



ELGEKA S.A.

GROUP OF COMPANIES

**MANAGEMENT REPORT
FOR YEAR 2019**

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
OF “ELGEKA S.A. TRADE – DISTRIBUTIONS – REPRESENTATIONS - INDUSTRY”
REGARDING THE CONSOLIDATED AND STAND ALONE FINANCIAL STATEMENTS
OF THE FINANCIAL YEAR 1 JANUARY 2019 TO 31 DECEMBER 2019
(In accordance with Law 3556/2007, article 4)**

Dear Shareholders,

In accordance with the Commercial Law and the Articles of Association of the Company, we submit for approval, the present Annual Report of year 2019 (01/01/2019 – 31/12/2019) of the Board of Directors, which have been drafted and is in accordance with the relevant provisions of the articles 150-154 of L.4548/2018, the provisions of article 4 of L.3556/2007, as well as the delegated of the same Law issued executive decisions of the Board of Directors of the Capital Market Commission.

The present Report includes the financial status and results of year 2019 along with all significant transactions occurring during the current accounting year and until the date of submission. In addition, the Report refers to an analysis of the main threat / risks, perspectives and expectations, corporate governance statement, key non-financial performance data, alternative performance measurement indicators, as well as all transactions with related parties. The abovementioned information refers to both the Parent Company and the Group.

The company "ELGEKA S.A. TRADE - DISTRIBUTIONS - REPRESENTATIONS – INDUSTRY" has the form of the Societe Anonyme and its registered office is located in the Municipality of Delta Thessaloniki, in the Industrial Area of Sindos, D.A. 13, O.T. 31 – B' FASI. It also has a branch office in Acharnes, Attika, as well as a branch office in Aspropyrgos, Attica, at position "Skarpa".

The accounting year, ended December 31st, 2019, is the 22nd year during which "ELGEKA S.A." operated as the parent company of the Group. The companies included in the consolidated financial statements, together with the interests of our company in the subsidiaries, are disclosed in detail, in Note 1 of the Annual Financial Statements of the Group and the Company.

The Financial Statements for the year ended December 31st, 2019, are the 15th consecutive, which have been prepared in accordance with the International Financial Reporting Standards (I.F.R.S.), and the accounting principles and policies, which have been adopted by the Board of Directors of the Company.

The contents of the report are presented as follows:

A. FINANCIAL RESULTS & BUSINESS ACTIVITIES OF THE COMPANY & THE GROUP FOR THE FISCAL YEAR 01/01/2019 TO 31/12/2019

Following the last years, ELGEKA Group managed in the year 2019 to further strengthen its operational results in its two main areas of activity, namely in the trade of food and other consumer products and in the provision of logistics services, both in Greece and in Romania, increasing its sales and strengthening its commercial position. In addition, the results of the Group were enhanced by the improvement of its non-operating figures and in particular by the positive change in the value of its real estate portfolio and the particularly positive contribution of its participations in joint ventures. Finally, during 2019, the restructuring of the Group's borrowing was completed, through which the short-term

borrowing was converted into long-term, contributing to the strengthening of working capital and liquidity, while a significant benefit was achieved in the financial cost through the agreement of better borrowing terms in relation to the pre-existing situation.

Specifically, the financial figures of the Group and the Parent are summarized as follows:

Turnover (sales) from continuing activities of the Group amounted to 179.223 thousand euro in the current financial year over 174.195 thousand euro the previous year of 2018, showing an increase of 5.028 thousand euro or 2,89%. This change is mainly due to the achievement of new partnerships with suppliers that have strong and well-known brands in the markets that is activated ELGEKA Group (Greece, Romania) as well as to the continuous increase of sales in the private label market in Greece. The impact of these events is reflected in the increase in the activities of "Trade of food and other consumer goods" sector (by the amount of 4,9 million euro).

Sales per Segment (in thousand euro)	2019	2018	%
Trade of food and other consumer products	146.269	141.379	3,46%
Real estate	352	359	(1,95%)
Logistics services	32.602	32.457	0,45%
TOTAL	179.223	174.195	2,89%

Gross profit of the Group amounted to 30.862 thousand euro for the year 2019 compared to 29.654 thousand euro of the previous year, presenting an increase of 1.208 thousand euro or 4,07% in percentage, shaping the gross margin at 17,22% in 2019 as opposed to 17,02% in 2018. The improvement of gross profit margin, together with increased sales, suggests that the Group has a qualitative portfolio of products and services that responds significantly to market needs.

Other operating income of the Group is increased by 32,35% compared with 2018, or by 1.703 thousand euro, mainly due to the increased revenue from property leases.

Group's Operating Costs presented increase by 717 thousand euro or by 2,22% in percentage, i.e. from 32.284 thousand euro in 2018 to 33.001 thousand euro in 2019. This result is a consequence mainly to the increase in Other Operating Expenses by 946 thousand euro due to the increased leases of real estate and consequently the increased relative expenses incurred for these properties.

Profit before interest, tax, depreciation and amortization ("EBITDA") of the Group during the year 2019 amounted to 13.003 thousand euro compared to 6.590 thousand euro in 2018. Part of this change is due to the application of the new Standard I.F.R.S. 16 "Leases" from 01/01/2019, the consequence of which is the capitalization of leases and their gradual amortization. Specifically, the positive effect from the application of I.F.R.S. 16 is amounted to 4.581 thousand euro, namely the comparable EBITDA is defined at 8.422 thousand euro. The positive change of 1.832 thousand euro among the comparable EBITDA is mainly due to the increase in sales, the simultaneous increase in gross profit margin and the increase in other operating income.

At the segment level, there was an increase in "EBITDA" in the segment of "Trade of food and other consumer products".

EBITDA per Segment (in thousand euro)	2019	2018	Change
Trade of food and other consumer products	6.772	5.044	1.728
Real estate	(84)	(266)	182
Logistics services	6.461	2.055	4.406
Other	(146)	(243)	97
TOTAL	13.003	6.590	6.413

Operating profit of the Group amounted to 4.828 thousand euro against 2.634 thousand euro in the previous year, recording increase of 2.194 thousand euro, which is the consequence of the factors that already described.

Financial Expenses are decreased by 1.311 thousand euro or 21,27% over the previous year, i.e. they amount to 4.854 thousand euro in 2019 compared to 6.165 thousand euro in 2018.

Other Financial Results are decreased by 44 thousand euro amounting to expenses of 200 thousand euro in 2019 compared to 244 thousand euro in 2018.

Profit before tax of the Group amounted to 2.319 thousand euro the year ended against loss of 3.055 thousand euro in 2018 as a result of the above mentioned facts, as well as of the positive effect from the valuation of Investment property in relation to the previous year (increase of their value by the amount of 920 thousand euro in relation to increase of 520 thousand euro in 2018) and the positive effect of participations in joint-ventures.

Results after tax improved significantly due to the aforementioned factors and were formed during the year 2019 in profits of 1.851 thousand euro compared to losses of 2.604 thousand euro of the previous year of 2018. The table below describes in detail the reasons for the change in Results after tax.

Change in Result after tax 2018 - 2019	
Increase of gross profit due to increased sales	+ 856 th. euro
Decrease of gross profit due to increased gross margin	+ 352 th. euro
Increase of Other Operating Revenues	+ 1.703 th. euro
Decrease of operating expenses (Selling and Distribution – Administration expenses)	+ 229 th. euro
Increase of Other Operating Expenses	- 946 th. euro
Decrease of financial cost (revenue – expenses)	+ 1.308 th. euro
Decrease of other financial results	+ 44 th. euro
Valuation of investment property	+ 400 th. euro
Participation in the results of joint ventures / associates	+ 1.428 th. euro
Income tax	- 919 th. euro
Total change in Result	+ 4.455 th. euro

Profits of Group attributable to shareholders of “ELGEKA S.A.”, after tax and non-controlling interest amounted to 413 thousand euro in the year 2019 compared to losses of 2.684 thousand euro in the previous year of 2018, improved by 3.097 thousand euro.

Profits per share of the Group reached 0,0130 euro in 2019 compared to losses of 0,0846 euro in the comparable year of 2018.

During the year 2019, ELGEKA Group focused on improving its profit margins, by achieving a better

sales mix, on acquiring larger shares in its key markets and sectors of activity, as well as on the further adjustment of its operating costs. It also took advantage of its assets to a higher degree, while also completing the restructuring of its borrowing, making it long-term and bringing significant benefits through achieving optimal borrowing terms. As a result, the Group managed to achieve a significant improvement in its profitability at both operational and non-operating level. The key elements of the financial data that characterized 2019 at Group level are the following:

- The increase of Sales by 2,89%, following the positive changes of recent years. At the same time, this increase was accompanied by an increase in gross profit margin from 17,02% to 17,22%, a fact which further contributed to the achievement of higher profits.
- The decrease in operating costs (Operating income - Operating expenses) by the amount of 986 thousand euro (from 27.020 thousand euro in 2018 to 26.034 thousand euro in 2019), which is due on the one hand to the reduction of Administration Expenses and on the other hand to the better utilization of the Group's assets, part of which was leased and generates significant income for the Group.
- The restructuring of borrowing, which was achieved during the year 2019, resulted in the recognition of a significant benefit in the Group's Results, due to the better borrowing terms compared to the previous situation.
- The positive contribution from the valuation of the Investment property by the amount of 920 thousand euro against 520 thousand euro in 2018.
- The positive contribution to the Group's Results from the participation in Joint Ventures, amounting to 1.614 thousand euro compared to 186 thousand euro in 2018. This contribution is mainly due to the successful result of legal action of Joint Venture in which the Group participates, regarding the compensation for expropriation of property in Romania.

The main points arising from the Statement of Financial Position of the Group are as follows:

The net book value of Tangible Fixed Assets, Intangible Assets, and Investment Property of the Group amounted, as at 31/12/2019, to 64.710 thousand euro representing 41,10% of the Group's Total Assets as opposed to 68.371 thousand euro in 31/12/2018.

In 31/12/2019, the Group Equity represents 2,96% of the Group's Total Equity and Liabilities amounting to 4.659 thousand euro as opposed to 3.406 thousand euro in 31/12/2018.

Group's total Liabilities amounted to 152.772 thousand euro as opposed to 139.663 thousand euro in 31/12/2018, representing an increase by 9,39%. The long term liabilities of the Group amounted to 80.873 thousand euro as opposed to 23.178 thousand euro in 31/12/2018, presenting significant increase due to the restructuring of its borrowing.

Group's Long term bank liabilities (long term liabilities payable within the following year included) amounted to 52.902 thousand euro as opposed to 24.523 thousand euro in 31/12/2018, representing an increase of 28.379 thousand euro.

