

Monday, 2 November 2020

Answer to letter of the Hellenic Capital Market Commission

Further to letter no. 2333/27.10.2020 of the Hellenic Capital Market Commission notified to us on 30.10.2020 with respect to the effects of the pandemic on the company's operations, we hereby submit the following supplementary note to the semi-annual financial statements, paragraph 3.5.6. "Macroeconomic environment (Covid-19)":

Ever since the time the World Health Organization declared this particular virus outbreak a pandemic, Company Management took all necessary measures aiming primarily at its employee safety so as to avoid any impact on its operations.

The measures involving its employees included job flexibility for the staff. More specifically, the company promoted remote work for those employees enabled to do so by their scope of work while rotating shifts have been enforced for those employees who must be present in the offices in order to avoid overcrowding. Moreover, its staff was fully briefed about the symptoms and the ways in which the virus could be transmitted and detailed instructions were provided about the precautionary measures while the necessary antibacterial cleaning products continue to be made available at the working areas and disinfection is regularly carried out. Finally, live corporate meetings were postponed and all business trips were suspended.

The Company kept on carrying out regularly its operations by making sales to customers, purchases from suppliers and fulfilling its obligations since: a) the sector in which it operates was among the least affected sectors in the market; b) the company applies rigorous credit checks with the result of having the most reliable clients in the market and recording the least possible losses; and c) the company has a highly diversified supplier base from various countries so as to ensure seamless continuity of its supply chain.

Furthermore, as regards points a) and b) above, out of the balances of Company clients in the 2nd quarter 2020, only 9% involved balances of clients falling under the Business Activity Codes affected by the pandemic and whose expiring securities were granted an extension based on the published Acts of Legislative Content.

Moreover, in Q2 2020, the Company and the Group improved their Assets so as to address promptly the consequences of the pandemic. More specifically, they reduced Inventory by €1.8 million and €3.8 million at Company and Group level, respectively, and increased cash and cash equivalents by €1.5 million and €2 million at Company and consolidated level, respectively. Full utilisation of the financing solutions and products provided by the collaborating banks contributed to these results.

As far as Management estimates about the year-end are concerned, while the Group and the Company will pursue the same policy implemented to date, Management cannot accurately predict market circumstances as these will depend on the evolution

of the pandemic. It remains to be seen whether new restrictive measures will be imposed on the market, this having a negative effect on Group and Company results.

Nevertheless, as regards Q4 2020 and Q1 2021, the Company seeks to take advantage of the increase in Public Investments following government announcements about project implementation. Moreover, the Group intends to build on its position in the market, as enabled by the increase in share capital owing to contribution in kind of the Assets and Liabilities of "BITROS STEEL S.A.", maintaining excellent relations with its suppliers for the procurement of raw materials, and with its clients, having as priority now and in the past to meet their needs. Additionally, the Company seeks to improve its working capital by entering into new corporate bonds, as approved by the decision of its General Meeting taken on 31.08.2020. Finally, the Group still keeps credit insurance agreements through collaborating insurance companies (80% of its trade receivables are insured with own participation coming to 10%), maintains clientele diversification at the same levels with those of last year (no client accounts for more than 2.0% of the turnover) and keeps high cash in hand enabling the Group to meet its needs in the case of adverse changes in its external environment.