



RAMADA

INVESTIMENTOS E INDÚSTRIA

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

Earnings announcement 2021

(unaudited)

March 17, 2022

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards adopted in European Union (IFRS-EU), some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

Head Office: Rua Manuel Pinto de Azevedo, 818

4100-320 Oporto

Share capital: 25,641,459 Euro

INTRODUCTION

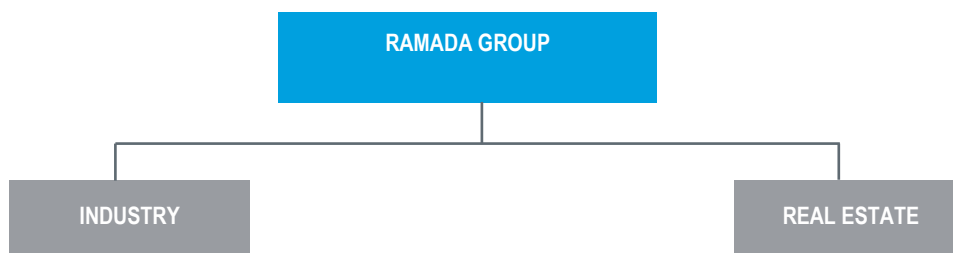
Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments: i) Industry segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the 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:

	2021	2020	Var. %
Total revenues (a)	144 910	103 302	40.3%
Total costs (b)	(122 759)	(90 341)	35.9%
EBITDA (c)	22 151	12 961	70.9%
EBITDA margin (d)	15.3%	12.5%	2.8 pp
Amortization and depreciation	(3 221)	(3 192)	0.9%
EBIT (e)	18 930	9 768	93.8%
EBIT margin (f)	13.1%	9.5%	3.6 pp
Results related to investments	285	55	-
Financial expenses	(965)	(1 190)	-18.9%
Financial income	84	60	38.4%
Profit before income tax	18 333	8 694	110.9%
Income tax	(3 244)	(1 705)	90.3%
Consolidated net profit	15 089	6 989	115.9%
Net profit attributable to shareholders of the parent company	15 089	6 989	115.9%

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, Amortization and depreciation and Results related to investments

(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 2021, total revenues of Ramada Group amounted to 144,910 thousand Euro, representing a 40.3% increase over the total revenues recorded in the same period of 2020.

Total costs amounted to 122,759 thousand Euro, recording a 35.9% increase over the previous year.

EBITDA amounted to 22,151 thousand Euro, representing an increase of 70.9% compared to the same period of 2020. EBITDA margin achieved 15.3%, representing an increase of 2.8 percentage points when compared to the previous year.

EBIT, in the amount of 18,930 thousand Euro, recorded an increase of 93.8% when compared to 9,768 thousand Euro in 2020.

The financial results (financial income - financial expenses), in the amount of 881 thousand Euro, recorded a 21.9% decrease over the previous year.

The consolidated net profit of 2021 amounted to 15,089 thousand Euro, increasing 115.9% compared to the net profit of the same period of the previous year.

INDUSTRY

	2021	2020	Var. %
Total revenues (a)	137 290	95 855	43.2%
Total costs (b)	(121 171)	(88 907)	36.3%
EBITDA (c)	16 119	6 948	132.0%
EBITDA margin (d)	11.7%	7.2%	4.5 pp
EBIT (e)	13 074	3 982	228.3%
EBIT margin (f)	9.5%	4.2%	5.4 pp
Results related to investments	285	55	-
Financial results (g)	(390)	(624)	-37.6%
Profit before income tax	12 970	3 413	280.0%
Income tax	(1 968)	(508)	287.2%
Net profit	11 002	2 905	278.7%

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, Amortization and depreciation and Results related to investments

(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 2021, total revenues from the Industry segment amounted to 137,290 thousand Euro, recording an increase of 43.2% compared to the same period of 2020.

EBITDA in the Industry segment amounted to 16,119 thousand Euro, representing a positive variation of 132.0% compared to the 6,948 thousand Euro recorded in 2020. EBITDA margin reached 11.7%, recording an increase of 4.5 percentage points over the same period of the previous year.

EBIT, in the amount of 13,074 thousand Euro, recorded an increase of 228.3% compared to the 3,982 thousand Euro in 2020.

The net profit of the Industry segment, in the amount of 11,002 thousand Euro, represented an increase of 278.7% compared to the net profit of the same period of previous year.

The instability of the markets in recent years was notorious and its consequences a doubt which were dependent on both the evolution of the pandemic and the ability to respond to the health and economic crisis. Despite the constraints of the pandemic and the uncertainties of market behavior, 2021 was one of the best years for Ramada Group.

The Steel business recorded a significantly higher turnover than in the previous year, with a relevant contribution from the Metalworking sector, which stood out with strong growth rates throughout the year.

On the other hand, the Molds sector entered 2021 with difficulties and continued to do so throughout the first half of the year. Some improvements were still in sight, but the delay in launching new projects for electric cars had a negative effect on the Portuguese mold industry, which is very dependent on the automotive sector. In the third quarter, this sector surprised with a consistent increase in budgeting demand. This trend continued until the end of the year, indicating that the mold industry was in a recovery phase.