Finally, Group's Short term bank liabilities at 31/12/2019 amounted to 13.028 thousand euro (8,28% of Total Liabilities and Equity), significantly decreased by 30.516 thousand euro as opposed to those in 31/12/2018, which amounted to 43.544 thousand euro.

It is presented below an analysis of the trend in financial ratios relating to the Group's financial structure, effectiveness, efficiency and working capital management for the fiscal year 2019, in relation to the fiscal year of 2018:

A) Financial Structure Ratios

1. Property Funding Ratio	<u>2019</u>	<u>2018</u>
$\frac{\text{Fixed Assets}}{\text{Total Assets}}$	59,34%	59,67%
$\frac{\text{Current Assets}}{\text{Total Assets}}$	40,66%	40,33%
2. Leverage ratio		
$\frac{\text{Total Debt*}}{\text{Equity}}$	17,63	24,98
* Liabilities from Sale & lease back included		
3. Fixed Assets Coverage Ratio		
$\frac{\text{Equity}}{\text{Fixed Assets}}$	4,99%	3,99%
$\frac{\text{Equity \& Long-term Liabilities}}{\text{Fixed Assets}}$	91,55%	31,14%
4. Current ratio		
$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	89,02%	49,53%

B) Profitability Ratios

1. Return on Equity	<u>2019</u>	<u>2018</u>
$\frac{\text{Earnings before tax (EBT)}}{\text{Equity}}$	49,77%	(89,69%)
2. Gross profit margin		
$\frac{\text{Gross profit}}{\text{Sales}}$	17,22%	17,02%
3. Equity turnover		
$\frac{\text{Sales}}{\text{Equity}}$	38,47	51,14
4. Gross Profit to Cost of Sales Ratio		
$\frac{\text{Gross Profit}}{\text{Cost of Sales}}$	20,80%	20,52%

C) Activity Ratios

1. Creditors' Turnover ratio	<u>2019</u>	<u>2018</u>
$\frac{\text{Trade Creditors X 360 days}}{\text{Cost of Sales}}$	99 days	91 days
2. Debtors' Turnover ratio		
$\frac{\text{Trade Debtors X 360 days}}{\text{Sales of Stock \& Services on credit}}$	67 days	61 days

3. Inventory Turnover ratio

$\frac{\text{Inventory X 360 days}}{\text{Cost of sales}}$

35 days

34 days

Regarding the financials of the Parent Company are summarized as follows:

Turnover (sales) of "ELGEKA S.A." for the current financial year amounted to 64.515 thousand euro as opposed to 65.223 thousand euro in the previous year of 2018.

Gross profit amounted to 21.892 thousand euro in 2019 from 21.397 thousand euro in the corresponding previous year, which is an increase of 495 thousand euro or 2,31%, while gross profit margin formed to 33,93% from 32,81% in the year 2018.

Other operating income reached the amount of 3.097 thousand euro in 2019 against 2.392 thousand euro in the previous year (i.e. increased by 705 thousand euro compared to the year 2018).

Operating Expenses increased by 2,14%, namely from 21.398 thousand euro in the previous year of 2018 amounted to 21.856 thousand euro in the closing year of 2019, namely an increase of 458 thousand euro, mainly as the result of the enhanced promotion plan of traded products and the consequent promotional expenses incurred .

Earnings before interest, taxes, depreciation and amortization ("EBITDA") amounted to 3.786 thousand euro against 2.902 thousand euro in the previous year of 2018, presenting an improvement of 884 thousand euro, due to the aforementioned increase of gross profits, to the positive effect from the application of the new Standard I.F.R.S.16 "Leases", as well as to the increase of Other Operating Income.

Operating profit of the Company amounted to 3.133 thousand euro as opposed to loss of 2.391 thousand euro of the previous year, presenting an increase of 742 thousand euro.

Profit before tax amounted to 1.619 thousand euro during 2019 versus loss of 1.168 thousand euro in 2018, presenting an improvement of 2.787 thousand euro.

Profit after tax of year 2019 amounted to 920 thousand euro against loss of 1.452 thousand euro in the previous year, presenting an improvement of 2.372 thousand euro.

Profit per share of the Parent Company amounted to 0,0290 euro for the year 2019 compared to loss of 0,0458 euro for the year 2018.

From the above data, it is obvious that despite the continuing adverse economic conditions of the Greek market, the Parent Company managed to achieve during 2019 to maintain its market shares at stable levels, while improving its profitability. In addition, the restructuring of its borrowing and the benefit that resulted from it had as a consequence the significant improvement in its Results. The key financial highlights of the specific year, for the Parent, briefly are the following:

- The improvement of its gross profit margin from 32,81% during the year 2018 to 33,93% in 2019 and the consequent increase in gross profitability. This was due to the change in the

sales mix and the greater penetration in the market of bazaar products.

- The restructuring of borrowing, which was achieved during the year 2019, had as a consequence the recognition of a significant benefit in the Group's Results, due to the improvement of borrowing terms compared to the previous situation.
- The positive contribution from the valuation of Investment properties by the amount of 263 thousand euro.

B. SIGNIFICANT EVENTS

a) Significant events for the year 2019

In Group level, during 2019, were made the following investment - business developments:

- On 12/02/2019, the Extraordinary General Meeting of the shareholders of the 99,99% subsidiary company "DIAKINISIS S.A. Warehousing - Transport - Packaging" decided: a) the reduction of its share capital by the amount of 9.900 thousand euro for the purpose of covering an equivalent amount of accounting losses, with a corresponding reduction of the nominal value of each share by one euro and twenty cents (€ 1,20), namely from two euro (€ 2,00) at eighty cents (€ 0,80) each, and b) the increase of its share capital by the amount of 6.400 thousand euro by cash payment and the issue of 8.000.000 new common registered shares of nominal value of eighty cents (€ 0,80) each, as well as the amendment of article 5 of its Articles of Association.

This increase of the share capital of "DIAKINISIS S.A. Warehousing - Transport – Packaging" was fully covered by the company "ELG HOLDINGS SINGLE-MEMBER S.A.", which is a newly established 100% subsidiary of "ELGEKA S.A.". The nominal share capital of the new company amounts to 25.000 euro divided into 25.000 common registered shares of nominal value of one euro (€ 1,00) each. The main object of the company's activity is, among other things, the creation or participation in any way to domestic or foreign companies and enterprises of any kind, which have already been founded or will be established in the future, regardless of their corporate type and purpose.

The aforementioned subsidiary company "ELG HOLDINGS SINGLE-MEMBER S.A." signed on 14/02/2019 a contract with the investment capital "Southbridge Europe Mezzanine SICAR", for the purpose of its financing by issuing a convertible and exchangeable bond loan of up to 6.400 thousand euro, the total amount of which was used to cover the increase in the share capital of "DIAKINISIS S.A." as above. The duration of the convertible exchangeable bond issued by "ELG HOLDINGS SINGLE-MEMBER S.A." is sixty six (66) months, with the payment of both the principal and the interest on the expiry of the loan, in case of non-conversion / exchange. The bond loan is either convertible into shares of "ELG HOLDINGS SINGLE-MEMBER S.A." or exchangeable in shares of "DIAKINISIS S.A." that holds "ELG HOLDINGS SINGLE-MEMBER S.A.".

Following the above, the new share capital of the subsidiary company "DIAKINISIS S.A. Warehousing - Transport - Packaging" amounts to totally 13.000 thousand euro divided into 16.250.000 common registered shares with nominal value of eighty cents (€ 0,80) each, while the total participation percentage of "ELGEKA S.A." to "DIAKINISIS S.A." remains at 99,99%, namely percentage 50,76% directly and percentage 49,23% indirectly through "ELG HOLDINGS SINGLE-

MEMBER S.A.”.

The strategic cooperation with the international investment scheme is an important development for the Group as:

- It strengthens one of ELGEKA's core operations, which is 3PL logistics in Greece, through its subsidiary DIAKINISIS.
 - The increase in the share capital of DIAKINISIS contributes to the enhancement of its equity, to the unrestrained implementation of its business plans and the foundation of its strategic role in the country's logistics services sector.
- “ELGEKA S.A.” signed on 25/07/2019 a framework agreement for the issuance of a secured common bond loan up to the amount of Euro thirty eight million and fifty thousand (38.050.000 euro) with “ALPHA BANK S.A.”. The loan has five years maturity, being issued according to L.4548/2018 and L.3156/2003, as they apply, and was directed to the refinancing of already existing loan obligations of “ELGEKA S.A.”.

Also, the same date was signed by the subsidiary company “DIAKINISIS S.A. Warehousing – Transport – Packaging” contract for the issuance of a secured common bond loan up to the amount of Euro eleven million six hundred fifty thousand (11.650.000 euro) with “ALPHA BANK S.A.”, under the guarantee of the Parent company “ELGEKA S.A.”, in accordance with article 99 par. 3 item (f) of L. 4548/2018, to secure claims of the bondholders against “DIAKINISIS S.A.” as a Publisher. The loan has five years maturity, being issued under the provisions of L. 4548/2018 and L. 3156/2003, as they apply, and was directed to the refinancing of existing loan obligations of “DIAKINISIS S.A.”.

The aforementioned bond loans will cover as original Bondholders “ALPHA BANK S.A.”, “NATIONAL BANK OF GREECE S.A.”, “EUROBANK ERGASIAS S.A.” and “PIRAEUS BANK S.A.”, pursuant to the terms and conditions contained in the respective Common Bonds Issuance Programs after the cover and primary distribution contracts and the appointment of the Paying Agent and the Bondholder Representative, prepared with the organizing bank “ALPHA BANK S.A.”.

The above bond loans were disbursed on 23/10/2019, as provided by the relevant agreement signed on 25/07/2019.

As part of the signing of the above contractual agreement, the Parent company “ELGEKA S.A.” paid the amount of 6.120 thousand euro and “DIAKINISIS S.A. Warehousing – Transport – Packaging” the amount of 1.880 thousand euro, reducing the Group's total debt by 8.000 thousand euro.

- On 2/10/ 2019, following the special resolution, the parent company “ELGEKA S.A.” approved the increase of the share capital of its subsidiary “ELGEKA (CYPRUS) LTD” by the amount of 102.600 euro, with the payment of cash and the issue of 60.000 new ordinary shares of nominal value 1,71 euro each so that the share capital of “ELGEKA (CYPRUS) LTD” is formed from 11.388.600,00 euro to 11.491.200,00 euro, namely divided from 6.660.000 ordinary shares to 6.720.000 ordinary shares of nominal value 1,71 euro each. This share capital increase of “ELGEKA (CYPRUS) LTD” was typically approved on 15/10/2019, after the validation of the relevant application submitted by its Administration to the District Court of Nicosia, while the partial deposits by “ELGEKA S.A.” to cover the total amount of this increase were completed on 28/01/2020.

