

Tuesday, 30th November 2021

PAPAPANAGIOTOU SA "DROMEAS"

Responding to the letter of the Hellenic Capital Market Commission with protocol number 2596 / 09.11.2021 to the listed companies in the organized market of the Athens Stock Exchange and in the context of the additional information of the investing public due to the special conditions in the market due to the ongoing COVID- 19 in combination with the effects of the energy crisis, the Group and the company PAPAPANAGIOTOU SA "DROMEAS" notes the following regarding the formation of its fundamental financial figures during the third quarter of the current fiscal year 2021 and the nine months and the prospects of its activity.

Specifically, the results of the Group and the company for the 9 months of 2021 are analyzed below in comparison with the corresponding period last year:

- a) The turnover of the Group amounted to € 14,853k, compared to € 16,116k in the corresponding period of 2020, presenting a percentage decrease of 7.84% and the corporate one to € 14,687k, compared to € 15,973k, presenting a corresponding percentage decrease of 8.05%.
- b) Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted at Group level to € 3,070k, compared to € 2,894k, increased by € 6.08% and at company level to € 2,992k compared to € 2,801k, showing a decrease of 6 , 82%.
- c) Earnings before interest and taxes (EBIT) amounted at Group level to € 2,080k, compared to € 1,896k, increased by 9.70% and at the corporate level to € 2,117k compared to € 1,903k, showing an increase of 11.25% .
- d) Earnings before taxes (EBT) amounted to € 1,254k for the Group, compared to € 1,323k reduced by 5.50% and for the Company to € 1,306k € against € 1,343k reduced by 2.76%.

The total bank lending of the Group on 30/9/2021 amounted to 26,329k Euros, cash and cash equivalents to € 1,636k and equity amounted to € 28,316k. Respectively of the company the bank loan 26,053 €, the cash available at 1,448k € and the equity amounted to 29,120k €.



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All of the above, as well as the changes in the Loan position, the capital structure and the other measures of the financial position that took place during the third quarter of the year 2021 are shown in the tables below:

STATEMENTS OF RESULTS (in thousand Euros)	GROUP			
	1/1-30/9/21	1/1-30/9/20	1/7-30/9/21	1/7-30/9/20
Turnover	14,853	16,116	5,896	6,214
Earnings before taxes, interest and total depreciation (EBITDA)	3,070	2,894	1,861	1,457
Earnings before interest and taxes (EBIT)	2,080	1,896	1,508	1,131
Earnings before taxes (EBT)	1,254	1,323	1,136	1,029

STATEMENTS OF RESULTS (in thousand Euros)	COMPANY			
	1/1-30/9/21	1/1-30/9/20	1/7-30/9/21	1/7-30/9/20
Turnover	14,687	15,973	5,832	6,179
Earnings before taxes, interest and total depreciation (EBITDA)	2,992	2,801	1,878	1,376
Earnings before interest and taxes (EBIT)	2,117	1,903	1,580	1,089
Earnings before taxes (EBT)	1,306	1,343	1,213	991

FINANCIAL STATEMENT DATA (in thousand Euros)	GROUP		
	30-09-21	30-06-21	31-12-20
Long-term loan liabilities	17.900	18.172	18.438
Short-term loan liabilities	8.429	9.233	9.193
Total equity	28.316	27.180	27.234
Commercial Liabilities	3.543	3.496	3.352
Commercial Requirements	12.168	10.597	9.863
Cash available	1.636	2.072	3.536

FINANCIAL STATEMENT DATA (in thousand Euros)	COMPANY		
	30-09-21	30-06-21	31-12-20
Long-term loan liabilities	17.725	17.972	18.187
Short-term loan liabilities	8.328	9.133	9.093
Total equity	29.120	27.907	27.995
Commercial Liabilities	3.423	3.744	3.468
Commercial Requirements	12.533	11.223	10.509
Cash available	1.448	1.910	3.333



In terms of dealing with the potential risk of production stopping due to the occurrence of cases, the company from the beginning of the pandemic period follows the instructions given by the authorities. In this context, the protocols for ensuring the Health of the Personnel and the other involved Customers and Suppliers are strictly observed in accordance with the guidelines and recommendations of the World Health Organization, the National Agency for Public Health and the General Secretariat for Policy. In this way until today the company has managed to operate smoothly throughout the leaked period since the beginning of the pandemic and we hope that by continuing to follow the measures indicated strictly and consistently we will not face a problem in the company's production unit.

