ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT FOR YEAR 2020

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 2020 TO 31 DECEMBER 2020 (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 2020 (01/01/2020 – 31/12/2020) 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 2020 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, 2020, is the 23rd 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, 2020 are the 16th 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 01/01/2020 TO 31/12/2020

2020 was a year in which the basic conditions and functions of the Economies changed significantly as a result of the COVID-19 pandemic and the measures taken to cope with it both locally and globally. The special conditions that developed during most part of the year, namely the restriction of movement, the reduction up to the elimination of entertainment activities outside home (restaurants, tourism, culture, etc.), the operation of mainly non-food retail trade through alternative distribution channels (internet, telephone orders, etc.), caused structural changes in the way the Economy operates.

In particular, a large part of consumers' disposable income was directed to consumption within the home, with the consequence trade of food and other consumer goods to face increased demand. At the same time, the mandatory use of alternative distribution channels for all non-food trade led to a dramatic increase in demand for distribution and transportation services, while the under-performance up to zero performance of the tourism industry for a country like Greece, whose economy depends largely on tourism, was deprived of significant resources from it.

Within this environment, ELGEKA Group achieved to increase market shares in its two main areas of activity, namely the trade of food and other consumer goods and the provision of logistics services, both in Greece and Romania, increasing its sales and further strengthening its commercial position. Its operating profitability followed the same positive course as sales, despite the fact of increased distribution and promotion costs as well as of the unexpected needs regarding the handling of pandemic throughout the year. However, the negative contribution of non-operating figures, such as the burden on financial costs compared to the fiscal year 2019 in which a benefit was included due to the restructuring of long-term borrowing (in accordance with the real interest rate method), the realization of losses from the sale of investment properties, as well as the loss from the valuation of the real estate portfolio in Romania, contributed to the formation of the net result at negative levels.

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

<u>Turnover (sales)</u> of the Group amounted to 192.494 thousand euro in the current financial year over 179.223 thousand euro the previous year of 2019, showing an increase of 13.271 thousand euro or 7,40%. This change is mainly due to the increase in the market shares of the various products traded by the Group, as a consequence of both the quantitative and qualitative improvement of the product portfolio, as well as the successful promotion and growth strategy pursued during the year in the individual markets in which operates ELGEKA Group (Greece, Romania). At the same time, the increased demand for transportation and distribution services contributed to the positive movement in revenues from this activity. The impact of these facts is reflected in the increase in the activities of both the segment of “Trade in food and other consumer products” by the amount of 10,9 million euro and the “Logistics services” segment by the amount of 2,4 million euro.

Sales per Segment (in thousand euro)	**2020**	**2019**	**%**
Trade of food and other consumer products	157.189	146.269	*7,47%*
Real estate	329	352	*(6,53%)*
Logistics services	34.976	32.602	*7,28%*
TOTAL	**192.494**	**179.223**	***7,40%***

<u>Gross profit</u> of the Group amounted to 33.432 thousand euro for the year 2020 compared to 30.862 thousand euro of the previous year, presenting an increase of 2.570 thousand euro or 8,33% in percentage, shaping the gross margin at 17,37% as opposed to 17,22% in 2019. The resilience 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.

<u>Other operating income</u> of the Group was increased by 6,49% compared with 2019, or by 452 thousand euro, mainly due to the benefit that resulted from the reduced payment of operating leases of the Group for some months during the year, in the context of the emergency measures to deal with the pandemic, which was accounted for as income in accordance with I.F.R.S. 16.

Group's Operating Costs presented increase by 2.282 thousand euro or by 6,91% in percentage, i.e. from 33.001 thousand euro in 2019 to 35.283 thousand euro in 2020. This result is a consequence mainly to the increase in Selling and Distribution Costs by 2.155 thousand euro, as a consequence of the increased costs for distribution and promotion of products due to increased sales volume.

Profit before interest, tax, depreciation and amortization ("EBITDA") of the Group during the year 2020 amounted to 13.595 thousand euro compared to 13.003 thousand euro in 2019. The positive movement of 592 thousand euro is mainly due to the increase in sales, the simultaneous marginal increase in gross profit margin as well as the retention of operating cost.

At the segment level, there was an increase in "EBITDA" in the segment of "Real estate" and that of "Logistics services".

