



RAMADA

INVESTIMENTOS E INDÚSTRIA

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

Public Company

Earnings announcement 1st Half of 2023
(unaudited information)

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.

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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 activities 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.

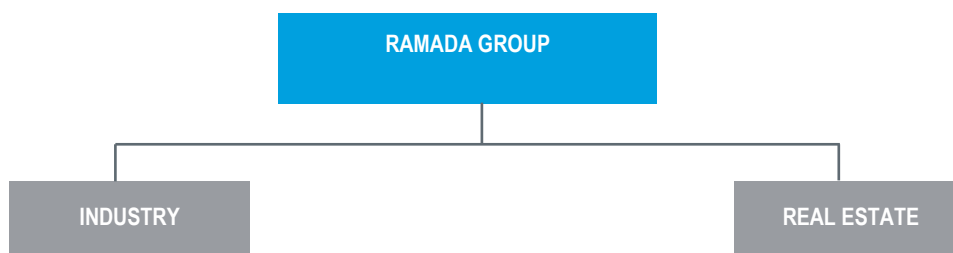
The Special Steels activity is developed by Ramada Aços, Universal Afir and Planfuro Global, which are dedicated to the distribution of special steels, steel for molds, the production of drawn steel, and to the rendering of services, namely, Machining and Heat Treatment, for two main application areas, namely, metalworking and molds and tools.

In June 2023, the Group acquired the company Blau Stahl, Lda. (formerly known as Voestalpine High Performance Metals Portugal), whose activity focuses on Steel Cutting and Machining, as well as a strong competence in the manufacture of customized and assembled structures. This acquisition provides the activity of Special Steels with greater responsiveness in these areas of activity.

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 fields, 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 Fisio 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:

| Amounts in thousands of Euros | 1H 2023 | 1H 2022 | Var. % |
|---|---------------|---------------|-------------------|
| Total revenues | 79 047 | 112 175 | -29.5% |
| Total costs | (68 765) | (96 461) | -28.7% |
| EBITDA | 10 281 | 15 714 | -34.6% |
| EBITDA margin | 13.0% | 14.0% | - 1.0 p.p. |
| Amortization and depreciation | (2 380) | (2 290) | 3.9% |
| EBIT | 7 902 | 13 424 | -41.1% |
| EBIT margin | 10.0% | 12.0% | - 2.0 p.p. |
| Results related to investments | 187 | 252 | -25.7% |
| Financial expenses | (1 404) | (565) | 148.6% |
| Financial income | 115 | 61 | 88.9% |
| Profit before income tax | 6 800 | 13 172 | -48.4% |
| Income tax | (1 401) | (3 161) | -55.7% |
| Consolidated net profit | 5 399 | 10 011 | -46.1% |
| Net profit attributable to shareholders of the parent company | 5 399 | 10 011 | -46.1% |

In the first half of 2023, total revenues of Ramada Group amounted to 79,047 thousand Euro, representing a 29.5% decrease over the total revenues recorded in the same period of 2022.

Total costs amounted to 68,765 thousand Euro, recording a 28.7% decrease when compared to the same period in the previous year.

EBITDA amounted to 10,281 thousand Euro, a decrease of 34.6% compared to the first half of 2022. EBITDA margin reached 13.0%, representing a decrease of 1.0 percentage points when compared to the same period of the previous year.

EBIT, in the amount of 7,902 thousand Euro, recorded a decrease of 41.1% when compared to 13,424 thousand Euro recorded in the first six months of 2022.

The Financial results, in the amount of negative 1,289 thousand Euro, recorded a 155.8% increase over the same period of the previous year.

The consolidated net profit of the first half of 2023 amounted to 5,399 thousand Euro, decreasing 46.1% compared to the net profit of the same period of the previous year.

INDUSTRY

| Amounts in thousands of Euros | 1H 2023 | 1H 2022 | Var. % |
|--------------------------------|----------|----------|------------|
| Total revenues | 74 953 | 108 134 | -30.7% |
| Total costs | (67 931) | (95 388) | -28.8% |
| EBITDA | 7 022 | 12 745 | -44.9% |
| EBITDA margin | 9.4% | 11.8% | - 2.4 p.p. |
| EBIT | 4 874 | 10 627 | -54.1% |
| EBIT margin | 6.5% | 9.8% | - 3.3 p.p. |
| Results related to investments | 187 | 252 | -25.7% |
| Financial results | (695) | (289) | 140.5% |
| Profit before income tax | 4 366 | 10 590 | -58.8% |
| Income tax | (866) | (2 606) | -66.8% |
| Net profit | 3 500 | 7 984 | -56.2% |

In the first half of 2023, total revenues from the Industry segment amounted to 74,953 thousand Euro, recording a decrease of 30.7% compared to total revenues of the same period of 2022.

In the first half of 2023, Special Steels recorded a decrease in turnover compared to the same period of 2022.

The restructuring of the automotive industry worldwide, followed by the pandemic and the war in Ukraine, created great difficulties for the mould industry in Portugal. The year 2023 began with a sharp drop in the level of activity in this sector, which was reflected in a reduction in the turnover of Special Steels, which is very dependent on the behaviour of this industry. However, this decline in activity was not accompanied to the same extent by a reduction in Total Revenues, given the ability to maintain average sales prices at levels higher than those practiced in the same period of the previous year.

