GROUP OF COMPANIES

HOUSEMARKET S.A.

REG. NO: 46208/04/B/00/37(04)

GENERAL ELECTRONIC COMMERCIAL REGISTRY NO: 003804201000

OFFICES: BUILDING 501 – ATHENS INTERNATIONAL AIRPORT

ANNUAL FINANCIAL REPORT

For the period

1/1/2018 to 31/12/2018

(TRANSLATED FROM THE GREEK ORIGINAL)

(In accordance with Law 3556/2007)

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Statements of Members of the Board of Directors

(in accordance with article 4 par. 2 of L. 3556/2007)

The members of the Board of Directors

1. Dafni A. Fourlis, Chairman
2. Vassilis S. Fourlis, Vice Chairman and
3. Panagiotis D. Katiforis, CEO

We confirm that to the best of our knowledge:

a) The Financial Statements (Consolidated and Separate) of the Company HOUSEMARKET S.A. for the period 1/1/ - 31/12/2018 which have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU, provide a true and fair view of the Assets, Liabilities and Shareholders Equity along with the income statement of the Group as well as of the companies that are included in the consolidation taken as a whole.

b) The Annual Report of Board of Directors provides a true and fair view of the evolution, performance and financial position of HOUSEMARKET S.A. and of the companies included in the consolidation, taken as a whole, as well as a description of the main risks and uncertainties they face.

Paiania, March 18 2019

The Chairman	The Vice Chairman	The CEO
Dafni A. Fourlis	Vassilis S. Fourlis	Panagiotis D. Katiforis

Annual Report of the Board of Directors of the Company HOUSEMARKET SA for the period 1/1 – 31/12/2018

TO THE SHAREHOLDERS ANNUAL GENERAL ASSEMBLY OF YEAR 2019

Dear Shareholders,

This Financial Report of the Board of Directors is for the period 1/1 - 31/12/2018 and was conducted in compliance with the relevant provisions of L. 2190/1920 as applied until 31/12/2018, article 4 of L. 3556/2007 and resolution 7/448/22.10.2007 of Hellenic Capital Market Commission. Consolidated and Separate Financial Statements comply to IFRS as adopted by EU.

Please find below, for your approval, the Annual Financial Report (Consolidated and Separate) of the Company HOUSEMARKET S.A. for the period 1/1 - 31/12/2018 and the Group composed by its direct and indirect subsidiaries.

1. THE GROUP – Business Segment

The parent Company HOUSEMARKET S.A. ("Company") along with its subsidiaries and their subsidiaries ("Group") which operate in the retail trading of home furniture and household goods segment (IKEA Stores). The parent company is subsidiary of the company FOURLIS HOLDINGS S.A. with a direct shareholding of 100%. FOURLIS HOLDINGS SA along with its direct and indirect subsidiaries compose FOURLIS Group, which is operating in retail trading of home furniture and household goods segment (IKEA Stores) and retail trading of sporting goods segment (INTERSPORT and TAF Stores).

Sybsidiary companies and their subsidiaries of the Group that are included in the consolidated financial statements for the year 2018, are as follows:

a) Full method

- H.M. HOUSEMARKET (CYPRUS) LTD which operates in Cyprus and the Company has a shareholding of 100%.
- HOUSE MARKET BULGARIA AD which operates in Bulgaria and the Company has a shareholding of 100% (except one share).
- WYLDES LTD which operates in Cyprus and the Company has a shareholding of 100%. Through associated companies WYLDES LTD, VYNER LTD and SW SOFIA MALL ENTERPRISES LTD, the Group has a shareholding in the company SOFIA SOUTH RING MALL EAD, which operates one of the biggest malls in Sofia of Bulgaria, as well as all relative activities.

- RENTIS REAL ESTATE INVESTMENTS SA which operates in Greece and the company HM HOUSEMARKET (CYPRUS) LTD has a shareholding of 100%.
- TRADE LOGISTICS S.A. which operates in Greece and the Company has a shareholding of 100% (except one share).

b) Net Equity method

Affiliated companies

The Group's consolidated data include, the following affiliated companies:

- VYNER LTD which operates in Cyprus and the company WYLDES LTD has a direct shareholding of 50%.
- SW SOFIA MALL ENTERPRISES LTD which operates in Cyprus, in which WYLDES LTD has a direct shareholding of 50%.

2. Group Consolidated Results

(All the amounts are in thousands of euro unless otherwise stated)

The revenue of the Group increased by 2,05% compared to the corresponding prior year period. More analytically: The Group (IKEA Stores) realized sales of amount € 300,3 million for the year 2018 (2017: € 294,3 million). The EBITDA totaled € 32,9 million compared to € 31,2 million in 2017 and reported profits before tax € 16,3 million versus € 13,7 million profits in 2017.

Today, seven (7) IKEA Stores are operating, five (5) of which in Greece, one (1) in Cyprus and one (1) in Bulgaria and eight (8) Pick up & Order Points with IKEA products, five (5) of which in Greece (in Rhodes Island, Patras, Chania, Heraklion and Komotini) and three (3) in Bulgaria (Varna and Burgas) while on 5/12/2018 a new Pop Up Store started operating in Plovdiv. Moreover, e-commerce stores are operating in Greece, Cyprus and Bulgaria. For the period 20/3/2018 - 1/12/2018, a new IKEA Pop Up Store with limited duration operated in Piraeus. All supply chain services are provided by the Group company TRADE LOGISTICS which supports IKEA Stores in Greece and Cyprus with automated warehousing and orders delivery systems.

In an effort to present a complete and fair view of the Group's performance, we report the Group consolidated results for the period 1/1 – 31/12/2018 versus 1/1 – 31/12/2017 at the following tables. (Amounts are in thousands of euros)

	2018	2017	2018/2017
Revenue	300.319	294.299	102,05%
EBITDA (*)	32.904	31.212	105,42%
Profit before Tax	16.262	13.689	118,80%
Net Profit After Tax and Minority Interests	13.696	10.559	129,70%

(*) The alternative performance measures selected are mentioned in note 9.

We note that on a consolidated basis the parent company's Total Equity (after minority interest) at December 31, 2018 amounts to € 153,7 million versus an amount of € 146,5 million at December 31, 2017. EBITDA does not include income from depreciation of grant assets.

3. Basic Financial Indicators (Consolidated)

Below please find basic Indicators for the Group Financial Structure and Performance & Efficiency according to the consolidated financial statements included in the Annual Financial Report of the Group, for the years 2018 and 2017 respectively.

Financial Structure Indicators:

	2018	2017
Total Current assets/ Total Assets	22,51%	22,83%
Total Liabilities/ Total SHAREHOLDERS EQUITY & LIABILITIES	52,54%	54,66%
Total Shareholders Equity / Total SHAREHOLDERS EQUITY & LIABILITIES	47,46%	45,34%
Total Current assets / Total Current Liabilities	92,41%	94,00%

Performance & Efficiency basic Indicators:

	2018	2017
Operating Profit / Revenue	7,81%	7,52%
Profit before Tax / Total Shareholders Equity	10,58%	9,34%

4. Operating Performance – Important developments:

During the period 1/1 – 31/12/2018 the following share capital changes were realised at the Company and its subsidiaries:

WYLDES LTD: Under the ordinary resolution of 21/2/2018 of the Board of Directors of the Company, its share capital increased by the total amount of € 53,00, by issuing 53 ordinary shares, of nominal value €1,00. The underlying price was determined at the amount of € 10.000,00 per share. It is noted that, following the total payment, by the only shareholder HOUSEMARKET S.A., of the underlying amount of the new shares, total amount of € 5.299.947,00 resulted to the increase of the share premium reserve.

Therefore the share capital of the company on 21/2/2018 amounted to € 7.001,00 divided into 7.001 ordinary shares of nominal value € 1,00 per share, totally paid.

Moreover, under the ordinary resolution of 17/12/2018 of the Board of Directors of the Company, its share capital increased by the total amount of € 3,00, by issuing 3 ordinary shares, of nominal value €1,00. The underlying price was determined at the amount of € 10.000,00 per share. It is noted that, following the total payment, by the only shareholder HOUSEMARKET S.A. based on the minutes of BoD of the latter of 1/10/2018, of total amount of € 29.997,00 resulted to the increase of the share premium reserve.

After the aforementioned share capital increase, the share capital of the company amounts to € 7.004,00, divided in 7.004 ordinary shares, of nominal value € 1,00 per share, totally paid.

VYNER LTD: Following the resolution of 22/2/2018 of the Board of Directors of the company, the share capital increased by the amount of € 100,00 by issuing 100 new common (ordinary) shares of nominal value €1,00 and share premium value € 99.999,00 per share. This increase, from which a total amount of € 10.000.000,00 was raised (which corresponds by the amount of € 100 to the total nominal value and by the amount of € 9.999.900 to the total premium value of the new shares), was totally covered by the shareholder SEASONAL MARITIME CORPORATION LIMITED.

Also, on 26/2/2018 the shareholder WYLDES LTD acquired, through purchase from the shareholder SEASONAL MARITIME CORPORATION LIMITED 50 common (ordinary) shares, of nominal value € 1,00 per share against a total amount of € 5.000.000,00 (which corresponds by the amount of € 50 to the total nominal value and by the amount of € 4.999.950 to the total premium value of shares transferred).

It is noted that the purpose of the share capital increase of VYNER LTD mentioned above, which was decided by the BoD of the company on 22/2/2018, was to raise funds for the shareholding of VYNER LTD, through its subsidiary, by increasing the share capital of the company SOFIA SOUTH RING MALL EAD in order to raise funds for the reduction of loans of the latter.

Following the resolution of 17/12/2018 of the Board of Directors of the company, the share capital increased by the amount of € 2,00 by issuing 2 new common (ordinary) shares of nominal value €1,00 and share premium value € 9.999,00 per share. This increase, from which a total amount of € 20.000,00 was raised (which corresponds by the amount of € 2 to the total nominal value any by the amount of € 19.998 to the total premium value of the new shares), was made with capitalization of amount € 20.000, which were paid on 15/3/2018 the shareholders WYLDES LTD and SEASONAL MARITIME CORPORATION LIMITED by half, following the BoD resolution of VYNER LTD of 13/3/2018 according to which these shareholders were allowed to proceed to the payment of the aforementioned amount against future share capital increase.

Thence, the shareholding of WYLDES LTD and VYNER LTD was formed at the percentage of 50% (except one share) of the total paid share capital of VYNER LTD (namely 5.087 shares against a total of

10.176 shares).

SW SOFIA MALL ENTERPISES LIMITED: The General Assembly of shareholders of SW SOFIA MALL ENTERPISES LIMITED, held on 10/1/2018, decided to allow to shareholders WYLDES LTD and SEASONAL MARITIME CORPORATION LIMITED to proceed to payments, towards SW SOFIA MALL ENTERPISES LIMITED, of amount € 15.000 each one of them, against future share capital increase of SW SOFIA MALL ENTERPISES LIMITED.

On 16/1/2018 and 10/10/2018 the shareholder WYLDES LTD proceeded to the payment of € 15.000 and € 100.000 respectively to SW SOFIA MALL ENTERPISES LIMITED, against its shareholding in future share capital increase of SW SOFIA MALL ENTERPISES LIMITED.

In compliance with BoD resolution of 10/12/2018 of SW SOFIA MALL ENTERPISES LIMITED, its share capital increased by the amount of € 230,00, by issuing 230 new common (ordinary) shares of nominal value € 1,00 and share premium value € 999,00 per share. This increase, from which totally € 230.000,00 funds were raised (which corresponds by the amount of € 230 to the total nominal value and by the amount of € 229.770,00 to the total share premium value of new shares), was covered by the shareholders WYLDES LTD and SEASONAL MARITIME CORPORATION LIMITED by half.

Following these, the shareholding of WYLDES LTD to VYNER LTD amounts to 50% of total the paid share capital of SW SOFIA MALL ENTERPISES LIMITED (namely 4.115 shares against to a total of 8.230 shares).

Apart from the above, no other changes in the share capital of the companies of the Group were made within the year 2018.

On 6/10/2016, the Company holds 40.000.000 issued for trading bonds in the fixed income securities category of the regulated market of Athens Stock Exchange. The trading code of the bonds is ΧΑΟΥΣΜΟ1 in Greek font and HOUSEMB1 in Latin font.

The parent company HOUSEMARKET SA has the following branches:

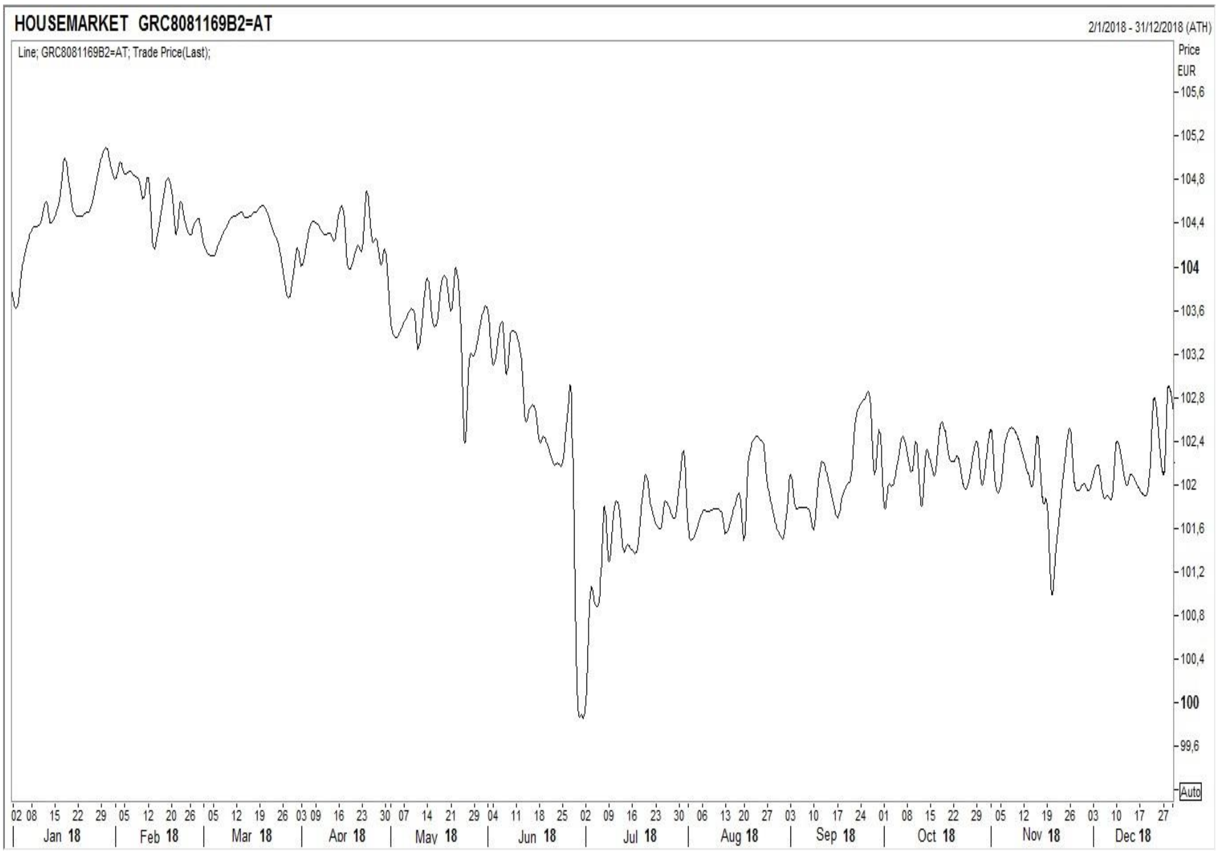
- Thessaloniki IKEA store (89 Georgikis Scholis str., Pylaia) operating since October 2001.
- Athens IKEA store – Airport («Eleftherios Venizelos» Athens International Airport, Spata) operating since April 2004.
- Athens IKEA store – Egaleo (96-98 Kifissos Av., Egaleo) operating since March 2008.
- Larissa IKEA store (8th km of Larissa - Athens Old National Road) operating since October 2009.
- Ioannina IKEA store (12th km of Ioannina – Athens National Road) operating since December 2010.
- IKEA products Pick up & Order Point in Rhodes (5th km of Rhodes – Lindos Av.) operating since November 2012.
- IKEA products Pick up & Order Point in Patras (250 Patras –Klaus Av.) operating since August 2013.

- IKEA products Pick up & Order Point in Chania (404 Konstantinou Karamanli Av.) operating since September 2013.
- IKEA products Pick up & Order Point in Heraklion (1 Velisariou str. & Ikarou Av., S. Alikarnassos) operating since October 2013.
- IKEA products Pick up & Order Point in Komotini (3th km Komotinis – Alexandroupolis, Roditis) operating since April 2014.
- E-commerce store operating since August 2014.

Through its subsidiary company HM HOUSEMARKET (CYPRUS) LTD, an IKEA store and an e-commerce store operate in Nicosia, Cyprus since September 2007. Moreover an IKEA store operates in Sofia, Bulgaria since September 2011 through its subsidiary HOUSEMARKET BULGARIA AD, an e-commerce store, as well as three IKEA Pick up & Order Points, one in Varna since July 2015, one in Burgas since October 2016 and one in Plovdiv since December 2018.

5. Development of the bond price

Here we present a Table which shows the development of the bond price of the parent Company HOUSEMARKET SA which is traded in the fixed income securities category of Athens Stock Exchange from 1/1/2018 to 31/12/2018.



6. Stock Option Plan

Members of the Management of the Company and its subsidiaries participate in a Stock Option Plan of the parent company FOURLIS HOLDINGS SA.

The Ordinary General Assembly of the Parent Company FOURLIS HOLDINGS SA on 16/6/2017, under the context of Stock Option Plan, approved the disposal of 2.566.520 stock options and authorized the Board of Directors to regulate the procedural issues and details. The program is implemented in four waves, with a maturity period of five years per wave. Options must be exercised within five years since their maturity date. In case that there are undisposed options, after the allocation of options mentioned above, these options will be cancelled. The underlying share price of each wave is the closing stock price of the share at the decision date of the General Assembly regarding the approval of the SOP.

On 20/11/2017, the BoD granted 641.630 stock options, which compose the first of the four waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 5,768 per share which is the closing stock price of the share adjusted with the share capital decrease which was implemented after the date of the General Assembly.

On 19/11/2018, the BoD granted 641.630 stock options, which compose the second of the four waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 5,666 per share which is the closing stock price of the share adjusted with the share capital decrease which was implemented after the date of the General Assembly.

On 20/11/2018, the BoD of the Company issued an Invitation to the beneficiaries of the SOP which was approved by the Extraordinary General Assembly held on 27/9/2013 and the Ordinary General Assembly held on 16/6/2017 regarding the exercise of their options. 16 beneficiaries responded to this Invitation and exercised their option for the purchase of 163.626 shares, of nominal value € 0,91 and underlying price € 3,28 per share and paid the total amount of € 537.069,61.

It is noted that the underlying price of shares to which the distributed options reflect, had been initially determined at the amount of € 3,40 per share, which was the closing stock price of the share on the date of the resolution of the General Assembly regarding the SOP since 27/9/2013 (Extraordinary General Assembly date). Due to corporate events (capital return by cash payment), the historical closing price of the share was readjusted and formed at the amount of € 3,34 per share (following the BoD resolution of 20/11/2017). Following the resolution of Ordinary General Assembly of 15/6/2018, there was a change in the historical share price resulting from corporate action relevant with the share capital decrease of the Company with reduction of the nominal value of the share by the amount of € 0,10 and the capital return to shareholders. Therefore, after the aforementioned adjustment, the historical share price is now amounting to € 3,28.

Also, the underlying share price, which was established by resolution of the Ordinary General Assembly of shareholders of the Company held on 16/6/2017, to which the distributed options reflect, had been initially determined at the amount of € 5,87 per share, which was the closing stock price. Due to corporate events (capital return by cash payment), the historical closing price of the share was readjusted and formed at the amount of € 5,77 per share (following the BoD resolution of 20/11/2017). Following the resolution of Ordinary General Assembly of 15/6/2018, there was a change in the historical share price resulting from corporate action relevant with the share capital decrease of the Company with reduction of the nominal value of the share by the amount of € 0,10 and the capital return to shareholders. Therefore, after the aforementioned adjustment, the historical share price is now amounting to € 5,67.

During period 1/1 – 31/12/2018, beneficiaries waived their right to exercise 0 options (2017: 11.580) which were granted by the BoD on 25/11/2013, beneficiaries waived their right to exercise 0 options (2017: 13.626) which were granted by the BoD on 24/11/2014 and also beneficiaries waived their right to exercise 3.806 options (2017: 17.104) which were granted by the BoD on 25/11/2015.

7. Information about Group's plan of development

Growth rate of Greek economy increased in 2018 compared to 2017 (increase estimation above 2%) and GDP increased by 2,7% during the last 9month period mainly due to the increase of exports and private consumption. The economic environment rate of I.O.B.E. (Foundation for Economic & Industrial Research) for 2018 was 100,9 and the relevant consumer confidence rate is systematically growing for seven consecutive months (until January 2019).

With the expectation that the year 2019 in Greece, the prospects of economy will improve even more if:

- economic growth continues,
- adjustment program and invigoration of banks' liquidity are completed,
- the climate of confidence is improved and most restrictions in capital movements are removed,
- the ability of banking system to dispose capitals for new investments is improved,
- employment is increased and unemployment rate is decreased,
- high taxation of natural persons and legal entities is reduced,
- cumulative debt of households and companies is reduced,

the Management of the Group aims to:

a) further increase its profitability,
b) continue strictly chosen investments in both retail segments of activity,
c) further gain benefits from synergies and scale economies that have been achieved within the Group with the completion of new investment of mechanical equipment for the automation of warehouse and distribution services supply of e-commerce products towards all companies of sporting goods segment of the Group by the company TRADE LOGISTICS SA,
d) exploit new investment opportunities and under this context received approval from HCMC for the granting of license for the company under formation "TRADE ESTATES REAL ESTATES INVESTMENT COMPANY" for its operation as a) a Real Estate Investment Company according to the provisions of L. 2778/1999 and b) an internally managed Alternative Investments Fund Manager ("AIFM") according to the provisions of L. 4209/2013,
e) maintain the balance of the income source of the Group between domestic and foreign companies

for the rational allocation of risk at the different countries of activity.