EBITDA per Segment (in thousand euro)	**2020**	**2019**	***Variation***
Trade of food and other consumer products	6.444	6.772	*(328)*
Real estate	639	(84)	*723*
Logistics services	6.743	6.461	*282*
Other	(231)	(146)	*(85)*
TOTAL	**13.595**	**13.003**	***598***

Operating profit of the Group amounted to 5.568 thousand euro against 4.828 thousand euro in the previous year, recording increase of 740 thousand euro, which is the consequence of the factors that already described.

Financial Expenses are increased by 1.498 thousand euro over the previous year, i.e. they amount to 6.352 thousand euro in 2021 compared to 4.854 thousand euro in 2019. This change is due to the fact that during the comparable fiscal year 2019 was completed the restructuring of borrowing, which resulted in the immediate recognition of a financial benefit of 2.839 thousand euro for the Group, an amount which will gradually be included into the financial cost during the duration of new loan and until its expiration. This charge for 2019 amounted to 341 thousand euro and for 2020 amounted to 746 thousand euro.

The Other Financial Results amounted to 773 thousand euro (expenses) compared to expenses of 200 thousand euro in 2019. Their increase is mainly due to the loss from the sale of investment properties amounting to 677 thousand euro.

Loss before tax of the Group amounted to 1.394 thousand euro the year ended against profit of 2.319 thousand euro in 2019 as a result of the above mentioned facts, as well as of the marginally positive effect from the valuation of Investment property in relation to the previous year (increase of their value by the amount of 138 thousand euro in relation to increase of 920 thousand euro in 2018).

Results after tax decreased due to the aforementioned factors and were formed during the year 2020 in loss of 1.360 thousand euro compared to profit of 1.851 thousand euro of the previous year of 2019. The table below describes in detail the reasons for the change in Results after tax.

Change in Result after tax 2019 - 2020	
Increase of gross profit due to increased sales	+ 2.305 th. euro
Increase of gross profit due to increased gross margin	+ 265 th. euro
Increase of Other Operating Revenues	+ 452 th. euro
Increase of operating expenses (Selling and Distribution – Administration expenses)	- 2.784 th. euro
Decrease of Other Operating Expenses	+ 502 th. euro
Increase of financial cost (revenue – expenses)	- 1.497 th. euro
Increase of other financial results	- 573 th. euro
Valuation of investment property	- 782 th. euro
Participation in the results of joint ventures / associates	- 1.601 th. euro
Income tax	+ 502 th. euro
Total change in Result	**- 3.211 th. euro**

Losses of Group attributable to shareholders of "ELGEKA S.A.", after tax and non-controlling interest amounted to 2.284 thousand euro in the year 2020 compared to profits of 413 thousand euro in the previous year of 2019.

Loss per share of the Group reached 0,0720 euro in 2020 compared to profits of 0,0130 euro in the comparable year of 2019.

During the fiscal year 2020, ELGEKA Group focused on the expansion of its shares in the various markets it operates, while keeping its operating costs at the low levels of the previous year. As a result, the Group managed to achieve a significant increase in its sales, both in Greece and in Romania, to maintain its gross profitability and at the same time to preserve its operating costs, thus improving its operating profits. The key elements of the financial data that characterized 2020 at Group level are the following:

- The significant increase in sales by 7,40%, which is due to the increase in sales of food and other consumer goods (+ 7,47%) as well as the increase in revenues from provision of logistics services (+ 7,28%).
- Maintaining the gross profit margin at constant levels (from 17,22% in 2019 to 17,37% in 2020).
- The hold of operating costs and specifically the increase of operating expenses (Selling and Distribution Expenses, Administration Expenses, Other Operating Expenses) by 6,91%, compared to the increase in sales by 7,40%. As a result, the EBIT (Earnings before interest and taxes) margin stood at 2,89% in 2020 compared to 2,69% in 2019.
- The increase in financial costs compared to the fiscal year 2019 in which a benefit was incorporated due to the restructuring of long-term borrowing.

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 31/12/2020, to 60.980 thousand euro representing 39,87% of the Group's Total Assets as opposed to 64.710 thousand euro in 31/12/2019.

In 31/12/2020, the Group Equity represents 1,45% of the Group's Total Equity and Liabilities amounting to 2.214 thousand euro as opposed to 4.659 thousand euro in 31/12/2019.