This behavior appears in agreement with the movements of the automotive industry that seems to have finally started a transformation towards electrification. In addition to the increase in the number of projects, these are staying in Europe, to the detriment of production in China, causing even higher demand. We hope that it will be the leverage of the Molds sector that was so long awaited.

The demand for raw material soared in the middle of the first half of the year with warnings of constant price increases and material shortages that were already notorious in some suppliers. Afraid of what could happen, customers tried to prevent and purchase material to avoid possible difficulties in the supply of raw materials or price increases that would have implications for the profitability of their business. A conscious management of this process was necessary in order to understand the real need for demand and not compromise our ability to respond throughout the year. The rise in prices and stock management were one of the pillars of action in 2021, forcing constant attention to market movements.

In terms of stocks, careful management was necessary in view of the abrupt rise in scrap and iron ore in the first half of the year, as well as the closing of import quotas from third countries of the European Union. The withdrawal of support from China for the export of a series of steels, as well as the elimination of import taxes, combined with the lack of containers and the high costs of maritime transport left this market out of viable supply options. Consequently, the general search for alternatives such as Turkey, Ukraine, or Russia, also generated difficulties in view of the existing import quotas that were consumed quickly in the first days, which then represented a long period without the possibility of entry of material without payment of quotas. Throughout the year, these issues limited the supply of raw materials, causing price rises and many limitations in the replenishment of stocks.

The rise in the price of electricity and natural gas has a significant impact on the Group's activity. In order to partially mitigate this impact and simultaneously improve environmental performance, the Group decided to invest in a Self-Consumption Photovoltaic Plant (Ramada Solar), with the start of production of the first Megawatt scheduled for the first half of 2022.

In 2021, sales of the Steel activity to the foreign market represented 9.0% of turnover, registering a 40.6% increase compared to 2020. The growth was noticeable throughout the year, especially in Spain, where the market has been consolidated, but also for other markets that are slowly beginning to gain relevance, such as Brazil, Germany and France.

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. In 2021, Socitrel setup a Self-Consumption Photovoltaic Plant with an installed capacity of 3 MWh, consisting of 6,800 photovoltaic panels installed on the roof of some of its industrial buildings. The Photovoltaic Power Station started operating 1MW in May 2021 and the remaining 2MW in March 2022, with an estimated annual production of around 3.6 GWh, which is equivalent to supplying, on average, 1,500 homes for a year, and will allow the reduction of Socitrel's energy bill by around 20%, as well as a reduction in the emission of 2,350 tons of CO₂ per year.

The wire drawing activity operates essentially in the foreign market, accounting for 65.7% of turnover in 2021. Exports in this sector registered a growth of 85.8% compared to the same period in 2020. The main destinations of exports were Spain, the United States and France.

REAL ESTATE

	2021	2020	Var. %
Total revenues (a)	7 620	7 447	2.3%
Total costs (b)	(1 588)	(1 434)	10.7%
EBITDA (c)	6 032	6 013	0.3%
EBIT (d)	5 856	5 786	1.2%
Financial results (e)	(492)	(506)	-2.7%
Profit before income tax	5 364	5 280	1.6%
Income tax	(1 277)	(1 197)	6.7%
Net profit	4 087	4 084	0.1%

Amounts in thousands of Euro

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(d) EBIT = EBITDA + Amortization and depreciation

(e) Financial results = Financial income – Financial expenses

During 2021, total revenues from the Real Estate segment amounted to 7,620 thousand Euro, recording a 2.3% increase over 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 2021 amounted to 6,032 thousand Euro, 0.3% higher than the amount recorded in the same period of the previous year.

EBIT amounted to 5,856 thousand Euro, representing a growth of 1.2% compared to 2020.

The financial results of the Real Estate segment were negative by 492 thousand Euro, recording an improvement of 2.7% when compared to the negative 506 thousand Euro in 2020.

The net profit of the Real Estate segment during 2021 amounted to 4,087 thousand Euro, an increase of 0.1% compared to the same period of 2020.

INVESTMENTS AND INDEBTEDNESS

The investments¹ made by Ramada Group in 2021 amounted to approximately 4.8 million Euro.

Ramada Group's net nominal indebtedness² on December 31, 2021, remained at the same level as the previous year, amounting to approximately 11 million Euros.

During 2021, Ramada Group distributed the amount of approximately 15 million euros as dividends.

DIVIDENDS

The Board of Directors will propose in the Shareholders' General Meeting the dividend payment of 0.60€ per share.

FUTURE PERSPECTIVES

At the beginning of 2022, Ramada Group recorded a sharp growth in turnover and profitability in the industry segment, when compared to the same period of the previous year.

The war in Ukraine is causing a significant rise in electricity and natural gas prices. The European steel industry is heavily dependent on SLABS produced in Russia and Ukraine, with a high probability that these deliveries will not take place in the year 2022. The continuous increase in scrap and energy prices is leading to historic price increases across the world in all types of steel, which will have adverse effects on demand for these products.

The Group will continue to monitor developments and impacts on its value chain, keeping an eye on its path and objectives for increasing productivity and efficiency gains.

Oporto, March 17, 2022

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

Rua Manuel Pinto de Azevedo, 818
4100-320 Porto PORTUGAL

www.ramadainvestimentos.pt