- Finally, the investments in Fixed Assets and Investment Property for 2019 amounted to 2.082 thousand euro and 254 thousand euro for the Group and the Parent Company, respectively.

b) Significant post – balance sheet events until the date of the Report

With the exception of recent developments regarding the case and consequences of the appearance and spread of the COVID-19 pandemic, to which reference is made in B3 of this report, there were no other events after the Financial Statements date that relate to the Group or the Company, which require separate disclosure.

C. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES

The year 2019 was characterized by the stabilization of the fundamental figures of the Greek Economy at the low levels of recent years, but at the same time it was affected by the pre-election periods - in view of the European elections and parliamentary elections, which usually negatively affect consumer behavior.

In particular, regarding the retail sector, households present a continuous switching to non-branded products (private label products), to lower-cost products and to bidding products, while they carry out more frequent visits to larger stores, reducing spending per visit. These data indicate that consumer loyalty to specific supermarket chains or specific products has fallen sharply over the past few years.

In this context, special offers and promotive actions were a clear commercial business strategy, as they had to explore new ways of reaching out to consumers in the battle to maintain market share and retain sales.

At the same time, consumers focused on finding ways to better manage their finances and were gradually educated, but also became familiar, with the search for the best possible choices in their purchases, making bids and promotions the main choice.

All of the above points demonstrate a constant change in consumer trends, which in turn affects the way businesses operate. Companies that show a high degree of adaptability to new circumstances enjoy higher market shares, while reversely companies that are unable to follow new trends find themselves quickly out of the market.

In 2020, the challenges that businesses will face are expected to be significant again. Consumers and businesses will be called upon to address the consequences of the prolonged cessation of economic activity due to the measures taken to handle the COVID-19 pandemic. Both the European and Greek economies are expected to enter into a recession and therefore strong pressures will be exerted on household consumption and consequently on the financial figures of businesses. Therefore, it is considered certain that the conditions for 2020 will be very demanding.

However, in any such period where the circumstances of economic activity are changing both quantitatively and qualitatively, they were created the conditions that allow the repositioning of business relationships, by taking advantage of opportunities that arise, covering gaps in the market and timely understanding of the changes in consumer behavior.

It is also a fact that the sectors of the Economy in such periods are not affected equally, but there are sectors which they are strongly affected, sectors that face a lesser impact of the recession and sectors that are not affected at all.

The challenge for companies that operate and addressed in the domestic Economy and therefore the challenge for ELGEKA Group is its adaptation to the new circumstances, through the search of new products and services, new markets, new innovative alternative distribution channels, transforming the way they work so as to gain an advantageous position in the ongoing new business reality.

The main areas of activity of the Group, namely the trade of consumer products and the provision of logistics services, are areas that are considered “defensive sectors” in the sense that the impact of the emerging recession of the Greek economy is expected to be smaller than other sectors. It is a fact that in the short term and specifically during the first months of the overall cessation of economic activity, these sectors benefited, as consumption was forced to turn to the large retail chains, which continued their operations. In the medium term, however, the decline in disposable consumer income as well as the significant decrease of tourism flow is expected to affect to some extent these sectors of activity as well.

The segment of “Trade of food and other consumer goods” in which Group operates in Greece, through the Parent Company “ELGEKA S.A.” and the subsidiary “G.S.B.G. S.A.”, in the previous years accepted the consequences of the recession and the change of consumer behavior, resulting on the one hand the reduction of its overall size and on the other hand the intensification of competition and the reduction of profit margins. Within this environment, the Group is constantly enriching its product portfolio, adapting each time to the changing needs of consumers and investing in existing brands that are traded and have a long presence in Greece, while carrying out the necessary actions (synergy exploitation, effective distribution network, etc.) in order to reduce its operating costs and increase its productivity. During 2019, Parent ELGEKA managed to maintain its market shares at stable levels, to maintain its operating costs and to increase its gross profit margin. This course is expected to continue in 2020, despite the adverse conditions that will prevail in the Greek economy.

ELGEKA Group operates in the market of private label products through the subsidiary company “G.S.B.G. S.A.”, whose sales exceeded the amount of 24 million euro, increased by 16,9% compared to the year 2018, while its operating profitability has further improved. The prospects for 2020 continue to be favorable.

In the segment of “Trade food and other consumer goods”, the Group is also active in the market of Romania through the company “ELGEKA FERFELIS ROMANIA S.A.”. The performance of this subsidiary was particularly positive for 2019, achieving an increase in its as well as its gross and operating profitability. “ELGEKA FERFELIS ROMANIA S.A.” operates in an environment characterized by satisfactory growth rates and positive prospects for the future, while it manages to make new co-operations that allow it to gain market shares from the competition. As a result, it is expected the positive contribution to the financial figures of ELGEKA Group for next year.

ELGEKA Group operates in the segment of “Logistics services” through company “DIAKINISIS S.A.”. The segment has been affected by the general environment in which it operates with the result to accept the broader negative consequences, namely reducing of its figures and increasing the cost factors. Nevertheless, the Group has deep knowledge of the area and it has developed competitive advantage

through "DIAKINISIS S.A.", which is one of the key players of the market.

In particular, the company "DIAKINISIS S.A.", which is activated in the provision of storage, distribution and packaging services, realizes actions to further increase its market share in a sector characterized by intense competition and low profit margins, while at the same time maintaining its cost levels at a low level. In this context, during 2019, it managed to increase its sales even marginally, but mainly to improve its profit margins at every level (operational, before taxes, after taxes) and to achieve a more efficient use of its assets.

Finally, ELGEKA Group is operating in the segment of real estate management in Romania through the subsidiary "SC GATEDOOR HOLDINGS COM S.R.L." and the joint venture "GREC - ROM BUSINESS GROUP S.R.L.", companies that hold a significant portfolio of properties. During 2019, property prices in Romania presented rise, contributing positively to Group's financial figures, while in Greece the Group's property portfolio showed an increase in value. In 2020 the trend in real estate prices expected to be relatively stabilizing.

The objective of the Group remains the exploitation of the property portfolio and therefore all kinds of prospects for the exploitation of these properties are examined in cooperation with specialized companies operating in this field. In any case, Group's Management proceeds to careful actions by thoroughly examining every possible scenario, in order to obtain the maximum potential benefits.

Regarding the risks and uncertainties faced by the Group, it should be noted that it mainly engages in the key markets of Greece and Romania in a highly competitive environment. Therefore, it is exposed to a variety of financial risks, whose management is carried out mainly by the Group Financial Management in collaboration with the administrations at local companies. The most significant financial risks and uncertainties that the Group may face during 2020 are the following:

a) Price Changes Risk

The recession in which the Greek economy had entered for several years has strongly differentiated the consumer profile of the average consumer. The Greek economy has now come to a situation characterized by the very small but gradual growth of household consumption, while inflation is mainly driven by taxes. Under these circumstances, it is not expected in the coming years to be present strong inflationary pressures.

The Group is not exposed to price change risk related to securities as there are no investments in active markets (Stock Exchanges).

b) Credit Risk

The Group does not have a significant concentration of credit risk deriving from contracting/contractual parties, due to its highly differentiated client list and to high credibility of those clients that are responsible for the most significant proportion of revenues. The exposure to credit risks and the customers' financial position is assessed on a constant basis by the companies of the Group, so as the granted credit for significant customers not to exceed the predefined credit limit. Furthermore, in order to have a higher security, Management has adopted for the Parent Company and the subsidiary "G.S.B.G. S.A." the insurance of a significant part of their credits to a well-known insurance company ("EULER HERMES"). Moreover, the Parent Company has obtained additional guarantees from major customers, the balances of which are not fully insured by the insurance company. Finally, on the occasion of the

imposition of capital controls from the beginning of July 2015, the Group adopted a very strict credit policy towards its customers in order to further minimize the credit risk, a fact that has been achieved and confirmed by the absence of significant bad debts during of recent years.

As a result, the Management considers that during 2020 there will not any significant credit risks unsecured or not adequate provisions for bad debts made for both the Parent Company and the other companies of the Group.

c) Interest and Foreign Exchange Risk

Group's bank loans are mostly denominated in euro and bear a floating interest rate. Group's Management considers that there is no significant risk deriving from possible significant changes in interest rates.

The Group finances its investments as well as its needs for working capital through both its operating cash flows and bank debt, senior debt and a "Sale & Lease Back" property contract, leading to interest charges in its financial results. The potential increasing trends of interest rates (changes of EURIBOR interest rate) during 2020 will have a negative impact on the Group's financial results, due to the increased interest expenses.

Group short-term loans are contracted on floating interest rates. The interest rates' renewal takes place for short-term loans, every 1 to 3 months, and for long-term loans every 3 to 6 months. This enables the Group to avoid the risk from immense interest rate fluctuations.

The following table presents the changes in the results before tax of the Group (through the impact of the loan balances at year-end with variable-rate to profits) to possible changes in interest rates, with all other variables held constant:

Sensitivity Analysis of the Group's Loans to changes in Interest Rates

(amounts in thousand euro)	Currency	Interest Rate volatility	Effect in Results before tax
2019	EUR	1%	(670)
		-1%	670
2018	EUR	1%	(710)
		-1%	710

Sensitivity Analysis of the Company's Loans to changes in Interest Rates

(amounts in thousand euro)	Currency	Interest Rate volatility	Effect in Results before tax
2019	EUR	1%	(425)
		-1%	425
2018	EUR	1%	(460)
		-1%	460

The Group operates internationally and also trades in foreign currencies. Therefore, it is exposed to exchange rate fluctuations. The Group's exposure to exchange rate risks is mainly due to commercial and funding transactions in foreign currency conducted in the countries where the subsidiaries are located. However, due to the fact that the main country outside Greece, in which the Group is active, is Romania, the Group's exposure to foreign exchange risks is limited, especially when converting its financial statements for consolidation purposes.

The following table presents the changes in the results before tax of the Group and in Equity in reasonable changes in Romanian Lei (RON), with all other variables held constant:

Sensitivity Analysis of changes in Foreign Exchange

(amounts in thousand euro)	Foreign Currency	Increase / Decrease in foreign currency against euro	Effect in Results before tax	Effect in Equity
2019	RON	5%	(78)	858
		-5%	78	(858)
2018	RON	5%	(6)	818
		-5%	6	(818)

d) Liquidity Risk (financial risk)

The Group serves its obligations based on positive operating cash flows, high debt rating received from financial institutions and the financial assets, whose book values in Financial Statements do not deviate from their fair values.