Group's total Liabilities amounted to 150.730 thousand euro as opposed to 152.772 thousand euro in

31/12/2019, representing an decrease by 1,34%. The long term liabilities of the Group amounted to 83.530 thousand euro as opposed to 80.873 thousand euro in 31/12/2019, presenting increase by 3,29%.

Group's Long term bank liabilities amounted to 55.934 thousand euro as opposed to 51.352 thousand euro in 31/12/2019, representing an increase of 4.582 thousand euro.

Finally, Group's Short term bank liabilities (long term liabilities payable within the following year included) at 31/12/2020 amounted to 15.681 thousand euro (10,25% of Total Liabilities and Equity), increased by 1.103 thousand euro as opposed to those in 31/12/2019, which amounted to 14.578 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 2020, in relation to the fiscal year of 2019:

A) Financial Structure Ratios

	2020	2019
1. Property Funding Ratio		
Fixed Assets / Total Assets	58,33%	59,34%
Current Assets / Total Assets	41,67%	40,66%
2. Leverage ratio		
Total Debt* / Equity	39,26	17,63

***** Liabilities from Sale & lease back included

	2020	2019
3. Fixed Assets Coverage Ratio		
Equity / Fixed Assets	2,48%	4,99%
Equity & Long-term Liabilities / Fixed Assets	96,12%	91,55%
4. Current ratio		
Current Assets / Current Liabilities	94,85%	89,02%

B) Profitability Ratios

	2020	2019
1. Return on Equity		
Earnings before tax (EBT) / Equity	(62,96%)	49,77%
2. Gross profit margin		
Gross profit / Sales	17,37%	17,22%

3. Equity turnover

Sales / Equity	86,94	38,47

4. Gross Profit to Cost of Sales Ratio

Gross Profit / Cost of Sales	21,02%	20,80%

C) Activity Ratios

1. Creditors' Turnover ratio	2020	2019
Trade Creditors X 360 days / Cost of Sales	79 days	99 days
2. Debtors' Turnover ratio		
Trade Debtors X 360 days / Sales of Stock & Services on credit	59 days	67 days
3. Inventory Turnover ratio		
Inventory X 360 days / Cost of sales	30 days	35 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 68.814 thousand euro as opposed to 64.515 thousand euro in the previous year of 2019.

Gross profit amounted to 23.662 thousand euro in 2020 from 21.892 thousand euro in the corresponding previous year, which is an increase of 1.170 thousand euro or 8,09%, while gross profit margin formed to 34,39% from 33,93% in the year 2019.

Other operating income reached the amount of 2.490 thousand euro in 2020 against 3.097 thousand euro in the previous year.

Operating Expenses increased by 9,42%, namely from 21.856 thousand euro in the previous year of 2019 amounted to 23.915 thousand euro in the closing year of 2020, namely an increase of 2.059 thousand euro, mainly as a result of the distribution costs of the increased sales volume, the enhanced promotion plan of the traded products, as well as the extraordinary expenses incurred in the context of the COVID-19 pandemic.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") amounted to 2.821 thousand euro against 3.786 thousand euro in the previous year of 2019, presenting a decrease of 965 thousand euro, which is mainly due to the aforementioned decrease of Other Operating Income.

Operating profit of the Company amounted to 2.237 thousand euro as opposed to loss of 3.133 thousand euro of the previous year, presenting a decrease of 896 thousand euro.

Financial Expenses increased by 1.278 thousand euros compared to the previous year, i.e. they amounted to 3.057 thousand euro in 2020 compared to 1.779 thousand euro in 2019. This change is due to the fact that during the comparable year 2019 was completed the restructuring of the borrowing, the consequence of which was the immediate recognition of a financial benefit of 2.190 thousand euro for the Company, an amount which will gradually be included into the financial cost during the duration of new loan and until its expiration.

Profit before tax amounted to 35 thousand euro during 2020 versus 1.619 thousand euro in 2019, presenting a decrease of 1.584 thousand euro, as a result of the increased financial cost.

Profit after tax of year 2020 amounted to 36 thousand euro against 920 thousand euro in the previous year, presenting a decrease of 884 thousand euro.

Profit per share of the Parent Company amounted to 0,0011 euro for the year 2020 compared to 0,0290 euro for the year 2019.

