



RAMADA

INVESTIMENTOS E INDÚSTRIA

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

Earnings announcement 2022
(unaudited)

March 23, 2023

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

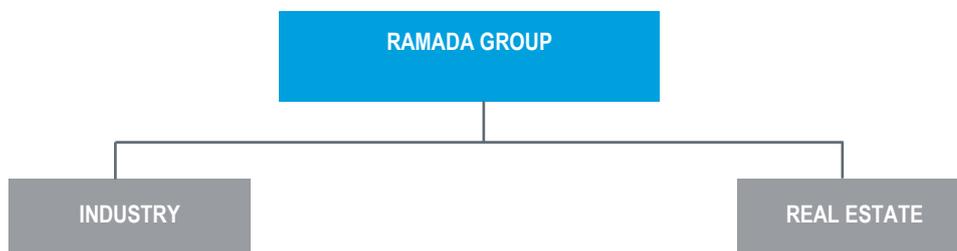
Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments: i) Industry segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the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

<i>Amounts in thousands of Euro</i>	2022	2021	Var. %
Total revenues	194,480	144,910	34.2%
Total costs	(165,302)	(122,759)	34.7%
EBITDA	29,178	22,151	31.7%
EBITDA margin	15.0%	15.3%	- 0.3 p.p.
Amortization and depreciation	(3,337)	(3,221)	3.6%
EBIT	25,841	18,930	36.5%
EBIT margin	13.3%	13.1%	+ 0.2 p.p.
Results related to investments	392	285	37.3%
Financial expenses	(1,709)	(965)	77.0%
Financial income	498	84	496.5%
Profit before income tax	25,022	18,333	36.5%
Income tax	(4,988)	(3,244)	53.7%
Consolidated net profit	20,034	15,089	32.8%
Net profit attributable to shareholders of the parent company	20,034	15,089	32.8%

In 2022, Ramada Group presents a turnover higher than the previous year, as a result of the increase in prices and activity, reaching total revenues of 194,480 thousand Euro, with a growth of 34.2% over the total revenues recorded in 2021.

Total costs amounted to 165,302 thousand Euro, recording a 34.7% increase when compared to the previous year.

EBITDA amounted to 29,178 thousand Euro, 31.7% higher than in 2021. EBITDA margin achieved 15.0%, a decrease of 0.3 percentage points over the previous year.

EBIT, in the amount of 25,841 thousand Euro, recorded an increase of 36.5% when compared to 18,930 thousand Euro in 2021.

The Financial Results, in the amount of negative 1,211 thousand Euro, recorded a growth of 37.5% over the previous year.

The consolidated net profit of 2022 amounted to 20,034 thousand Euro, increasing 32.8% compared to the net profit of the previous year.

INDUSTRY

<i>Amounts in thousands of Euro</i>	2022	2021	Var. %
Total revenues	186,654	137,290	36.0%
Total costs	(161,114)	(121,171)	33.0%
EBITDA	25,539	16,119	58.4%
EBITDA margin	13.7%	11.7%	+ 2.0 p.p.
EBIT	22,550	13,074	72.5%
EBIT margin	12.1%	9.5%	+ 2.6 p.p.
Results related to investments	392	285	37.3%
Financial results	(763)	(390)	95.8%
Profit before income tax	22,179	12,970	71.0%
Income tax	(4,305)	(1,968)	118.8%
Net profit	17,874	11,002	62.5%

In 2022, total revenues from the Industry segment amounted to 186,654 thousand Euro, recording an increase of 36.0% compared to the total revenues in 2021.

EBITDA in the Industry segment amounted to 25,539 thousand Euro, representing an increase of 58.4% compared to the 16,119 thousand Euro recorded in 2021. EBITDA margin reached 13.7%, recording an increase of 2.0 percentage points over 2021.

EBIT, in the amount of 22,550 thousand Euro, recorded an increase of 72.5% compared to the 13,074 thousand Euro in 2021.

The Financial Results, in the amount of negative 763 thousand Euro, recorded a growth of 95.8% over the previous year.

The net profit of the Industry segment in 2022, in the amount of 17,874 thousand Euro, represented an increase of 62.5% compared to the net profit of the previous year.

The first months of 2022 were very positive, and this trend was a constant in the first half of the year with a growth of activity and prices in all the Group's businesses. Even so, the market evolved at two different speeds: one for the moulds sector and another for the metalworking sector.

In the moulds sector, the year started at an accelerated pace and demand was significant. This situation leveraged the machining services, both in the conventional and customized sides.

In contrast with the acceleration of activity in the molds sector, the metalworking sector was in moderate speed, where demand was stable and the year-on-year growth was realized by price.

The high energy costs that occurred throughout the year reached worrying levels. The Group felt the need to make price adjustments, especially in Heat Treatments, where energy consumption has a relevant weight in the business.