Taking into consideration that the Management will proceed to the implementation of its business plan by making selective investment not only in Greece but also in the other countries where the Group operates, as follows:

The home furniture and household goods segment, which operates seven (7) IKEA Stores, eight (8) Pick up & Order Points and three (3) e-commerce Stores Greece, Bulgaria and Cyprus, will add to its network two (2) new Pick up & Order Points one (1) in Greece and one (1) in Cyprus.

Education and training of human capital, the constant and fair evaluation in all levels as well as dedication to the values of the Group - "Integrity", "Respect" and "Efficiency" – continue to compose major comparative advantages through which the Group aims to achieve its goals.

8. Major Threats & Uncertainties for the Group

a) Financial Risk Management

The Group is exposed to financial risks such as foreign exchange risk, interest rate risk and liquidity risk. The management of risk is achieved by the central Treasury department of the parent company FOURLIS HOLDINGS SA. The Treasury department identifies, determines and hedges the financial risks in cooperation with the Groups' subsidiaries. The Board of Directors provides written instructions and directions for the general management of the risk, as well as specific instructions for the management of specific risks such as foreign exchange risk and interest rate risk.

Foreign Exchange Risk:

The Group is exposed to foreign exchange risk arising from transactions in foreign currencies (SEK) with suppliers which invoice the Group in currencies other than the local. The Group, in order to minimize the foreign exchange risk, according to the needs, in certain cases pre - purchases foreign currencies.

Interest rate risk/liquidity:

The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities.

Cash flow risk is minimized via the availability of adequate credit lines and cash. Also, the Group has entered into Interest Rate Swap (IRS) contracts in order to face interest rate risk.

b) Legal Issues

There are no litigations or legal issues that might have a material impact on the Annual Financial Statements of the Group or Company for the period 1/1 - 31/12/2018.

9. Alternative Performance Measures (APMs)

Under the implementation of ESMA Guidelines (05/10/2015|ESMA/2015/1415), FOURLIS Group adopted as Alternative Performance Measure (APM) the earnings before taxes, interest and depreciation & amortization (EBITDA). Alternative Performance Measures (APMs) are used under the context of making decisions for financial, operational and strategic planning as well as for the assessment and publication of performance. Alternative Performance Measures (APMs) are taken into account combined with financial results which have been conducted according to IFRS and under no circumstances they do not replace them.

Definition **EBITDA (Earnings Before Interest, Taxes and Depreciation & Amortization)/ Operating results before taxes, financing, investing results and total depreciation**= Earnings before tax +/- Financial and investing results (Total financial expenses + Total financial income + Contribution in subsidiaries losses) + Total depreciation / amortization (property, plant and equipment and intangible assets).

The amount most directly connected to this specific APM (EBITDA) is operating profits (EBIT) and depreciation / amortization. Operating profits are presented in Income Statement and depreciation / amortization in Cash Flow Statement. More analytically, reconciliation of the selected APM and the financial statements of the Group for the corresponding period is as follows:

(amounts in thousands euros)

	Group Consolidated Results	
	1/1-31/12/2018	**1/1-31/12/2017**
Operating Profit	**23.452**	**22.133**
Depreciation/Amortization	9.453	9.078
Earnings before tax, interest and depreciation & amortization (EBITDA)	**32.904**	**31.212**

10. Social Responsibility

The content of this non-financial statement has been drafted by taking into consideration the requirements of the GRI Standards (2016 edition). Within this framework, the Group follows the results of the annual materiality analysis of sustainable development topics performed by FOURLIS Group, in order to prioritize the topics with the most significant economic, social and environmental impacts and those that significantly influence its stakeholders.

The Group defines as stakeholders anyone affecting or being affected by its operations. Having identified and prioritized its stakeholders, the Group invests in the continuous and two-way contact and communication with them, aiming to maintain a steady flow of information, to and from the Group, regarding their demands, concerns and expectations. The main stakeholder groups of the Group are: employees, shareholders, customers, suppliers/business partners, wider society, local communities, official and supervisory authorities/state, business community/associations, media, NGOs and peer companies.

Additional information regarding the results of the materiality analysis, will be available in the FOURLIS Group's annual Social Responsibility and Sustainable Development Report for 2018, which will be published in June 2019 and uploaded to www.fourlis.gr.

a) Brief description of business model

At the present time, Group, headquartered at the 501 building of Athens Airport's Retail Park, in the "Eleftherios Venizelos" Airport, through its subsidiaries in Greece and abroad, is active in the following divisions:

- Retail Home Furnishings (IKEA stores) through HOUSEMARKET S.A., H.M. HOUSEMARKET (CYPRUS) Ltd and HOUSE MARKET BULGARIA EAD.
- Storage and Distribution services (Logistics) through its subsidiary TRADE LOGISTICS S.A.
- Real Estate Constructions and Development through RENTIS REAL ESTATE INVESTMENTS S.A., subsidiary of H.M. HOUSEMARKET (CYPRUS) Ltd.
- Holding of Investments through WYLDES LTD and its subsidiaries VYNER Limited and SW SOFIA MALL ENTERPRISES Limited.

The parent company HOUSEMARKET S.A., is a subsidiary of FOURLIS HOLDINGS S.A. which participates by a 100% percentage on its share capital.

More information regarding the business environment, strategy, objectives and main progress and factors that could influence the Group's development are available in the Group Board of Directors' Report sections below:

- Operating performance-Important developments
- Information about the Group's plan of development
- Major threats and uncertainties

as well as in the following chapter.

b) Principal non-financial risks

In the context of our approach to corporate responsibility and our contribution to sustainable development, we consistently identify and prioritize the topics that are linked to our activities and may cause negative impacts to our stakeholders, to the communities in the countries where we operate, as well as to the natural environment.

Taking into consideration the above, we monitor the impacts of our activities in relation to:

- The health and safety of employees, customers, business partners and visitors at our facilities, a topic that we manage through an integrated Health & Safety Policy.
- The customers' health and safety while using our products, a topic that we manage through strict compliance with the specifications set by manufacturers, suppliers and European and/or national legislation, as well as through our product labeling.

- The responsible marketing and promotion of our products, a topic that we manage by applying international communication codes and by taking into consideration local needs.
- The protection of personal data for all who enter into a transaction with us, which we manage in accordance with the applicable legislation and our compliance with the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016.
- The Human Resources management concerning employment, equal opportunities, training and education and health & safety topics that we manage by applying relevant policies and procedures.
- The respect for Human Rights in the Group's workplace by implementing relevant policies and procedures, with a perspective to expand them to our supply chain.
- The prevention of corruption, bribery and fraud, via procedures and policies we apply.
- The environmental impacts of our activities, a topic that we manage via the implementation of programs for natural resources conservation and materials recycling, measures that aim to reduce air emissions and raise awareness for both our employees and the general public, regarding environmental protection topics and the adoption of a responsible lifestyle.

The way we manage these topics, is presented in

c) Social matters

<u>Health & safety of customers, business partners and visitors at our facilities</u>

<u>Corporate policies and due diligence</u>

The Group, in compliance with the applicable legislation, implements a Health & Safety Policy that is applicable to all countries where it operates. It includes a wide range of relevant procedures, measures and initiatives related to the safe stay of visitors, customers and business partners at its facilities. Any variations in the Group's relevant procedures by country or region, depend on the size of the facilities, as well as on the applicable legislation in the countries where the Group's subsidiaries operate.

In this context, some of the practices we apply at the Group are the following:

- Cooperation with an external service provider on accident protection and prevention
- Written occupational risk assessment, according to existing methodology and legislation
- Measures taken for reducing "emergency pick" incidents, in order to prevent accidents at the stores
- Training of First Aid Teams
- Training of Fire Safety and Firefighting Teams
- Infirmaries equipped with medical beds and automatic external defibrillators in all IKEA Stores
- Provision of wheel chairs at the entrance of all the Stores, as well as of accessible lavatories and parking spaces, aiming to provide safe accommodation and transportation for people with disabilities

- Certification according to ISO 22000 for the safety of the food served at the IKEA Stores' restaurants

We regularly train employees, in order to respond to emergency incidents that can affect both their own and visitors' safety at our facilities. Also, in an effort to ensure compliance with the Health & Safety Policy, regular inspections are conducted by safety technicians, in all Group activities.

Outcome of these policies and non-financial key performance indicators

In the context of our policy, all Health and Safety incidents occurring within the Group's premises and stores are reported, while a Safety Report is compiled for each store, as well as a consolidated one for all of them. The report includes information not only on the number and type of incidents, but also on the way they are addressed. Through these reports we are able to receive useful information on our policies effectiveness and to improve our practices, where needed.

In 2018, the implementation of our policies on Health & Safety topics had significant outcomes. We indicatively mention that:

- No accidents occurred in the playgrounds of the IKEA stores
- [GRI 416-2]: There were no incidents of non-compliance with legislation concerning Health & Safety topics

Product compliance and labeling and responsible product marketing and promotion

I. Product compliance and labeling

Corporate policies and due diligence

The Group manages this topic through the compliance of the products sold by its companies in all the countries where it operates, with manufacturer and supplier specifications, with European and/or national legislation, as well as with all existing laws and regulations concerning their labeling and use (e.g. CE approval).

IKEA products have special labeling and indications aiming to provide information and advice to customers regarding the products' manufacturing details, the cases where a product must be used only by adults, size, etc. It is also worth mentioning that at IKEA, a perennial product guarantee is offered, which in some cases reaches 25 years; IKEA also adheres to and applies a product withdrawal policy. If necessary, and depending on the importance of the incident, the withdrawal case is publicly disclosed.

II. Responsible product marketing and promotion

Corporate policies and due diligence

For the advertising and promotion of the Group's IKEA products, the Company follows in all countries where it operates, the communication code applied by IKEA worldwide, as well as all conduct, marketing and communication codes and the market regulations that has to comply with, while also taking into consideration local needs. Regarding the promotion of IKEA products, the Group's policy is adapted to local consumer needs and specificities. For this reason, the setup of the IKEA Stores varies according to their location, in order to meet local community's standards and preferences.

Outcome of these policies and non-financial key performance indicators

[GRI 417-2]: In 2018 there were no incidents of non-compliance concerning product and service information and labeling.

[GRI 417-3]: In 2018 there were no cases of non-compliance with regulations and voluntary codes, regarding marketing communication, including advertising, promotion and sponsorships.

GRI= Global Reporting Initiative

Personal data protection

The Group adheres not only to the European Legislation, but also to the local legislations of the countries where it operates, regarding personal data protection of the parties who transact with the Group. Respecting privacy is a core element of both the Code of Conduct and the Internal Labor Regulation.

Corporate policies and due diligence

At the Group, we value the trust of all those who enter into a transaction with us and we have designed and implement a personal data and sensitive personal data protection policy for all natural persons (visitors, business partners, customers, suppliers, current and former employees). We make sure to protect, with due diligence, all personal information we collect for business needs after obtaining legal consent, and to safeguard the rights of natural persons, in accordance with the existing legislation and Data Protection Authority guidelines (GDPR), in all countries where the Group companies operate.

It is worth mentioning that all Group employees in all counties where it operates, have received training in GRDP issues, either via classroom seminars or via e-learning. GDPR training is also part of the induction program for new employees.

Outcomes of these policies and non-financial key performance indicators

[GRI 418-1]: In 2018, the implemented policies and procedures regarding the protection of personal data and sensitive personal data resulted in zero reports, complaints or grievances, from a natural person entering into a transaction with our Group, related with a breach of personal rights, freedoms or privacy, while no related grievances were communicated to us from competent authorities.

Society and local communities support

Corporate policies and due diligence

At the Group we work daily for the realization of our common commitment and vision: the establishment of the preconditions for a better life for all. In this context, we seek to be in constant connection with the citizens and the wider society in the countries where we operate, aiming to be informed about their needs and to understand and satisfy them, within our capabilities.

Outcomes of these policies and non-financial key performance indicators

[GRI 413-1]: The following are some of the most significant programs and actions implemented during 2018 to support society. Additional information will be included in the FOURLIS Group's annual Social Responsibility and Sustainable Development Report, which will be published in June 2019 and will be uploaded to www.fourlis.gr.

- "Furnished with Joy" program, through which the Company fully refurbished 12 municipal nurseries and kindergartens, in cooperation with the Municipal Authorities, for more than 650 children in various areas all over Greece, as well as 4 public kindergartens in Cyprus.
- Collaboration of IKEA with the non-profit organization "Make a Wish", for donating equipment in order to fulfill the wishes of the children supported by the organization.
- Meals donation to foundations and organizations in Greece from the IKEA stores' restaurants, in collaboration with the non-profit organization "BOROUME" (WE CAN), as well as to organizations in Cyprus from the local IKEA store's restaurant.
- Collaboration with the organization "GIVMED" for medicines donation by the Group employees in Attica, to vulnerable social groups

Support of children, through a series of actions which HOUSEMARKET Bulgaria implements in cooperation with UNICEF. Through this **cooperation**, in 2018, HOUSEMARKET Bulgaria continued the program for the full refurbishment of kindergartens that are ideal for children activities from vulnerable social groups, by refurbishing 4 more kindergartens.

- Voluntary blood donation which was held twice during 2018, at Group companies' premises in Greece, Cyprus and Bulgaria.
- Donation of food and other essential supplies by the Group companies' employees in Greece, Cyprus and Bulgaria to various foundations and organizations.

d) Work related matters

Employment

Corporate policies and due diligence

Group is its People, all those who support its operations on a daily basis. Our approach to employment and our relationships with our employees directly affect their performance, retention and development, while these issues are also significant for our Group's long term sustainability.

Our Policy's main pillars, in relation to recruitment and professional development of our Human Resources, are:

- Common recruitment evaluation criteria for all the Group's companies, to ensure equal opportunities and to fight discrimination.
- Provision of equal development opportunities, through internal transfer and promotion processes to all Group employees.
- Taking into consideration the balance when it comes to gender, nationality, religion, political or other opinions, as well as disability, sexual orientation, etc. during the selection and

development processes of our employees, as well as in the compensation and benefits policies.

When in any of our companies there are job openings, those are readily covered either via internal transfer/promotion of employees (through the Open Resourcing Policy), or via a direct transfer/promotion of an employee (for Executives), or via a new recruitment.

It is also worth mentioning, that in the Group companies, and in all the countries where the Group operates, people from a total of 36 ethnicities are employed.

Outcome of these policies and non-financial key performance indicators

On 31/12/2018, the Group's total number of employees was 2.355.

The HOUSEMARKET Group: Total workforce by region and gender

2018		
Region	**Men**	**Women**
Greece	755	892
Cyprus	150	147
Bulgaria	177	234
Total	**1.082**	**1.273**

2018
54 % women in the Group's total workforce
37 % women in manager/supervisor positions of the Group
14 % women in the Board of Directors of the Group

Employee training and education

Corporate policies and due diligence

At the Group we believe that the employees' need for training is continuous and ever increasing, as the competition and the current market demands are constantly generating new training and educational needs. For this reason, the training of each Group employee begins upon his/her recruitment.

Outcome of these policies and non-financial key performance indicators

The first training program for every Group employee is an induction program, through which we make sure that all the newly hired employees are informed about the FOURLIS and HOUSEMARKET Groups' Structure, Values, Code of Conduct and Internal Charter Regulation.

In addition, in 2011 the FOURLIS "Learning Academy" was established in which all of the Group employees are members, participating in programs depending on their role and their needs for personal development.

In the context of the Academy, the FOURLIS Retail MBA program was launched in 2016. The program was designed and created in 2015 with the main objective to provide high level knowledge from University Professors and Senior Executives of both the Market and FOURLIS Group, in a range of fields mainly focusing on Retail Management. Group employees also participate in the program.

It is also worth mentioning that since 2008 we have adopted an annual Single Performance Appraisal Development Review for all Group employees, in order to ensure that the evaluation process is and will remain transparent.

[GRI 404-3]: The performance Appraisal and Development Review, which includes both the assessment of the agreed measurable objectives and the employees' skills and behavior, is conducted once a year for all Group employees.

Average hours of training for the Group employees in 2018:

Average training hours per employee
16,9

Employee health, safety and wellbeing at work

Corporate policies and due diligence

Given that the creation of a safe and healthy work environment is a fundamental principle for our Group, as it is also depicted in our Values, not only we follow the clauses of the relevant labor legislation in all the countries where we operate, but we also assess potential risks we may face and thus, we take the necessary measures in order to prevent potential accidents.

An important priority for us is to safeguard compliance with the Health & Safety Policy by carrying out intensive inspections led by safety technicians in all the Group companies' facilities, and having the safety technician conduct an occupational risk assessment study. At the Group, as a minimum prerequisite, we comply with the requirements of the local legislative frameworks and the "ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases". We also invest in the constant and regular training of all our employees, so that they can respond to emergencies affecting their own safety but also our clients, visitors and business partners' in our Stores. Especially at Stores internal Safety, Fire Protection and First Aid teams have been created.

In addition, aiming to inform employees on health and wellbeing issues and to encourage them to adopt a healthier lifestyle, in 2010 the FOURLIS Group Social Responsibility Department launched the EF ZIN (WELLBEING) program. In the context of this program, a number of actions are taking place every year, such as preventive medical examinations, informative speeches on health and wellbeing topics, sports tournaments, etc., in which employees of the Group also participate.

Outcome of these policies and non-financial key performance indicators

Health & Safety at work

In 2018, the number of work related accidents for all the FOURLIS Group companies remained at the same low levels as in 2017.

As a result of our overall management approach regarding Health & Safety topics in the workplace, in the latest biannual Employee Insight Survey conducted in 2018, the topic that gathered the highest satisfaction rate from our employees, was Safety.

More information and data pertaining to the results of the policies on employee Health & Safety issues and specifically the GRI 403-2 disclosure *"Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by location and gender"* will be included in the FOURLIS Group's annual Social Responsibility and Sustainable Development Report for 2018.

EF ZIN (WELLBEING) program

In 2018, in the context of the EF ZIN program, some indicative activities that took place were sports tournaments in Greece and Cyprus and ergonomics seminars in Greece, Cyprus, and Bulgaria, in which Group employees participated.

e) Respect for Human Rights

Corporate policies and due diligence

At the Group we approach the issues of respect and protection of Human Rights in a systematic way through our policies and initiatives. This effort is comprised of:

- Our participation, through FOURLIS Group, to the UN Global Compact, through which we commit to uphold the respective Principles such as those relating to the respect of freedom of association, the abolishment of child and forced labor and discrimination in the workplace.
- The Internal Labor Regulations
- The Code of Conduct of FOURLIS Group
- The Health & Safety Policy of FOURLIS Group
- The responsible product policies.

Outcome of these policies and non-financial key performance indicators

All Group employees have signed, depending on their position in the corporate hierarchy, the detailed or concise version of the Code of Conduct, (the concise version is available on the website www.fourlis.gr).

In addition, the Code of Conduct Line of the Group is available 24 hours a day and anyone may call the Line, in order to report (anonymously or not), any concerns related to Code of Conduct violations or non-compliance with the legislation. For the period 1/1-31/12/2018 three (3) anonymous reports from a Group company's employees were recorded, via the Code of Conduct email and were communicated to the Internal Audit Department. These reports, after being evaluated by the Internal Audit Department, they were forwarded to the Group's Human Resources Department, in order to take appropriate action. These reports did not concern cases of human rights violations.

f) Anti - corruption and bribery matters

Corporate policies and due diligence

Our approach is based on the FOURLIS Group's following procedures and practices:

- Corporate Governance Code: FOURLIS HOLDINGS S.A. has decided, through the Board of Directors' decision in 28/2/2011, to voluntarily comply with the Greek Code of Corporate Governance for Listed Companies. The Code is adapted to the Greek legislation and business reality and constitutes a best practices standard for corporate governance. It aims at enhancing Greek companies' transparency and increase the investors' confidence both on listed companies overall, as well as in each one individually, while it broadens the horizons to attract investment capital.
- Code of Conduct: The Code of Conduct focuses on creating a work environment that promotes respect and protection of Human Rights. Through the Code, the FOURLIS Group promotes and applies a policy of equal opportunities for all employees, as well as a policy that prohibits sexual harassment, in full compliance with labor legislation. Furthermore, the FOURLIS Group's violence prevention in the workplace policy, as it is set out in the Code, strictly prohibits acts of violence, threatening messages or behavior and the use or possession of weapons by any person in the workplace or during any transactions with external business partners. All Group employees are obliged to adopt and implement the Code of Conduct.
- Code of Conduct Line: The Group Code of Conduct Line is available 24 hours a day and anyone can call in order to report, anonymously or not, any concerns related to Code of Conduct violations or non-compliance with the legislation. The Code of Conduct line is accessible via mobile phone or fixed line at (+30) 0210 6293010, or through the email address: codeofconduct@fourlis.gr
- Internal Regulation Charter: The Internal Regulation of Operations of the parent company of the Group (FOURLIS HOLDINGS S.A.) is approved by the Board of Directors. It describes the organizational structure, the risk management and the internal audit system. It includes the basic principles of operation and the relevant procedures, while also describes the composition and responsibilities of the Audit Committee, the Nomination and Remuneration Committee and the Internal Audit Department. Additionally, it contains the basic principles of the transaction Code for its securities and compliance with the applicable legislation.
- Audit Committee: The Audit Committee, which is defined by the shareholders' General Meeting, has indicatively the following obligations:

    - Monitoring the financial reporting process and credibility of financial statements

- Supervision of any formal announcement regarding the financial performance of the company and examination of the company's key announcements
    - Monitoring the effectiveness of internal control and risk management systems
    - Ensuring the independence of the internal audit and the internal audit unit
    - Examining cases of interest conflicts
    - Monitoring the progress of statutory audit
    - Reviewing and monitoring issues related to the existence and maintenance of objectivity and independence of the external auditor

- Internal Audit Department: The FOURLIS Group's Internal Audit Department is organized in a way that allows it to carry out an independent, confirmative and advisory role and designed to add value and improve the company's processes. The Department helps the Group achieve its objectives through assessment, which contribute to the improvement of the corporate governance, internal audit and risk management systems. The Audit Committee is the supervising body of the Internal Audit Department and it informs on a quarterly basis the Board of Directors of the parent company about the work that is being implemented.
- Nomination and Remuneration Committee: The Nomination and Remuneration Committee is responsible for the procedure of electing Board members, selecting Senior Executives and preparing proposals for the Board of Directors regarding the remuneration (basic salary, bonuses or financial incentives and benefits) of Executive Directors and key senior executives.