From the above data it appears that the Parent Company managed in the current year to increase its sales, marginally improving its gross profit margin and at the same time to keep its operating costs, despite the fact that the extraordinary conditions caused by the spread of the COVID-19 pandemic resulted in extraordinary expenses. The key financial highlights of the specific year, for the Parent, briefly are the following:

- The increase of sales by 6,66%, with a parallel increase of the gross profit margin from 33,93% in the comparable year of 2019 to 34,39%.
- The increase in financial cost due to the benefit that was included in the fiscal year 2019 as a consequence of the restructuring of the borrowing in the previous fiscal year.
- The positive contribution to the Company's Results from the income from dividends of participations amounting to 411 thousand euro.

B. SIGNIFICANT EVENTS

a) Significant events for the year 2020

In Group level, during 2020, were made the following investment - business developments:

- The spread of COVID-19, which in March 2020 was declared a pandemic by the World Health Organization, has affected business and economic activity worldwide, affecting to a greater or lesser extent the markets in which the Group operates. In March 2020, the Greek Government issued its decision to impose a temporary operational suspension of a number of retail stores, shopping malls and other gathering places, in order to limit the spread of the coronavirus, while measures were imposed to restrict the movement of citizens. The same situation was repeated in November until the end of the year, due to the large increase in cases within the Greek territory. As a result, most sectors of the Greek economy were affected significantly by reduced or even zero consumption, while the retail sector of food and other consumer goods increased in size, as a great part of the available consumer income directed to it. However, one of the most important sectors of the Greek economy, tourism, was hit hard by the spread of the pandemic and as a result, counter-pressures were exerted on the retail trade. This situation creates conditions for volatility of business activity and economic figures.

  The Group closely monitors the developments regarding the spread of the coronavirus, in order to adapt to the special conditions that arise in order to deal with and limit its spread. For this reason, the possible effects of the pandemic are monitored and evaluated, prioritizing the protection of the health and safety of its employees, customers and other associates. It complies with the official instructions of the competent authorities for the operation of its facilities in the countries in which it activates, while at the same time examines all the actions necessary to protect the financial figures of the Company and the Group and ensure their operation with the restrictions they have imposed but also to take measures for the smooth resumption of all their activities after the gradual lifting of the restrictive measures.

- The Extraordinary General Meeting of Shareholders of the Parent Company "ELGEKA S.A." of December 11, 2020 decided to reduce the share capital of the Company by the amount of 43.159 thousand euro with a reduction of the nominal value of each common registered voting share of the Company from 1,60 euro to 0,24 euro, and with the equivalent write-off (offset) of accumulated accounting losses of previous years, namely the amount of 43.159 thousand euro. This method is a rehabilitation method, as the Company presents its financial position more clearly. After the above reduction, the share capital of the Company amounts to 7.616 thousand euro divided into 31.734.530 common registered voting shares, with a nominal value of 0,24 euro each. In addition, the same Extraordinary General Meeting decided the increase of the share capital of the Company up to the amount of 6.855 thousand euro with cash payment and pre-emptive right in favor of the old shareholders, in accordance with article 26 of L.4548/2018, as in force, and the issuance of up to 28.561.077 new common registered voting shares, with a nominal value of 0,24 euro each, in a ratio of nine (9) new shares for every ten (10) old shares and Issue Price that will be defined by a new decision of the Board of Directors. On 29.12.2020 was registered in the General Commercial Register (G.E.MI.), with Registration Code Number 2433521, the decision number 138581/29.12.2020 of the Ministry of Development & Investments (General Secretariat for Commerce & Consumer Protection - General Secretariat of Market - Directorate of Companies - Department of Supervision of Public Companies & Athletic Companies) with which approved the amendment of article 5 of the Company's Articles of Association, in accordance with the decisions from 11.12.2020 of Extraordinary General Meeting of the Company's Shareholders.

- Finally, the investments in Fixed Assets and Investment Property for 2020 amounted to 1.585 thousand euro and 267 thousand euro for the Group and the Parent Company, respectively.

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

Except of the emergence and spread of the COVID-19 pandemic referred to in Note 45 of the Annual Financial Report, there are no other events that took place after the date of Financial Statements that relate either to Group or to Company, for which it is required by International Financial Reporting Standards either disclosure or alteration in the amounts of published Financial Statements.

C. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES

The year 2020 was characterized by the spread of COVID-19 and the action measures taken both domestically and internationally. A significant part of the Greek Economy ceased its activity in whole or in part for a period of few months (mid-March to May - June and November - December) and significant restrictions were placed on the mobility of citizens, while tourism suffered a major blow and together with it the entire domestic Economy.