Group manages its risks that might occur due to limited liquidity by maintaining unused bank credit limits. In addition, as at 31/12/2019, the Group and the Company possessed 2.219 thousand euro and 1.254 thousand euro respectively in cash (31/12/2018: 5.890 thousand euro and 5.019 thousand euro, respectively).

e) Capital management

The Group's primary goal regarding capital management is to ensure the maintenance of high credit rating and strong capital ratios, in order to secure and expand the Group's activities and to maximize shareholders' value.

The Group and the Parent Company, manage capital efficiency using the ratio of total borrowings to Equity, with the purpose to constantly improve their capital structure.

At 31st December 2019, the Company's Equity is less than 50% of the share capital and therefore applies the conditions for application of article 119 par.4 of L. 4548/2018, as in force since 01/01/2019. However, the achievement of net profitability during the year 2019 and the consequent increase of the Equity of the Parent Company contributed to the improvement of this index compared to the previous year. Also, the Equity of the subsidiary "DIAKINISIS S.A." is less than 50% of its share capital and therefore applies the conditions for application of article 119 par.4 of L. 4548/2018, as in force since 01/01/2019.

The Management has already proceeded to adoption of actions in order to reduce costs in every level of business operation, through the optimization of use of Group's resources, increase sales and generally creating profitable results, which would allow an increase in its Equity and thus restore them to more than 50% of its share capital. Specifically, the aforementioned actions are summarized as follows:

1. Increase of market shares, through new commercial co-operations, both in the Greek market and in Romania.
2. Change of product portfolio mix, through new trade co-operations and products, with a simultaneous increase of the focus on more profitable sales channels.
3. Improvement in operating profitability both of Company and Group through: a) the renegotiation

of trade policies with the affiliated suppliers / customers of the Company and the Group and b) the optimization of the efficiency of both the logistics and other support operations.

4. Disengage from activities that are either underperforming or do not promote the focus on key / critical activities of the Group.
5. Active exploitation of sub-exploited assets of the Company and the Group (e.g. real estate, other investments).
6. Focus on the operating segments, in which the Group presents a competitive advantage and attempts to integrate new partnerships with the aim of maximizing the synergies produced.

f) Macroeconomic risk

The main macroeconomic risks to which the Group is exposed are the income policy and the risk of reduced growth that might lead into compression and shrinkage of consumer's disposable income. The decrease in consumption might lead not only to an intensification of competition but also to a sales decline, a gross profit decline and, as a result, a negative influence on Group's profitability.

Moreover, the imposition of capital controls in the banking sector has created new risks, which come from the limited liquidity, the difficulties in the import of goods and services and the overall reduced economic activity, resulting in reduced sales and lower profitability.

g) Risk of emergency events

With the appearance of COVID-19 and the occurrence of the resulting pandemic, the Group and the Company immediately took the necessary measures to ensure a high level of functional hygiene of its employees and its safe operation at every level. The overall cessation of economic activity, in the context of measures taken to reduce the pandemic domestically and internationally, is expected to affect the economy as a whole, but to varying degrees from sector to sector.

The impact of the pandemic on the Financial Statement of the Group and the Company, as it has been formed until the date of preparation of the attached Financial Statements, is not essential, given that its sales and operating costs are within the budgeted levels.

This is mainly due to the main areas of activity of the Group, namely the trade of food and other consumer goods and the provision of logistics services, areas which in the short term showed strong resistance to declining economic activity, while in the medium to long term are expected to be highly defensive sectors. In addition, the profile of the Group's clientele (large and medium retail chains) and the fact that it is composed mostly of customers that face increased demand (food, medicine, hygiene products) for the current period is a factor that safeguards the financial figures of the Group.

A relevant forecast beyond the reporting period (i.e. after the signing of the Financial Statements) is not possible, mainly due to the uncertainty about the evolution and duration of the pandemic and consequently the measurement of its impact on the Group's business cycle.

h) Risk relevant to Food safety

The Group's main area of activity is the food sector.

Packaging, marketing, distribution and food sales include inherent risks as far as the products' quality liability, the potential recall and the consequent unfavorable publicity is concerned. This might lead to

negative consequences in reputation, operation, financial position and Group's financial results.

Such products might be unintentionally distributed by the Group and might have consequences in customers' health. As a result, the Group has the legal responsibility for potential damage claims and, as a result, has engaged to a corresponding insurance coverage.

The Group applies a strict quality and safety policy for food products, in order to offer to its customers, high quality and secure products and to faithfully and strictly follow safety and hygiene rules.

Both Management and the entire Group structure are socially sensitive, in order to offer to customers high quality and safe products, as indicated by the following certifications granted to the Parent Company.

"ELGEKA S.A.", following reviews of related procedures and systems implemented, inspected by accredited certification bodies on its premises in Athens and Thessaloniki, and received certifications for the application thereof in accordance with international standards:

- ISO 22000: 2005 for Food Safety Management by the certification body TÜV HELLAS (Member of TÜV NORD Group), accredited by ESYD on this field.

D. CORPORATE GOVERNANCE STATEMENT

1. Reference to the Corporate Governance Code which applies to the Company and the place where the Code is available to the public

"ELGEKA S.A." ("Company" hereafter) is committed to high standards of Corporate Governance, beyond those provided by relevant laws.

In Greece, the framework of corporate governance is mainly formed through L. 3016/2002, L. 3884/2010, L. 3873/2010, L. 4403/2016, L. 4449/2017 as well as L. 2190/1920 which was previously in force and was replaced for the most part by L. 4548/2018. This statement has been prepared in accordance with the relevant provisions of C. L. 2190/1920, as replaced by articles 152 and 153 of L. 4548/2018.

The Company affirms that it faithfully and strictly applies the provisions of Greek legislation, which set the minimum requirements that any Code of Corporate Governance must apply.

Additionally, the Company has voluntarily adopted the Corporate Governance Code as it is enacted by the Hellenic Federation of Enterprises (S.E.V.), as applicable as Greek Code of Corporate Governance (E.K.E.D.) after its amendment by the Greek Council of Corporate Governance. The Code is posted at the following address: <http://www.helex.gr/el/web/guest/esed-hellenic-cgc>.

2. Reference to Corporate Governance practices implemented by the Company that go beyond the provisions of Law and reference to the place where they are published

The Company, in order to strengthen its Corporate Governance system, has adopted practices beyond those provided by Law. Illustratively:

- The operation of the Board of Directors is clearly described in the Operating Regulations of the Board, which has been circulated to all members.
- The main duties and responsibilities of the Audit Committee are defined in the Internal Operation Regulation of the Company.
- The Board of Directors has adopted a clear policy of delegating authority to the Company's Management, through the Approval Level Regulation, which explicitly describes the delegated responsibilities.

3. Reference to deviations from the Corporate Governance Code

The Company deviates or does not apply in total some of the special practices of the Greek Code of Corporate Governance, as following:

- The Company has no independent Vice-Chairman, despite the fact that the duties of the Chairman of the Board of Directors and those of the Managing Director have been assigned to the same person. The Company considers that the deviation from this practice does not hinder its proper operation (A.III, par.3.3 of the Code).
- Independent non-executive members of the Company do not constitute one-third of the Board of Directors, in accordance with the conditions set out in the Code. In particular, a member of the Board of Directors has lost his independence due to the completion of twelve years from the date of his first election, while another member acquired executive powers in a subsidiary, with the consequence that the independent non-executive members of the Board of Directors, under the conditions set by the Code, are less than one-third (A.II, par. 2.3, 2.5 of the Code). This deviation is temporary and will be settled at the next General Meeting of the Company. It should be noted that according to the independence criteria of L. 3016/2002, the majority of the members of the Board of Directors are independent.
- As a result of the above, all the members of the Audit Committee are non-executive members and one of them is independent non-executive according to the independence criteria of the Code, while its Chairman is not considered independent due to excess of 12 year period, (B.I. par. 1.4 of the Code). This deviation is temporary and will be settled at the next General Meeting of the Company. It should be noted that according to the independence criteria of L. 3016/2002, all members of the Audit Committee are independent and the provisions of L. 4449/2017 are fully complied with.
- It has not established evaluation procedure of the Board of Directors and its Committees. The Board of Directors is assessed by the Shareholders' Annual General Meeting through the Activity Report (A.VII, par.7.1 of the Code).
- There is no regular meeting of non-executive Board's members without the presence of executive members in determining their performance and remuneration, as this process takes place in the context of the collective operation and of the decisions of the Board of Directors, which in the majority consists of non-executive members and only one executive member (A.VII, par.7.2 of the Code).
- In the contracts of executive members of Board of Directors, there is no provision for return of part or all of the bonus that has been awarded, in case of revised financial statements of previous years, according to which it has been estimated this bonus. In the case of a new contract, it will be reviewed the application of this practice. During 2019 no bonus was given to executive members of the Board of Directors (C.I., par.1.3 of the Code).
- There is no procedure for voting in the General Meeting through electronic voting or voting by mail. The Company examines the possibilities of the relevant articles of L. 4548/2018 (D.II, par. 2.2 of the

Code).

- The Company has not adopted a policy of diversity including gender balance for members of the Board of Directors and senior managers. During 2019 the Board of Directors consisted of a majority of men, from the total of seven (7) members the six (6) were men and only one (1) member was a woman. The issue will be considered by the Remuneration and Nomination Committee during the upcoming establishment of the Board of Directors in body and will be evaluated the implementation of the proposed practice (A.II, par. 2.8 of the Code).
- Since 19 December 2019 the recommendation for a minimum number of members of the Board is not satisfied as the Board of Directors is consisted of six members due to the leaving of a non-executive member, whose position will be filled during the next composition of the Board of Directors in a body (A.II, par. 2.1 of the Code).
- The Company has not adopted specific practices regarding communication with shareholders, which include the policy on questioning by the shareholders to the Board of Directors. It will be taken care to implement the proposed practice (DI, par. 1.4 of the Code).

The Company will consider further actions in order to minimize the existing deviations from the provisions of the Greek Corporate Governance Code, also taking into account the new formal framework for public limited companies according to L. 4548/2018, according to which, in the year 2020, it will be examined the amendment of corporate documents and procedures.

4. Description of the main characteristics of internal control system and risk management of the Group, in relation to the preparation of financial statements

One of the main concerns of ELGEKA Group is the development and continuous improvement of internal control system of the companies that are member of it, which is consists of detailed written procedures and controls, covering in continuous basis all activities and transactions and contributes to the efficient and secure operation of them.