- A specific procedure for informing the Senior Management and the Internal Audit Department on any fraud or corruption incident.

<u>Outcome of these policies and non-financial key performance indicators</u>

All Group employees have signed, depending on their position in the corporate hierarchy, the detailed or concise version of the Code of Conduct.

While implementing the Senior Management informational procedure for addressing fraud and corruption incidents, during the period of 1/1-31/12/2018, six (6) cases of small-scale fraud were recorded. These cases were detected by the Group companies' internal controls.

In all cases, all the necessary measures had been implemented and, where required, the policy to dismiss the responsible employees was implemented. There was no other notification or complaint relating to corruption or bribery incidents that the Group's Management is aware of.

g) Environmental matters

<u>Corporate policies and due diligence</u>

At the Group we regularly monitor the impacts of our operations and we implement a number of voluntary actions and interventions, aiming at the reduction of our environmental impacts, the protection and recycling of natural resources, as well as the employees and the general public awareness raising regarding environmental protection and the adoption of a responsible lifestyle. The annual results of the practices we implement, are communicated in the FOURLIS Group's annual Social Responsibility and Sustainable Development Report, as well as in the FOURLIS Group's Communication on Progress Report, regarding the adherence to the ten Principles of the UN Global Compact.

Outcome of these policies and non-financial key performance indicators

The data we monitor at our facilities, where possible, include:

- Energy consumption: Electricity (kWh), Heating oil (lt), Natural Gas (m^3)
- Water consumption (lt)
- Recycling of materials (within the Group), such as: Paper (kg), Batteries (kg), Cooking fat (lt), Lamps (kg), Aluminum (kg), Glass (kg), Plastic (kg), Metals (kg), Timber (kg).

Energy

ENERGY CONSUMPTION (IKEA GREECE*)

2018	
Electricity (kWh):	18,636,923
Heating oil (lt):	70,056
Natural gas (m^3):	267,921

Additional information on electricity (kWh), heating oil (lt) and natural gas (m^3) measurement results for 2018 will be available in the FOURLIS Group's 2018 Annual Social Responsibility and Sustainable Development Report, which will be published in June 2019 and will be uploaded to www.fourlis.gr.

PHOTOVOLTAIC SYSTEMS: the Company is in the process of implementing the installation of electric power generation systems on its buildings' roofs, with the aim to maximize the use of installations that do not produce any form of environmental burden. In this context, in 2018, the process of installing a photovoltaic system with offsetting in IKEA Store in Nicosia continued and is expected to be fully operational during the first months of 2019.

Also, since 2013 TRADE LOGISTICS, of the Group, has installed and operates a photovoltaic system of 1,400 MWh average annual capacity for producing electricity, on its building's roof. In 2018, the total electricity production was 1,394 MWh. In addition, during the same period, 1,274 metric tons of CO_2e were not released into the atmosphere, due to the fact that the electricity from the photovoltaic park is produced from renewable energy sources.

CARBON EMISSIONS: Since 2012, TRADE LOGISTICS calculates its CO_2 emissions for all of its operations, aiming to implement solutions for emissions reduction. The results for 2018 will be available in the FOURLIS Group's 2018 Social Responsibility and Sustainable Development report, which will be published in June 2019.

LAMPS REPLACEMENT PROGRAM: In 2018, the three-year program (2016-2018) for the replacement of high-consumption lamps with LED bulbs in commercial and non-commercial areas of IKEA Stores in Greece, Cyprus and Bulgaria was also completed.

Materials

Recycling of materials (IKEA Greece)

2018	
Paper (kg):	**1,106,978**
Batteries (kg):	**6,896**
Cooking fat (lt):	**16,874**
Lamps (kg):	**1,810**
Aluminum (kg):	**2,600**
Glass (kg):	**0**
Plastic (kg):	**47,670**
Metals (kg):	**38,502**
Timber (kg):	**35,460**

Additional data for materials recycling in the Group will be available in the FOURLIS Group's 2018 Annual Social Responsibility and Sustainable Development Report, which will be published in June 2019 and will be uploaded to www.fourlis.gr

It is also worth mentioning that since September 2016, HOUSEMARKET Greece has proceeded with the implementation of a system of electronic archiving of invoices and credit copies, with significant paper-saving benefits. It is worth mentioning, that via this practice, it is estimated that, in 2018, a total of 757,660 A4 pages were not used for printing in Stores, the e-shop and the IKEA Pick Up & Order Points.

Water

Water consumption (IKEA Greece Stores*)

2018	
IKEA excluding Attica (lt):**	**22,523,000**
IKEA Attica (lt):	**31,160,000**

* The results for the IKEA Pick Up and Order Point in Chania cover the period 12/10/2017 - 11/10/18. In addition, the results for the Pick Up and Order Points in Patra and Rhodes are estimates; the precise results will be published next year.

** The IKEA Pick Up and Order Point in Heraklion is excluded.

Additional data on water consumption in the Group's premises, will be available in the FOURLIS Group's 2018 Annual Social Responsibility and Sustainable Development Report, which will be published in June 2019 and will be uploaded to www.fourlis.gr

Eco-friendly products

The Company offers eco-friendly products, such as:

- The MÄSTERBY step stool made of 100% recycled plastic.
- The MARIUS stool made out of 40% recycled steel.
- The BJÖRNÅN bathroom curtain which is made of 100% recycled polyester originating from plastic PET bottles.
- The IKEA mirrors which are 100% lead-free.
- JOFRID curtains, throws, and cover pads that get their deep color from natural dyes found on plant leaves from agricultural crops, which would otherwise be left untapped. The dyeing process with natural dyes requires less water, energy and chemicals than the conventional methods.
- The rechargeable LADDA battery that is already charged and can be recharged up to 1,500 times.
- LED bulbs and lamps with embedded LED bulbs.
- The salmon served in the IKEA Restaurant and sold by the Swedish IKEA food market, which is farmed from responsible aquaculture certified according to the ASC standard.
- Seafood served in the IKEA Restaurant and sold in the Swedish IKEA food market, which is caught from sustainable fisheries certified according to the MSC standard.
- IKEA chocolate and coffee which are UTZ certified. This means that both the cocoa and the coffee are sourced from sustainable farms that create better opportunities for the producers and their families.
- Flat packaging that reduces pollutant emissions from transport - from factory to store and from store to home - and reduces transport costs.

h) Supply chain matters

The main supply chain services provider for the Group is TRADE LOGISTICS. TRADE LOGISTICS (TRADE LOGISTICS S.A.) started its operations in March 2008, with headquarters in Schimatari, Viotia, and according to its Articles of Association, it has as a corporate purpose of providing supply chain services, like the receipt, storage and transport of goods, the creation of promotional and other packaging, the supply of business units and the management of all relevant information. More specifically, its activities are:

1. Storage and distribution services for the below Stores:
    - IKEA in Greece, Cyprus and Bulgaria
2. Delivery of e-commerce orders straight to the customers in Greece for:
    - IKEA's e-shop (www.ikea.gr)

The company, with its specialized and experienced personnel, the use of technology and the adoption of innovative methods in the supply chain field, aims at the proper functioning of all storage and delivery procedures, as well as the development of its activities.

With regards to our suppliers, we are in the process of examining various measures and solutions for assessing their social and environmental performance.

11. Related parties transactions

As Related parties of the Group are considered the Company, the parent Company FOURLIS HOLDINGS SA, its subsidiary companies, its associated companies, the Management and the first line managers and the connected natural persons and legal entities (IAS 24). The most important transactions, which are eliminated for consolidations reasons of the financial statements between the companies of the Group, mainly regard warehouse – supply services and administrative support expenses.

Detailed information on the related parties' receivables/ payables for the Group and the Company for the period ended on 31/12/2018 and 31/12/2017 is analysed as follows (all amounts in th. euros):

		Group		Company	
		1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Receivables from:	FOURLIS HOLDINGS SA	1	1	0	0
	H.M. HOUSE MARKET (CYPRUS) LTD	0	0	3.006	3.006
	INTERSPORT SA	523	413	60	116
	INTERSPORT (CYPRUS) LTD	5	5	0	0
	GENCO BULGARIA	5	3	0	0
	HOUSE MARKET BULGARIA AD	0	0	48	148
	VYNER	140	0	0	0
	SW SOFIA MALL ENTERPRISES LTD	96	0	0	0
	Total	**770**	**421**	**3.114**	**3.271**
Payables to:	FOURLIS HOLDINGS SA	5.334	5.396	5.250	5.248
	H.M. HOUSE MARKET (CYPRUS) LTD	0	0	0	30
	INTERSPORT (CYPRUS) LTD	0	1	0	0
	HOUSE MARKET BULGARIA AD	0	0	7	13
	TRADE LOGISTICS SA	0	0	427	371
	SPEEDEX SA	0	13	0	13
	Total	**5.334**	**5.410**	**5.683**	**5.675**

Third Parties transactions for the period 1/1 to 31/12/2018 and for the period 1/1 to 31/12/2017 are analysed as follows:

	Group		Company	
	2018	2017	2018	2017
Revenue	3.710	3.093	633	113
Other operating income	429	347	400	392
Dividends	0	0	3.000	3.000
Total	**4.139**	**3.440**	**4.033**	**3.504**

In the year 2018 and 2017 the following transactions between companies of the Group took place:

	Group		Company	
	2018	2017	2018	2017
Revenue	4.873	4.024	626	109
Cost of sales	666	151	626	109
Other income	194	248	142	142
Administrative expenses	4.219	3.910	4.215	3.906
Distribution expenses	182	211	0	0
Dividends	3.000	3.000	3.000	3.000

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Trade receivables	3.488	3.572	3.054	3.155
Creditors	3.488	3.572	434	414

12. Human Recourses

The total number of employees of the Group as at 31, December 2018 and 31, December 2017 was 2.355 and 2.290 respectively. The total number of employees of the Company for the same reporting periods set above was at 1.494 and 1.491 respectively.

13. Management members' transactions and remuneration

During periods 1/1 – 31/12/2018 and 1/1 – 31/12/2017, transactions and fees with the management members were as follows:

	Group		Company	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Transactions and fees of management members	1.598	1.560	1.413	1.378

14. Treasury shares

On 31/12/2018, the Company does not hold any treasury shares.

15. Explanatory report – information according to article 4 par. 7 of Law 3556/2007

a. The Company's share capital

The Company's share capital amounts to euros 47.450.647,00 divided into 47.450.647 shares with a nominal value of euro 1,00 each (31/12/2017: 47.450.647).

All shares are common nominal shares. Each share entitles to one vote, with an exception of own shares that do not have the right to vote. It is noted that on 31/12/2018, the Company does not hold any own shares.

The shareholders' responsibility is limited to the nominal value of the shares that they own.

b. Restrictions as to the transfer of the Company's shares

The Company's shares, without prejudice to the conditions below, are transferrable by the shareholder and its successors.

In case that any shareholder decides to transfer, in any way and for any cause, part or the whole number of his shares issued by the Company, to any natural person or legal entity, then the rest of the shareholders will be preferred, by their shareholding at the current share capital of the Company, against all prospective buyers, as long as the offered (by the rest of the shareholders) amount of money for the acquisition of the shares equals or exceeds the offered amount by the other candidates. To this end, the shareholder who will transfer the shares will disclose to the rest of the shareholders and to the Board of Directors of the Company, in writing, all offers of the candidate future shareholders regarding their amount and their mode and time of payment and the rest of the shareholders, within five (5) days from the date that they are officially advised about the offers made, they will respond if they wish to acquire the shares and in case of a positive response, they will disclose in writing the amount offered for their acquisition.

In case of a negative response or expiration of the deadline (of five days) on behalf of the rest of the shareholders, the shareholder who wishes to transfer his shares may freely proceed to the transfer of these shares to anyone he desires. Within five (5) days from the positive response of the rest of the shareholders to the shareholder who wishes to sell and provided that the offer amount of money equals or exceeds the amount offered by the rest of the candidate future shareholders and under the same conditions regarding the time and mode of payment, then, the shareholder who wishes to transfer his shares, is obliged to transfer them to the rest of the shareholders, proportionally and depending on the shareholding of each one at the current share capital of the Company. Aforementioned shareholders are obliged to accept this transfer.

Any transfer which takes place in violation of the aforementioned conditions is invalid and has no effect towards the Company.

c. Significant direct or indirect shareholdings as prescribed by articles 9 - 11 of Law 3556/2007

On 31/12/2018, all shares and voting rights of the Company belonged to FOURLIS HOLDINGS SA.

d. Preference shares

The Company does not have any preference shares.

e. Restrictions to voting rights

There are no restrictions to voting rights arising from the Company's Articles of Incorporation.

f. Shareholder agreements resulting in restrictions transfer of shares or to their voting rights

The Company is not aware of any Shareholder agreements resulting in restrictions to transfer of shares or to their voting rights as it is prescribed by the Company's Articles of Incorporation.

g. Rules for the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Incorporation which differ to those prescribed by Codified Law 2190/1920.

The rules for the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Incorporation of the Company do not differ to those prescribed by Codified Law 2190/1920.

h. The Board of Directors' or of several of its members, roles for the issue of new shares or the shares buy back in accordance with article 16 of Codified Law 2190/1920

The Articles of Incorporation of the Company is not different from the provisions of L. 2190/ 1920 regarding the jurisdiction of the Board of Directors to issue new shares or to purchase treasury shares. There is no jurisdiction of some members of the Board of Directors for the issuance of new shares or the purchase of treasury shares.

i. Significant agreements that the issuer has entered into, which come into force, are amended or terminate in the event that there are changes in control due to public offering and the results of these agreements

There are no significant agreements of the Company, which come into force, are amended or terminate in the event that there are changes in control of the Company due to public offering.

j. Agreements that the issuer has entered into with members of the Board of Directors or its employees, which provide for indemnity in the event of termination or redundancy without cause due to the public offering.

There are no agreements of the Company with members of the Board of Directors or its employees, which provide for indemnity in the event of termination or redundancy without cause.

16. Corporate Governance Statement for the period 1/1 – 31/12/2018

According to L. 3873/2010 article 2 paragraph 2, the Board of Directors of the Company declares the following:

a) <u>Reference on the Corporate Governance Code which the Company is coming under or has voluntarily decided to comply with and the website that can be found.</u>

The Hellenic Corporate Governance Council (HCGC) has been established at 2012 as a non-profit company with the joint initiative of Athens Stock Exchange and the Hellenic Federation of Enterprises (SEV). Since October 2018, the Hellenic Banking Association has become a regular member of the HCGC.

The purpose of HCGC is incessant growth of Greek market's credibility among international and domestic investors and improvement of competitiveness of Greek companies. It operates as a specialized body for the expansion of the principles of the corporate governance and aims to develop the culture of good governance in Greek economy and society. Its general plan of action includes: formation of views regarding institutional framework, submission of proposals, participation in deliberations and working groups, organization of educational and informational activities, monitoring and assessment of corporate governance practices and implementation of corporate governance codes, subscription tools supply and rating of Greek companies' performance.

HCGC, as a Non-Profit company, has Members, which are distinguished in Founding (Athens Stock Exchange and SEV), Regular (HBA), Participating and Other. HCGC's supreme body is the General Assembly (GA). HCGC is directed by Administration Council consisted of 3-5 members elected by the GA and has a term of 5 years. Today, the Administration Council has 5 members. Besides the Administration Council, the HCGC also operates Corporate Governance Council, in which specialists from different sectors participate (audit, investment, business, supervision, legal, consulting, banking and stock market).

Since October 2018, a Working Committee has been established with the participation of representatives of Founding Members and the new Regular Member (Athens Stock Exchange, SEV, HBA) with responsibilities to implement the action plan, organize other actions (conferences, events, promotional actions), find sponsors and other resources, as well as fulfill and implement other purposes of HCGC.

The Company, following its BoD resolution of 28/2/2011, has decided to voluntarily implement the Hellenic Corporate Governance Code which was conducted on the initiative of SEV (Hellenic Federation of Enterprises) and afterwards modified under the context of its first revision (28/6/2013) from Hellenic Corporate Governance Council (HCGC).

The Hellenic Corporate Governance Code is posted on the website of the Hellenic Corporate Governance Council at: http://www.esed.org.gr.

The purpose of Hellenic Corporate Governance Code is the constant improvement of the greek institutional framework and general business environment, as well as the increase of investors' confidence not only towards the listed companies as a whole but also each one of them and the broadening of attraction horizons of investment capitals.

The Hellenic Corporate Governance Code contains two types of provisions: "general principles", which are addressed to all companies, listed or not and "special practices" which only refer to listed companies. The purpose of General principles is to provide a general framework within which principles can be addressed and more issues of corporate governance can be resolved, either of a listed company or not. Each principle is followed by one or more specific practices that further develop the general principles and guide their implementation within the regulatory and ownership structure of listed companies. The Code follows the approach of compliance or explanation and has the following demands of the listed companies which chose to implement it: the disclosure of their intention and either their compliance with all the specific practices of the Code or their explanation of the reasons leading them not to comply with these specific practices.

The general principles of the Code cover the following topics:

- Role and responsibilities of the Board
- Size and composition of the Board
- Role and profile of the Chairman of the Board
- Duties and conduct of Board members
- Nomination of Board members
- Functioning of the Board
- Board evaluation
- Internal audit system
- Level and structure of remuneration
- Communication with shareholders
- General Assembly of shareholders

b) Reference to the corporate governance practices implemented by the Company beyond the requirements of the Law and the website that can be found

Whenever Hellenic Corporate Governance Code refers to existing, mandatory legal rules present tense is used to distinguish these requirements from the voluntary practices of the Code.

Indicative, the following Corporate Governance practices applied by the Company and exceed the current provisions of the Law (Law 3016/2002, Law 3693/2008 ar. 37, Law 4403/2016 ar. 2, Law 4449/2017 ar. 44 and Law 2190/1920 wherever it covers the relevant topics):

- The Board of Directors consists of seven (7) to fifteen (15) Board Members. The BOD should comprise a majority of non-executive members (including independent non-executive members) and at least two (2) executive members. At least one third (1/3) of the Board Members consists of independent non - executive members, who are free of material conflict of interest with the Company and do not have any close ties with the Management, controlling shareholders or the Company.
- The Board of Directors is assisted by a competent, suitably qualified and experienced company Secretary who shall attend all its meetings. All Board Members have access to the services of the company Secretary, whose role is to provide practical support to the Chairman and other Board members, both as a group and individually, and ensure that the Board complies with internal rules and relevant laws and regulations.
- The Board of Directors has established a Nomination and Remuneration Committee which meets sufficiently regularly and ensures an efficient and transparent process for both the nomination of Board members and the formulation of policy and principles of the Company regarding the remuneration of executive Board members and key executives.

- The responsibilities of the Chairman are clearly established by the Board of Directors, clearly distinguished from those of the Chief Executive Officer and are reflected in the Internal Regulation of the company.
- The Board of Directors has appointed independent Vice-Chairman coming from its independent members given that the Chairman of the BoD has executive responsibilities.
- The Board of Directors, supported by Audit Committee, sets appropriate policies on internal control and ensures that the system is functioning effectively. The Board of Directors also defines the process to be adopted for the monitoring of the effectiveness of internal control. This encompasses both the scope and frequency of the reports it receives from the internal audit services and reviews during the year, as well as the process for the annual assessment of internal control.
- The Chairman of the Board of Directors should be available to meet shareholders of the company to discuss eventual governance concerns. The Chairman of the Board of Directors should ensure that the views of the shareholders are communicated to the whole Board.
- The Audit Committee ensures the functioning of the internal control service according to international professional standards

c) Description of the main characteristics of internal control and risk management of the company in relation to the process of preparation of financial statements

The Company has developed and implements a process for issuing the financial statements (consolidated and separate) and the Financial Report. The Group companies record their transactions in their information systems and through automated procedures the consolidation application is updated. Crosschecking of data is performed and is reviewed (intra - group transactions, receivables and payables, etc.). Elimination and consolidation entries are recorded and the financial statements with the associate notes are developed. After the completion of audit procedures, the Financial Report that includes the financial statements is submitted to the Board of Directors for approval.

The main characteristics of internal control and risk management systems employed by the Company in connection with the process of preparation of the financial statements and the Financial Report are the following:

- Adequate knowledge, skills and availability of personnel involved with clearly separated roles and areas of responsibility.
- Existence of recorded and updated procedures related to the issuance of financial results.
- Regular review of accounting principles and policies.
- Existence of control activities relevant to information systems used.
- Regular communication between the external auditors, Executive Management and the Audit Committee.
- Regular meetings for validation and registration of the significant estimations affecting the

financial statements.