This situation has had as a consequence both domestic and international consumption to be affected in terms of both quantity and quality. In particular, consumers were faced with a situation where on the one hand their incomes decreased, while at the same time conditions of uncertainty were created regarding their future incomes, on the other hand their needs were de facto reduced, due to the cessation of activity of great part of the Economy.

As a consequence of the above, many sectors of the Economy suffered a great loss as they experienced zero activity, other sectors received significant reductions, while a few sectors were found to face significantly increased demand and activity.

In particular, the retail sector of food and other consumer goods increased its activity, as a significant part of consumption was directed to it either for reasons of increased needs (in-house consumption) or for reasons of household stocking. However, the significant reduction in the number of tourists and consequently in tourism revenue, but also in the resulting consumption, worked in reverse to the aforementioned increase in retail activity and limited its size.

All of the above points demonstrate a constant change in consumer trends, which in turn affects the way businesses operate. The way Economies operate both locally and internationally has undergone structural changes during 2020 and these changes are expected gradually to receive a permanent character, as consumers are trained to operate in a specific way.

Within this new environment, companies that show a high degree of adaptability to new circumstances are expected to enjoy higher market shares, while reversely companies that are unable to follow new trends will find themselves quickly out of the market.

In 2021, the challenges that businesses will face are expected to be significant. 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 have entered into a recession and therefore strong pressures will be exerted on household consumption and consequently on the financial figures of businesses. In addition, the possibility of an increase in the number of cases and therefore the imposition of new restrictive measures significantly increases the conditions of uncertainty. Therefore, it is considered certain that the conditions for 2021 will be particularly demanding.

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 their 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.

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 2020, Parent ELGEKA managed to increase its sales, improve its gross profit margin and control its operating costs. However, the increased distribution costs (due to increased sales volume) and promotion that it carried out in combination with the reduced Other operating income resulted in a decrease in its operating profitability. 2021 is expected to be a year of further development of the Company, greater market penetration and improvement of its financial figures despite the special 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.”, which maintain a steady course given the effects of Coronavirus.

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 2020, achieving an increase in its sales by 6,1%, in its gross profitability as well as a decrease of its operating costs, resulting to an improvement of its profitability at any level. “ELGEKA FERFELIS ROMANIA S.A.” operates in an environment characterized by satisfactory growth rates and positive prospects for the future. As a result, it is expected the positive contribution to the financial figures of ELGEKA Group for next year.

ELGEKA Group is active in the sector of "Logistics services" through the company “DIAKINISIS S.A.”, which is one of the greatest companies of the sector. The company “DIAKINISIS S.A.” which operates in the provision of warehousing, distribution and packaging services, takes steps to further increase its market share in a highly competitive and low-profit industry while maintaining its cost levels at low level. In this context, it achieved during 2020 on the one hand to increase its sales by 7,2% and on the other hand to control its operating costs and thus increase its operating profitability.

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 2020, property prices in Romania presented a small decrease, contributing negatively to Group’s financial figures, while in Greece the Group’s property portfolio showed an increase in value. In 2021 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 2021 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 2021 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 2021 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
2020	EUR	1%	(688)
		-1%	688
2019	EUR	1%	(670)
		-1%	670

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
2020	EUR	1%	(400)
		-1%	400
2019	EUR	1%	(425)
		-1%	425

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
2020	RON	5%	95	874
		-5%	(95)	(874)
2019	RON	5%	78	858
		-5%	(78)	(858)

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 31/12/2020, the Group and the Company possessed 7.258 thousand euro and 4.363 thousand euro respectively in cash (31/12/2019: 2.219 thousand euro and 1.254 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.

In this context, the Extraordinary General Meeting of Shareholders of the Parent Company "ELGEKA S.A." of December 11, 2020 decided to proceed with a Share Capital Increase of up to 6.855 thousand euro with the aim of improving the capital structure of the Group, improving the working capital to strengthen partnerships and shielding its smooth operation both in current and special conditions that will be created in the future due to the pandemic.

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.

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 intension 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, did not have a significant impact on their current smooth operation, but is an obstacle to their further growth in categories and new distribution channels such as restaurants and tourist areas, where due to pandemic there is limited or zero demand.

