2020	Var. %
Total revenues (a)	66 363	49 174	35.0%
Total costs (b)	(56 528)	(44 069)	28.3%
EBITDA (c)	9 834	5 105	92.6%
EBITDA margin (d)	14.8%	10.4%	4.4 pp
Amortization and depreciation	(1 635)	(1 601)	2.1%
EBIT (e)	8 199	3 505	134.0%
EBIT margin (f)	12.4%	7.1%	5.2 pp
Results related to investments	120	59	102.6%
Financial expenses	(530)	(605)	-12.3%
Financial income	20	25	-18.5%
Profit before income tax	7 810	2 984	161.7%
Income tax	(1 642)	(448)	-
Consolidated net profit	6 168	2 536	143.2%
Net profit attributable to shareholders of the parent company	6 168	2 536	143.2%

Amounts in thousands of Euro

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

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

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

(d) EBITDA margin = EBITDA / Total revenues

(e) EBIT = EBITDA + Amortization and depreciation

(f) EBIT margin = EBIT / Total revenues

During the first half of 2021, total revenues of Ramada Group amounted to 66,363 thousand Euro, representing a 35.0% increase over the total revenues recorded in the same period of 2020.

Total costs amounted to 56,528 thousand Euro, recording a 28.3% increase over the previous year.

EBITDA amounted to 9,834 thousand Euro, representing an increase of 92.6% compared to the first half of 2020. EBITDA margin achieved 14.8%, representing an increase of 4.4 percentage points when compared to the previous year.

EBIT, in the amount of 8,199 thousand Euro, recorded an increase of 134.0% when compared to 3,505 thousand Euro in 2020.

The financial results (financial income – financial expenses), in the amount of 510 thousand Euro, recorded a 12.1% decrease over the previous year.

The consolidated net profit of the first half of 2021 amounted to 6,168 thousand Euro, increasing 143.2% compared to the net profit of the same period of the previous year.

INDUSTRY

	1H 2021	1H 2020	Var. %
Total revenues (a)	62 734	45 539	37.8%
Total costs (b)	(55 830)	(43 293)	29.0%
EBITDA (c)	6 904	2 246	207.4%
EBITDA margin (d)	11.0%	4.9%	6.1 pp
EBIT (e)	5 349	749	614.3%
EBIT margin (f)	8.5%	1.6%	6.9 pp
Results related to investments	120	59	102.6%
Financial results (g)	(246)	(293)	-16.1%
Profit before income tax	5 223	514	915.1%
Income tax	(1 073)	83	-1394.1%
Net profit	4 150	597	594.7%

Amounts in thousands of Euro

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

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

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

(d) EBITDA margin = EBITDA / Total revenues

(e) EBIT = EBITDA + Amortization and depreciation

(f) EBIT margin = EBIT / Total revenues

(g) Financial results = Financial income – Financial expenses

In the first half of 2021, total revenues from the Industry segment amounted to 62,734 thousand Euro, recording an increase of 37.8% compared to the same period of 2020.

EBITDA in the Industry segment amounted to 6,904 thousand Euro, representing a positive variation of 207.4% compared to the 2,246 thousand Euro recorded in the first half of 2020. EBITDA margin reached 11.0%, recording an increase of 6.1 percentage points over the same period of the previous year.

EBIT, in the amount of 5,349 thousand Euro, recorded an increase of 614.3% compared to the 749 thousand Euro in 2020.

The net profit of the Industry segment recorded in the first half of 2021, in the amount of 4,150 thousand Euro, represented an increase of 594.7% compared to the net profit of the same period of previous year.

Ramada Group closed the first semester of the year 2021 with a strong growth in turnover, as a result, essentially, by the increase in prices that has occurred.

In the first semester, the Steel activity recorded significant growth, largely due to the positive contribution of the Metalworking sector, which at the end of this semester showed a significant improvement, to the detriment of the Moulds sector, which is usually the main pillar of this activity.

The Moulds sector was negatively affected by the crisis experienced in the automotive industry, as a result of the lack of components and generalized lay-offs. The delay in the launch of new projects for electric cars has had a harmful effect on the Portuguese mould making industry, very dependent on the automotive sector, which has generated the need to operate well below installed capacity.

