

PRESS RELEASE

FINANCIAL RESULTS OF FISCAL YEAR 2021
Significant improvement of turnover and profitability

ELASTRON S.A. – STEEL SERVICE CENTERS reported the financial results for the fiscal year 2021 according to the International Financial Reporting Standards (IFRS).

The turnover of the Group posted significant improvement, amounting to € 163.3 million from € 104.0 million in the previous year, recording an increase of 57%. Gross profit settled at € 31.9 million or 19.6% of sales, compared to € 13.8 million or 13.3% of sales in 2020. The results before interest and taxes (EBIT) amounted to € 20.0 million compared to € 3.4 million in the previous year, while the results before interest, taxes, depreciation and amortization (EBITDA) amounted to € 22.6 million compared to € 6.0 million in 2020. Finally, the results before taxes amounted to € 18.7 million compared to € 2.0 million in the previous year.

On the parent company level, the turnover increased by 58% and amounted to € 162.0 million compared to € 102.7 million in the previous year, while the gross profit settled at € 31.2 million or 19.2% of sales versus € 13.0 million or 12.7% of sales in 2020. The results before interest and taxes (EBIT) amounted to € 19.9 million compared to € 3.2 million in the previous year, while the results before interest, taxes, depreciation and amortization (EBITDA) amounted to € 21.9 million compared to € 5.3 million in 2020. Finally, the results before taxes amounted to € 18.0 million versus € 1.6 million in the previous year.

Despite the effects of the ongoing pandemic, the Group's results for the year 2021 improved significantly and were characterized by a large increase in turnover as well as strong profitability mainly driven by the following factors:

- Sustainable market share, addition of new products, as well as higher volume of exports to a percentage of more than 30%.
- The stronger contribution of the products with higher added value to the turnover of the group.
- The significant increase in the sale price of steel products and therefore the significant improvement of operating profit margins

Having absorbed the market turbulence due to the ongoing pandemic already, since the year 2020, and having taken all the necessary measures to ensure its smooth operation, the Group continued its business activity smoothly during the year 2021 without encountering any problems on the operational and commercial fronts. The demand for steel products moved upwards with the metal construction sector posting further growth and in particular via demand for construction of new storage and distribution facilities. At the same time, the increase in demand for products related to the construction and renovation of tourist, commercial and residential projects, as well as the strong demand for products with application in RES (Renewable Energy Sources) projects was also notable. Moreover, the upward trend in raw material prices internationally until the 3rd quarter of the year 2021, as result of shortages and delays observed in the market due to implementation of measures to combat the pandemic, directly affected the selling prices of the Group's products and increased substantially the operating profit margins.

The significant increase in raw material prices during the year 2021 created stronger needs for working capital, a fact that was addressed both through the liquidity created internally and through the existing credit lines by the collaborating banks. It is noted that after 2020 the Group did not encounter any incidents of credit losses while all receivables from customers who applied to benefit from the protection measures against Covid-19 have been collected. At the same time, the supply of raw materials from well-known suppliers, based on the required geographical dispersion, continued normally without any violations of the agreed terms and delivery times.

The Group's **net debt** decreased by **27%** and amounted to **€ 23.1 million** compared to **€ 31.7 million** in the previous year, with the ratio "**Net Debt / Equity**" settling at **0.29x** compared to **0.48x** on 31.12.2020 and with the ratio "**Net Debt / EBITDA**" settling at **1.0x** versus **5.3x** in 2020. It is noted that the group's cash and cash equivalents increased by **171%** and amounted to **€ 26.6 million** vis-à-vis **€ 9.8 million** on 31.12.2020 while the **equity** of the Group increased substantially to **€ 80.8 million** compared to **€ 66.2 million** on 31.12.2020.

For the current year 2022 it would be risky for the Management of the Group to proceed with any forecasts given the fact that both the steel products market and the wider economic environment show signs of great uncertainty.

The economic impact of the ongoing pandemic crisis is estimated to have notably dwindled as through the mass vaccination programs the majority of economies internationally have returned to normalcy and economic activity is gradually recovering. However, the recent lockdown in China, given the size of its economy, confirms that there can be no complacency.

Russia's invasion of Ukraine in late February and the outbreak of hostilities magnified the geopolitical risk and created further economic uncertainty with a sharp rise in energy costs, a substantial increase in commodity prices, shortages of goods and with a rising inflation. At the same time, estimates concerning Eurozone GDP growth for 2022 have fallen as a result of uncertainty over the outcome of the war and the precise magnitude of its impact on economic activity.

In a continuation mode of the previous year, the steel products segment of the Group expanded further during the 1st quarter of 2022, with an increase in demand recorded both in Greece and abroad, and with raw material prices maintained at high levels.

The improvement of the economic climate and the gradual return of economic activity to the pre-pandemic levels, as well as the favourable prospects for further growth in the economy during 2022 through the utilization of resources of the Recovery Fund, created expectations for the continuation of the Group's upward trajectory for the rest of the year. However, the outbreak of Russia-Ukraine war in late February created turmoil in the steel industry as well, with main developments being the suspension of production plants in Ukraine and the blockade of Russian steel exports to the EU market. Given the high production capacity of the two countries in steel production, the decline in their exports created shortages worldwide leading to further increases in raw material prices. As a result, the steel market began to show signs of stagnation, reflecting the reluctance of end-users to absorb further cost increases, in anticipation of a future price correction.

In this context, the management of the Group has been taking all the necessary measures to protect its smooth operation and business continuity. It is noted that through the large geographical dispersion of raw material suppliers, the Group's purchases from these two particular countries amount to about 5% of total purchases per year, while the current inventory orders from these countries are considered non-essential. At the same time, the Group has the necessary level of inventories and materials, the required capital adequacy, as well as access to sufficient lines of financing to cover both current and any future demand. The main concern of the Group remains the maintenance of its sound financial position and the minimization of credit risks, a fact that is achieved through credit insurance, as well as through additional collateral whenever necessary. Within the current year, the Group is implementing a new investment in buildings and mechanical equipment for more than € 5 million that will be placed into operation and will further increase the product range offered, improve storage and distribution times, while at the same time further reduce operating costs. At the same time, the implementation of new investments is being considered with the aim of further strengthening the Group's position both in Greece and abroad. Upon the potential end of the war conflicts and the return to normalcy, the prospects of the steel industry especially in the Greek market are considered positive. In the domestic market, the implementation of large-scale private projects, the demand for products from the broader energy and construction sectors, as well as the absorption of the country's share in the Recovery Fund are expected to be the pillars that will contribute to the development of the steel sector.

Note: The "Annual Financial Report according to IFRS" of ELASTRON SA will be posted on Thursday 28 April 2022 at the Company's website www.elastron.gr as well as at the website of the Athens Exchange www.helex.gr.