The Board of Directors is responsible for maintaining of control system, monitoring and evaluating its adequacy, as well as its effective implementation. In this work, the Board of Directors is assisted by the Audit Committee and the Internal Audit Division, through which it is monitored the implementation of the internal control system.

Aim of the Board of Directors is the establishment of internal control systems that respond effectively to risk management. The Board of Directors is responsible for the identification, evaluation and monitoring of risks that the Group's companies face, as well as for their management.

The risk assessment is a continuous process throughout the financial year, which is carried out during the preparation of business planning and annual budget, through periodic reporting, as well as through the review of the operations of the year.

In addition, the Group's companies implement insurance programs (fixed assets, credit balances, etc.).

The Internal Audit Department expresses opinion on the internal control system of each controlled area, based on the audit conducted in accordance with the annual audit plan. The annual audit plan is approved by the Audit Committee and is the result of a risk assessment of potential risks that the

Group's companies face per function.

In the context of risk management, the Group has established detailed procedures and regulation of approval limits for transactions that are considered important and of high risk.

The adequacy and accuracy of compliance with safeguards, is controlled by the Internal Audit Department, informing appropriately the Company's Board of Directors.

In particular, regarding the Individual and Consolidated Financial Statements, the Group's companies have established procedures to ensure proper preparation, which among others include:

- Creation, development and implementation of uniform accounting practices and procedures.
- Compliance of subsidiaries' accounting departments to financial policies and procedures of the Group. Accounting treatments of non-recurring transactions not covered by the procedures should be given special approval.
- Review of Financial Reporting issues at regular intervals.
- Adequate knowledge of personnel in financial services, with clearly segregation of duties and responsibilities.
- Ongoing training and staff development.
- Process of monitoring and controlling of intra-group transactions.
- Process of controlling and approving all documents prior to their accounting entry, to ensure their accuracy and validity according to the procedures of the Group and the accounting standards.
- Monthly balance agreements.
- Annual agreements of customers and suppliers.
- Stock counting at the end of the year.
- Procedures regarding the end of the fiscal year, which include deadlines, allocation of responsibilities, classification of accounts and information on required disclosures.
- Regulation of approval levels (Chart of Authorities), which sets out the powers granted to the executives of the Group's companies to carry out important transactions.
- Access to applications and files, from which the financial statements are derived to a limited number of users.

5. Information required by article 10, par. 1, points c), d), f), h), i) of Directive 2004/25/EC of the European Parliament and Council, of 21 April 2004, regarding takeover bids

The above requested information about the significant direct and indirect holdings, the holders of any securities giving rights of control and description of these rights, the limitations on voting rights, the rules for appointing and replacing Board members and the rules for amending the Articles of Association, have been developed in detail in the Explanatory Report of the Board, which is in Chapter B8.

6. Composition and function of Board of Directors, oversight bodies and committees of the Company

6.1 Board of Directors

The Company is managed by the Board of Directors, which is elected by the General Meeting of Shareholders by secret voting and by an absolute majority.

According to the Company's Articles of Association, the term of the Board is four years, which may be extended until the election of new Board by General Meeting of Shareholders convened in the year that expires its term.

The Board of Directors is the supreme governing body of the Company and is empowered to decide for any matter relating to the administration and representation of the Company, to management of its wealth and generally ensure its operational efficiency.

The Operation Regulation of the Board of Directors, which has been approved by a decision of the Board of Directors, includes the basic operating rules and obligations of its members.

Illustratively, among the responsibilities are including the following:

- Approve the Company's strategy and annual budget.
- Convene the General Meeting of Shareholders and defines the agenda items.
- Prepare and approve the Annual Financial Statements of the Company and submit them for approval by the General Meeting of Shareholders, together with the Annual Management Report.
- Specifies the Board of Directors' members, who sign the statements of L.3556/2007 and certify, by signing, the accuracy and the true representation of the information contained in the Annual Financial Report.
- Approve the six-month Financial Statements of the Company.
- Propose the dividend that will be distributed to shareholders and the amounts to be retained for the formation of reserve capital.
- Decide on the establishment and expansion of branches.
- Decide the participation of the Company in existing or newly established companies and the creation of new segments.
- Supervise the operation of the Internal Audit Department, through the Audit Committee.
- Approve any kind of fees paid to managers of the Company and its internal auditors, as well as the general remuneration policy of the Company.

The Board of Directors has the ability to delegate powers to its members, executives of the Company, to third parties or to committees, identifying each time the limits of that power through relevant decision.

In achieving high standards of corporate governance, the Board of Directors has approved the Chart of Authorities, in which they are described all necessary approvals required from the various administrative levels to carry out important transactions of the business of the Company.

The Board of Directors convened by the Chairman or his deputy, by invitation communicated to its members two (2) working days at least before the meeting. The invitation includes clearly the issues of the agenda. The convocation may require two (2) of its members, by application to the Chairman, who is obliged to convene the Board within seven (7) days.

Each director has one vote, but when it represents director who is validly absent, can have two (2) votes, provided that he has been awarded representation.

The Board of Directors is in quorum and convenes validly, when are present or are represented at this

the half plus one of its directors. The Board of Directors' decisions are taken by absolute majority of those present and represented members.

During the fiscal year 2019 the Board of Directors of the Company had the following composition, as appointed by the Ordinary General Meeting of Shareholders on 21/06/2018.

	Name of member	Capacity	Number of meetings that held during its term	Number of meetings that was attended
1	Alexandros Katsiotis	Chairman and Managing Director, Executive member	35	35
2	Elli Drakopoulou	Vice-Chairman, Non-Executive member	35	35
3	Anthimos Misailidis	Non-Executive member (up to 19.12.2019)	33	33
4	Stylianios Stephanou	Non-Executive, independent member	35	35
5	Michalis Fandridis	Non-Executive	35	35
6	Nikolaos Milios	Non-Executive, independent member	35	35
7	Adamantios Lentsios	Non-Executive member	35	35

The majority of members of the Board of Directors are independent non-executive, within the meaning of the provisions of L. 3016/2002.

The Board of Directors held in total thirty-five (35) meetings in 2019, of which six (6) were conducted on board.

The term of the current Board was originally set to be four year with end at 21/06/2022 and may be extended until the election of a new Board of Directors from the next Ordinary General Meeting to be held after that date.

The CVs of Board of Directors members listed on the website of the Company (www.elgeka.gr).

With respect to transactions with related parties it is followed specific procedure for approval by the relevant bodies in the preparation stage of the contracts, in order to ensure compliance with the regulatory framework and justification, taking the advisory support of external partners. In addition, the transactions with related parties are subject to annual inspection to ensure compliance with the regulatory framework and justification.

6.2 Audit Committee

The Audit Committee support the Board of Directors in the performance of its duties related to the internal control system.

The members of Audit Committee during 2019 were the following:

	Capacity	Name	Number of meetings that held during its term	Number of meetings that was attended
1	Chairman	Stylianios Stephanou	12	12
2	Member	Michalis Fandridis	12	12
3	Member	Nikolaos Milios	12	12

The Chairman of Audit Committee Mr. Stylianios Stephanou meets the requirements of article 44 of L.4449/2017, having demonstrated proficiency and experience in the fields of accounting and auditing.

All the members of the Audit Committee are independent within the meaning of the provisions of L. 3016/2002.

The term of the Audit Committee is similar to that of the Board Directors and expires on 21/06/2022 and may be extended until the election of a new Board of Directors from the next Ordinary General Meeting to be held after that date.

The main responsibilities of the Audit Committee are the following:

- Monitor the financial reporting process.
- Monitor the effective operation of the Internal Control System and the Risk Management System.
- Monitor of proper functioning of the Company's Internal Audit Department.
- Monitor of the statutory audit of individual and consolidated financial statements.
- Review and monitor issues related to the existence and maintenance of objectivity and independence of the external auditor or audit firm, particularly regarding the provision from them to the Company and other non-audit services.
- Review the financial statements prior to approval by the Board of Directors.
- The Company's compliance with legal and regulatory framework of operation.

The responsibilities of the Audit Committee are detailed described in the Internal Operation Regulation of the Company, which is approved by the Board of Directors.

The Audit Committee receives annually from the collaborated audit firm, confirmation regarding the independence and objectivity of external auditors.

The main topics handled by the Audit Committee during 2019 were the following:

- Reviewed the results of audits performed by Internal Audit Department.
- Reviewed the process of creating the annual audit plan and proceeded to its approval.
- Monitored and evaluated the process of preparing the six-month and annual Financial Statements and the work of the Chartered Certified Auditors.
- Evaluated the Financial Statements, in terms of their completeness and consistency, prior to its approval by the Board of Directors.
- Reviewed the effective operation of internal control system and risk management system.
- Reviewed issues related to ensuring the objectivity and independence of external auditors, regarding the provision of non-audit services.
- Advised the Board of Directors regarding the selection of the audit firm.
- Informed the Board of Directors on matters of its competence.

6.3 Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for the process of appointment of the candidate members of the Board of Directors to ensure the smooth transition of members with objective and merit criteria.

In addition, the Committee recommends to the Board of Directors the remuneration policy for the Board members, as well as the remuneration policy, benefits and financial incentives for attracting, retaining and developing the human resources of the Group.

The members of the Committee during the year 2019 were as follows:

	Capacity	Name	Number of meetings that held during its term	Number of meetings that was attended
1	Chairman	Nikolaos Milios	2	2
	Member	Stylianios Stephanou	2	2
2	Member	Michalis Fandridis	2	2
3	Member	Adamantios Lentsios	2	2

The Committee consists of four (4) non-executive members of the Board of Directors, which they appointed by it, while its Chairman is independent non-executive member.

The term of the Audit Committee is similar to that of the Board Directors and expires on 21/06/2022 and may be extended until the election of a new Board of Directors from the next Ordinary General Meeting to be held after that date.

6.4 Diversity policy regarding the Company's administrative, management and supervisory bodies

The Company does not apply a specific policy regarding the diversity of its administrative, management and supervisory bodies. Nevertheless, the composition of the Board of Directors as well as the Committees supporting it assures a diversity of skills, views and abilities in order to achieve effective achievement of corporate goals. All members of the Board of Directors are university graduates, while three of them hold postgraduate degrees from both national and foreign universities, a fact which ensures a high level of professional training. In addition, they have worked in senior positions of important domestic and foreign companies, active in various industries or/and they have been served as senior executives of large organizations, ensuring high professional training, skills, experience and administrative capabilities. In addition to their technical training and experience, they stand out for their ethos and integrity, contributing to shaping corporate culture and achieving a high level of corporate governance. Regarding age and gender, the Company's Management considers that these characteristics are not determinants of its effective operation.