The main areas of activity of the Group, namely the trade of food and other consumer goods and the provision of logistics services, in the short term showed resistance to declining economic activity. 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.4548/2018. This statement has been prepared in accordance with the relevant provisions of 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 will be settled at the next General Meeting of the Company in the context of general harmonization with the new provisions of L.4706/2020. It is pointed out that the current provisions on independence are applied in accordance with the current L.3016/2002.
- 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, as mentioned above, will be settled at the next General Meeting of the Company.
- 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 2020 no bonus was given to executive members of the Board of Directors (C.I., par.1.3 of the Code).
- The Remuneration and Nomination Committee is not composed of a majority of independent members, based on the criteria of independence of the Code (C.I., par. 1.6 of the Code). This deviation will be settled at the next General Meeting of the Company.

- 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). It is noted that the Company made use of the possibilities provided by L.4548/2018, as amended based on L.4712/29.07.2020, for the conduct of a General Meeting by teleconference, and therefore the Extraordinary General Meeting of 11.12.2020 was held via teleconference.
- The Company has not adopted a policy of diversity including gender balance for members of the Board of Directors and senior managers. During 2020 the Board of Directors consisted of a majority of men, from the total of six (6) members the five (5) 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).
- In 2020 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.4706/2020, according to which, in the year 2021, 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 2020 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	*42*	*42*
2	Elli Drakopoulou	Vice-Chairman, Non-Executive member	*42*	*42*
3	Stylianos Stephanou	Non-Executive, independent member	*42*	*42*
4	Michalis Fandridis	Non-Executive	*42*	*42*
5	Nikolaos Milios	Non-Executive, independent member	*42*	*40*
6	Adamantios Lentsios	Non-Executive member	*42*	*41*

The Board of Directors held in total forty-two (42) meetings in 2020, of which nineteen (19) 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 2020 were the following:

	Capacity	**Name**	**Number of meetings that held during its term**	**Number of meetings that was attended**
1	Chairman	Stylianos Stephanou	`	*14*
2	Member	Michalis Fandridis	*14*	*14*
3	Member	Nikolaos Milios	*14*	*14*

The Chairman of Audit Committee Mr. Stylianos 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 2020 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.
- Informed the Ordinary General Meeting about the activities of the fiscal year 2019, in accordance with the requirements of article 44, par. 1i of L.4449/2017, as amended based on L.4706/2020.

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 2020 were as follows:

	Capacity	Name	Number of meetings that held during its term	Number of meetings that was attended
1	Chairman	Nikolaos Milios	*4*	*4*
2	Member	Stylianos Stephanou	*4*	*4*
3	Member	Michalis Fandridis	*4*	*4*
4	Member	Adamantios Lentsios	*4*	*4*

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.

The main issues handled by the Remuneration and Nomination Committee in 2020 were:

- Suggested to the Board of Directors the Remuneration Policy, according to article 110 of L.4548/2018, in the context of its final approval by the Ordinary General Meeting.
- Suggested to the Board of Directors the Remuneration Report, according to article 112 of L.4548/2018, in the context of its final vote by the Ordinary General Meeting.
- Suggested to the Board of Directors the proposed remuneration of the members of the Board of Directors for the year 2020, in the context of their final approval by the Ordinary General Meeting.
- Suggested to the Board of Directors proposal on the salary of the General Financial Director of the Group.

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. In any case, in the context of harmonization with the provisions of L.4706/2020, the Company intends to formulate a policy with broader diversity criteria regarding the composition of its administrative and supervisory bodies.

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 2020 the total remuneration and benefits paid by the Company and its subsidiaries to executive members of Board of Directors amounted to 95 thousand euro, while to the non-executive members paid 165 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 01/01/2020 - 31/12/2020 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 2021 for the approval of the results of the year 2020, the Remuneration Report of the members of the Board of Directors for the remuneration paid during the year 2020 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 2020, 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, 248.000 sq.m. outside protected area and 7.000 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 2020.