- Existence of risk management methodology and documentation for its implementation. Presentation of the results of risk management to the Board of Directors.
- Existence of unique Chart of Accounts for all Group companies and centralized management.
- On the recommendation of the Audit Committee, annual evaluation by the Board of Directors of the internal control and risk management systems applied for the issuance of financial statements.

d) Additional Information pursuant to sections c), d), f) g) and h) of Article 10 par.1 of the 2004/25/EK Directive of the 21st of April 2004, regarding the Takeover Bid, since the Company is subject to the Directive

During the year no Takeover Bids or Business Combination took place.

e) Information about the General Shareholders Assembly, mode of operation, description of the rights of the shareholders and how these can be exercised

The convocation of General Assembly of Shareholders of the Company is in accordance with the Law 2190/ 1920, as in force.

Regarding the operating method of the General Assembly, the Company follows the practices mentioned below:

- The Shareholders of the Company are informed in advance and up to schedule, for the convocation of the General Assembly, in accordance with the Law.
- The Company publicizes on its website the Invitation of the General Assembly, the representation mode of the Shareholders, the deadlines and the mode of exercise of their rights as well as the voting results for each topic of the agenda.
- The Company publicizes on time on its website Explanatory Note regarding the agenda, the relevant proposals by Board of Directors, the required quorum and majority for the approval of the proposals. The Explanatory Note is also available in hard copy in Company's Head Office and is distributed to the Shareholders entering in the General Assembly.
- Ensuring that each shareholder is able to participate at the General Assembly either by wording their views or by submitting their questions.

The Company, according Law 3884/ 2010, in its first adaption at the convocation of the Annual Ordinary General Assembly of 2011, takes all measures for the consistent process and to ensure the Shareholders rights.

The responsibilities of the General Assembly are mentioned in the Extract of the Article of Incorporation of the Company which is posted on its website: http://www.housemarket.gr.

f) Composition and functioning of the Board and any other administrative, management or supervisory bodies or committees of the Company

The Board, its independent members and all members of Audit Committee, have been elected by the

Extraordinary General Assembly of shareholders held on 21/6/2016. The term of Board members in accordance with the articles of Incorporation and of members of Audit Committee, ends at the a' semester of 2021, when the Ordinary General Assembly of shareholders of the Company will elect new BoD.

The current BoD was constituted as follows:

Chairman, Executive Member, Chairman of Nomination and Remuneration Committee	Dafni A. Fourlis
Vice – Chairman, Executive Member, Member of Nomination and Remuneration Committee	Vassilis S. Fourlis
Independent Vice – Chairman, Independent Non – Executive Member, Member of Audit Committee, Member of Nomination and Remuneration Committee	Eftichios Th. Vassilakis
CEO, Executive Member	Panagiotis D. Katiforis
Director, Non – Executive Member	Apostolos D. Petalas
Director, Executive Member	Christos G. Tsamitropoulos
Director, Independent Non – Executive Member, Member of Nomination and Remuneration Committee	Ioannis A. Kostopoulos

Short CV's of the members of the Board of Directors as well as of the Company's Secretary Mr Ioannis Zakopoulos are presented on the Company's website: (http://www.housemarket.gr).

The Extraordinary General Assembly of shareholders of the Company held on 28/12/2017, appointed a new Audit Committee consisting of Mr. Eftichios Th. Vassilakis, Mr. David Watson and Mr. Ioannis Brebos. They meet all the criteria defined by the provisions of article 44 of L. 4449/2017, as they have adequate knowledge of the Company's operating segments, are independent from the Company in compliance with the provisions of L. 3016/2002 and dispose proven wide knowledge and experience in audit and accounting issues. Their term will equal the corresponding term of the current BoD, namely it initially ends on 21/6/2021 and is automatically extended, according to the Law and Articles of Incorporation, until the date of the Ordinary General Assembly which will be held after the aforementioned termination of their term.

The Articles of Incorporation of the Company provide for the Board of Directors to be composed of 7 members. The Company has elected its Board with the maximum permitted number of Directors to ensure the diversity of gender, age, knowledge, qualification and experience serving the objectives of the Company as well as the balance between executive and non-executive members.

The main responsibilities of the Board of Directors include:

- Approving the overall long - term strategy and operational goals of the Company.
- Approving annual budgets and business plans and deciding on major capital expenditures, acquisitions and divestitures.
- Selecting and replacing, if necessary, the executive leadership of the company and overseeing

succession planning.

- Monitoring the performance of senior management, and aligning executive remuneration with the longer term interests of the company and its shareholders.
- Ensuring the existence of risk management and internal audit system and annually examining the main potential risks facing the Company in addition to the consideration of internal audit system following the recommendation of the Audit Committee.
- Ensuring the integrity of the company's accounts, financial reporting systems and public disclosures, as well as the effectiveness of the systems of internal control and risk management.
- Vigilance regarding existing and potential conflicts of interest between both the Company and its senior management, board members or major shareholders (including shareholders with direct or indirect authority to form or influence the composition and behavior of the Board) and appropriate management of such conflicts. For this purpose, the Board adopts supervisory process of transactions with the interests of transparency and protection of corporate interests.
- Ensuring that there is a satisfactory process for monitoring the company's compliance with relevant laws and regulations.
- Deciding on and monitoring the effectiveness of the company's governance processes including its system of decision - making and delegation of authorities and duties to other key executives.
- Formulating, disseminating and implementing key values and principles of conduct governing the company's relations with its shareholders.
- Approving Internal Regulation Charter, Corporate Governance Code, Code of Conduct and their revisions.
- Approving equal opportunities and diversity policy, including gender balance between board members.

Company's policy of equal opportunities and diversity is posted on its website (http://www.housemarket.gr) and briefly includes the following:

The Company as a member of FOURLIS Group is committed to provide equal opportunities for all employees and qualified applicants for employment, at all levels of hierarchy, regardless of race, color, religion, national origin, gender, sexual orientation, age, disability, marital status, or any other characteristic protected by law. The Company as a member of FOURLIS Group expressly prohibits any discrimination or harassment based on these factors.

Affirmative action will be taken to ensure that all employment decisions, including but not limited to those involving recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline, and discharge, are free from unlawful discrimination.

The Company as a member of FOURLIS Group encourages a safe and healthy work environment, free from discrimination, harassment and retaliation. All employment-related decisions are based on an individual qualification, performance and behavior, or other legitimate business considerations.

The Company as a member of FOURLIS Group will provide reasonable accommodation to otherwise qualified employees with a disability consistent with the law. What constitutes a reasonable accommodation depends on the circumstances and thus will be addressed by the the Company as a member of FOURLIS Group on a case-by-case basis.

With a view to achieving a sustainable and balanced development, the Company as a member of FOURLIS Group sees increasing diversity at the Board & Executive Officers level as an essential element in supporting attainment of its strategic objectives and its sustainable development.

Certain minimum qualifications for Board members & Executive Officers candidates should possess, including strong values and discipline, high ethical standards, a commitment to full participation to the Board and its committees. Candidates should possess individual skills, experience and demonstrated abilities that help meet the current needs to the Group.

Board & Executive Officers' diversity is based on a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All Board & Executive Officers appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Below, data on the proportion of each gender and age of Board members and Senior Executives are presented:

Board of Directors	**HC Total**	**%**
Male	6	86%
Female	1	14%
Grand Total	7	100%

The age range of the members of the BoD varies from 51 to 63 years old.

Executive Officers	**HC Total**	**%**
Male	14	87%
Female	2	13%
Grand Total	16	100%

The age range of the Executive Officers varies from 40 to 62 years old.

The policy of conducting transactions between subsidiaries of the Company and related parties aims at the timely information of the desired transaction and approval obtaining before its implementation. The policy applies to all new transactions regardless their amount. In case of existing transactions, approval is required for substantial modification of contract terms in force (new customer, new transaction, expansion of the duration, credit terms amendment, pricing conditions amendment etc).

The Board shall meet with the necessary frequency so as to effectively perform its duties. At the beginning of each calendar year, the Board adopts a meeting agenda and a 12-plan action plan, which may be revised depending on the needs of the Company.

The evaluation of the Board and its Committees takes place annually through questionnaires completed by the members of the Board, which are then processed by the Company's Secretary and presented to the Board at its November meeting.

The policy and principles of the Company regarding the form of executive board members' remuneration as well as the method of calculation of board members' variable remuneration, including quantitative and qualitative criteria taken into consideration, are summarized as follows:

Compensation & Benefits Policy

Compensation is a fundamental component of employment and one of the most critical HR management policies. With the term "Compensation" we intend: base salary, bonus or incentive plans (if the position is eligible to such incentives) and benefits.

The Company as a member of FOURLIS Group has established and communicates transparent and clear principles by which Executive BoD members, are paid with the aim to ensure fairness and equity. The Compensation Policy of FOURLIS Group is based on objectives and up-to-date job descriptions, effective job evaluation and performance management.

All compensation and benefits are shown in the offer letter and/ or the employment contract; there are no unlisted, "off-agreement" incentives or benefits allowed. Compensation includes base salary, management upon objectives, stock option plan and other incentives in kind. All employment-related decisions, including decisions on compensation, are based on an individual qualification, performance and behavior, or other legitimate business considerations.

Salary Ranges

The Company as a member of FOURLIS Group collaborates with well-known consultancy firms, with international experience, in order to get the appropriate market benchmarking on Compensation & Benefits trends and establish its own salary range. The market benchmarking is conducted once a year to ensure that the Company and FOURLIS Group policy is in line with the employment market practices for each targeted position within that market, as well as to ensure internal equity.

Placement on Salary Range

The Company's Compensation policy, as a member of FOURLIS Group, has established the criteria for new hires/ existing Executive BoD Members placement on the salary range. The criteria include the new hires/ existing Executive BoD Members experience and specific skill sets related to the position.

Criteria for Salary Increases

In order to ensure fair and equitable compensation practices, the Company as a member of FOURLIS Group has clearly established, communicate and apply decision-making criteria for salary increases. Decisions on salary increases are based on cost of living and performance (merit).

As a guideline for management, the performance ratings should normally follow a typical distribution (gauss curve), depending on the maturity of each FOURLIS Group Company. The Group HR Function provides the appropriate distribution to the Company. The typical distribution guideline is recommended in order to fairly apply the performance system to all individuals and to maintain the approved company budget. Merit increase pay out may change from year to year and are determined by how successful the companies have been as a profit making business.

Salary Review Timing

Salary reviews are conducted annually in conjunction with performance reviews.

Bonus and Incentive Pay

The Management by Objectives (MBO) is an optional reward, decided annually and is awarded each time by the decision of the Management, which chooses its level, size and way of implementation.

Under this decision, the program "Management by Objectives" (MBO) is based on Group, Company and/ or Personal (departmental) Objectives, which will be accomplished during each year.

The MBO program is designed to strengthen our Company's strategy, as a member of FOURLIS Group, support the view that we should reward contribution, and is targeted on:

- Participants motivation on Objectives' achievement
- Contribution on Group, Company & Personal/ departmental final results
- Teamwork spirit

Stock Option Plan

Stock Oprion Plans are approved by the General Assembly of the Shareholders of the parent Company FOURLIS HOLDINGS SA and aim, to attract, maintain and motivate the Executive BoD Members, since through this program, the participants derive direct interest as shareholders of the company and they will connect their performance with the future performance of the Company, as this is mirrored to the share price increase.

Other Incentives

The Company as a member of FOURLIS Group following the market trends, in order to further motivate its Executives BoD Members has in place a benefit in kind policy which includes: health and life insurance plan, pension scheme, company car as well as some other minor benefits.

The remuneration of the Board of Directors is approved by the Ordinary General Assembly.

The functioning of the Board of Directors is detailed in the Board Internal Regulation. The Board Internal Regulation contains the following sections:

- Election of the Board
- Board members
- Establishment of independence of candidates or current members of the Board
- Term of the Board
- Establishment of the Board as a body
- Responsibilities of the Board
- Duties and conduct of Board members
- Board committees
- Prohibitions

- Board Meetings
- Quorum of the Board and decision making
- Support of the Board
- Minutes of Board Meetings

The function of the Board is supported by two committees: the Audit Committee and the Nomination and Remuneration Committee.

The Audit Committee is appointed by the General Assembly of shareholders (Article 37 of Law 3693/2008). The main responsibilities of the Audit Committee are the following:

- Monitoring the financial reporting process and credibility of financial statements,
- Supervision of any formal announcement regarding the financial performance of the Company and examination of key points of financial statements which contain significant judgments and estimations in terms of management,
- Monitoring the effectiveness of internal control and risk management systems, and monitoring the proper working of the internal audit function,
- Ensuring the independence of internal audit and evaluation of the head of internal audit,
- Examining cases of interest conflicts during transactions of the Company and its subsidiaries with related parties and submitting such reports to the board,
- Monitoring the progress of statutory audit of separate and consolidated financial statements,
- Reviewing and monitoring issues related to the existence and maintenance of objectivity and independence of the external auditor, especially regarding the supply of non-auditing services by the statutory auditor or the audit firm. Objectivity and independence of external auditor in cases of providing non auditing services is secured by strict delimitation and extremely limited use of services provided by auditors not participating in the regular audit of the Group's companies.

The function of the Audit Committee is detailed in the Corporate Governance Code and the Audit Committee Charter approved by the Board and posted on the website of the Company (http://www.housemarket.gr). The Audit Committee within 2018 held 4 meetings. Each regular meeting of the year 2018 was attended by Executives of the Financial Department of the Company and by the external auditors of the company. The minutes of the Audit Committee are distributed and approved in the next meeting of the BoD.

The main responsibility of the Nomination and Remuneration Committee is to lead the procedure of submission of nominations for the election of Board and submits proposals to the Board of Directors their remuneration. The annual ordinary meeting of the Nomination and Remuneration Committee is held in October of every year before the configuration of budget of the next year. The minutes of the Nomination and Remuneration Committee are distributed and approved in the next meeting of the BoD.

The Nomination and Remuneration Committee is responsible for:

- Proposal submissions to the Board of Directors concerning the remuneration of each individual executive Board Member, including bonuses, incentive payments and share options.
- Reviewing and making proposals to the Board of Directors on the total annual package of variable (beyond salary) compensation in the Company.
- Reviewing and proposing to the Board of Directors (and, via the Board of Directors, the General Assembly of shareholders, when required) on the stock option and/ or share award programs.
- Proposing targets for performance – related compensation or targets related to stock-options or granting of shares.
- Reviewing regularly the salary of executive Board Members and other contractual terms, including severance payments and pension arrangements.
- Submitting proposals to the Board on any business policy related to remuneration.
- Reviewing the annual remuneration report.

The function of the Nomination and Remuneration Committee of the Board of Directors is detailed in the Charter of the Committee approved by the Board of Directors and posted on the web site of the Company (http://www.housemarket.gr). The Nomination and Remuneration Committee Charter contains the following sections:

- The purpose of the Committee
- Members and term of the Committee
- Duties and responsibilities of the Committee
- Functioning of the Committee
- Disclosure of the Committee Charter

g) If the company deviates from the Corporate Governance Code that applies, the Corporate Governance Statement includes a description of that deviation with reference to the relevant parts of the Corporate Governance Code and provides explanation for the deviation. If the company does not comply with certain provisions of the Corporate Governance Code, the Corporate Governance Statement includes a reference to the provision that is not applied and explains the reasons for that deviation.

The Company complies with the Hellenic Corporate Governance Code with minor deviations that are presented and explained in the following table.

Greek Code of Corporate Governance (first modification June 2013)	**Explanation/ Justification of deviations from special practices of the Corporate Governance Greek Code with the exceptions for smaller listed companies**
Board of Directors must be composed to its majority by non-executive members (including independent non-executive members)	It will be proposed as a change by the termination of the term of the members of the current Board of Directors.
Board members must be elected by shareholders at a maximum term of four (4) years (specific practice 5.1 Nomination of Board Members)	An amendment on Articles of Incorporation is required, which is a decision of the General Assembly. It will be proposed as a change by the termination of the term of the members of

Greek Code of Corporate Governance (first modification June 2013)	Explanation/ Justification of deviations from special practices of the Corporate Governance Greek Code with the exceptions for smaller listed companies
	the current Board of Directors.
The evaluation of the performance of the Board and its Committees should take place at least every 2 years in line with a clearly established procedure. The evaluation exercise should be led by the Chairman and its results discussed by the Board. The Chairman should act on the results of the performance evaluation by addressing the weaknesses of the Board. The non - executive Board members should convene periodically without the executive members in order to evaluate the latter performance and discuss their remuneration (specific practice 7.2, Board evaluation).	The responsibilities of the Board of Directors include the assessment of its Committees. For the evaluation of the effectiveness of the Board, the Company has ended up with the use of questionnaires completed by the members of the Board, which are processed by the company's Secretary and presented annually to the Board during the last meeting of every year. The specific practise of meetings of non executive members without the presence of executive members is about to be applied within 2019.
If stock options are granted, they shouldn't mature in less than three (3) years from grant date (special practice 1.2, Level and structure of remuneration).	The stock option plan (SOP program) in force, in which executives of the Company and its subsidiaries participate, is issued by the parent company and provides maturity to stock options in less than three (3) years from grant date. In case of a new SOP program, there will be a revision of this specific special practice.
Executive Board members' contracts should provide that the Board may demand full or partial recovery of any bonuses awarded on the basis of restated financial statements of previous years or otherwise erroneous financial data used to calculate such bonuses (specific practice 1.3, Level and structure of remuneration).	The existing contracts of the Company do not include this term, but a specific reference has been predicted to be made to the last revision of the Code of Conduct distributed to all the employees of the Company.

17. Subsequent Events

There are no other subsequent events that may significantly affect the financial position and results of the Group other than the following:

- on 28/2/2019, it was announced that the Board of Directors of the Hellenic Capital Market Commission during its meeting held at 838/28.02.2019 resolved on granting a license to the company under formation "TRADE ESTATES REAL ESTATES INVESTMENT COMPANY" for its operation as a) a Real Estate Investment Company according to the provisions of L. 2778/1999 and b) an internally managed Alternative Investments Fund Manager ("AIFM") according to the provisions of L. 4209/2013. Group, through TRADE ESTATES REIC aims at operating a REIC that will be investing purely in quality retail properties and E-Commerce infrastructure. The Retail evolution in physical and digital form, creates significant opportunities in the real estate market in Southeastern Europe. The impact on the consolidated financial statements has not yet been quantified.
- on 24/1/2019, Ministry of Development approved the application of a subsidiary company in order

for its business plan, regarding the supply of mechanical equipment of amount € 6.719.230, to be subject to the provisions of L. 4399/2016.

- on 20/2/2019, the Parent Company of the Group issued a five-year unsecured Common Bond Loan amounting at fifteen million euros for financing its business operations. The loan was covered entirely by the bond lender on 26/2/2019.

This Report, the Annual Financial Statements of the year 2018, the Notes on the Annual Financial Statements along with the Auditors Report, they are published at the company's web site, address: http://www.housemarket.gr and http://www.ikea.gr. At the same site, all Annual Financial Statements, Audit Reports and Board of Directors Reports of the companies which are consolidated and they are not listed and which cumulatively represent a percentage higher than 5% of consolidated revenues or assets or operating results after the deduction of minority shares proportion, are published.

Paiania, March 18th 2019

The Board of Directors

The annual Financial Statements (consolidated and separate) included in pages 51 to 120 are in accordance with the IFRS as applied in the European Union and approved by the Board of Directors of "Fourlis Holdings SA" on 18/3/2019 and are signed by the following:

Chairman of the Board of Directors	CEO
Dafni A. Fourlis ID No. Φ – 019071	Panagiotis D. Katiforis ID No. AK – 129648
Finance Manager Controlling & Planning	Chief Accountant
Emmanouil D. Manousakis ID No. AB - 669252	Christos G. Vasilopoulos ID No. X – 067556 Ch. Acct. Lic. No. 62815 A Class

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

Independent Auditor's Report

To the Shareholders of HOUSEMARKET S.A.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of Housemarket S.A. (the Company), which comprise the separate and consolidated statement of financial position as of December 31, 2018, and the separate and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. In our opinion, the accompanying separate and consolidated financial statements present fairly in all material respects the financial position of Housemarket S.A and its subsidiaries (the Group) as at 31 December 2018 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in Greek Law. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements" section of our report. We remained independent of the Company and Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters and the related risks of material misstatement, were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

Key audit matter	How our audit addressed the Key audit matter
Valuation of inventories (separate and consolidated financial statements)	
In the Company's separate statement of financial position of December 31, 2018, the Company presents inventories amounting to €22,9 million, which includes a provision for impairment of €0,7 million. In the consolidated statement of financial position of December 31, 2018, the Group presents inventories amounting to €35.9 million, which includes a provision for impairment of €0.9 million. As described in Note 3.13 of the separate and consolidated financial statements, the Group records inventories at the lower of cost or net realizable value. Critical judgement and estimates are exercised by the Group management in identifying and assessing the amount of allowance for inventories, which include among other, estimation of the slow-moving inventories, estimation of obsolete inventories that will be destructed during the following period, evaluation of seasonality and estimation of the future selling prices of the products. We consider that because of the judgment involved in inventory valuation and the assumptions used by management, in combination with the significance of the amount of inventories to the separate and consolidated financial statements, valuation of inventories is a key audit matter. The Group and the Company disclose the related accounting policies and estimates, and the assumptions used for inventory valuation, in Notes 2.2, 3.13 and 10 of the separate and consolidated financial statements.	We have performed the following procedures: • Historical costs and margins were tested on a sample basis through reconciliation of purchase cost and margins with the original purchase invoices and sales invoices. • We recomputed on a test basis the weighted average valuation method that is used to value inventories. • We assessed whether there were inventories which were sold with a negative margin and whether this was considered for inventory valuation at the lower of cost or net realizable value. • At year end, we attended on a part of inventory counts in Group and Company stores and distribution centers, to validate on a sample basis whether there were indications of obsolesce. • We assessed management's estimations for slow moving inventories through observing on a sample basis historical sales and seasonality. • We evaluated the historical accuracy of allowance of inventories assessed by management by comparing on a sample basis the actual loss from inventory destruction, inventory write offs or other entries related to inventories to the historical allowance. • Furthermore, on a sample basis, we validated the mathematical accuracy of management's calculations for inventory provision. We also assessed the adequacy of the disclosures which are included in the notes to the separate and consolidated financial statements.

