**PRESS RELEASE**

**ANNUAL FINANCIAL RESULTS 2022**

* **Significant increase of turnover.**
* **Profitability remains strong despite, despite shrinking margins.**

The consolidated turnover of SIDMA Steel Group recorded a 17.2% increase during 2022, amounting to €265.3 million, compared to €226.4 million in 2021. Taking into consideration dealer sales, it amounted to €314.0 million compared to €274.2 million in the previous year, registering a 14.5% increase.

The increase in turnover is attributable to an increase of the average sale price and the volume of sales and reflects the strong presence of the Group’s companies in the markets in which they operate.

The earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to €17.8 million, compared to €27.1 million in 2021, recording a 34.5% decrease mainly due to a 36.7% decrease of the gross profit margin (from 15.3% in 2021 to 9.7% in 2022) and the subsequent decrease of the gross profits by €8.9 million (from €34.7 million in 2021 to €25.7 million in 2022) or by 25,8%.

Regarding the decrease of the gross profit margin, it should be noted that whereas in 2021, due to the particular conditions created by the abrupt return of economies to rapid growth rates after the pandemic recession, the profit margins reached unusually high levels, during 2022, due to a slowing growth, they were limited within a “normality” range. Furthermore, the de-escalation of the prices of steel products, flat-steel products in particular, after their explosive rise during the first quarter of 2022 due to the Russian invasion in Ukraine, led to a further compression of the profit margins until the realignment of the sale prices with the average cost of stocks.

Lastly, the profits before tax amounted to €9.8 million, compared to €31.7 million in 2021. However, these figures include the impact of the accounting treatment of the refinancing of the Company’s loan liabilities, consisting of the reporting of the loan liabilities at fair value. Subtracting the impact of said accounting treatment, the profits before tax amounted to €11.4 million in 2022 and €19.3 million in 2021, recording a 40.9% decrease.

It should be noted that whereas gross profits were decreased by €8.9 million, the decrease in net profit before tax was limited to €7.9 million.

At the company level, the turnover of SIDMA Steel in 2022 increased to €173.0 million from €150.1 million, registering a 15.3% increase, whereas, taking into consideration dealer sales, it amounted to €221.7 million compared to €197.9 million in 2021, presenting a 12.1% increase. The earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to €12.7 million, compared to €20.2 million in 2021, mainly due to a 37% decrease of the gross profit margin, whereas the profits before tax amounted to €5.8 million, compared to €26.4 million in 2021. Without taking into consideration the impact of the aforementioned accounting treatment of the refinancing of the Company’s loan liabilities, the profits before tax in 2022 amounted to €7.4 million, whereas the comparable figure of 2021 amounted to €13.9 million.

Regarding Balkan subsidiaries, the exceptional performance of SIDMA Bulgaria is worthy of note, achieving a 25% increase in turnover, from €44.6 million to €55.7 million, with an average sale price increased by 14.4% compared to 2021. The company’s EBITDA amounted to €3,184 thousand, compared to €3,505 thousand in 2021, recording a 9.1% decrease, whereas the profit before tax amounted to €2,604 thousand compared to €2,970 thousand during the previous fiscal year.

SIDMA Romania also recorded a 16% increase in turnover, amounting to €37.8 million compared to €32.7 million in 2021, mostly due to an increase of the volume of sales, given the fact that the average sale price increased by only 3.7%. Its EBITDA amounted to €1,911 thousand compared to €3,478 thousand in 2021, whereas the profit before tax amounted to €1,405 thousand compared to €2,411 thousand during the previous fiscal year. As in the previous case, the decreased performance is attributable to the decrease of the profit margin by 31% compared to the previous fiscal year (from 14.3% to 8.6%), which led to a €1,437 thousand decrease of the gross profit.

Lastly, regarding the Group’s financial position, it is noted that the Company’s equity amounted to €29.8 million, whereas the capital structure and debt service indicators, as of 31.12.2022, were as follows:

• Net Debt to Equity Ratio = 2.2

• Interest Coverage Ratio (EBITDA/Net Interest) = 4.0

At the end of 2022, the Group’s liquidity amounted to €8.5 million, whereas its loan liabilities were reduced by 4% or €3.3 million.





**2023 Outlook**

Even though the international financial environment remains particularly volatile and full of uncertainties, the Greek economy will continue to grow in 2023, even if at slower rates.

Tourism figures give rise to realistic expectations for new arrival and revenue records, consumption remains strong, despite the decline in real income due to inflation, and the construction sector maintains the momentum of the previous two years unabated.

However, soon it is expected that investments and exports, with the financial support of the Recovery and Resilience Facility and the Partnership Agreement for the Development Framework (ESPA) will be the driving force behind the growth rates of economic activity.

Furthermore, the expected, within the year, upgrade of the country's credit rating to “investment grade”, for the first time since the financial crisis, is also expected to play an important role that could lead to a significant increase in foreign investment inflows.

In view of the foregoing, and assuming that no unforeseen disruptive events occur, and the rate hike cycle ends soon, SIDMA METAL is expected to continue its growth in 2023.

In any case, the Management closely follows developments and is ready to address any unforeseen event, in the national or international environment, that could potentially affect the Company’s activities.

1 GREEK ECONOMY, ISSUE 4/22 Foundation for Economic & Industrial Research (IOBE)