6.5 Remuneration Report of Board of Directors' members

The remuneration of non-executive Board of Directors' members is approved by the Annual General Meeting in accordance with the relevant legislation.

Furthermore, the Annual General Meeting approves the maximum monthly salary may take any executive member, as well as the upper limit which may reach the total remuneration of non-executive members during each year and authorizes the Board of Directors to specify them.

According to the existing policy of the Company, both executive and non-executive members do not receive variable remuneration

In particular, during 2019 the total remuneration and benefits paid by the Company and its subsidiaries to executive members of Board of Directors amounted to 259 thousand euro, while to the non-executive members paid 243 thousand euro.

The remuneration of executive members of Board of Directors associated with the corporate strategy,

the purposes of the Company and the realization thereof, with the ultimate aim of creating long-term value for the Company.

For the year 01/01/2019 - 31/12/2019 were not granted stock options and there is no valid stock option program.

At the Ordinary General Meeting of Shareholders that will take place within 2020 for the approval of the results of the year 2019, the Remuneration Report of the members of the Board of Directors for the remuneration paid during the year 2019 will be submitted, according to article 112 of L. 4548/2018.

E. KEY NON-FINANCIAL PERFORMANCE DATA

Pursuant to the provisions of article 150 par. 2c and 154 of L.4548/2018, the Management Report includes information on the non-financial position of the Group.

1. Brief business model description

ELGEKA S.A. is one of the largest Greek commercial companies and is active in the Greek market in the food sector since 1974. During the year 2019, the companies of the Group acted mainly in the following segments:

- Trade of food and other consumer products
- Provision of logistics services
- Real estate

In addition to the Greek market, the Group has a presence through its subsidiaries in Romania. The primary objective of the Group is to strengthen its position in the main markets of Greece and Romania, where the majority of the companies that participate in it are active.

The experience, know-how and human resources, systems and equipment that Group's companies hold are an important opportunity for successful suppliers from Greece and abroad to commercially develop their portfolio products at a controlled cost and with limited risk.

The commercial activity is developed by the companies ELGEKA S.A. and ELGEKA FERFELIS ROMANIA S.A., which provide to their partners, customers and suppliers an integrated system of commercial services in the areas of sales, marketing, trade marketing and logistics, forming an integral link in the sector's supply chain. Operating rather as a "subsidiary" of the principals with which cooperate, among their primary goals is the successful brand building in the Greek and Romanian markets of the products they represent and handle (brand building).

The company GSBG S.A. is active in the development of private label products for third-party customers. It operates in the wholesale of food, personal care products and daily household maintenance.

In the field of logistics services, through DIAKINISIS S.A., storage, distribution and repackaging services are provided to the largest companies in Greece and abroad, which operate in the following sectors: food, household goods, supermarket chains, clothing, tobacco and alcohol, electronics, home

furnishings and medicines. DIAKINISIS has more than 160.000 sq.m. sheltered storage space for each temperature zone in 15 locations in Attica, Thessaloniki and Patra, 240.000 sq.m. outside protected area and 11.000 sq.m. offices. It also has customs warehouses and a drug warehouse with the necessary licenses and certifications. In addition, it maintains cooperation with 8 transshipment points across Greece, while for the transport it cooperates with a network of 300 agencies.

The pursuit of the Group's objectives is ensured by a framework of principles and values that determine the day-to-day operation and practice. The Group's objectives and corporate values also define its responsibility towards the social groups that are directly and indirectly affected by its business activity, such as:

1. **Shareholders:** We seek to protect their investment and ensure a satisfactory return on their funds, with transparency and meaningful information.
2. **Customers / Consumers:** We try to provide quality products and services that meet their needs.
3. **Employees:** Human resources are valuable. Respect for its rights and the emphasis on its development is a prerequisite for the achievement of the Group's objectives.
4. **Partners:** We believe in mutually beneficial relationships with suppliers and associates of the Group.
5. **Society:** We believe that socially responsible business operations contribute to the progress and prosperity of society as a whole.

We share important values on which the Group has set out its fundamental rules:

Transparency: Transparency is the cornerstone of decision-making and actions procedure.

Integrity: Compliance with ethical business practices and the performance of operations with transparency and reliability.

Commitment: Commit to achieving goals by adding value to shareholders.

Trust: Mutual trust between Group's employees and Management is especially important for the proper conduct of our business activities.

Teamwork: Developing and encouraging a spirit of collaboration and teamwork through communication, participation, support and briefing of cooperators.

Creativity: Identifying opportunities and taking initiatives to develop and implement new ideas and solutions.

The existing non-financial report concerns the actions of ELGEKA Group companies in 2019.

2. Non-financial indices

Basic figures	2019
Social impact	
Taxes and contributions paid to Greek State (€)	12.488.941
Amounts paid for social actions (€)	35.441
Environment	
Consumed electricity (KWH)	6.379.642
Recycling of materials (tons)	744
Contributions paid for the recycling of packaging materials for the goods sold (€)	68.742
Waste of electrical and electronic equipment - WEEE (tons)	3
Lead battery recycling (tons)	6
Employees	
Number of employees (31.12.2019)	866
Age distribution of employees	

<30 years old	84
Between 30 and 50 years old	615
>50 years old	167
Percentage of women in total employees (%)	35%
Employees covered by contracts of indefinite duration (%)	99,7%
Investment in training (€)	10.614
Group insurance of employees (€)	147.900
Employees' accidents	2
Fatal employees' accidents	0
Convictions on corruption matters against the company or its employees in the performance of their duties	0

3. Description of the corporate policies, risks and outcomes of these policies

3.1 Risk policy and risk management

Given the activities of the Group's companies in the field of trading product and 3PL services, inevitably their business activities raise risks that concern not only the environment but also society, its employees as well as respect for and protection of human rights.

As part of our approach to corporate responsibility and our contribution to sustainable development, we monitor the impact of our activities on:

- Health and safety of employees.
- Health and safety of consumers when using our products.
- Managing human resources in terms of employment, health and safety.
- Respect for the human rights of both employees and all of our associates.
- Combating corruption, bribery and fraud.
- Environmental impact of our activities.

The way we manage these issues is presented in more detail in the following sections.

With regard to the food safety risk, which is a core activity of the Group, a strict quality and safety policy is applied in order to offer our customers the most quality and safe products, while all safety and hygiene rules are followed faithfully and strictly. The social sensitivity that governs both the Management and the entire organization of the Group as regards the issues of hygiene and food quality is demonstrated by the certifications granted to the Group companies as mentioned below.

3.2 Environmental issues

In ELGEKA Group we recognize the responsibility to preserve and protect the environment. Our business strategy is inseparably linked to sustainable development in the long run. In this context, we systematically apply practices in order to achieve continuous improvement of environmental performance. The Group's will and objective is that processes and products have the least negative environmental impact in proportion to business activity.

The environmental actions concern mainly the companies of the Group that have storage facilities. In particular:

- All Group companies comply with the requirements of applicable Greek and European environmental legislation that relate to their activities.
- Recycling and waste management practices are being used.
- Managers and employees are constantly trained and made aware of the importance of contributing to environmental management.
- More environment-friendly materials are used when storing and repacking products.

DIAKINISIS S.A., as a storage, distribution and repackaging company, applies Integrated Management System. In the integrated management system, coexist various standards of management (management of quality, food safety, health and safety at work, etc.), which they have been developed and integrated in such a way that they are compatible between them in their implementation and to facilitate with synergies by one simple and productive way while reducing business risk.

The largest companies of the Group have the following certifications:

	ELGEKA	DIAKINISIS	ELGEKA FERFELIS ROMANIA	GSBG
ISO 22000:2005 - Management of Food Safety System	V	V		
OHSAS 18001:2007 - Health and Safety of Employees System		V	V	
SMETA (SEDEX) - Corporate Social Responsibility (cover 2 premises)		V		
Ministerial Decision 1348/2004 – System of Principles and Guidelines for Good Practice in the Distribution of Medical Devices		V		
Ecovadis - Self-assessment System for environmental issues, practices of fair work, ethics, fair business practices and supply chains (Silver award / covers one premise)		V		
AEOF Certification – Operation of Customs Warehouse		V		
GDP - Distribution Center License for Wholesale Medicines Sales		V		
GMP – Good manufacturing practice for secondary packaging and labeling of pharmaceutical products for human and veterinary use		V		
ISO 9001:2015 – Quality Management System - Requirements		V		
ISO 9001:2015 – Quality Assurance System				V
BRC – Global Standard for Agents and Brokers				V
IFS BROKER				V



The Group's companies maintain cooperation with certified companies for the collection and alternative management of used non-hazardous packaging in order to direct them to alternative waste management solutions, collect waste of electrical and electronic equipment intended for withdrawal with a view to recycling them and collect lead accumulators (batteries) in order to recycle them.

During the year 2019, 744 tons of various materials were recycled by the Group companies, mainly for packaging from paper and cardboard, metals, wood, glass, etc, as well as 6 tons of lead batteries and 3

tons of electrical and electronic equipment 's waste. In addition, it was paid 68.742 euro as contributions for the recycling of the packaging materials of its sold products.

The electricity consumption of Group's companies amounted to 6.379.642 Kwh.

As part of the ELGEKA Group's environmental policy and energy management, at the beginning of 2019 the program of replacement of conventional light bulbs with LED energy saving light bulbs was completed, which lasted two years with a total cost of € 384 thousand. This action concerned the storage facilities of DIAKINISIS S.A., where were replaced 135-400W E40 bell-type luminaires, 36-58W fluorescent lamps and 250W outdoor light fittings with 120W, 23W and 65W LED lighting lamps respectively. During the program, active and inactive light bulbs of conventional technology were replaced with LED light bulbs, creating an annual energy saving of 30% compared to the full operation of all old technology light bulbs.

It is also worth mentioning that DIAKINISIS S.A. has proceeded with the implementation of a system of electronic archiving of the copies of the dispatching documents of its customers, with significant savings for paper saving.

3.3 Social issues

The Group's companies are committed to provide a safe and healthy working environment for employees, to operate with environmental care by ensuring compliance with applicable legislation, to protect personal data and employees, to ensure maximum service and satisfaction of customers / consumers and to engage in responsible communication and promotion of their products.

The contribution of the Group to the Greek State through the payment of taxes and insurance contributions amounted to 12,5 million euro during the year 2019.

Indicatively, some of the major programs and actions implemented in 2019 to support society are listed below.