With the uncertainty caused by the war in Ukraine, costs skyrocketed and remained high with no forecast for their future evolution. The possibility of temporary closure of steel mills, due to the inability of the market to accept the energy charges or even the possibility of the closure of energy intensive companies to ration consumption, was a present threat. This situation did not come to pass, but there were steel companies that closed some production facilities in Europe in response to rising energy prices.

The year began with very strong demand and difficulty for the plants to fulfil orders, leading to increases in delivery times.

The war in Ukraine began in February and it was immediately clear that the impact would be significant in terms of stocks and prices of steel products. Many products destined for the metalworking area were held up in Ukraine, Russia and Belarus, creating supply shortages for many market players. The search for alternatives led to countries like Turkey, India and China having to raise prices in order to regulate demand.

For the industrial steel plates market the impact was much greater, as in addition to the delivery of rolled steel plate, Ukraine and Russia accounted for about 45% of the re-rolled SLABS in Europe. Demand for alternative sources of supply and shortages led to steel plates being traded for record prices.

In the second half of the year, with the stabilization of supply sources and transportation costs, we verified a slight price correction and improvement in delivery times.

Stock management was one of the pillars of action in 2022, requiring constant attention to market movements. The main challenge in stock management occurred at the end of the year. High stock levels in Europe caused a slowdown in orders from suppliers. The rush for raw materials led to a sharp drop in market prices. With the construction industry in China struggling to recover, market uncertainty remained, and prices in Metalworking continued to fall.

The Steel activity recorded a turnover higher than the previous year, and the contribution of the moulds sector, which stood out with sharp growth rates, was relevant. In 2022, sales of Steel activity to the foreign market represented 7.6% of turnover, registering a growth of 23.9% compared to 2021, with Spain and France as the main destinations.

The Wire Drawing activity also recorded a sharp growth in sales compared to the previous year, as a result of significant price increases. The Wire Drawing activity operates essentially in the foreign market, which in 2022 represented 71.3% of turnover. Exports in this sector recorded a 35.3% growth compared to 2021. The main export destinations were the United States and Spain, which represent 28.4% and 27.4% of sales, respectively.

REAL ESTATE

<i>Amounts in thousands of Euro</i>	2022	2021	Var. %
Total revenues	7,826	7,620	2.7%
Total costs	(4,188)	(1,588)	163.8%
EBITDA	3,639	6,032	-39.7%
EBIT	3,290	5,856	-43.8%
Financial results	(448)	(492)	-9.0%
Profit before income tax	2,842	5,364	-47.0%
Income tax	(683)	(1,277)	-46.5%
Net profit	2,159	4,087	-47.2%

During 2022, total revenues from the Real Estate segment amounted to 7,826 thousand Euro, recording a 2.7% increase over 2021.

EBITDA in the Real Estate segment in 2022 amounted to 3,639 thousand Euro, 39.7% lower than the amount recorded in the previous year.

EBIT amounted to 3,290 thousand Euro, representing a decrease of 43.8% compared to 2021.

In 2022 the variation in the caption "Total costs", is essentially explained by the recognition of an indemnity for the early termination of a lease contract, in the amount of 2,688 thousand Euro.

The Financial Results, in the amount of negative 448 thousand Euro, recorded an improvement of 9.0% compared to negative 492 thousand Euro in 2021.

The net profit of the Real Estate segment during 2022 amounted to 2,159 thousand Euro, a decrease of 47.2% compared to 2021.

INVESTMENTS AND INDEBTEDNESS

The investments made by Ramada Group in 2022 amounted to approximately 5 million Euro.

In 2022 the Steel activity started the installation of a Production Unit for Self-Consumption with an installed solar power of 999.92 KWp, and the start of the energy production is scheduled for 2023.

Ramada Group's net nominal indebtedness on December 31, 2022 amounted to 25,208 thousand Euro. As of December 31, 2021, the net nominal indebtedness amounted to 11,107 thousand Euro.

DIVIDENDS

The Board of Directors will propose in the Shareholders' General Meeting the dividend payment of 0.82 Euro per share.

FUTURE PERSPECTIVES

In practically all of Ramada Group's business sectors, the last few months of 2022 saw a cooling of the market.

Inflation, war and the construction crisis in China began to have an effect on the release of new projects. The final discussion of the European Union's position on the new Euro 7 standard and the emissions regulatory framework for the automotive industry is a subject under consideration by manufacturers who are awaiting these indicators to understand how to act and how the market will evolve.

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 23, 2023

The Board of Directors

Glossary

EBIT: EBITDA + Amortization and depreciation

EBIT margin: EBIT / Total revenues

EBITDA: Profit before income tax, Financial results, Amortization and depreciation and Results related to investments

EBITDA margin: EBITDA / Total revenues

Financial results: Financial income - Financial expenses

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

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

Total costs: Cost of sales and production variation + External supplies and services + Payroll expenses + Other expenses + Provisions and impairment losses

Total revenues: Sales and services rendered + Other income



Shaping industry

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