

PAPAPANAGIOTOU S.A. “DROMEAS”**Additional note on the Semi-Annual Financial Report**

Following the information letter of the Hellenic Capital Market Commission dated 27/10/2020 which was notified to us on 30/10/2020 regarding the Semi-Annual Financial Report of the Board of Directors for the period 01/01 - 30/06/2020 and the reports therein regarding the effects of the Covid-19 pandemic, we record the following additional notes.

The Semi-Annual Financial Report on pages 10 and 11 mentions the issue of the pandemic as well as the Annual Financial Report pages 18 & 19 regarding the measures and care taken by the company in order to deal with the pandemic that broke out, mainly on the basis of quality data, the consequences and their response. Further specialization is attempted here and especially quantitatively in terms of the effects of the pandemic for the company.

A) Impact of the pandemic on Company operation and Measures taken to reduce its impact

It should be noted that since the onset of the pandemic crisis, the company has taken steps to shield its staff with all necessary personal protective equipment against the virus in order to ensure the health of the staff and all parties involved (customers, suppliers) and secondly its smooth productive operation. All this within the framework of the rules established by the state and in fact with strict observance that is supervised by the heads of the departments with the constant synergy of the Occupational Physician and the Safety Technician. It also took advantage of the security provided by the use of information technology to limit movement to a minimum by conducting teleconferencing, as well as modern, flexible ways of working depending on the individual or special needs of groups of employees, reducing meetings and contacts with physical presence. Strict operating rules have been adopted at all points of business activity, in order to constantly confirm the highest possible level of security for all.

Regarding the issue of its financial course, first of all we want to note the peculiarity of the functionality of our company, which realizes a large percentage of its sales abroad and mainly in large organizations such as the European Union, the European Investment Bank, the German Army etc. These sales are made on the basis of undertaking projects through tender procedures and upon their contracts being signed, according to which the general and special conditions of their execution are determined. Based on these contracts, the quantities of the items to be sold, their delivery schedule, prices and other terms related to every transaction, are determined. Therefore, a very large part of the company's sales, which is around 70%, should be considered confirmed, with the only possibility of delay in receipt due to problems that may arise because of the pandemic. This ensured to the company, as is evident from its financial data for the first half of 2020, an increase in sales and results despite the problem of the



pandemic. At the same time as also announced in the Semi-Annual Financial Report, on 02/09/2020 at the Athens Stock Exchange the undertaking of a new large number of projects of the German Army for the next 4 years was announced, which ensures a significant amount of substantially confirmed sales per year for the company, enabling it to move with some level of safety and confidence into the future.

Specifically and in order to quantify the effects of the pandemic in the course of the company and its way of administer the above, tables of evolution of the company's sizes during the first half of 2020 are presented in support of the above:

	1/1-30/6/20	1/1-30/6/19	VARIATION
Turnover (sales)	9.793.831,15	7.798.287,16	25,59%
Gross operating results (profits)	3.340.613,97	3.306.638,33	1,03%
Administration & Disposal Expenses	2.384.132,84	1.899.533,94	25,51%
Results before taxes	352.408,40	239.137,50	47,37%
EBITDA	1.425.214,83	1.500.690,93	-5,03%

Our export sales, which are mainly directed to large customers, recorded a significant increase of 28.69% and strengthened the sales and results of the company, while the internal market for the first half of the year showed a slight lag of 6.73%. Actions are undertaken in order to deal with this small decline in the company's domestic sales sector with emphasis on our e-shop which shows significant upward trends.

The table below shows the sales to the major foreign customers of the company (Organizations) in comparison between the two semesters 2019 and 2020:

Sales to large foreign customers 1/1 - 30/6/20 (approximately)	7.728.000,00
Sales to large foreign customers 1/1 - 30/6/19 (approximately)	6.005.000,00
VARIATION	28,69%

B) Assessing the impact of the pandemic in the future

Because the world economy as a whole has been exposed to an unprecedented risk for which there are only theoretical scenarios that have not been judged in practice yet, it is not easy to predict sufficiently safe its consequences in the near future. Similarly, the impact of the pandemic on a sick economy like the one we operate in can be devastating for a significant number of businesses and individuals.

The company tries to foresee through this cloudy landscape that is formed in the market and to plan its actions based on the evolving image so that it can shield itself against this very strong challenge. It continues to implement all the measures proposed by the State and seeks with its actions to reduce the risks that threaten it. As evidenced by its results but also by its undertaking of new and very important projects that have been announced and are included in the Financial Report of the first half of the year, it maintains a significant advantage. This, as mentioned above, consists of very important contracts that he has already signed with large organizations abroad with a horizon of execution for the next 4 years. We consider for a start, that a very strong advantage is provided by these projects in order





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to face the generally unfavorable impact of the pandemic. This is due to two reasons: a) It has secured a satisfactory amount of sales per year for the next 4 years that results the expectation of annual turnover for this years over 20mil. Euro and b) It is given sufficient time to prepare and deal with any development of the pandemic (positive or negative). It is much more time to prepare for the transition to the next day when the pandemic will be tackled, either through the production of vaccines (as it has already begun to appear) or through the production of medicine, and the world economy will experience a new leap in growth in which our company will have all guarantees and prospects to participate with claims.

