

Tuesday, 29 September 2020

PRESS RELEASE
FINANCIAL RESULTS OF THE 1ST HALF 2020

ELASTRON S.A. – STEEL SERVICE CENTERS reported the financial results for the first half of 2020 according to the International Financial Reporting Standards (IFRS).

The turnover of the Group decreased during the first half of the year and amounted to € 47.3 million from € 58.1 million last year. Gross profit amounted to € 5.3 million or 11.3% on sales, compared to € 5.7 million or 9.8% on sales in the first half of 2019. Earnings before taxes and interest (EBIT) amounted to € 0.2 million compared to € 0.3 million last year, whereas the earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to € 1.4 million compared to € 1.8 million in the 1st half of 2019. The results before taxes were negative at € 0.8 million compared to also negative results of € 0.8 million in the same period of the previous year, whereas the results after taxes improved and amounted to losses of € 0.9 million against losses of € 1.3 million in the first half of 2019.

On the parent company level, the turnover decreased and settled at € 46.6 million compared to € 57.4 million last year, while the gross profit accounted for € 4.9 million or 10.4% on sales, compared to € 5.3 million or 9.3% on sales in the first half of 2019. The earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to € 0.9 million compared to € 1.5 million, whereas the results before taxes were negative at € 0.9 million compared to negative results of € 0.7 million in the corresponding six-month period of 2019. Finally, the results after taxes improved and amounted to losses of € 0.9 million against losses of € 1.0 million last year.

The activity and course of the financial results of the Group's steel sector during the first half of the year were inevitably affected by the implementation of the Covid-19 pandemic related measures in both the Greek and the European market, with the main consequence being the fall in demand and the decline in prices of raw materials. In this context, the group's turnover fell by 19%, mainly affected by the sales activity abroad which dropped by 33%. On the other hand, the gross and operating profit margins posted signs of improvement and stabilization respectively as a result of the implementation of a significant outstanding balance of orders and targeted purchases of raw materials that improved production costs. In addition, the effort to reduce financial costs continued with the trend expected to improve further during the 2nd half of the year.

Regarding the energy sector of the Group, a new 1.5 MWp photovoltaic power station was completed and was placed into operation within the first half of the year. The station will be operating under an energy offsetting scheme and will contribute to the further reduction of energy costs of production units. The total power capacity of the Energy sector of the Group settles now at 5.05 MWp.

In the agricultural sector of the group, all production facilities of the company Thrace Greenhouses SA located in Xanthi, Greece, were put into operation within the year 2020. The total land area accounts for 18.5 hectares, making the company the largest player in Greece that uses geothermal energy as a means of heating, ensuring stable growing conditions in a more environmentally friendly way. The total production of the company is absorbed by the largest retail chains of the Greek market, supporting Greek production, substituting imports, and utilizing the domestic production workforce.

Regarding the course of the Group in the current third quarter of 2020, the level of business activity shows signs of improvement with a significant increase in demand, driven mainly by the sectors of energy, infrastructure, shipbuilding, construction, as well as new foreign markets. At the same time, the rise in raw material prices since the end of second quarter has contributed to the improvement in operating profit margins. The Management cannot proceed with reliable forecasts for the last 3 months of year 2020 due to the changing conditions regarding the course of the Covid-19 pandemic, the measures that may be taken and the extent to which such measures might affect the growth of economic activity. However, the improvement in demand is expected to continue, provided that there are no further negative effects on the smooth continuation of business activity from the intensity and duration of the pandemic. In any case, the management of the Group closely monitors

the developments and remains primarily committed to the safety of its employees and partners, taking all necessary measures to ensure health within the workplace in order to smoothly continue its business activities. At the same time, the investment program for the upgrade of the production machinery and the acquisition of new mechanical equipment continues with the aim of expanding the range of products offered, further increasing the production capacity and reducing production costs.

Note: The "Semi-Annual Financial Report 2020 according to IFRS" of ELASTRON SA will be posted on Tuesday 29 September 2020 at the Company's website www.elastron.gr as well as at the website of the Athens Exchange www.helex.gr.