Through the companies of the Group, funds and free products were provided to support various institutions with a total value of 35,5 thousand euro (FRIENDS OF MERIMNA, CHILDREN'S FRIENDS, ARK OF THE WORLD, MIXED CARE CENTER FOR DISABLED KIPSELI, THE PARENTS ASSOCIATION OF MENTALLY DISABLED, FOODBANK, CHRISTODOULIO INSTITUTION and other non-profit organizations).

With particular care is taken to treat the stray animals (dogs) located at DIAKINISIS S.A. facilities. Care includes feeding, vaccination, sterilization, deworming and creating sheltered areas for animal hospitalization.

3.4 Work issues

ELGEKA Group employs 866 employees, of which 35% are women. The 99,7% of Group's employees are covered by contracts of indefinite duration.

The training and development of all associates is very important for improving the efficiency and

profitable growth of the Group. Each partner, in cooperation with his supervisor, is responsible for his training on the job, as well as for submitting proposals to the Human Resources Manager for the follow-up of educational programs. During the annual evaluation and record of the personal development plan of the partner is agreed a program of improvement and training that will allow the acquisition of knowledge and techniques for better quality at work.

The direction and speed of each partner's development depends also on him. His contribution should be his will and effectiveness as well as the ability to take greater responsibility. In addition, it should be willing to learn new skills, undertaking new projects and mobility. The Group's companies, in order to encourage the development of its new executives, are trying to fill its gaps through internal promotions. The choice of promotions is based solely on the ability of each person to take on a position of greater responsibility and not on the length of his service.

Our associates are our most valuable asset. Each partner must ensure that his or her behavior and how to handle business affairs does not compromise his / her personal security or that of others. This includes applying the security procedures and making suggestions for changes when necessary.

In other circumstances, including business trips, each associate must behave in a professional, mature and responsible manner at any time.

Associates must ensure that there is no compromise with regard to their personal security or integrity, and that each partner is responsible for adhering to these rules of conduct.

Associates treat each other with respect, courtesy and decency. Debasement, harassment and negative comments on colleagues or outside associates contradict this belief, and each associate must discourage such behaviors.

The Group's companies implement a Health and Safety Policy and the sense of responsibility deriving from it is a top priority for their operation and they focus on preventing accidents and job-related illnesses.

In 2019 there were two (2) work-related accidents in the Group's companies and no fatal work-related accident.

In addition to the requirements of labor law, the following actions were implemented in 2019:

- Training for all staff at regular time intervals on Health and Safety issues at work, as well as personal development and professional improvement. Total training expenses amounted to 11 thousand euro.
- Employee's private insurance scheme, which includes life insurance, hospital and out-of-hospital care. The program concerns all employees and it is given the possibility of optional insurance of the protected members of employees. The annual cost of personnel private insurance amounted to 148 thousand euro.

3.5 Respect for human rights

ELGEKA Group does not discriminate against gender, race, religion, age, social groups, or sexual preferences. On the contrary, it believes that understanding diversity helps to facilitate contact with all

consumer and workforce groups.

In addition, child labor is prohibited within the Group, as well as in the associated companies and in general undeclared work, as well as work under the influence of alcohol or drugs and their use or trading in the workplace, as well as any form of violence. It is a policy of the Group to select associates according to this policy. As a result, ELGEKA Group's associates are expected to follow a similar attitude in their work and in their further contacts.

Anything that constitutes practice of any form of race and sexual harassment, physical or psychological, is strictly forbidden. The Group trains all of its executives for faithful adherence to the above policy.

The Human Resources Department is defined as a surrogate and guardian of the faithful implementation of this policy through control procedures of staff policy.

Any adverse behavior is a professional fault and is punished.

Monitoring and implementation of corporate policy is achieved through:

- The Code of Business Ethics
- Internal Operating Procedures
- Employee Health and Safety Policy

All employees of the Group, depending on their position in the corporate hierarchy, have signed the Code of Business Ethics and have the ability to report anonymous or with their name any breach of the Code.

3.6 Fighting corruption

The companies of ELGEKA Group apply the Code of Business Ethics, which sets the general standards of Ethics for all Group associates and employees.

The Group's commitment to the values of integrity and honesty, which are an integral part of its operation for more than 40 years, is reflected in this Code.

Management believes that it is its responsibility of informing all employees, permanent associates and suppliers in order to achieve a single operating framework for the entire Group.

The Code outlines the basic principles and rules governing the Group's internal regulations, taking into account the relevant provisions of national and international law, on the basis of which all employees of the Group's companies carry out their duties.

The general principles outlined in the Code, taking into account the principles of Corporate Governance, are based on the values of integrity, impartiality, entrepreneurship, professionalism, transparency, social and environmental responsibility and respect for human rights.

Through compliance with the Code, all employees, among others, have the responsibility to:

- avoid situations of conflict of interest
- avoid the privileged use of suppliers for personal reasons

- ensure transparency of transactions with government authorities
- preserve business confidentiality
- ensure the integrity of financial data and reports

The fight against corruption and bribery is ensured through the following:

- Compliance with the Code of Business Ethics signed by all employees, which includes communication lines in senior and supreme management of issues or concerns relating to illegal or unethical acts. In case of detection of unethical acts, the Audit Committee is informed.
- Compliance with the Corporate Governance Code
- Compliance with internal regulations and operating procedures
- The operation of the Internal Audit Division

During 2019, there was no corruption-related incident.

3.7 Supply chain issues

The companies ELGEKA S.A., G.S.B.G. S.A. and ELGEKA FERFELIS ROMANIA S.A. are active in the trade of food and consumer products, which are supplied by the producers of these products.

Their goal is to be a leader in the trading of consumer products and to present high quality products of everyday use, meeting the needs of consumers. The markets in which they are active mainly concern food, frozen food, sweets, daily hygiene items and household items. At the beginning of each co-operation, suppliers are required to obtain the certificates provided for by European legislation. The certifications requested by each supplier depend on the nature of the products and the requirements of the legislation applicable to the countries of the European Union. To this end, the Group's commercial companies are required to ensure that all necessary product information is displayed on the packaging of the products.

The main provider of logistics services for the Greek companies of ELGEKA Group is DIAKINISIS S.A., which has as its object the provision of logistics services to third parties (3PL), namely the receiving, storage and distribution of goods. In order to carry out its operations, it cooperates with a great number of suppliers, namely among others with carriers, subcontractors, suppliers of packaging materials, equipment and maintenance services, cleaning services, safekeeping and security services, real estate tenants, etc.

The purchases of goods and services of Group's companies operating in Greece are carried out by the Group's Procurement Department in cooperation with the relevant departments, always following the procurement rules and procedures having as target:

- The transparency, objectivity and fairness of procurement procedures
- The monitoring of market development in order to identify and propose cost-saving areas
- The ensuring of selection suppliers that meet the relevant criteria and quality standards of the Group
- The flexibility and speed of procurement execution
- The monitoring of evolution of co-operation with suppliers in order to ensure the provision of selection specifications

The Group's Procurement Department realizes an annual assessment of the most important suppliers regarding the satisfaction of criteria of quality, reliability, consistency, certifications and innovation.

A complete system for evaluating the social and environmental performance of the cooperating suppliers has not yet been developed, however, during the process of renewing the contracts with the major suppliers, criteria for their performance in these areas are gradually introduced.

F. ALTERNATIVE PERFORMANCE MEASURES ("APM")

The Group uses Alternative Performance Measures ("APM") in decision-making regarding its financial, operational and strategic planning as well as for the evaluation and publication of its performance. These measures serve to better understand the financial and operating results of the Group, its financial position and the cash flow statement. Alternative measures ("APM") should always be taken into account in conjunction with the financial results prepared in accordance with I.F.R.S. and under no circumstances replace them.

Definitions and agreements of Alternative Performance Measures ("APM")

1) Profitability measures

For the most complete analysis of its operating results, the Group uses the following profitability ratios:

EBITDA (Earnings before interest, tax, depreciation and amortization)

The measure EBITDA is calculated from the annual financial statements as follows: "Profit / (Losses) from operating activities" by subtracting the depreciation of assets and depreciation of asset subsidies.

	2019	2018
Profit / (Losses) from operating activities	4.828	2.634
Depreciation of assets	8.263	4.045
Depreciation of asset subsidies	(88)	(89)
EBITDA	13.003	6.590

Adjusted EBITDA (Earnings before interest, tax, depreciation and amortization, including lease expenses)

The implementation of the new I.F.R.S. Standard 16 "Leases" from 01/01/2019 has as a consequence the capitalization of leases and their gradual amortization. Therefore, the EBITDA ratio as calculated is no longer taken into account lease costs, as they have been partly converted into amortization and partly into financial costs. For this reason, the Group monitors the Adjusted EBITDA index *, which is obtained if the lease expenses are deducted from the EBITDA index.

	2019	2018
EBITDA	13.003	6.590
Lease expenses	(4.581)	-
Adjusted EBITDA*	8.422	6.590

EBIT (Earnings before interest and tax)

The measure EBIT is equal to the "Profit / (Losses) from operating activities" of the Group resulting from the Annual Financial Statements.

EBT (Earnings before tax)

These are the earnings before deduction of taxes and result from the annual Financial Statements.

Net Income

They are the earnings after deduction of taxes and result from the annual Financial Statements.

All the above figures relate exclusively to the Group's continuing operations.

Profit margins

For all the above profitability measures the respective profit margin is calculated by dividing the corresponding amount by the total Turnover.