Referring now to problems that may arise from the suppliers or customers of the company we have to mention the following:

A) The company supplies AD and auxiliary materials for the implementation of its production from a variety of reliable suppliers who usually do not come from a single country. This dispersion of suppliers in different countries and companies gives us the opportunity to hope that even if one or more of our suppliers are concerned about the pandemic, either individually or as a country of origin, our company will be able to replace them, so as to ensure the smooth flow of the materials necessary for the production of AD and BD. The time delay of the delivery of AD supplies increased the stock value.

B) The company exports a significant part of its products to Central Europe which is also currently under strong pressure due to the pandemic. Its sales relate mainly to large projects undertaken under contracts and less to small retail sales that could be significantly adversely affected. The execution of the contracts is still implemented, but in some cases there is a slight delay in the receipts of the products, but it is occasional and is usually balanced by larger receipts in later periods. As evidenced by the turnover of the first half of the year and the first nine months of the year, the company manages to maintain a satisfactory rate of deliveries-sales despite any problems of delays in the leaked period and we have every reason to believe that this will continue in the near future. In terms of domestic sales, they have recorded a stabilizing course in the year both through the company's sales network and through the continuous strengthening of sales through the e-shop. In the whole year, they are expected to exceed those of the year 2020 due to the undertaking-implementation of an important project of OTE. This is partly due to the overall upward trend of investments in its economy country but also in the fact that the company has a high recognition due to its quality products and prices that meet the principle "value for money".

To the problem of the pandemic was added the problem of the energy crisis in combination with the crisis of significant appreciation of materials worldwide. The companies, as well as all companies are exposed to the risks they have taken and the actions they can take to address them are limited. However, in order to maintain its level of efficiency, it moved on the following three axes:

A) Within 2021, it revised its price list three times, most recently in October 2021, trying to balance the increase in costs imposed on it by increasing the cost of energy and materials, absorbing some and passing the rest on to consumers. The average increase in the price list, which was divided according to the materials and the energy costs required for the production of each product, amounted to approximately 20%.

B) As we have mentioned above, a large part of the company's sales comes from the undertaking of contracts for large projects, mainly abroad. The projects add up to an execution of around 80m € and are divided into those that were undertaken before 2021 and later.



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1. For the projects that had been undertaken before 2021 and during the submission of the bids the explosive increase of the cost of energy and materials could not have been foreseen, the company proceeded to renegotiate the pricing, which was accepted and as a result the level of efficiency in the specific sales was kept essentially stable. We note that the increase was given to all the projects of the specific period with a total outstanding value of approximately € 50m, increasing it by approximately € 7m.
2. The projects undertaken in 2021, which mainly concern the work of the European Commission amounting to approximately € 25 million and a project of the German Army of approximately € 5 million, have included in the bids submitted the forecast of the expected price increases of energy and materials. In addition, the contract signed for the work of the European Commission contains a provision for price revision depending on the circumstances.

The company is pleased to base most of its sales on contracts with major Overseas Organizations. So far, as historically proven by the announced results of 6 months and 9 months described above, despite the problem of the pandemic, and the problem of rising energy costs and material costs, its course according the current circumstances is relatively stable with a positive outlook. The course of the company's sales and results is expected to continue at least until the end of this year. Care is taken and there is strong optimism, always according to the data in force at the time of writing and to the extent that it is possible to predict that despite the expected intensity of the problem that will burden a significant part of the New Year the company will continue to rise of course.

The strong uncertainty created by the crisis due to the pandemic in combination with the energy crisis and the upward trend in raw material prices does not allow us to rule out the possibility that the company's performance will be adversely affected in the future.