2. Non-financial indices

Basic figures	2020
Social impact	
Taxes and contributions paid to Greek State (€)	11.098.227
Amounts paid for social actions (€)	64.600
Environment	
Consumed electricity (KWH)	6.044.468
Recycling of materials (tons)	933
Contributions paid for the recycling of packaging materials for the goods sold (€)	72.000
Waste of electrical and electronic equipment - WEEE (tons)	0,2
Lead battery recycling (tons)	0,7
Employees	
Number of employees (31.12.2020)	870
Age distribution of employees	
<30 years old	80
Between 30 and 50 years old	590
>50 years old	200
Percentage of women in total employees (%)	36%
Employees covered by contracts of indefinite duration (%)	99,9%
Investment in training (€)	28.232
Group insurance of employees (€)	152.776
Employees' accidents	0
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 2020, 933 tons of various materials were recycled by the Group companies, mainly for packaging from paper and cardboard, metals, wood, glass, etc, as well as 0,7 tons of lead batteries and 0,2 tons of electrical and electronic equipment ‘s waste. In addition, it was paid approximately 72 th. euro as contributions for the recycling of the packaging materials of its sold products.

The electricity consumption of Group’s companies amounted to 6.044.468 Kwh, of which approximately 33% came from renewable energy sources, a percentage which the Group aims to increase in the coming years.

As part of the ELGEKA Group's environmental policy and energy management, in the last quarter of 2020 began the implementation of a program to replace conventional light bulbs with LED energy saving light bulbs in the offices where the central administrative departments of “ELGEKA S.A.” are located. The project with a total budget of 12,8 thousand euros will be completed within 2021, resulting in about 30% energy saving.

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 11,1 million euro during the year 2020.

Through the companies of the Group, funds and free products were provided to support various institutions with a total value of 64,6 thousand euro.

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 870 employees, of which 36% are women. The 99,9% 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, he/she 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 2020 no work-related accidents occurred in the Group's companies and, consequently, no fatal work-related accident.

In addition to the requirements of labor law, the following actions were implemented in 2020:

- Among the actions for the protection of employees against the COVID-19 epidemic, the Group proceeded to the installation of a mechanical ventilation system of the building where the headquarters of ELGEKA and DIAKINISIS are located, with a total area of 1,900 sq.m. approximately. This project, with a total estimated cost of 84 thousand euro, is in progress and is implemented by a specialized company in the field of ventilation, which has developed the specific system with the support of the Technical University of Berlin. Through this system, the concentration of particles indoors is significantly reduced, as the indoor air is constantly renewed.

- In parallel with the above installation, ELGEKA carried out a complete rearrangement of office space in such a way that the layout of workplaces ensures comfort, proper ventilation and maintaining adequate safety distances between employees.
- 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 28 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 152,8 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 2020, 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.

	2020	2019
Profit / (Losses) from operating activities	5.568	4.828
Depreciation of assets	8.110	8.263
Depreciation of asset subsidies	(83)	(88)
EBITDA	**13.595**	**13.003**

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.

	2020	2019
EBITDA	13.595	13.003
Lease expenses	(4.678)	(4.581)
Adjusted EBITDA*	**8.917**	**8.422**

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.

	2020		2019	
	Comparable figure	**Margin**	**Comparable figure**	**Margin**
EBITDA	13.595	7,06%	13.003	7,26%
Adjusted EBITDA*	8.917	4,63%	8.422	4,70%
EBIT	5.568	2,89%	4.828	2,69%
EBT	(1.394)	(0,72%)	2.319	1,29%
Net income	(1.360)	(0,71%)	1.851	1,03%

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:

	2020	2019
Long-term loans	55.934	51.352
Short-term part of long-term loans	2.962	1.550

Short-term loans	12.719	13.028
Sale & Lease Back leases	15.309	16.187
Less: Cash and cash equivalents	(7.258)	(2.219)
Net borrowing	**79.666**	**79.898**

3) Operating working capital

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

	2020	**2019**
Inventory	13.109	14.392
Trade receivables and other receivables	31.332	33.206
Less: Suppliers and other trade liabilities	(34.975)	(40.612)
Operating working capital	**9.466**	**6.986**

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:

	01/01/2020 - 31/12/2020		**01/01/2019 - 31/12/2019**	
Transactions with related-parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Sales / Revenue from services	3.437	1.392	616	1.394
b) Purchases	701	4.105	6	3.384
c) Key management personnel and members of Board compensation	933	873	1.011	951

	31/12/2020		**31/12/2019**	
Transactions with related-parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Receivables	2.220	869	698	1.212
b) Liabilities	8.636	9.996	73	2.997
c) Receivables from key management personnel and members of Board	-	-	-	-
d) Payables to key management personnel and members of Board	-	-	-	-