	2019		2018	
	Comparable figure	Margin	Comparable figure	Margin
EBITDA	13.003	7,26%	6.590	3,78%
Adjusted EBITDA*	8.422	4,70%	6.590	3,78%
EBIT	4.828	2,69%	2.634	1,51%
EBT	2.319	1,29%	(3.055)	(1,75%)
Net income	1.851	1,03%	(2.604)	(1,49%)

2) Net borrowing

Net borrowing is an indicator that aims to capture the capital structure of the Group. It is calculated by adding to the long-term loans the short-term part of the long-term loans and short-term loans, as well as the obligations for Sale & Lease Back leases, and subtracting the cash and cash equivalents. The calculations are presented in the following table:

	2019	2018
Long-term loans	51.352	-
Short-term part of long-term loans	1.550	24.523
Short-term loans	13.028	43.544
Sale & Lease Back leases	16.187	17.029
Less: Cash and cash equivalents	(2.219)	(5.890)
Net borrowing	79.898	79.206

3) Operating working capital

Operating capital is an indicator that aims to capture the Group's liquidity. The calculations are presented below:

	2019	2018
Inventory	14.392	13.686
Trade receivables and other receivables	33.206	29.620
Less: Suppliers and other trade liabilities	(40.612)	(36.402)
Operating working capital	6.986	6.904

G. RELATED-PARTY TRANSACTIONS (in thousand euro)

The related-party transactions and Parent Company's intercompany balances in accordance with I.A.S. 24, refer to the transactions with the following subsidiaries and other related, as presented in the following table:

Transactions with related-parties:	01/01/2019 - 31/12/2019		01/01/2018 - 31/12/2018	
	GROUP	COMPANY	GROUP	COMPANY
a) Sales / Revenue from services	616	1.394	-	1.126
b) Purchases	6	3.384	2	3.365
c) Key management personnel and members of Board compensation	1.011	951	1.031	961

Transactions with related-parties:	31/12/2019		31/12/2018	
	GROUP	COMPANY	GROUP	COMPANY
a) Receivables	698	1.212	-	2.270
b) Liabilities	73	2.997	-	35
c) Receivables from key management personnel and members of Board	-	-	1	1
d) Payables to key management personnel and members of Board	-	-	-	-

The related-party transactions and Parent Company's intercompany balances for 2019 are presented below:

Subsidiaries	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	1.230	3.316	1.207	35
ELGEKA FERFELIS ROMANIA S.A.	3	-	3	-
ELG HOLDINGS SINGLE-MEMBER S.A.	1	-	1	-
ELGEKA CYPRUS LTD	-	62	-	2.844
G.S.B.G. S.A.	159	5	-	117
Total	1.393	3.383	1.211	2.996
Other related parties	1	1	1	1
Total of subsidiaries and other related parties	1.394	3.384	1.212	2.997

The related-party transactions and Parent Company's intercompany balances for the prior year 2018 are presented below:

Subsidiaries	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	955	3.363	2.178	35
G.S.B.G. S.A.	171	-	92	-
Total	1.126	3.363	2.270	35
Other related parties	-	2	-	-
Total of subsidiaries and other related parties	1.126	3.365	2.270	35

Analytically, the following relationships exist between "ELGEKA S.A." and related companies:

1. ELGEKA S.A. – DIAKINISIS S.A.

"DIAKINISIS S.A." renders 3rd party logistics services to "ELGEKA S.A." based on a contractual agreement and it relates to warehousing and product distribution.

"ELGEKA S.A." charged "DIAKINISIS S.A." the following amounts:

- 632 thousand euro for the provision of consulting services
- 440 thousand euro for rentals
- 158 thousand euro for co-location costs (water and electricity expenses) and other costs

"DIAKINISIS S.A." has charged "ELGEKA S.A." the following amounts:

- 3.222 thousand euro for warehousing, distribution and repackaging services
- 94 thousand euro for rentals and other income

2. ELGEKA S.A. – GLOBAL SYNERGY BUYING GROUP S.A.

"ELGEKA S.A." charged "G.S.B.G. S.A." the following amounts:

- 159 thousand euro for the provision of consulting services

"G.S.B.G.S.A." has charged "ELGEKA S.A." the following amounts:

- 5 thousand euro for sale of goods

3. ELGEKA S.A. – ELGEKA FERFELIS ROMANIA S.A.

"ELGEKA S.A." charged "ELGEKA FERFELIS ROMANIA S.A." the following amounts:

- 3 thousand euro for sale of goods

4. ELGEKA S.A. – ELG HOLDINGS SINGLE-MEMBER S.A.

"ELGEKA S.A." charged "ELGEKA FERFELIS ROMANIA S.A." the following amounts:

- 1 thousand euro for rentals

5. ELGEKA S.A. – ELGEKA CYPRUS LTD

"ELGEKA S.A." charged "ELGEKA CYPRUS LTD" the following amounts:

- 62 thousand euro for loan interest

Companies are identified in the capital of which are involved with a percentage of at least 10%, members of the Board of Directors of "ELGEKA S.A." or shareholders with a participation percentage of at least 10%. Subsequently, it was checked the existence of transactions between such companies and "ELGEKA S.A.".

From the audit, it was realized that no transaction were made between "ELGEKA S.A." and companies in the capital of which participate with a percentage of more than 10% members of its Board of Directors or its shareholders with a percentage of at least 10%.

There were no changes in transactions between the Company and its related parties' individuals which could lead to important consequences with regard to the financial position and performance of the Company during 2019.

All aforementioned transactions were accomplished under the standard market rules.

**H. EXPLANATORY REPORT OF THE BOARD OF DIRECTORS
TO THE ANNUAL SHAREHOLDERS' GENERAL MEETING
OF THE COMPANY "ELGEKA S.A. TRADE – DISTRIBUTIONS – REPRESENTATIONS - INDUSTRY
(in accordance with paragraphs 7 and 8 of article 4 of L.3556/2007)**

Detailed information and requested explanations for the year 2019 (01/01/2019 – 31/12/2019) are presented below:

a) Structure of the Company's share capital including the shares which are not traded in organized market in Greece or in any other member-state. Report for any share category along with the rights and obligations derived from these shares as well as portion on share capital that these shares represent.

The Company's share capital amounts to 50.775.248 euro, divided in 31.734.530 ordinary shares with nominal value of 1,60 Euro each.

All the above shares are listed for trading in the Securities Market of the Athens Stock Exchange (participating in "Athex All Share Index" and in "FTSEGT/Athex Global Traders Index") and represent 100% of the total share capital of the Company.

The owner of a share has voting rights in any shareholders Annual or Special General Meeting, whereas the number of votes increases proportionally (one vote for each share). Own shares bare no voting rights.

Each share bares all the rights and obligations set out in law and in the Articles of Association of the Company.

Shareholders are liable towards third parties and the Company up to the shares' nominal value.

Holding a single share entails the acceptance of the Company's Articles of Association and the General Meeting and the Board of Directors' decisions, given they are taken within the limits of their jurisdiction and the Law.

Each shareholder is considered as resident at the Company's headquarters and is liable to Greek laws.

b) Limits on transfer of Company Shares, as suggestively the limits in shares possession or in obligation for pre-approval by the Company, from other shareholders of Public or Administrative Authority, with saving clauses of Law 3371/2005, article 4, par. 2.

The Company shares may be transferred as provided by the law. According to the Articles of Association of the Company there are no restrictions as regards to the transfer of shares. These shares are listed in the Athens Stock Exchange and are incorporeal.

c) Significant direct or indirect holdings in the sense of the articles 9 and 11 of law 3556/2007.

On 31/12/2019 the shareholders that held more than 5%, directly or indirectly, of the total number of shares and voting rights of the Company are the following:

Shareholder's name	Number of shares	% of share capital
Alexandros Katsiotis	10.356.023	32,633%
Elli Drakopoulou	4.148.820	13,074%
Aikaterini Drakopoulou*	3.173.453	10,000%
Athanasia Drakopoulou*	3.173.453	10,000%
Eleni Katsioti	1.917.840	6,043%
TOTAL	22.769.589	71,750%

*Ms. Aikaterini Drakopoulou and Ms. Athanasia Drakopoulou hold the bare ownership of these 3.173.453 shares each while holding the power to exercise the voting rights as well as the preemptive rights arising from those shares, while Ms. Elli Drakopoulou reserves the right to usufruct of the total of those shares.

d) Shares conferring special control rights.

There are no company shares, which provide to their owners' special control rights.

e) Limitations on voting rights, as suggestively the limits in voting rights of shareholders with a defined percentage of share capital or to owners of defined number of voting rights and the deadlines for voting rights.

With the exception of treasury shares, there are no limitations on voting rights of shareholders with a defined percentage of share capital or to owners of defined number of voting rights and the deadlines for voting rights.

f) Agreements among Company Shareholders, which are known to the Company and entail limitations on the transferring of shares or on voting rights.

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights, nor is there any provision in the Articles of Association providing the possibility of such agreements.

g) Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association if different from the provisions of L. 4548/2018 (that repealed L. 2190/1920).

Within the possibilities provided by L. 4548/2018, as in force, the Company's Articles of Association provide for the appointment and replacement of the members of the Board of Directors:

1. The Board of Directors can elect its members in replacement of those resigned, passed away or misplaced their status with any other manner. The prerequisite for this election is that the replacement of the above mentioned members is not possible by alternate members potentially elected by General Meeting. The above mentioned election from the Board of Directors is done by the remaining members, if they are at least three (3), and it is valid until the end of the service of the replaced member.
2. It is explicitly defined that in cases of resignation, death or loss of status of member or members of

Board of Directors with any other manner, the remaining members can continue with managing and representing the Company without the replacement of absent members. The prerequisite is that the number of them exceeds half of the total number of members before the above mentioned events. In any case these members cannot be less than three (3).

3. In any case, the remaining members of Board of Directors, regardless the number, might proceed to a General Meeting with exclusive issue the election of new Board of Directors.

The terms of Articles of Association in regard with its amendments are not varied from the predefined terms in C.L. 2190/1920, as it was replaced and is in force, from 01/01/2019, by L.4548/2018.

h) Authority of the Board of Directors or certain of its members to issue new shares or to purchase the own shares of the Company, pursuant to article 16 of Codified Law 2190/1920 (and already article 49 of 4548/2018).

Pursuant to the provisions of article 113 of L. 4548/2018, the Board of Directors increases the share capital of the Company by issuing new shares in the context of the implementation of Stock Option Plans approved by the General Meeting for the acquisition of Company shares by the beneficiaries with the specific terms and procedures provided for by the above provisions. There is no contrary provision in the Company's Articles of Association. The General Meeting decides on its own (in accordance with article 23 of L. 4548/2018 - with the quorum of article 130 par. 3 and 4 and the majority of article 132 par. 2 of L. 4548/2018) the increase of the share capital of the Company through the issue of new shares.

Pursuant to the provisions of article 49 of L. 4548/2018 (ex article 16 of the abolished C.L. 2190/1920), the Company may acquire its own shares only after approval by the General Meeting, up to 1/10 of the paid-up share capital, with the more specific terms and procedures provided by the provisions of article 49 of L. 4548/2018. There is no contrary provision in the Company's Articles of Association.

i) Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer. The results of this agreement would cause severe loss in the Company, except for the case of fact that the publicity of this agreement, due to the nature. The exception disclosure agreement does not apply if the obligation to disclose arises from other provisions.

"ELGEKA S.A." has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

j) Significant agreements with members of the Board of Directors or employees of the Company, for the payment of compensation on the case of resignation, or dismissal without ample explanation or termination of office or employment as a result of the public offer.

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without good reason or termination of their period of office or employment due to a public offer.

Municipality Delta – Industrial Area of Sindos, Thessaloniki
25 June 2020

Chairman of BoD & Managing Director
Alexandros Katsiotis