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
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<table>
<tr><th>Key audit matter</th><th>How our audit addressed the Key audit matter</th></tr>
<tr><td colspan="2">Impairment exercise on stores (separate and consolidated financial statements)</td></tr>
<tr><td>Property plant and equipment is a material part of Company and Group total assets (2018: €89 million and €183 million respectively). An amount of €89 million for the Company and €160 million for the Group relates to the net book value of stores.

In accordance with IFRS, the Group considers each store as a Cash Generating Unit, and performs impairment test to the stores where an indication of impairment exists.

Due to the material carrying value of those assets as well as the judgment and assumptions involved in the identification of any impairment indication and the assessment exercised whether there is a need of impairment or not, we consider the impairment exercise on stores a key audit matter.

The Group and the Company disclose the related accounting policies and estimates, and the assumptions used for impairment exercise on stores, in Notes 2.2, 3.7, 3.10 and 6 of the separate and consolidated financial statements.</td><td>Our audit procedures included, among others, the following:
• We evaluated the Group and Company policies to identify the Cash Generated Units.
• We evaluated the Group and Company policies to identify triggering events for potential impairment of assets in each Cash Generated Unit.
• We evaluated management assumptions underlying the potential impairment calculation for those stores where a triggering event was identified. Valuation specialists supported the audit team.
• We evaluated the management estimates for the future cash flows by performing the following audit procedures:

(a) We compared forecasted future cash flows of prior years with the actual cash flows, and

(b) We compared the future cash flows that were used in Group and Company models with market available data and industry trends.

• We reviewed the discount rate and residual value, with regards to the assumptions used, and compared them with the available industry trends and other financial information.
• We evaluated the sensitivity analysis of the most significant assumptions used.

We also assessed the adequacy of the disclosures which are included in the notes to the separate consolidated financial statements.</td></tr>
</table>

Other information

Management is responsible for the other information in the Financial Statements. The other information, included in the Annual Report, comprises of the Board of Directors Report, for which reference is also made in section "Report on Other Legal and Regulatory Requirements", the Statements of the Members of the Board of Directors, and other complementary information, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (Law 44 v.4449/2017) is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated in Greek Law, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, as incorporated in Greek Law, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and its subsidiaries. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information required by article 43bb of Codified Law 2190/1920.
b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A, and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended 31 December 2018.
c) Based on the knowledge and understanding concerning the Company and its environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

2. Additional Report to the Audit Committee

Our opinion on the separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Group, in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

Non-audit services provided by us to the Company and its subsidiaries during the year ended December 31, 2018, are disclosed in note 5 of the separate and consolidated financial statements.

4. Appointment of the Auditor

We were firstly appointed as auditors of the Company by the General Assembly on June 7, 2010. Our appointment has been renewed annually by virtue of decisions of the annual general meetings of the shareholders for a continuous period of 9 years.

Athens, March 18, 2019

The Certified Auditor Accountant

SOFIA KALOMENIDES
S.O.E.L. R.N. 13301
ERNST &YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
CHIMARRAS 8B, 151 25 MAROUSSI
GREECE
SOEL REG. No. 107

Statement of Financial Position (Consolidated and Separate)
as at December 31, 2018 and at December 31,2017

(In thousands of Euro, unless otherwise stated)

		Group		Company	
Assets	Note	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Non-current Assets					
Property plant and equipment	6	182.772	185.595	89.265	91.538
Investment Property	7	28.350	28.332	13.450	12.385
Intangible Assets	8	6.402	6.532	4.988	5.034
Investments in affiliates and associates	9	28.246	22.838	79.917	74.587
Long Term receivables	12	2.867	3.214	2.853	5.700
Deferred Taxes	23	2.365	2.839	1.367	1.560
Total non-current assets		**251.002**	**249.351**	**191.839**	**190.804**
Current assets					
Inventory	10	35.873	32.625	22.904	21.400
Income tax receivable		390	337	320	333
Trade receivables	11	2.834	2.314	2.256	1.882
Other receivables	13	11.364	18.207	14.088	18.394
Cash & cash equivalent	14	22.457	20.295	9.877	11.827
Total current assets		**72.917**	**73.778**	**49.445**	**53.837**
Total Assets		**323.920**	**323.129**	**241.284**	**244.642**
SHAREHOLDERS EQUITY & LIABILITIES					
Shareholders equity					
Share Capital	15	47.451	47.451	47.451	47.451
Share premium reserve		(561)	(561)	(217)	(217)
Reserves	16	17.684	17.578	17.771	17.588
Retained earnings		89.161	82.042	76.827	78.993
Total shareholders equity (a)		**153.735**	**146.509**	**141.832**	**143.814**
Non controlling interest (b)		0	0	0	0
Total Equity (c)=(a)+(b)		**153.735**	**146.509**	**141.832**	**143.814**
LIABILITIES					
Non Current Liabilities					
Loans and borrowings	20	83.099	90.252	39.531	39.361
Employee retirement benefits	18	3.428	3.115	2.996	2.756
Deferred Taxes	23	27	0	0	0
Other non-current liabilities	21	4.727	4.769	37	65
Total non current Liabilities		**91.280**	**98.136**	**42.564**	**42.181**
Current Liabilities					
Short term loans for working capital	20	4	404	0	0
Current portion of non-current loans and borrowings	20	7.197	7.350	0	0
Income Tax Payable		0	70	0	0
Accounts payable and other current liabilities	22	71.704	70.659	56.888	58.646
Total current Liabilities		**78.904**	**78.484**	**56.888**	**58.646**
Total liabilities (d)		**170.185**	**176.620**	**99.452**	**100.827**
Total Equity & Liabilities (c) + (d)		**323.920**	**323.129**	**241.284**	**244.642**

The accompanying notes on pages 59 to 120 are an integral part of the Consolidated Financial Statements.

Income Statement (Consolidated) for the period 1/1 to 31/12/2018 and 1/1 to 31/12/2017

(In thousands of Euro, unless otherwise stated)

		Group	
	Note	1/1 - 31/12/2018	1/1 - 31/12/2017
Revenue		300.319	294.299
Cost of Goods Sold	5,10	(176.818)	(172.520)
Gross Profit		**123.501**	**121.779**
Other operating income	5	7.091	4.877
Distribution expenses	5	(93.590)	(91.519)
Administrative expenses	5	(12.991)	(12.654)
Other operating expenses	5	(559)	(350)
Operating Profit		**23.452**	**22.133**
Total finance cost	5	(7.378)	(7.723)
Total finance income	5	105	438
Contribution associate companies profit and loss	5	83	(1.160)
Profit before Tax		**16.262**	**13.689**
Income tax	23	(2.566)	(3.129)
Net Profit (A)		**13.696**	**10.559**
Attributable to:			
Equity holders of the parent		13.696	10.559
Net Profit (A)		**13.696**	**10.559**
Basic Earnings per Share (in EURO)	24	0,2886	0,2225
Diluted Earnings per Share (in EURO)	24	0,2886	0,2225

Revenue is meant as income from contracts with customers.

The accompanying notes on pages 59 to 120 are an integral part of the Consolidated Financial Statements.

Statement of Comprehensive Income (Consolidated) for the period 1/1 to 31/12/2018 and 1/1 to 31/12/2017

(In thousands of Euro, unless otherwise stated)

	Note	Group	
		1/1 - 31/12/2018	**1/1 - 31/12/2017**
Net Income (A)		**13.696**	**10.559**
Other comprehensive income/(expenses)			
Other comprehensive income/(expenses) transferred to the income statement			
Valuation of financial assets available for sale		(0)	(204)
Effective portion of changes in fair value of cash flow hedges	20,23	(92)	226
Total Other comprehensive income/(expenses) transferred to the income statement		**(92)**	**21**
Other comprehensive income/(expenses) not transferred to the income statement			
Actuarial gain/losses on defined benefit pension plans	18,23	(35)	(60)
Total Other comprehensive income/(expenses) not transferred to the income statement		**(35)**	**(60)**
Other Comprehensive Income/(Losses) after Tax (B)		**(128)**	**(39)**
Total Comprehensive Income/(Losses) after Tax (A) + (B)		**13.568**	**10.521**
Attributable to:			
Equity holders of the parent		13.568	10.521
Total Comprehensive Income/(Losses) after Tax (A) + (B)		**13.568**	**10.521**

The accompanying notes on pages 59 to 120 are an integral part of the Consolidated Financial Statements.

Income Statement (Separate) for the period 1/1 to 31/12/2018 and 1/1 to 31/12/2017

(In thousands of Euro, unless otherwise stated)

		Company	
	Note	**1/1 - 31/12/2018**	**1/1 - 31/12/2017**
Revenue		193.064	191.381
Cost of Goods Sold	5,10	(112.201)	(110.491)
Gross Profit		**80.863**	**80.890**
Other operating income	5	4.641	3.482
Distribution expenses	5	(65.408)	(64.420)
Administrative expenses	5	(13.474)	(14.060)
Other operating expenses	5	(355)	(227)
Operating Profit		**6.267**	**5.665**
Total finance cost	5	(4.768)	(4.777)
Total finance income	5	92	422
Dividends	17	3.000	3.000
Profit before Tax		**4.591**	**4.310**
Income tax	23	(647)	(2.043)
Net Income (A)		**3.944**	**2.268**
Attributable to :			
Equity holders of the parent		3.944	2.268
Net Income (A)		**3.944**	**2.268**
Earnings after tax per share - basic (in Euro)	24	0,0831	0,0478
Earnings after tax per share - diluted (in Euro)	24	0,0831	0,0478

Revenue is meant as income from contracts with customers.

The accompanying notes on pages 59 to 120 are an integral part of the Consolidated Financial Statements.

Statement of Comprehensive Income (Separate) for the period 1/1 to 31/12/2018 and 1/1 to 31/12/2017

(In thousands of Euro, unless otherwise stated)

		Company	
	Note	**1/1 - 31/12/2018**	**1/1 - 31/12/2017**
Net Income (A)		**3.944**	**2.268**
Other comprehensive income/(expenses)			
Other comprehensive income/(expenses) transferred to the income statement			
Effective portion of changes in fair value of cash flow hedges		(0)	(204)
Total Other comprehensive income/(expenses) transferred to the income statement		**(0)**	**(204)**
Other comprehensive income/(expenses) not transferred to the income statement			
Actuarial gain/losses on defined benefit pension plans	18,23	(18)	(16)
Total Other comprehensive income/(expenses) not transferred to the income statement		**(18)**	**(16)**
Other Comprehensive Income/(Losses) after Tax (B)		**(18)**	**(16)**
Total Comprehensive Income/(Losses) after Tax (A) + (B)		**3.926**	**2.048**
Attributable to:			
Equity holders of the parent		3.926	2.048
Non controlling interest		0	0
Total Comprehensive Income/(Losses) after Tax (A) + (B)		**3.926**	**2.048**

The accompanying notes on pages 59 to 120 are an integral part of the Consolidated Financial Statements.

Statement of Changes in Equity (Consolidated) for the period 1/1 to 31/12/2018 and 1/1 to 31/12/2017

(In thousands of Euro, unless otherwise stated)

	Note	Share Capital	Share premium reserves	Reserves	Revaluation Reserves	Foreign exchange diff. from Statement of Financial Position transl. reserves	Retained earnings / (Accumulated losses)	Total	Non controlling interest	Total Equity
Balance at 1.1.2017		**47.451**	**(456)**	**16.710**	**722**	**5**	**76.542**	**140.974**	**0**	**140.974**
Total comprehensive income/(loss) for the period										
Profit		0	0	0	0	0	10.559	10.559	0	10.559
Effective portion of changes in fair value of cash flow hedges	20,23	0	0	226	0	0	0	226	0	226
Actuarial gains (losses) on defined benefit pension plan	18,23	0	0	0	0	0	(60)	(60)	0	(60)
Valuation of financial assets available for sale		0	0	(204)	0	0	0	(204)	0	(204)
Total comprehensive income/(loss)		**0**	**0**	**21**	**0**	**0**	**(60)**	**(39)**	**0**	**(39)**
Total comprehensive income/(loss) after taxes		**0**	**0**	**21**	**0**	**0**	**10.499**	**10.521**	**0**	**10.521**
Transactions with shareholders recorded directly in equity										
SOP Reserve		0	0	120	0	0	0	120	0	120
Share capital increase		0	(105)	0	0	0	0	(105)	0	(105)
Dividends to equity holders	17	0	0	0	0	0	(5.000)	(5.000)	0	(5.000)
Total transactions with shareholders		**0**	**(105)**	**120**	**0**	**0**	**(5.000)**	**(4.985)**	**0**	**(4.985)**
Balance at 31.12.2017		**47.451**	**(561)**	**16.850**	**722**	**5**	**82.042**	**146.509**	**0**	**146.509**
Balance at 1.1.2018		**47.451**	**(561)**	**16.850**	**722**	**5**	**82.042**	**146.509**	**0**	**146.509**
Effect of adoption of new accounting standards	22	0	0	0	0	0	(1.541)	(1.541)	0	(1.541)
Balance at 1.1.2018 (Restated)		**47.451**	**(561)**	**16.850**	**722**	**5**	**80.501**	**144.969**	**0**	**144.969**
Total comprehensive income/(loss) for the period										
Profit		0	0	0	0	0	13.696	13.696	0	13.696
Effective portion of changes in fair value of cash flow hedges	20,23	0	0	(92)	0	0	0	(92)	0	(92)
Actuarial gains (losses) on defined benefit pension plan	18,23	0	0	0	0	0	(35)	(35)	0	(35)
Total comprehensive income/(loss)		**0**	**0**	**(92)**	**0**	**0**	**(35)**	**(128)**	**0**	**(128)**
Total comprehensive income/(loss) after taxes		**0**	**0**	**(92)**	**0**	**0**	**13.661**	**13.568**	**0**	**13.568**
Transactions with shareholders, recorded directly in equity										
SOP Reserve	18	0	0	198	0	0	0	198	0	198
Dividends to equity holders	17	0	0	0	0	0	(5.000)	(5.000)	0	(5.000)
Total transactions with shareholders		**0**	**0**	**198**	**0**	**0**	**(5.000)**	**(4.802)**	**0**	**(4.802)**
Balance at 31.12.2018		**47.451**	**(561)**	**16.956**	**722**	**5**	**89.161**	**153.735**	**0**	**153.735**

The accompanying notes on pages 59 to 120 are an integral part of Consolidated Financial Statements.

Statement of Changes in Equity (Separate)
for the period 1/1 to 31/12/2018 and 1/1 to 31/12/2017

(In thousands of Euro, unless otherwise stated)

	Note	Share Capital	Share premium reserves	Reserves	Revaluation Reserves	Retained earnings / (Accumulated losses)	Total Equity
Balance at 1.1.2017		**47.451**	**(217)**	**16.961**	**722**	**81.741**	**146.657**
Total comprehensive income/(loss) for the period							
Profit		0	0	0	0	2.268	2.268
Actuarial gains (losses) on defined benefit pension plan	18,23	0	0	0	0	(16)	(16)
Valuation of financial assets available for sale		0	0	(204)	0	0	(204)
Total comprehensive income/(loss)		**0**	**0**	**(204)**	**0**	**(16)**	**(220)**
Total comprehensive income/(loss) after taxes		**0**	**0**	**(204)**	**0**	**2.252**	**2.048**
Transactions with shareholders recorded directly in equity							
SOP Reserve		0	0	109	0	0	109
Dividends to equity holders	17	0	0	0	0	(5.000)	(5.000)
Total transactions with shareholders		**0**	**0**	**109**	**0**	**(5.000)**	**(4.891)**
Balance at 31.12.2017		**47.451**	**(217)**	**16.865**	**722**	**78.993**	**143.814**
Balance at 1.1.2018		**47.451**	**(217)**	**16.865**	**722**	**78.993**	**143.814**
Effect of adoption of new accounting standards	21	0	0	0	0	(1.093)	(1.093)
Balance at 1.1.2018 (Restated)		**47.451**	**(217)**	**16.865**	**722**	**77.900**	**142.721**
Total comprehensive income/(loss) for the period							
Profit		0	0	0	0	3.944	3.944
Actuarial gains (losses) on defined benefit pension plan	18,23	0	0	0	0	(18)	(18)
Total comprehensive income/(loss)		**0**	**0**	**0**	**0**	**(18)**	**(18)**
Total comprehensive income/(loss) after taxes		**0**	**0**	**0**	**0**	**3.926**	**3.926**
Transactions with shareholders, recorded directly in equity							
SOP Reserve	18	0	0	184	0	0	184
Reserves		0	0	0	0	0	0
Dividends to equity holders	17	0	0	0	0	(5.000)	(5.000)
Total transactions with shareholders		**0**	**0**	**184**	**0**	**(5.000)**	**(4.816)**
Balance at 31.12.2018		**47.451**	**(217)**	**17.049**	**722**	**76.827**	**141.832**

The accompanying notes on pages 59 to 120 are an integral part of the Consolidated Financial Statements.

Statement of Cash Flow (Consolidated and Separate) for the period 1/1 to 31/12/2018 and 1/1 to 31/12/2017

(In thousands of Euro, unless otherwise stated)

	Note	Group		Company	
		1/1 - 31/12/2018	**1/1 - 31/12/2017**	**1/1 - 31/12/2018**	**1/1 - 31/12/2017**
Operating Activities					
(Loss)/Profit before taxes		**16.262**	**13.689**	**4.591**	**4.310**
Adjustments for:					
Depreciation / Amortization	5,6,7,8	9.453	9.078	4.307	5.015
Income on depreciation in fixed subsidy	5	(150)	(178)	0	0
Provisions		505	347	436	283
Foreign exchange differences		(3)	18	(19)	(6)
Results (Income, expenses, profit and loss) from investment activity		(63)	(324)	(3.055)	(3.311)
Interest Expense		7.340	7.626	4.751	4.707
Plus/less adj for changes in working capital related to the operating activities					
Decrease / (increase) in inventory		(3.248)	1.215	(1.503)	1.370
Decrease / (increase) in trade and other receivables		6.686	(6.681)	6.793	(6.256)
(Decrease) / increase in liabilities (excluding banks)		(1.117)	4.365	(3.362)	3.028
Less					
Interest paid		(7.166)	(7.474)	(4.562)	(4.530)
Income taxes paid		(1.680)	(1.443)	0	(5)
Net cash generated from operations (a)		**26.818**	**20.239**	**8.377**	**4.606**
Investing Activities					
Purchase or Share capital increase of subsidiaries and related companies	9	(5.325)	(495)	(5.330)	(675)
Purchase of tangible and intangible fixed assets	6,8	(6.171)	(5.923)	(2.879)	(3.451)
Proceeds from disposal of tangible and intangible assets		17	5	11	4
Addition of other investments		(363)	(1.252)	(185)	(396)
Proceeds from the sale of other investments		0	1.535	0	1.535
Proceeds from dividends		0	0	3.000	0
Interest Received		63	80	56	67
Total inflow / (outflow) from investing activities (b)		**(11.778)**	**(6.050)**	**(5.327)**	**(2.915)**
Financing Activities					
Outflow from share capital increase		0	(105)	0	0
Proceeds from issued loans	20	10.000	21.150	10.000	12.500
Repayment of loans	20	(17.878)	(30.938)	(10.000)	(15.500)
Repayment of leasing liabilities		0	(472)	0	(472)
Dividends paid		(5.000)	(8.500)	(5.000)	(8.500)
Total inflow / (outflow) from financing activities (c)		**(12.878)**	**(18.864)**	**(5.000)**	**(11.972)**
Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)		**2.162**	**(4.676)**	**(1.950)**	**(10.281)**
Cash and cash equivalents at the beginning of the period		20.295	24.971	11.827	22.109
Closing balance, cash and cash equivalents		**22.457**	**20.295**	**9.877**	**11.827**

The accompanying notes on pages 59 to 120 are an integral part of the Consolidated Financial Statements.

Notes to the annual financial statements (consolidated and separate) as of Dec 31, 2018 and for the year then ended

1. Corporate information

1.1 General Information

HOUSEMARKET S.A. (the Company) is located in Greece has its headquarters located at Internation Airport of Athens "Eleftherios Venizelos", Building 501. It is registered in the Companies Registry of the Ministry of Development with registration number 46208/04/B/00/37(04). It is subsidiary of the company FOURLIS HOLDINGS S.A. with a shareholding of 100%.

The Company's term, in accordance with its Articles of Incorporation, is set for 50 years and expires at 24th April 2050.

The current Board of Directors of the Company is as follows:

1. Dafni A. Fourlis, Chairman, executive member
2. Vassilis St. Fourlis, Vice Chairman, executive member
3. Eftihios Th. Vassilakis, Independent Vice Chairman, independent non executive member
4. Panagiotis D. Katiforis, CEO, executive member
5. Apostolos D. Petalas, Director, non executive member
6. Christos G. Tsamitropoulos, Director
7. Ioannis Ath. Kostopoulos, Director, independent non executive member

The total number of employees of the Company and its subsidiaries (hereinafter the "Group") as at the end of current and previous year was at 2.355 and 2.290 respectively while the total number of employees of the Company on 31/12/2018 was 1.494 and on 31/12/2017 was 1.491.