The related-party transactions and Parent Company's intercompany balances for 2020 are presented below:

Subsidiaries	**Sales / Income**	**Purchases/ Expenses**	**Receivables**	**Liabilities**
"DIAKINISIS S.A."	1.009	3.552	4	4.804
"ELG HOLDINGS SINGLE-MEMBER S.A."	1	-	-	-
"ELGEKA CYPRUS LTD"	-	173	411	4.818
"G.S.B.G. S.A."	213	-	278	-
Total	**1.223**	**3.725**	**693**	**9.622**
Other related parties	169	380	176	374
Total of subsidiaries and other related parties	**1.392**	**4.105**	**869**	**9.996**

The related-party transactions and Parent Company's intercompany balances for the prior year 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**

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:

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

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

- 3.451 thousand euro for warehousing, distribution and repackaging services
- 101 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:

- 184 thousand euro for the provision of consulting services
- 29 thousand euro for sale of goods

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

"ELGEKA S.A." charged "ELG HOLDINGS SINGLE-MEMBER S.A." the following amounts:

- 1 thousand euro for rentals

4. ELGEKA S.A. – ELGEKA CYPRUS LTD

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

- 173 thousand euro for loan interest

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 2020.

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 2020 (01/01/2020 - 31/12/2020) 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 on December 31st, 2020 amounts to 7.616.287,20 euro, divided in 31.734.530 ordinary shares with nominal value of 0,24 euro each.

The Extraordinary General Meeting of Shareholders of the Parent Company "ELGEKA S.A." of December 11, 2020 decided to reduce the share capital of the Company by the amount of 43.158.960,80 euro with a reduction of the nominal value of each common registered voting share of the Company from 1,60 euro to 0,24 euro, and with the equivalent write-off (offset) of accumulated accounting losses of previous years, namely the amount of 43.158.960,80 euro. In addition, the same Extraordinary General Meeting decided the increase of the share capital of the Company up to the amount of 6.854.658,48 euro with cash payment and pre-emptive right in favor of the old shareholders, in accordance with article 26 of L.4548/2018, as in force, and the issuance of up to twenty-eight million five hundred sixty-one thousand seventy-seven (28.561.077) new common registered voting shares, with a nominal value of 0,24 euro each, in a ratio of nine (9) new shares for every ten (10) old shares.

On 29.12.2020 was registered in the General Commercial Register (G.E.MI.), with Registration Code Number 2433521, the decision number 138581/29.12.2020 of the Ministry of Development & Investments (General Secretariat for Commerce & Consumer Protection - General Secretariat of Market - Directorate of Companies - Department of Supervision of Public Companies & Athletic Companies) with which approved the amendment of article 5 of the Company's Articles of Association, in accordance with the decisions from 11.12.2020 of Extraordinary General Meeting of the Company's Shareholders.

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 Extraordinary 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 31/12/2020 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*	3.652.913	11,511%
Athanasia Drakopoulou*	3.652.913	11,511%
TOTAL	**21.810.669**	**68,729%**

*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) Restrictions on voting rights, such as restrictions on voting rights for holders of a certain percentage of the share capital or holders of a certain number of voting rights and the deadlines for exercising voting rights or systems in which, in cooperation with the Company, the financial rights arising from securities are separated from the holding of securities

There are no restrictions on holders of a certain percentage of the share capital or a certain number of voting rights of the Company for the exercise of their voting right, except in the case of the Company's shares belonging to it (Own shares), which cannot be represented in the General Meetings of its Shareholders.

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 deriving from its shares.

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) Any significant agreement entered into by the Company and which enters into force, is

amended or expires in the event of a change in the Company's control following a public offer and the results of this agreement, unless, due to its nature, the disclosure of the agreement will caused serious damage to the Company. The exemption of disclosure of the agreement does not apply when 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) Any agreement that the Company has concluded with members of the Board of Directors or its employees, which provides for compensation in case of resignation or dismissal without a valid reason or termination of their term or employment due to the public offer.

The Company has not entered into agreements with members of its Board of Directors or with its staff, which provide for the payment of compensation, especially in case of resignation or dismissal without a valid reason or termination of the term of the member of the Board of Directors or the employment of its staff due to a public offer.

Municipality Delta – Industrial Area of Sindos, Thessaloniki
5 March 2021

Chairman of BoD & Managing Director
Alexandros Katsiotis