In the metalworking sector, in the first months of the year, there was also a drop in activity, although the semester ended with some improvements, with an increase in demand in the area of stamps and dies, both in the sale of materials and in the provision of services.

In the first half of 2023, sales of the Special Steels activity to the external market represented 9.0% of the turnover, whereas in the same period of 2022, exports represented 8.7% of sales. The Spanish market remained prominent, representing 80% of the turnover. The French and Moroccan markets continue to gain relevance, essentially in the area of stamps and dies for the automotive industry. The Group continues to focus on export growth and increasing its customer base to ensure less dependence on the domestic market in the future.

The high level of stocks combined with low demand means that product permanence rates are very high. Although there have been price reductions as a result of the evident reductions in energy costs, the perception is that prices remain high. This fact, coupled with residual activity levels at steel mills, does not yet generate the confidence needed for stock reinforcements.

Excess stocks, coupled with low levels of demand, put some downward pressure on prices in the market. In particular, prices for mould steel, which had been relatively stable until then, became more unstable towards the end of the semester, due to the low demand that is increasingly noticeable in the market.

Given this market instability during the first half of the year, the Group's focus was on monitoring the development of the automotive industry, inventory management, sales profitability and the Group's market position. In the second quarter of 2023, there was also a significant reduction in the working capital needs of the Group.

Following the development of a Lean culture in the various Kaizen projects carried out in the last 2 years, and the work developed by our teams with the Kaizen team, Ramada Aços was recognized with an honourable mention in the Analytics category in the 12th Edition of the KAIZEN™ Awards Portugal which, since 2011, distinguish national entities that stand out in the implementation of continuous improvement processes, with results and gains in profitability and growth.

Ramada Aços was also distinguished with the COTEC Innovative Status by COTEC Portugal, Association for Innovation, which aims to recognize companies that combine adequate financial strength, technological investment and investment in innovation to increase competitive potential and economic results, which reinforces the position of the Ramada Group.

In the first half of 2023, the Wire Drawing activity registered a decrease in turnover, compared to the same period of the previous year, as a result of the sharp slowdown in activity and the decrease in the average prices practiced in the various products and markets.

The Wire Drawing activity operates essentially for the foreign market, which in the first half of 2023 represented 63.3% of turnover. In the same period of 2022, exports represented 75.4% of turnover.

EBITDA in the Industry segment amounted to 7,022 thousand Euro, representing a negative variation of 44.9% compared to the 12,745 thousand Euro recorded in the first half of 2022. EBITDA margin reached 9.4%, recording a decrease of 2.4 percentage points over the same period of 2022.

EBIT, in the amount of 4,874 thousand Euro, recorded a decrease of 54.1% compared to the 10,627 thousand Euro reached in the same period of 2022.

The net profit of the Industry segment in the first half of 2023, in the amount of 3,500 thousand Euro, represented a decrease of 56.2% compared to the net profit of the same period of 2022.

REAL ESTATE

| Amounts in thousands of Euros | 1H 2023 | 1H 2022 | Var. % |
|-------------------------------|---------|---------|--------|
| Total revenues | 4 094 | 4 041 | 1.3% |
| Total costs | (835) | (1 073) | -22.2% |
| EBITDA | 3 260 | 2 969 | 9.8% |
| EBIT | 3 028 | 2 797 | 8.3% |
| Financial results | (594) | (215) | 176.5% |
| Profit before income tax | 2 434 | 2 582 | -5.8% |
| Income tax | (535) | (555) | -3.6% |
| Net profit | 1 898 | 2 027 | -6.4% |

During the first half of 2023, total revenues from the Real Estate segment amounted to 4,094 thousand Euro, recording a 1.3% increase over the same period of 2022.

EBITDA in the Real Estate segment in the first six months of 2023 amounted to 3,260 thousand Euro, 9.8% higher than the amount recorded in the same period of the previous year.

EBIT amounted to 3,028 thousand Euro, representing an increase of 8.3% compared to the same period of 2022.

In the first half of 2023, the financial results of the Real Estate segment were negative by 594 thousand Euro, recording a growth of 176.5% when compared to the negative 215 thousand Euro in the same period of 2022.

The net profit of the Real Estate segment amounted to 1,898 thousand Euro and recorded a decrease of 6.4% compared to the first half of 2022.

INVESTMENTS AND INDEBTEDNESS

The investments made by Ramada Group in the first half of 2023 amounted to approximately 770 thousand Euro.

Ramada Group's net nominal indebtedness on June 30, 2023 amounted to, approximately, 30 million Euro. As of December 31, 2022, the net nominal indebtedness amounted to, approximately, 26 million Euro.

FUTURE PERSPECTIVES

Market instability and very high stocks along the distribution chain anticipate a second half with even more challenging external conditions than those seen in the first half.

The Special Steels activity concluded the installation of two Self-Consumption Production Units with a joint installed solar power of 0.5 MWp (additional to the Self-Consumption Production Unit with a capacity of 1MWp, whose installation was started in the course of 2022), and the Wire Drawing activity started the installation of 1 MWp (additional to the 3 MWp that are already installed), having been completed in July 2023.

Despite the challenging environment we are going through, we will continue our path of continuous improvement in search of greater efficiency, attentive, on the one hand, to the movements of the automotive industry and, on the other, to the management of sales and stock.

Oporto, July 27, 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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