



ADDRESS BY THE EXECUTIVE CHAIRMAN

for the year 2019

DEAR SHAREHOLDERS,

I would like to welcome you all to the 54th Annual General Meeting of our Company. On behalf of the Board of Directors, I have the honour to present to you the financial results of the Group for the year that ended 31st December 2019.

REVIEW OF THE YEAR

The total sales and revenues for the year recorded an increase in comparison to the previous year. This was primarily driven by the continued recovery in the domestic consumption of cement. In addition to this, on the plus side was the overall operational improvement in the costs of energy (electricity and fossil fuels).

FINANCIAL RESULTS

As a result, the revenues of the Group in 2019 increased to €100.984.000 from €97.926.000 in 2018, an increase of the order of 3,1%. In conjunction with the decrease in energy costs, and the containment of expenses, there was an increase in operating profit by 20,6% in comparison to 2018, with the operating profits of 2019 reaching €22.163.000 versus €18.381.000 for the previous year. Finally, the net profit for the year 2019 totalled €20.349.000 versus a net profit of €15.736.000 for the year 2018.

DEVELOPMENTS - COVID-19 PANDEMIC

We are now six months into a very extraordinary year, shaped by the challenges posed by the manifestation of the COVID-19 pandemic, which is impacting at a Global level the business and commercial world as well as employees and the society at large.

Back in our 2013 Annual Report we had referred to the unprecedented decision of the EuroGroup of March 2013 and its extraordinary effect on the Cypriot Banking and Financial sector, the impact of which marked the beginning of a new reality for the Cypriot economy. Seven years later we are now navigating through a new, unseen before crisis, only this time at a Global level.

Having closely followed the developments of the COVID-19 pandemic as well as the regular announcements and information given by the Ministry of Health, we informed our shareholders through a public announcement on March 12th of the developing negative impact on our business and financials. Concurrently we proceeded with developing an emergency plan to manage the oncoming crisis. The objective set was to prepare for a smooth 'landing' and identify, execute and plan actions to better prepare us for managing the business through unknown and uncharted developments with a time horizon of 12 months for a return to our business as usual activities.

The plan was structured around four dimensions:

- (1) The immediate adoption of all preventive measures to contain the spread of COVID-19, and the protection of the health of our employees, clients and suppliers alike.



ADDRESS BY THE EXECUTIVE CHAIRMAN (continued)

for the year 2019

- (2) A detailed programme for the gradual and controlled shut down of our production.
- (3) An immediate and aggressive search for the supply of our products to new destinations and clients.
- (4) A reassessment of the operational and other Company costs so that we would be adequately prepared to overcome new challenges which may come our way as a result of a possible second wave.

I believe that the Management has done an extraordinary job in preparing and executing the whole plan which gives me confidence that we are ready to respond and successfully manage through any new headwinds.

INVESTMENTS FOR A GREENER FUTURE

The management of the impact of the pandemic has not distracted our attention away from the implementation of our strategy for the continuous improvement on the environmental impact of our activities. Amongst other on-going investments, the construction of an 8MW capacity Photovoltaic Park announced at the beginning of 2019, has now been completed. The Photovoltaic Park is in full operation since early February 2020, and is expected to cover 8-10% of our electricity needs.

DIVIDEND

On the 3rd October 2019, the Board of Directors approved an interim dividend of €4.316.157 (€0,06 per share). Having considered the positive results of 2019, the cash liquidity as well as the projected cashflows of the Company, the Board of Directors has decided to propose at the Annual General Meeting the payment of an additional dividend of €5.754.876 (€0,08 per share), €0,06 of which is payable from the profits of the year 2018 included in the retained earnings reserve and €0,02 from the profits of 2019. Together with the interim dividend paid in October of 2019, the total dividend payment amounts to €10.071.032 or €0,14 per share.

SHAREHOLDERS, CLIENTS, PERSONNEL

In closing, I would like to thank the management team and our people at Vassiliko Cement Works, for their constant enthusiasm which they continue to demonstrate in all areas of our business, and to express on behalf of the Board of Directors our sincerest thanks to our valuable clients, as well as the shareholders of the Company for the trust which they continue to bestow on us.

Antonios Antoniou

Executive Chairman

30 July 2020