The demand for raw materials had a significant increase in the middle of the semester, with constant price increases and shortages of materials by some suppliers. The sharp rise in scrap and iron ore prices that occurred in the middle of the semester, the closing of import quotas from third countries in the European Union and the difficulties in maritime transport, caused a severe rise in prices of various types of steel.

In the first half of 2021, the sales of the Steel activity to the external market represented 9% of turnover, registering a growth of 38% compared to the same period of 2020.

The growth of exports has been gradual, being the highlight the consolidation of the presence in the Spanish market.

In the first half of 2021, the wire drawing activity registered a sharp growth in sales compared to the previous year, as a result of significant increases in prices and production volume.

During the first half of 2021, Socitrel installed a self-consumption photovoltaic power plant with an installed capacity of 1 MWh, comprising 2,222 photovoltaic panels on the roof of some of its industrial units. The photovoltaic plant started operating at the end of the first half of the year, with an expected annual production of around 1.2 GWh, which is equivalent to supplying, on average, 500 houses for a year, and will enable Socitrel's energy bill to be reduced by around 7.2%, as well as reducing the emission of 780 tons of CO₂ per year.

The wire drawing activity operates essentially in the foreign market, accounting for 66% of turnover in the first half of 2021. Exports in this sector registered a growth of 80% compared to the same period in 2020. The main destinations of exports were Spain, the United States and France.

REAL ESTATE

	1H 2021	1H 2020	Var. %
Total revenues (a)	3 628	3 635	-0.2%
Total costs (b)	(698)	(776)	-10.1%
EBITDA (c)	2 930	2 859	2.5%
EBIT (d)	2 850	2 756	3.4%
Financial results (e)	(263)	(286)	-8.0%
Profit before income tax	2 587	2 470	4.7%
Income tax	(569)	(531)	7.2%
Net profit	2 018	1 939	4.1%

Amounts in thousands of Euro

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

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

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

(d) EBIT = EBITDA + Amortization and depreciation

(e) Financial results = Financial income – Financial expenses

During the first half of 2021, total revenues from the Real Estate segment amounted to 3,628 thousand Euro, a slight decrease of 0.2% compared to the same period of 2020.

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

EBITDA in the Real Estate segment in the first six months of 2021 amounted to 2,930 thousand Euro, 2.5% higher than the amount recorded in the same period of the previous year.

EBIT amounted to 2,850 thousand Euro, representing a growth of 3.4% compared to 2020.

In the first half of 2021, the financial results of the Real Estate segment were negative by 263 thousand Euro, having improved 8.0% compared to the negative 286 thousand Euro in 2020.

The net profit of the Real Estate segment amounted to 2,018 thousand Euro, an increase of 4.1% compared to the first half of 2020.

INVESTMENTS AND INDEBTEDNESS

The investments¹ made by Ramada Group during the first half of 2021 amounted to approximately 2,500 thousand Euro.

Ramada Group's net nominal indebtedness² on June 30, 2021, amounted to approximately 16 million Euro, with a dividend distribution of around 15 million Euro in May. As of December 31, 2020, the net nominal indebtedness was approximately 11 million Euro.

OUTLOOK

Ramada Group ends the semester in a positive and confident way in the business evolution in all its components, maintaining the monitorization and evaluation of the volatility of some external factors and possible impacts. It is also expected that the markets tend to stabilize and that a balance is reached in the demand and supply of raw materials, given that a favourable evolution of the pandemic is expected, as a result of the implementation of vaccination plans in the most industrialized countries.

The growth in demand that was noticed in the first half of the year, combined with the continued rise in raw material prices, leads the Group to face 2021 with confidence, expecting a significant increase in sales and profitability, compared to 2020.

Oporto, July 29, 2021

The Board of Directors

¹ Investments: Acquisitions of property, plant and equipment and intangible assets related to the operational activity of the Industry and Real Estate segments.

² Net nominal indebtedness: Bank loans (nominal values) + Other loans (nominal values) – Cash and cash equivalents.



Shaping industry

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