1.2 Activities

The Group's Companies activities are the retail trading of home furniture and household goods, supply chain services and real estate.

The Financial Statements include the direct and indirect subsidiaries of the Group as presented below:

Name	Location	% Holding	Consolidation Method
RENTIS SA*	Athens, Greece	100,00	Full
HOUSE MARKET BULGARIA AD	Sofia, Bulgaria	100,00	Full
HM HOUSEMARKET (CYPRUS) LTD	Nicosia, Cyprus	100,00	Full
TRADE LOGISTICS SA	Athens, Greece	100,00	Full
WYLDES LIMITED LTD	Nicosia, Cyprus	100,00	Full
VYNER LTD*	Nicosia, Cyprus	50,00	Net Equity
SW SOFIA MALL ENTERPISES LTD*	Cyprus	50,00	Net Equity

** Companies with indirect shareholding*

During the period 1/1 – 31/12/2018 the following share capital changes were realised at the parent company and its direct subsidiaries:

WYLDES LTD:

Under the ordinary resolution of 21/2/2018 of the Board of Directors of the Company, its share capital increased by the total amount of € 53,00, by issuing 53 ordinary shares, of nominal value €1,00. The underlying price was determined the amount of € 10.000,00 per share. It is noted that, following the total payment, by the only shareholder HOUSEMARKET S.A., of the underlying amount of the new shares, total amount of € 5.299.947,00 resulted to the increase of the share premium reserve.

Therefore the share capital of the company on 21/2/2018 amounted to € 7.001,00 divided into 7.001 ordinary shares of nominal value € 1,00 per share, totally paid.

Moreover, under the ordinary resolution of 17/12/2018 of the Board of Directors of the Company, its share capital increased by the total amount of € 3,00, by issuing 3 ordinary shares, of nominal value €1,00. The underlying price was determined the amount of € 10.000,00 per share. It is noted that, following the total payment, by the only shareholder HOUSEMARKET S.A. based on the minutes of BoD of the latter of 1/10/2018, of total amount of € 29.997,00 resulted to the increase of the share premium reserve.

After the aforementioned share capital increase, the share capital of the company amounts to € 7.004,00, divided in 7.004 ordinary shares, of nominal value € 1,00 per share, totally paid.

Within the period 1/1 – 31/12/2018, no share capital changes were made at the direct subsidiaries of the Company.

2. Basis of presentation of the Financial Statements

2.1. Basis of preparation

The Consolidated and Separate Financial Statements (hereinafter Financial Statements) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The Board of Directors of the Company approved the financial statements for the year ended on December 31 2018, on March 18, 2019. These financial statements are subject to the approval of the General Assembly of the Company's shareholders.

The financial statements have been prepared on the historical cost basis, except for certain data of Assets and Liabilities (investment properties, risk hedge financial instruments and investments/financial data available for sale) that have been measured at fair value, and assuming that the Company and its subsidiaries will continue as a going concern. All amounts are presented in thousands of Euro, unless otherwise stated and any differentiations in sums are due to rounding.

2.2. Significant accounting judgments and estimates

The preparation of financial statementsbased in IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Estimates are based on management's previous experience including expectations of future events under normal conditions. The aforementioned judgments, estimates and assumptions are periodically re - assessed in order to be in line with current available data and reflect current risks.

When applying the Group's accounting policies, Management has made the following judgments, estimates and assumptions that may have a significant impact on the items reported in the financial statements:

Estimates:

- *Deferred Tax assets:* deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward unused tax losses can be utilized. The recognition of deferred tax assets requires significant judgments and estimates to be made in relation to the future activities and prospects of the Group companies and as to the level and timing of future taxable profits (Note 3.20 and 23 of Financial Statements).
- *Fair Values of investment properties:* the Group carries its investment properties at fair values as determined by independent appraising firms. The fair values of investment properties are assessed on an annual basis. The determination of the fair values of properties requires assumptions with respect to future cash flows from rents with the use of DCF (Note 3.8 and 7 of Financial Statements).
- *Impairment test of investments in subsidiaries:* at each reporting date, the Parent Company examines whether there are impairment indicators in relation to its investments in subsidiaries. Such assessment requires management to make significant judgements with respect to the existence of internal or external factors and the extent to which they affect the recoverable amount of these investments. If impairment indicators exist, the Company determines the recoverable amount of these investments. The determination of the recoverable amount requires estimates to be made with respect to the expected future cash flows of the investment, the business plans of the subsidiaries, and the determination of the applicable discount and growth rates. (Note 9 of Financial Statements).
- *Impairment test of property, plant and equipment:* property, plant and equipment is constantly tested in order to define if there are indications which show that its book value is incorrect. The Group considers, for impairment test purposes, that each store is a cash generating unit (CGU). In cases that property, plant and equipment is part of CGU, such as the store and there are impairment indications which could lead to the conclusion that its book value is incorrect, the recoverable amount of the CGU is determined by the calculation of value in use. Value in use is calculated by implementing the cash flow discount method, taking into consideration

Management's estimations and any contingent impairment is determined by the comparison of book value and value in use (Note 6 of Financial Statements).

- *Useful lives of property plant and equipment:* Management makes estimates when determining the useful lives of depreciable assets. Such estimates are periodically reviewed. The useful lives estimated and applied are discussed in Note 3.6 and 3.8.
- *Post - retirement benefits to personnel:* post - retirement obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of a discount rate, future salary increases, disability rates, mortality rates and departure rates. Due to the complexity of the valuation and the basic assumptions included therein, a defined benefit obligation is highly sensitive to changes in these assumptions. Actuarial gains and losses that result from the difference among the actuarial assumptions are recognized directly in Equity. Such actuarial assumptions are periodically reviewed by Management. Further details are provided in Note 18.
- *Share-based Payments:* Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18 of the Financial Statements

Judgments:

- *Provisions for impaired receivables:* provisions of impaired receivables are based on the historical data of receivables and take into consideration the expected credit risk. The analysis of impaired receivables of Statement of Financial Position is included in Note 11 of Financial Statements.
- *Provisions for slow moving goods:* Inventory turnover ratio is tested regularly and provisions are made for the slow moving goods, underestimated goods which will be written-off within the next period, estimations for seasonality of goods and estimation for future sale price which are presented in Note 10 of Financial Statements.
- *Revenue from contracts with customers:* The Group estimates the fair value of non-redeemed points by using historical data and by assessing exercise possibility.

2.3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group and Company as of 1 January 2018.

- **IFRS 9 Financial Instruments**

  The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Management of the Company and Group has made an assessment of the effect of the standard and does not expect significant impact on the financial statements. The assessment is based on non-existence of: financial assets available for sale and cases of customers' impairment. Regarding hedge accounting, on 1/1/2018 (implementation date of the standard) the only existing hedge relation of the Group can be characterized as ongoing and therefore the implementation of the new standard has not a significant impact on its financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a five-step model which applies for income earned from a contract with a customer (with limited exceptions), regardless the transaction or industry type. Moreover, the standard is implemented for the recognition and calculation of earnings or losses from the sale of financial assets which are not included in ordinary activities of the Group (e.g. sales of property, plant and equipment or intangible assets). Entities are required to allocate the transaction price from contracts to performance obligations, based on independent sale prices, based on the five step model. Afterwards, the income is recognized when the entity satisfies performance obligations, namely when it transfers the goods or services determined by the contract to the customer.

Since 1/1/2018 the Group adopted the new standard by implementing the modified retrospective adoption without any readjustment to comparative information. Therefore, any cumulative impact of the initial implementation of the new standard, is recognized as adjustment to the opening balance of retained earnings (or other amount of net equity, as appropriate) on 1/1/2018. The impact from the implementation of the new standard on the consolidated financial statements is presented in income and liabilities. More specifically, the cumulative readjustment of retained earnings from the adoption of the standard amounts to € 1.541 th. while, the impact on revenue of the year 2018 amounts to € 269 th. For the Group, the total liability arising from customers' loyalty program amounts to € 2.073 th. on 31/12/2018 (€ 1.804 on 1/1/2018).

The new standard is based on the principle that the income is recognized when control of a product or service is transferred to the customer. The Group operates in retail trading of furniture and household goods and sporting goods. According to IFRS 15, Revenue from contracts with customers, the Group recognizes revenue when control of the products is transferred, being when the products are delivered to the customer. Therefore, the adoption of IFRS 15 did not have an impact at the time of the revenue recognition. Net sales revenue is measured at fair value of the amount received. Net sales revenue excludes amounts collected by third parties such as value added taxes (VAT), as these are not included in the transaction price.

However, future discounts related to customer loyalty programs of the Group's companies create a right which must be recognized when exercised or expired, only if it is considered substantial and the customer would not acquire it if the initial transaction was not implemented. The Group provides discounts to its customers based on the points gathered from transactions made by using the customer loyalty program card. All these discounts are settled within 18 to 24 months depending on the program. According to the requirements of the standard, the Group estimates that these discounts represent substantial right for customers, create obligation for execution and therefore part of the income of each transaction which corresponds to this right will be recognized when exercised (fulfilment of obligation) or expired. The Group estimates the fair value of unredeemed points by using historical data and assessing their exercise possibility. IFRS 15 neither excludes nor defines a specific methodology for the estimation of the price of the point gathered as long as the estimation composes a reliable reflection of the price at which the Group would provide separately this product to the customer.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

  The objective of the clarifications is to clarify the IASB's intentions when developing the requirements of IFRS 15 Revenue from Contracts with Customers, regarding (a) the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, (b) principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and (c) licensing providing additional guidance for accounting of intellectual property and royalties. The clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**

  The Amendments provide requirements on the accounting of (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, (b) share-based payment transactions with a net settlement feature for withholding tax obligations and (c) modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. Management does not expect that the amendment has an impact on the Group's companies.

- **IAS 40: Transfers to Investment Property (Amendments)**

  The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Management does not expect that the amendment has an impact on the Group's companies.

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**
  The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Management does not expect that the amendment has an impact on the Group's companies.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. Management does not expect that the amendment has an impact on the Group's companies.
  - ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Standards issued but not yet effective and not early adopted by the Company/Group

The Group has not adopted any of the following standards, interpretations or amendments which have been published but are not implemented in the current accounting period. Moreover, the Group has assessed all standards, interpretations or amendments which have been published but not implemented in the current period and concluded that except for IFRS 16, which is analysed later, there will not be a significant impact on the financial statements from their implementation.

- **IFRS 16: Leases**

  The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

  IFRS 16 replaces the current accounting treatment of leases based on IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease.

The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

More specifically, IFRS 16 introduces a single presentation model of all leases at the Statement of Financial Position of all companies. The lessee will have to recognize a right of use which will represent its obligation to pay the relative leases. The standard provides exceptions for current leases (lower than 12 months) and leases of assets of low value. Accounting treatment of leases for lessors remains the same with the currently existing standard, namely the lessors will continue to classify their leases at financial and operating.

The Group / Company has appointed to a project team the assessment of all active leasing contracts under the context of IFRS 16 requirements, within the prior year. The standard is expected to affect mainly the accounting treatment of the Group's operating leasing. The Management of the Group assessed the impact of the initial implementation of the standard on its consolidated financial statements. Particularly, the Group disclosed all information which had knowledge of or could estimate with accuracy at the time of their conduction, regarding the impact of IFRS 16 on its financial statements upon its initial implementation, as analysed below:

The actual impact of the adoption of the standard on 1/1/2019 could be different from the initial estimation due to the fact that the Group / Company has not yet completed the assessment and test of the new IT systems which will be used.

Transition to the new standard

The Group / Company will implement for the first time IFRS 16 on 1/1/2019 by using the modified retrospective approach. Based on this approach the Group / Company:

- Will recognize a liability which will be measured at present value as resulted from the discounting of leases remaining to be paid, with the extra loan interest rate that was in force on the date of the initial implementation.

- Will recognize an asset right of use, by measuring this right to an amount which will equal to the respective liability which will be recognized.

Any impact of the implementation will be registered as adjustment in retained earnings on 1/1/2019, without any amendment at comparative information.

The Group / Company will also use the exception provided by the standard regarding the determination of leases. This practically means that the requirements of IFRS 16 will be implemented at all contracts which were in force on 1/1/2019 and had been recognized as leasing based on IAS 17 and IFRIC 4.

In addition, the Group / Company will use exceptions of the standard regarding leasing with remaining duration less than 12 months upon the date of the initial implementation of the standard and low value asset leasing.

Also, the Group / Company decided to implement a single discount interest rate at every leasing category with similar characteristics (such as leasing with respective duration, similar assets and respective economic environment).

Transition to the new standard where the Group is the Lessee

The Group / Company will recognize new assets and liabilities for operating leasing of Stores, office buildings, cars and equipment. After the initial recognition the Group / Company will:

- Measure the rights of use for assets and depreciate them with fixed rate for the whole duration of the lease.
- Measure the respective liability, by increasing and decreasing the open balance with a way that reflects interest and payments of leases respectively.

Before the implementation of the standard, the Group / Company recognized operating leasing expenses during the leasing.

Based on available information and following the completion of the aforementioned implementation tasks, the Group estimates that it will recognize further leasing liabilities of amount from € 65 million to € 75 million on 1/1/2019 and equal rights of use for assets. The estimated impact on Group's EBITDA is expected to be an increase between € 7 million and € 9 million. The Group does not expect an impact from the implementation of the new standard on its capability to serve the terms of its loans.

- **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Amendment : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**
  The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. Management of the Group and Company does not expect that the amendment will have an impact on the financial statements.
- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**
  The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU.
- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**
  The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty, during the accounting treatment of income taxes. The Interpretation provides further guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. Management assesses the impact on the Group's companies.
- **IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU.

- **Conceptual Framework in IFRS standards**

  The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- **IFRS 3: Business Combinations (Amendments)**

  The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**

  The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU.

- The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU.
  - ***IFRS 3 Business Combinations and IFRS 11 Joint Arrangements*:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that

when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- ***IAS 12 Income Taxes*:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- ***IAS 23 Borrowing Costs*:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

3. Summary of significant accounting policies

The Financial Statements have been prepared in accordance with the following accounting principles:

3.1. Basis of Consolidation

The Financial Statements have been prepared in accordance with the following accounting principles:

3.1. Basis of Consolidation

Consolidated Financial Statements comprise of the financial statements of the parent Company and all subsidiaries controlled by the Company directly or indirectly. Control exists when the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The subsidiaries' financial statements are prepared as of the same reporting date and using the same accounting policies as the parent company. Intra - group transactions (including investments in related companies), balances and unrealized gains are eliminated. Subsidiaries are fully consolidated from the date that control commences and cease to be consolidated from the date that control is transferred out of the Group. Losses within a subsidiary are attributed to the non - controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The financial results of subsidiaries, that are acquired or sold within the year, are included in the consolidated statement of comprehensive income from or up to the date of acquisition or sale, respectively.

Certain of the above - mentioned requirements were applied on a prospective basis based on the revised IAS 27 and therefore the following differences are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non - controlling interests, prior to January 1, 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of net assets acquired were recognized as goodwill.
- Losses incurred by the Group were attributed to the non - controlling interest until the balance

was reduced to nil. Any further excess losses were attributed to the parent, unless the non - controlling interest had a binding obligation to cover these.

3.2. Business Combinations and Goodwill

Business Combination is a transaction or another event during which an acquirer takes over control of one or more businesses. A Business is a combination of activities and assets that can be leaded and managed in order to return profits directly to its owners.

If the acquired assets do not compose a business, the transaction or any other fact are accounted as an acquisition of an asset and the acquisition cost is allocated among assets and liabilities based on the relative fair values during the acquisition date.

Business Combination is accounted for using acquisition method. The cost of acquisition of a subsidiary is the fair value of the assets contributed, the shares issued and the liabilities assumed at the transaction date, plus the amount of any non - controlling interest in the acquiree. For each business combination, the acquirer measures the non - controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net asset. Acquisition costs are expensed when incurred.

If the cost of acquisition is less than the fair values of the net identifiable assets acquired, the difference is recorded directly to the income statement.

Goodwill arising from subsidiaries' acquisitions is recorded as an intangible asset. Goodwill is not amortized but at least annually is subject to impairment test. As a result, after initial recognition, goodwill is measured at cost, less any impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the combination. The impairment test is performed by comparing the recoverable amount of the cash generating unit to its carrying value including the allocated goodwill. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The value in use is determined via a discounted cash flow analysis. Impairment losses relating to goodwill cannot be reversed in future periods.

Gains or losses arising from the disposal of subsidiaries are determined after taking into account the goodwill allocated to the disposed unit.

3.3 Investments in subsidiaries

In the separate financial statements of the parent Company, investments in subsidiaries are accounted for at cost, less any impairment in value. Impairment tests are carried out when there are clear indicators of impairment, in accordance with IAS 36 "Impairment of Assets".

3.4 Investments in associates

Associates are those entities, in which the Group has significant influence but which are neither a subsidiary nor a joint venture of the Group. A percentage holding from 20% to 50% implies significant influence. Such percentage holding indicates that company is an associate. Investments in associates are accounted for using the equity method based on which the investment is carried at cost plus post-acquisition changes in the Group's share of net assets of the associate, less provisions for any impairment in value. Goodwill arising upon the acquisition of associates is included in the value of investment, while any negative goodwill is recorded in the income statement upon acquisition.

The Group's share in the gains or losses of associates after acquisition is recognized in the statement of comprehensive income, while post - acquisition movements in reserves are recognized directly in reserves.

In applying the equity method of accounting, the Group appropriately adjusts the financial statements of those associates who are not applying IFRS so as to comply with IFRS and be uniform with the accounting policies of the Group. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are eliminated, unless the transaction provides evidence of impairment of the transferred asset.

When the Group's participation to the associate's losses equals or exceeds its interest in an associate, including any other bad debts, the Group does not recognize further losses, unless it has any liabilities or made payments on behalf of the associate and generally those arising from the ownership status. In the separate financial statements of the Parent Company, investments in associates are accounted for at cost less any accumulated impairment losses.

3.5 Segment information

The Board of Directors of the Company is the chief operating decision maker and monitors internal financial reporting information in order to evaluate the performance of the Company and the Group and to take decisions about resource allocation.

Management has defined its segments based on these internal reports according to IFRS 8. The operating segments are defined as those business segments where the Group is active and on which the internal information system of the Group is based.

For the categorization by business segment, the following has been taken into account:

- the nature of products and services,
- quantitative limitations, required by IFRS 8.

According to the aforementioned, the Group presents information by operating segment as follows:

- Retail Trading of Home Furniture and Household Goods (IKEA stores).

3.6 Foreign currency translation

(a) Functional currency and reporting currency

The companies of the Group maintain their books in the currency of the financial environment in which each company operates (functional currency). The consolidated financial statements are presented in Euro's which is the functional currency of the parent Company.

(b) Transactions and balances

Transactions in foreign currencies are converted to the functional currency according to the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation of monetary assets and liabilities denominated in foreign currencies at the reporting date are recognized in the statement of comprehensive income. Foreign exchange differences on non-monetary items carried at fair value are considered as part of the fair value of those items and are recorded together with the fair value adjustments.

(c) Foreign Group Companies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. The translation of the financial statements of the Group's companies which use a different functional currency from the parent company is performed as follows:

- Assets and liabilities are translated to Euro at the foreign exchange rate ruling at the date of the Statement of Financial Position.
- Equity is translated at historic rates.
- Income and expenses are translated using the average foreign exchange rate of the period and on an annual base according to the average foreign exchange rate of the last twelve (12) months.
- The resulting foreign exchange differences (gains/losses) are recognized in other comprehensive income and in Foreign Exchange differences from Statement of Financial Position translation Reserve. When subsidiaries operating in foreign countries are sold, accumulated foreign exchange differences existing in the Foreign Exchange differences from Statement of Financial Position translation Reserve are recognized to the statement of income as gains or losses from investments sales.

Goodwill and adjustments to fair values upon an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate of the date of the Statement of Financial Position and foreign exchange differences are recognized in equity.

3.7 Property, plant and equipment

Property, plant and equipment are measured, by category, as follows:

- All categories of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

- Cost includes all directly attributable costs for the acquisition of the items of property, plant and equipment. These costs include borrowing costs of loans drawn to finance the acquisition or construction of assets which are capitalized until the date when the assets are ready for their intended use.

Significant additions and improvements are recognized as part of the cost of the asset when the recognition criteria are met. All other costs (repairs and maintenance) are recognized in the statement of comprehensive income as an expense as incurred.

Upon disposal of an item of property, plant and equipment, the difference between the consideration received and the carrying value is recorded as gain or loss in the Income Statement.

Depreciation is calculated on a straight - line basis over the estimated useful economic life of the assets. Useful lives are reviewed on an annual basis.

The estimated useful lives of the Group's property plant and equipment, except of the land that is not depreciated, are as follows:

Category	Useful life
Buildings - Building installations (owned premises)	10 - 40 years
Buildings on third party land	10 – 36 years
Machinery and equipment	9 - 10 years
Motor vehicles	6 - 9 years
Miscellaneous equipment	4 - 10 years

Owner - occupied buildings or buildings whose use has not yet been determined and which are under construction are recorded at cost less any impairment losses. This cost includes professional compensations and borrowing costs. The depreciation of that owner - occupied buildings begins from the time the buildings are ready for use.

3.8 Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which is evaluated annually. In case of owner occupation, the investment property is derecognized and transferred to property, plant and equipment at fair value on the transfer date. The carrying value of investment property reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property fair value are recognized in the Income Statement of the period they occur.

3.9 Intangible assets

The intangible assets of the Group (excluding goodwill) are depreciated over their useful life which is annually reviewed.

- **Royalties**

Trademarks and licenses are valued at cost less amortization. Amortization is charged to the statement of comprehensive income on a straight - line basis over the estimated useful lives, which have been determined from 5 to 20 years.

- **Software - Other intangible assets**

Software licenses are valued at cost less amortization. Amortization is charged on a straight - line basis over the estimated useful lives and the depreciation rate is 15%.

Expenditure on development and maintenance of software is expensed as incurred. Expenditure of development activities for the production of new or substantially improved software (in - house developments), is recognized as intangible assets when the following criteria are met: a) when a specific asset is created, b) when it can be demonstrated that the intangible asset will generate probable future economic benefits and c) when the expenditures of development can be measured reliably. Such expenditures include also labor costs and an appropriate proportion of overheads. In case of software replacement, while the old one is no longer in use, intangible asset is permanently deleted from the Books and the net book value burdens the income statement.

Costs incurred for performing software upgrades, are capitalized and the new gross value forms the depreciable amount.

3.10 Impairment of non - financial assets except Goodwill

Property, plant and equipment is constantly tested in order to define if there are indications which show that its book value does not exceed recoverable value or is not representative. The Group considers, for impairment test purposes, that each store is a cash generating unit (CGU). In cases that property, plant and equipment is part of CGU, such as the store and there are impairment indications which could lead to the conclusion that its book value does not exceed recoverable value or is not representative, the recoverable amount of the CGU is determined by the calculation of value in use. Value in use is calculated by implementing the cash flow discount method, taking into consideration Management's estimations and any contingent impairment is determined by the comparison of book value and value in use.

The carrying amounts of the Group's assets are reviewed for possible impairment when there is indication that the book value can't be recovered i.e. when the book value is higher than the recoverable amount from their use or sale.

The recoverable value is the greater of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre - tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable value is less than the carrying value, then the net book value is reduced to the recoverable value.

Impairment losses are expensed as incurred in the Statement of Income, except if the asset has been revalued, then the impairment loss reduces the related revaluation reserve. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exists of have decreased. If such indication exists, the Group estimates the asset's recoverable amount. When in a subsequent period, the impairment loss should be reversed; the carrying value of the asset is increased to the level of the revised estimation of recoverable amount. The new net book value should not exceed the net book value that would have been determined if the impairment losses had not been accounted in previous periods.

3.11 Financial instruments – initial recognition and measurement

A financial instrument consists of every agreement that creates a financial asset in a business and a financial liability or equity instrument in another business.

Initial recognition and measurement

The Group's financial instruments are classified at initial recognition in the following categories based on the substance of the agreement and the purpose for which they were acquired:

i) Financial assets at fair value through profit and loss

Such financial assets, represent assets, which satisfy any of the following conditions:

- Financial assets held for trading (including derivatives that are not designated as hedging instruments in hedging relationships, those that are acquired or created in order to be sold or re - acquired and those which form part of a portfolio of recognized financial means).
- Financial assets designated as at fair value through other comprehensive income on initial recognition.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in the Statement of Comprehensive Income.

ii) Loans and Receivables

Loans and receivables are non - derivative financial instruments with fixed or determinable payments that are not quoted in active market. This category does not include:

- Receivables from advances for the purchase of goods or services,
- Receivables resulting from tax transactions imposed by law,
- Any item not dealt with by an agreement giving the right to an entity to collect cash or other financial assets.

Loans and receivables are included in current liabilities/ assets, except of those whose maturity extends beyond twelve (12) months after the reporting date and which are classified as non - current liabilities/ assets. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

iii) Held - to - maturity Investments

Non - derivative financial items with fixed or determinable payments and fixed maturities are classified as held - to - maturity when the Group has the intent and ability to hold to term to maturity. After initial measurement, held - to - maturity investments are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

iv) Available - for - sale financial assets

Available for sale financial assets which are classified under this category or which cannot be classified under any of the three preceding categories. Financial assets available for sales are valued at fair value and the unrealized gains or losses are recognized as other comprehensive income in a reserve under equity until the item is sold or impaired. At the date of sale or impairment, the gains or losses are transferred to the statement of comprehensive income. Impairment losses on equity investments are not reversed through the income statement.

Purchases and sales of investments are recognized on trade date, which is the date that the Group commits to purchase or sell the item. Investments are initially recorded at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transactions costs. Investments are derecognized when the right to the cash flows of the investment expire or are transferred and the Group has substantially transferred all the risks and rewards related to the ownership of the investment.

The fair values of financial assets, which are traded on active markets, are determined by reference to quoted prices. The fair value of financial assets not traded on active markets is determined by using valuation techniques such as use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified at the following categories:

- Financial assets which are measured at fair value through results.
- Financial assets at amortized cost (securities).
- Financial assets which are measured at fair value through comprehensive income without recycling cumulative profit and loss during de-recognition.

IFRS 9 Financial Instruments

IFRS 9 inducts new requirements for recognition, classification and measurement of financial assets and liabilities, impairment and general hedge accounting.

Classification and measurement of financial assets:

According to IFRS 9, financial assets are measured at fair value plus, in the case of financial assets not measured at fair value through profit and loss (Fair Value through Profit and Loss – FVPL), the transaction cost. Debt instruments are measured subsequently at fair value, through profit and loss, at amortized cost or fair value through other comprehensive income (Fair Value through Other

Comprehensive Income – FVOCI). Classification criteria of financial assets are two: a) business model of financial assets management implemented by the Group and b) the financial asset (as a whole) give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding (SPPI test - Solely Payments for Principal and Interest).

On 1/1/2018 the Management of the Group, valuated which business models are in force for the Group's financial assets and classified its debt instruments at amortized cost. Indicatively, its financial instruments consist of trade receivables, investments in term deposits and treasury bills.

Other financial assets are classified and subsequently measured as follows:

Group's investments in equity instruments are classified at fair value through other comprehensive income, without re-recognition of earnings or losses in profit and loss with the de-recognition. The Group's aims to maintain these equity instruments for the near future and irrevocably decided to classify them at fair value through other comprehensive income after the initial recognition or transaction. According to IFRS 9, equity instruments measured at fair value through other comprehensive income are not subject to impairment test. According to IAS 39, the Group's investments in equity instruments had been classified as available for sale financial assets.

Financial assets are classified at fair value through profit and loss.

3.12 Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either through deletion or through use of an allowance account.

The amount of the loss is recognized in profit or loss. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Trade Receivables (Note 11)

For trade receivables the Group implements simplified approach for the calculation of credit losses ECL. Therefore the Group does not monitor changes in credit risk, but recognizes a percentage of losses which is based on ECL at every reporting period. The Group has conducted a provisions table based on historical experience of credit losses, adjusted with future factors appropriate for debtors and economic environment.

IFRS 9 Financial Instruments

IFRS 9 adoption changed the Group's accounting for impairment losses of financial assets. Therefore, the Group replaced the "incurred loss" approach of IAS 39 with Expected Credit Loss – ECL. IFRS 9 obliges the Group to conduct provision based on expected credit losses for all loans and other debt instruments which are not maintained at fair value through profit and loss. Expected credit losses are based on the difference between due cash flows according to contract and the total of cash flows that the Group expects to receive. Afterwards, the deficit is approximately discounted with the initial actual interest rate of the financial asset.

Regarding trade and other receivables, the Group implements simplified approach of the standard by calculating the expected credit losses based on expected credit losses for the whole life. The Group uses past experience to identify payment default risk as well as information for the future at the end of each reporting period concerning its debtors and general financial environment. Under this strategy, the Group identified the provision for loss on 1/1/2018 without a substantial deviation to the provision for loss of 31/12/2017.

All other financial assets which are measured at amortized cost, are characterized as low credit risk and their fair value approaches book value.

3.13 Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined by using the weighted average method. The net realizable value is the estimated sales price at the ordinary operation of the company less any costs to sell having in mind seasonality and other conditions. The cost of inventory does not include any financial expenses.

3.14 Trade receivables

Trade receivables are recognized initially at fair value and they are subsequently valuated at the amortized cost by using the effective interest rate method, less provision for impairment.

When there is evidence of impairment of receivables, the carrying value is reduced to its recoverable amount, which is the present value of expected future cash flows discounted at the initial effective interest rate. Then, the interest is calculated at the same rate on the impaired (new book) value.

3.15 Cash and cash equivalent

Cash and cash equivalents include cash at banks and on hand, as well as short term (up to 3 months) investments of high liquidation and low risk.

3.16 Non-current assets held for sale and discontinued operation

Non-current assets held for sale and discontinued operation are valued at the lower price between carrying amount and fair value less costs to sell.

Any possible fair value increase in a subsequent valuation is registered in Profit and loss but for amounts not bigger than the initially registered impairment loss. Since the date on which an asset is classified as held for sale, this asset is no longer depreciated or amortized.

Non-current assets held for sale are classified as such, provided that their carrying value will be recovered through sale rather than through continuing use. This condition is considered valid only when the sale is highly probable and the asset is available for immediate sale at its current condition. Management requires commitment to the sale which is expected to be completed either based on stipulated by contractual time commitment or within a year from classification date.

A discontinued operation is an integral part of a financial entity that either has been sold or has been classified as held for sale and:

a) represents a separate major part of business operations or a geographical area of operations,

b) is part of a single, coordinated divestment program of a great part of operations or a geographical area of operations or

c) is a subsidiary acquired exclusively with the prospect to be resold.

3.17 Share Capital

Direct costs incurred for increases in share capital are recorded, net of related income taxes against the share premium reserve. The cost of treasury shares net of any related income tax is recorded as a reduction of equity, until these shares are sold or cancelled. Any gain or loss on sale of treasury shares, net of direct transaction costs and any related income tax is recorded as a reserve account under equity.

3.18 Loans

Loans are initially recorded at their fair value less any direct costs related to the transaction. After initial recognition, they are subsequently measured at amortized cost using the effective interest rate method.

Interest and related expenses on loans taken for purchase or construction of fixed assets are capitalized. Capitalization of borrowing costs ceases when the asset is ready for its intended use. In case of borrowing specifically for the purpose of constructing or acquiring an asset, the borrowing costs related to the loan agreement are directly capitalized. Otherwise, in order to determine the part of the loan related with that fixed asset, a method is implemented to determine the proportion of the capitalized interest and the proportion of the interest which will be recorded to the statement of comprehensive income as an expense. Revenues, occurred as a result of investing part of a loan taken for construction of a fixed asset, reduce the amount of borrowing costs capitalized.

Loan expenses paid upon signing of new credits are recognized as loan expenses if part or total of the new credit line is received. In that case, they are registered as future loan expenses until the loan is received. If the new loans are not used, partly or fully, then these expenses are included in prepaid expenses and are recognized in income statement during the period of the relevant credit line.

3.19 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to mitigate the risk arising from fluctuations in interest rates (Note 20). Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The effective part of hedges that qualify for hedge accounting is recognized directly to equity if it is related to cash flow hedges while the ineffective part is charged to the consolidated income statement, while the non - effective part is recognized in the statement of comprehensive income. If the hedge is related to effective fair value hedges, the gain or loss from re-measuring the derivative hedging instrument at fair value is recognized in profit or loss and the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in profit or loss.

Under cash flow hedge accounting, when the hedged firm commitment results in the recognition of non - financial asset or a non - financial liability, then, at the time the asset or liability is recognized the associated gains or losses that had previously been recognized in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognized in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the statement of comprehensive income.

The new requirements regarding hedge accounting have improved hedging instruments accounting through risk management measures implemented by the Group and therefore, the number of hedge relationships, which meet the criteria for the implementation of hedge accounting, is expected to increase. On the date of the initial implementation, all Group's current hedge relationships would be recognized as ongoing hedge relationships. Following the implementation of IFRS 9, the Group recognizes changes in time value of stock options as deferred amount at a new reserve "hedge accounting" within the Group's equity. Deferred amounts are recognized against relevant the hedge transaction when it occurs. However, since the amounts were insubstantial, no change occurred at the comparative basis.

3.20 Current and Deferred Tax

Taxes recorded in the statement of comprehensive income include both current and deferred taxes.

Current income tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case it is recognized, in a similar way, directly in equity. Current income taxes include the current liabilities and/ or assets, to or from the tax authorities, relating to the taxes payable on the taxable income of the period. Current taxes are increased by any income taxes related to provisions for tax differences or additional taxes which are imposed by the tax authorities upon audit of the unaudited tax years.

Deferred tax assets and liabilities are measured at the tax rates which are expected to apply in the year where the asset or liability will be settled, taking into account the tax rates (and tax laws) that have been enacted or are virtually applicable at the reporting date.

Deferred taxes arise on temporary differences between the recognition of assets and liabilities for tax purposes and those for the purposes of preparation of the financial statements. Deferred tax is calculated using the liability method on all taxable temporary differences at the reporting date, between the tax basis and book value of assets and liabilities.

The expected tax effects of temporary tax differences are recognized either as future (deferred) tax liabilities or as deferred tax assets. In case of an inability to accurately measure temporary tax differences, the initial recognition is made based on estimation of the reversal time and such estimation is reviewed each year.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the unused tax losses and tax credits can be used or sufficient taxable deductible temporary differences that incur in the same company and will be recovered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is unlikely that sufficient taxable income will be generated in order to recover the deferred tax asset.

The Group sets off deferred tax assets and deferred tax liabilities only if:

- it has a legal right to set off current tax receivables against current tax payables and
- deferred tax assets and deferred tax liabilities relate to income tax imposed by the same tax authority.

As a result deferred tax assets and liabilities are presented on a net basis in the separate financial statements of the Company while such items are presented separately in the consolidated accounts of the Group.

If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than business combination, then it does not affect the neither the accounting nor the taxable profit or loss and therefore it is not taken into account.

The tax rates in the countries that the Group is operating are presented below:

Country	% Income Tax/Deferred Tax
Greece	29,0%
Cyprus	12,5%
Bulgaria	10,0%

3.21 Employee Benefits

Employee benefits are:

a) Short term benefits

Short term benefits to employees in money or in kind are recorded as an expense as they accrue.

b) Post - retirement benefits

Companies of the Group pay retirement compensation to their employees. Such compensation varies in relation to the employees' years of service and salary payable at the time of retirement and is accounted for as a defined benefit plan. Post - retirement obligations are calculated at the present value of future employee benefits accrued as at the end of the reporting period, based on the benefits to be earned over their expected labor life. The above mentioned obligations are calculated based on actuarial valuation methods and are determined using the Projected Unit Method. Net costs of the period are included in the attached statement of comprehensive income and consist of the present value of the employee benefits that were accrued during the current year, the interest derived from the employee benefit obligation and the actuarial gains and losses which are recognized in full in the period in which they occur in the comprehensive income and they are not transferred in income statement in next periods. Full yield curve method is used for the definition of the discount interest rate in the calculation of the present value of the employee benefits.

c) State insurance programs

The employees of the Greek subsidiaries of the Group are covered, in terms of insurance programs, mainly through the Social Insurance Institution (IKA) the largest Social Security Organization of the private sector, which supplies pension and medical coverage. Every employee is obliged to participate partially, through his salary, in the costs of the insurance program, while the remaining cost is covered by the Group. Upon retirement, the pension fund is responsible to cover the obligation of pensions and retirement benefits to the employees. As a consequence the Group does not have any other legal or future obligation to cover future employee benefits according to this pension program. This program is considered and accounted for as a defined contribution plan whereby the accrued social security contributions are recorded as an expense in the financial period in which they are incurred.

d) Private insurance programs

Every full time employee of the Group belonging to the management team, according to the internal company policy, is covered by a private insurance pension and other benefits program. The Group covers, the contract defined fees, while the financial management of the program is performed by the Insurance Firm. This program is considered and accounted for as a defined contribution plan whereby the accrued cost of the insurance fees is recorded as expense in the period in which they are incurred.

e) Stock option plan

The Company intends to attract, retain and incentivise the executives of the Company and the executives of its subsidiaries and affiliated companies, as through the Stock Options plan, the participants have a direct equity interest in the Company which link their performance to the Company's future performance and the increase of shareholder value. This program regards equity shares transactions.

The Company makes decisions regarding the implementation of the Stock Option Plan – to executives of the Company and its subsidiaries and affiliates in compliance with par.5 of Art.42e of Law 2190/1920.

A basic condition for participation in the Stock Options plan is the salaried working relationship of executives with the Company or its subsidiaries and affiliates. The cost of equity settled transactions is measured by reference to the fair values at the date in which they are granted and is recognized as an expense over the period from grant date to maturity date of the options with a concurrent increase in equity.

The program takes into account the following variables: Exercise price, Share price at grant date, Grant Date, Maturity date(s) of rights, Expected Stock Volatility (Volatility), Dividend Yield, Risk Free Rate.

3.22 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognized as deferred income and amortized over the expected useful life of the related asset. Such amortization is presented in other income in Statement of Comprehensive Income (Note 21).

3.23 Contingent liabilities and Provisions

Provisions are recognized when the Group has a present legal, contractual or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the present value of the expense expected to be required to settle the liability.

Contingent liabilities and assets are not recognized in the financial statements but are disclosed unless there is a probability of financial outflow or inflow.

3.24 Revenue and expense recognition

Revenue is measured at the fair value of sales of goods and provision of services, net of Value Added Tax, discounts and returns. Inter - company revenues are eliminated.

The recognition of revenue is accounted for as follows:

- *Sales of goods:* Sales of goods are recognized when the Group invoices and delivers the goods to the customers and the goods are accepted by them. Retail sales are through cash payments or through credit cards. In these cases the income recorded is the amount received by the customer.
- *Provision of services:* The income from provision of services is recorded in the period in which the services are provided, based on the stage of completion of the provided service.
- *Interest income:* Interest income is recognized proportionally in time and by using the effective interest rate.
- *Dividends:* Dividends are recorded as income when the right to collect vests which is upon the decision of the General Assembly (ordinary or extraordinary). Expenses are recognized in the statement of comprehensive income as accrued.
- *Advertising costs:* Advertising costs are expensed as incurred and are included in distribution expenses.
- *Borrowing costs:* Underwriters costs, legal and other direct costs incurred during the issue of long term loans are deducted from the loan balances and are recorded to the statement of comprehensive income based on the effective interest rate method over the duration of the loan. Borrowing cost is recognized as an expense during the issue period, except of the case that Group capitalizes borrowing costs according to IAS 23.

IFRS 15 establishes a 5-step model implemented for income arising from a contract with a customer (with limited exceptions), regardless the type of income transaction or segment. Since 1/1/2018, the Group adopted the new standard by implementing the new modified retrospective approach without having a readjustment in comparative information (Note 2.3).

3.25 Leases

Leases in which all the risks and benefits of the property remain with the lessor are recorded as finance leases. All the other leasing contracts are recorded as operating leases.

- *Group as a Lessor:* Income from operating leasing is recognized as income on a straight - line basis over the lease term.
- *Group as a Lessee:* Operating lease payments are recognized as an expense on a straight - line basis over the lease term.

  Leases which transfer to the Group substantially all of the risks and rewards of ownership of the leased item regardless of whether there is a transfer of the ownership title or not at the end of the lease, are classified as finance leases. The property held under finance leases is capitalized at the inception of the lease at the lower of its fair value and the present value of the minimum lease payments. Lease payments are apportioned between the reduction in the lease liability and the financial expenses in order to achieve a constant interest rate on the residual financial liability.

The related lease liabilities net of financial expenses are classified as liabilities and the related financial expenses are recognized in the statement of comprehensive income over the duration of the lease. Property, plant and equipment acquired through a finance lease are depreciated at the lower of the assets' useful lives and the lease term.

The Group as a Lessor only has operating leasing while as a Lessee has both operating and finance leasing. Both operational and financial leasing are related to buildings and machinery.

3.26 Offsetting of financial assets and liabilities

Financial assets and liabilities are not offset in the financial statements unless there is a legal right of set - off and intention for settlement of the net amount or settlement of the asset and liability simultaneously.

3.27 Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired,
- the Group or the Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay under a "pass - through" arrangement and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group or the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's or Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group or Company could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

3.28 Earnings/Losses per share

The basic and diluted earnings per share are calculated by dividing net profits after taxes with the weighted average number of shares of each period/ year.

The weighted average number of shares arises by summing the outstanding shares into which the share capital is divided and the rights that can be contingently exercised and are owned by the company and subtracting the shares buy back.

4. Financial Risk Management

a) Financial Risk Management

The Group is exposed to financial risks such as foreign exchange risk, credit risk, interest rate risk and liquidity risk. The management of risk is achieved by the central Treasury department, which operates using specific guidelines set by the Board of Directors. The Treasury department identifies, determines and hedges the financial risks in cooperation with the Groups' subsidiaries that face these risks. The Board of Directors provides written instructions and directions for the general management of the risk, as well as specific instructions for the management of specific risks such as credit risk, foreign exchange risk and interest rate risk.

Foreign Exchange Risk:

The Group is exposed to foreign exchange risk arising from transactions in foreign currencies (SEK) with suppliers which invoice the Group in currencies other than the local. The Group, in order to minimize the foreign exchange risk, according to the needs, in certain cases pre - purchases foreign currencies.

Credit risk:

The Group has diminuated the credit risk due to the focus in retail segments where the payment of goods is mainly achieved by cash in hand or by pre-paid credit cards.

Interest rate risk/liquidity:

The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities.

Cash flow risk is minimized via the availability of adequate credit lines and cash. Also, the Group has entered into Interest Rate Swap (IRS) contracts in order to face interest rate risk.

b) Legal Issues

There are no litigations or legal issues that might have a material impact on the Annual Financial Statements of the Group or Company for the period 1/1 - 31/12/2018.

5. Analysis of expenses and other operating income

a) The expenses are presented in the financial statements as follows:

	Group		Company	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Distribution expenses	93.590	91.519	65.408	64.420
Administrative expenses	12.991	12.654	13.474	14.060
Other operating expenses	559	350	355	227
Expenses embedded on cost of sales	3.571	3.043	0	0
Total	**110.711**	**107.566**	**79.237**	**78.707**

The main categories of expenses are analyzed below:

	Group		Company	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Payroll Expenses	43.984	42.346	31.138	30.239
Third party services	35.668	35.660	28.544	28.882
Taxes-duties	1.887	2.037	1.235	1.389
Depreciation/Amortisation	9.453	9.078	4.307	5.015
Provisions and impairment	0	0	0	0
Other operating expenses	19.719	18.445	14.013	13.181
Total	**110.711**	**107.566**	**79.237**	**78.707**

For the year ended on 31/12/2018, miscellaneous expenses include auditors remuneration of amount € 20 th. regarding services other than financial statements audit (namely excluding ordinary audit services and tax certificate issue).

Payroll expenses are analyzed as follows:

	Group		Company	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Salaries and wages	34.081	32.967	23.709	23.129
Social security contributions	7.402	7.128	5.703	5.586
Miscellaneous grants	2.230	2.022	1.510	1.349
Personnel retirement benefits	270	228	215	174
Total	**43.984**	**42.346**	**31.138**	**30.239**

b) Other operating income is analyzed as follows:

	Group		Company	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Subsidies Law 3299/04	150	178	0	0
Revenue from non-used provisions	761	664	721	601
Fixed Assets Gain	13	1	7	1
Other Income	6.167	4.034	3.913	2.880
Total	**7.091**	**4.877**	**4.641**	**3.482**

Consolidated other income of the year 2018, include the amount of € 3.734 th. (2017: € 2.511 th.) which is mainly income from orders delivery and income from rents and occupancy, € 474 th. (2017: € 194 th.) from customer services and € 334 th. (2017: € 351 th.) from photovoltaics income.

Moreover, Company's other income of the year 2018, include the amount of € 2.698 th. (2017: € 2.016 th.) which is mainly income from orders delivery and income from rents and occupancy and € 331 th. (2017: € 103 th.) from customer services.

c) Net Financial Results are analyzed as follows:

	Group		**Company**	
	1/1 - 31/12/2018	**1/1 - 31/12/2017**	**1/1 - 31/12/2018**	**1/1 - 31/12/2017**
Interest - expenses	(4.118)	(4.414)	(2.201)	(2.170)
Credit Card fees	(2.816)	(2.746)	(2.203)	(2.123)
Foreign exchange differences (expense) - realized-	(38)	(70)	(17)	(42)
Other bank expenses	(405)	(465)	(347)	(414)
Losses from sale of Equity Investments	0	(28)	0	(28)
Total finance cost	**(7.378)**	**(7.723)**	**(4.768)**	**(4.777)**
Interest and related income	63	80	56	67
Foreign exchange differences (income) - realized-	41	51	36	48
Gain from sale of Equity Investments	0	307	0	307
Total finance income	**105**	**438**	**92**	**422**
Financial result	**(7.273)**	**(7.285)**	**(4.676)**	**(4.355)**

(d) Consolidated financial statements include, through equity method, the associated companies VYNER LTD and SW SOFIA MALL ENTERPISES LTD. During consolidation through equity method, the amount of € 83 th. was registered in income statement as profit in "Expense – income from associate companies" (2017: loss of amount € 1.160 th.) with corresponding increase of Investments in Affiliates and Associates. Further differentiation of the investment value is due to the share capital increase in the associate SW SOFIA MALL ENTERPISES LTD by the amount of € 315 th. and in VYNER LTD by the amount of € 5.010 th.

6. Property, plant and equipment

Changes in property, plant and equipment for the year 2018 are analyzed as follows:

Group

	Land	Buildings and installations	Machinery /Installations	Vehicles	Furniture	Assets under construction	Total
Net book value at 31.12.2017	**52.266**	**122.547**	**1.773**	**966**	**5.399**	**2.645**	**185.595**
1.1 - 31.12.2018							
Additions	0	2.358	457	221	2.349	43	5.428
Other changes in acquisition cost	0	(93)	(56)	(115)	(1.209)	0	(1.472)
Depreciation/amortization	0	(5.735)	(452)	(220)	(1.828)	0	(8.235)
Other Depreciation changes	0	64	53	114	1.225	0	1.455
Acquisition cost at 31.12.2018	**52.266**	**181.299**	**5.658**	**5.226**	**35.281**	**2.688**	**282.418**
Accumulated depreciation at 31.12.2018	**0**	**(62.158)**	**(3.884)**	**(4.260)**	**(29.345)**	**0**	**(99.646)**
Net book value at 31.12.2018	**52.266**	**119.141**	**1.775**	**966**	**5.936**	**2.688**	**182.772**

Group

	Land	Buildings and installations	Machinery /Installations	Vehicles	Furniture	Assets under construction	Total
Net book value at 31.12.2016	**52.266**	**125.108**	**1.681**	**1.164**	**5.662**	**2.951**	**188.831**
1.1 - 31.12.2017							
Additions	0	2.526	533	108	1.781	145	5.092
Other changes in acquisition cost	0	442	(38)	(103)	(1.075)	(451)	(1.226)
Depreciation/amortization	0	(5.529)	(433)	(306)	(2.020)	0	(8.288)
Other Depreciation changes	0	1	30	103	1.052	0	1.186
Acquisition cost at 31.12.2017	**52.266**	**179.034**	**5.257**	**5.120**	**34.141**	**2.645**	**278.462**
Accumulated depreciation at 31.12.2017	**0**	**(56.486)**	**(3.484)**	**(4.154)**	**(28.742)**	**0**	**(92.867)**
Net book value at 31.12.2017	**52.266**	**122.547**	**1.773**	**966**	**5.399**	**2.645**	**185.595**

Company

	Land	Buildings and installations	Machinery /Installations	Vehicles	Furniture	Assets under construction	Total
Net book value at 31.12.2017	**31.316**	**55.526**	**1.248**	**312**	**3.133**	**2**	**91.538**
1.1 - 31.12.2018							
Additions	0	783	380	72	1.005	(2)	2.238
Other changes in acquisition cost	0	(64)	(45)	(97)	(470)	0	(676)
Depreciation/amortization	0	(3.109)	(316)	(86)	(989)	0	(4.500)
Other Depreciation changes	0	64	42	96	462	0	664
Acquisition cost at 31.12.2018	**31.316**	**91.824**	**4.019**	**1.549**	**21.447**	**0**	**150.155**
Accumulated depreciation at 31.12.2018	**0**	**(38.624)**	**(2.709)**	**(1.251)**	**(18.306)**	**0**	**(60.891)**
Net book value at 31.12.2018	**31.316**	**53.200**	**1.310**	**298**	**3.141**	**0**	**89.265**

Company

	Land	Buildings and installations	Machinery /Installations	Vehicles	Furniture	Assets under construction	Total
Net book value at 31.12.2016	**31.316**	**56.958**	**1.054**	**305**	**3.525**	**0**	**93.158**
1.1 - 31.12.2017							
Additions	0	1.520	502	97	705	2	2.826
Other changes in acquisition cost	0	(9)	(31)	(79)	(843)	0	(962)
Depreciation/amortization	0	(2.943)	(300)	(89)	(1.074)	0	(4.406)
Other Depreciation changes	0	1	23	79	820	0	923
Acquisition cost at 31.12.2017	**31.316**	**91.106**	**3.683**	**1.574**	**20.912**	**2**	**148.594**
Accumulated depreciation at 31.12.2017	**0**	**(35.579)**	**(2.435)**	**(1.262)**	**(17.779)**	**0**	**(57.055)**
Net book value at 31.12.2017	**31.316**	**55.526**	**1.248**	**312**	**3.133**	**2**	**91.538**

Additions in Property, Plant and Equipment for the period refer to the purchase of equipment and formation expenses of retail stores of home furniture and household goods.

Most considerable additions in property, plant and equipment in the year 2018 refer to:

a) property, plant and buildings installations of amount € 2,2 million for IKEA Stores.

b) machinery – installations, furniture and miscellaneous equipment of amount € 2,7 million for IKEA Stores.

On 5/12/2018 a new Pick up & Order Point in Plovdiv of Bulgaria started operating.

From 20/3/2018 to 1/12/2018, a new IKEA Pop-Up Store operated in Piraeus with limited duration.

Other changes in property, plant and equipment of the Company and Group are related to write-offs and sales of assets.

Property, plant and equipment of the Company and Group, include leased property of IKEA Store through financial leasing which amounts to € 27.198 th. (31/12/2017: € 27.391 th.) in Thessaloniki, all obligations arising from the financial leasing contract are fulfilled and procedural issues with National Cadastre are confronted, in order for the contract, regarding the transfer of the property to the Company, to be signed.

Depreciation/ Amortization of property, plant and equipment and intangible assets of total amount € 9.108 thousand, was registered in cost of sales by the amount of € 481 th., in Distribution expenses by the amount of € 7.927 thousand and in Administrative expenses by the amount of € 700 thousand and respectively for the Company depreciation/ amortization of total amount € 5.187 thousand (Note 5), was registered in Distribution expenses by the amount of € 4.623 thousand and in Administrative expenses by the amount of € 564 thousand. On 31/12/2018 the Group tested the value of property, plant and equipment per store (CGU) and wherever there was existence of indication for impairment of value, an impairment test was implemented. On 31/12/2018 no impairment of the Group's property, plant and equipment value arised. Net book value of property, plant and equipment regarding IKEA Stores for the Group amounts to € 160.248 th. (2017: 160.237 th.) and for the Company amounts to € 89.086 th. (2017: 91.538 th.)

7. Investment property

Investment property for the year 2018 is analyzed as follows:

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Opening Balance	28.332	27.330	12.385	12.239
Additions	363	1.002	185	146
Impairment / Goodwill	(345)	0	880	0
Closing Balance	**28.350**	**28.332**	**13.450**	**12.385**

The amount of € 28,4 million (2017: € 28,3 million) includes:

- Property for exploitation of parent company, of amount € 8,2 million (2017: € 7,1 million). The assessment of fair value was effectuated for the year 2018 by certified appraisers. For the calculation of the fair value, the Investment Method was used by implementing Discounted Cash Flow Method (DCF) with a 10-year analysis. The valuation of fair value method was ranked at level 3 of the hierarchy. The significant assumptions used for the property were: Leasing value 61.905 €/month, exit yield 10%, TRR 11%.

- Part of subsidiary's property, operating in real estate segment, of amount € 14,9 million (2017: € 15,9 million). The assessment of fair value was effectuated for the year 2018 by certified appraisers. For the calculation of the fair value the Investment Method was used, based on which the investment property value is calculated by capitalizing actual or future leasing that it may create. The valuation of fair value method was ranked at level 3 of the hierarchy. The significant assumptions used for the retail stores that the subsidiary, operating in real estate, leases were: Rent price/month €14/sqm, exit yield 7,50%, TRR 8,75% and annual rent increase 1,00%.

- Property of value € 5,3 million of a subsidiary which is leased for trading use (2017: € 5,3 million). The fair value assessment was conducted by the Management in compliance with the agreed terms of leasing.

8. Intangible assets

Intangible assets are analyzed as follows:

	Group			
	Royalties	**Software**	**Miscellaneous**	**Total**
Net book value at 31.12.2017	**4.352**	**2.168**	**12**	**6.532**
1.1 - 31.12.2018				
Additions	0	744	0	744
Depreciation/amortization	(278)	(594)	(1)	(873)
Acquisition cost at 31.12.2018	**8.872**	**8.088**	**12**	**16.972**
Accumulated depreciation at 31.12.2018	**(4.798)**	**(5.771)**	**(1)**	**(10.570)**
Net book value at 31.12.2018	**4.074**	**2.317**	**11**	**6.402**

	Group			
	Royalties	**Software**	**Miscellaneous**	**Total**
Net book value at 31.12.2016	**4.630**	**1.862**	**0**	**6.492**
1.1 - 31.12.2017				
Additions	0	818	12	830
Depreciation/amortization	(278)	(513)	0	(791)
Acquisition cost at 31.12.2017	**8.872**	**7.345**	**12**	**16.229**
Accumulated depreciation at 31.12.2017	**(4.520)**	**(5.177)**	**0**	**(9.697)**
Net book value at 31.12.2017	**4.352**	**2.168**	**12**	**6.532**

	Company			
	Royalties	**Software**	**Miscellaneous**	**Total**
Net book value at 31.12.2017	**3.417**	**1.605**	**12**	**5.034**
1.1 - 31.12.2018				
Additions	0	641	0	641
Depreciation/amortization	(250)	(437)	(1)	(688)
Acquisition cost at 31.12.2018	**7.210**	**6.334**	**12**	**13.556**
Accumulated depreciation at 31.12.2018	**(4.043)**	**(4.524)**	**(1)**	**(8.569)**
Net book value at 31.12.2018	**3.167**	**1.810**	**11**	**4.988**

	Company			
	Royalties	Software	Miscellaneous	Total
Net book value at 31.12.2016	**3.667**	**1.351**	**0**	**5.017**
1.1 - 31.12.2017				
Additions	0	613	12	625
Depreciation/amortization	(250)	(358)	0	(608)
Acquisition cost at 31.12.2017	**7.210**	**5.693**	**12**	**12.915**
Accumulated depreciation at 31.12.2017	**(3.793)**	**(4.088)**	**0**	**(7.881)**
Net book value at 31.12.2017	**3.417**	**1.605**	**12**	**5.034**

Royalties include the use of brand names (IKEA).

Additions in intangible assets are related to software licenses.

Depreciation of intangible assets of the Group for the year 2018 amounted to € 873 th.

9. Investments in affiliates and associates

Investments are as analyzed as follows:

	COUNTRY	COMPANY			
		% SHAREHOLDING 2018	**31/12/2018**	**% SHAREHOLDING 2017**	**31/12/2017**
SUBSIDIARIES					
HM HOUSEMARKET (CYPRUS) LTD	Cyprus	100%	11.041	100%	11.041
HM HOUSEMARKET BULGARUA AD	Bulgaria	100%	9.999	100%	9.999
TRADE LOGISTICS SA	Greece	100%	18.520	100%	18.520
WYLDES LTD	Cyprus	100%	40.357	100%	35.027
TOTAL			**79.917**		**74.587**

Operation of each company is analyzed in the Annual Report of the Board of Directors.

On 31/12/2018 there were no indications for the conduction of impairment test of the subsidiaries.

Associated companies VYNER LTD and SW SOFIA MALL ENTERPISES LTD have been included in the consolidated financial statements. During consolidation by equity method, a profit of € 83 th. (2017: loss € 1.160 th.) was recognized in the consolidated income statement under "Contribution to associate companies losses" with a corresponding increase in the carrying value of the investments in associates. Further differentiation of the investment value is due to the increase of the share capital of the associate SW SOFIA MALL ENTERPISES LTD of amount € 315 thousand (2017: € 85 th.) and VYNER LTD of amount € 5.010 th (2017: € 410 th.).

The Summary financial information of VYNER LTD is as follows:

Company	Country of establishment	Total Assets	Total Liabilities	Income	Losses	Shareholding
2018	Cyprus	147.375	88.779	10.420	913	50,00%
2017	Cyprus	145.712	101.426	9.439	(1.849)	50,00%

The consolidated financial information of SW SOFIA MALL ENTERPISES LTD is as follows:

Company	Country of establishment	Total Assets	Total Liabilities	Income	Losses	Shareholding
2018	Cyprus	1.538	198	166	(747)	50,00%
2017	Cyprus	1.889	201	156	(471)	50,00%

10. Inventory

Inventory is analyzed as follows:

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Inventory	35.756	29.385	22.878	19.801
Advances for purchases of merchandise	117	3.241	25	1.599
Total	**35.873**	**32.625**	**22.904**	**21.400**

The inventory cost of the Group which was recorded as an expense under cost of goods sold amounts to € 173.247 thousand (2017: € 169.477 thousand) for the Group and € 112.201 thousand (2017: € 110.491 thousand) for the Company.

The inventory value written-off within the financial year amounts to € 999 thousand (2017: € 957 thousand) for the Group and € 845 thousand (2017: € 604 thousand) for the Company.

The total provision for inventory on 31/12/2018 for the Group amounts to € 901 th. (31/12/2017: € 1.366 th.) and for the Company amounts to € 701 th. (31/12/2017: € 1.016 th.).

11. Trade receivables

Trade receivables are analyzed as follows:

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Trade receivables	9.993	9.437	9.415	9.005
Cheques receivables	18	18	18	18
Notes Receivables	6	6	6	6
Bad Debt Provisions	(7.183)	(7.147)	(7.183)	(7.147)
Total	**2.834**	**2.314**	**2.256**	**1.882**

As at December 31, 2018 and 2017 the ageing of trade receivables is analyzed as follows:

	Group		
	Total	**Not due trade receivables**	**Overdue trade receivables**
31/12/2018	**2.834**	1.071	1.762
31/12/2017	**2.314**	948	1.366

Not due trade receivables of the Group include amounts resulting from leasing and occupancy invoicing € 327 th. (2017: € 251 th.) and electricity invoicing to LAGIE € 93 th. (2017: € 148 th.).

	Company		
	Total	**Not due trade receivables**	**Overdue trade receivables**
31/12/2018	**2.256**	493	1.762
31/12/2017	**1.882**	516	1.366

Not due trade receivables of the Company mainly include amounts resulting from leasing invoicing € 300 th. (2017: € 251 th.).

12. Long-term receivables

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Assets:				
Guarantees given to Property Lease Holders	2.831	3.204	2.829	3.200
Guarantees given to third party	36	10	25	0
Other Long term claims	0	0	0	2.500
Total	**2.867**	**3.214**	**2.853**	**5.700**

Guarantees for property lease are directly related to the operation of the Group's companies as they regard trading property. Also, guarantees have been given for public services and organizations.

13. Other receivables

Other receivables are analyzed as follows:

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Debited VAT	837	770	0	0
Suppliers advances	122	423	92	259
Credit Cards receivable	1.675	4.196	1.502	3.873
Accruals	1.601	2.336	1.046	1.740
Other debtors	7.129	10.481	11.449	12.522
Total	**11.364**	**18.207**	**14.088**	**18.394**

For the Company on 31/12/2018, other debtors include the amount of € 3.542 th. regarding credit cards discounting program (2017: € 6.775 th.) and dividend receivables from subsidiary of amount € 3.000 th. (2017: € 3.000 th.)., € 1.209 th. regarding municipal taxes receivables (2017: € 1.200 th.) and € 53 th. regarding pledged accounts (2017: € 53 th.).

For the Group on 31/12/2018, other debtors include the amount of € 3.542 th. regarding credit cards discounting program of a subsidiary through factoring (2017: € 6.775 th.), € 1.209 th. regarding municipal taxes receivables (2017: € 1.200 th.), € 553 th. regarding pledged accounts.

14. Cash and cash equivalent

Cash represents the Group's and the Company's cash in hand as well as bank deposits available on demand and is analyzed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash in hand	1.243	1.545	995	981
Bank Deposits	21.215	18.750	8.882	10.846
Total	**22.457**	**20.295**	**9.877**	**11.827**

The temporary unallocated cash amounts of the Group's companies are placed in short-term deposits in euros. The average weighted deposit interest rate for the year 2018 is 0,70% (2017: 0,70%).

15. Share capital

On 31/12/2018 the share capital amounted to € 47.450.647 (2017: € 47.450.647) divided into 47.450.647 (2017: 47.450.647) shares of nominal value € 1,00 per share.

16. Reserves

The movement of the reserves is analyzed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Statutory Reserves	8.268	8.268	8.268	8.268
Revaluation Reserves	722	722	722	722
Foreign exchange diff. from Statement of Financial Position transl. reserves	5	5	0	0
Tax free reserves	7.725	7.725	7.725	7.725
SOP Reserve	1.180	982	1.057	873
IRS Reserve	(217)	(124)	0	0
Total	**17.684**	**17.578**	**17.771**	**17.588**

Statutory Reserve: In accordance with the provisions of Greek company law, the creation of a statutory reserve, through the transfer of the 5% of the annual after tax profits, is mandatory up until the reserve reaches 1/3 of the share capital. The statutory reserve is only distributable upon dissolution of the Company, it may however be used to set - off accumulated losses.

Tax-free reserves: The Group has tax-free reserves of amount € 7.725 th. (2017: 7.725 th.) which arised mainly from dividends and income from doubtful debt provision of L. 3296/04. In case of disposal or capitalization they will be taxed with the tax rate provided by L. 4172/2013.

Exchange Differences from foreign companies' financial statements conversion: This reserve is comprised from the foreign exchange differences arising from the retranslation of the financial statements of the Group's companies which have a different functional currency from the parent company.

Cash Flow Hedging reserve: The hedging reserve comprises of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (IRS) – Note 20.

SOP Reserves: This reserve is created with the General Assembly approval of the SOP for employees of the Company and Group. After the exercise of the options or waive of beneficiaries, the remaining amount of the reserve can be transferred to Retained Earnings.

Revaluation Reserves: This reserve is created from revaluation on land and buildings. According to Greek Law, revaluation reserves can not be distributed to shareholders.

17. Dividends

The Ordinary Shareholders General Assembly dated on 15/6/2018 did not propose a dividend distribution for the year 1/1 – 31/12/2017 taking into consideration the financial results of this period. The parent company registered in its income a dividend from subsidiary of amount € 3 million at the year 2018 (2017: € 3 million) . The Extraordinary General Assembly of shareholders of the Company on 24/12/2018 approved the distribution of dividend from prior year profits of amount € 5 mil. (2017: € 5 million).

18. Employee retirement benefits

18.1 Liabilities due to termination of service

The obligation of employee compensation due to termination of service (Law 2112/20, 4093/12 for Greek Companies, Bulgarian Labor Law for Bulgarian Company) appears in the Financial Statements in compliance with IAS 19 and is based on an actuarial study elaborated by AON Hewitt on December 31st,2018.

Basic assumptions of the actuarial study for Greece are the following:

Greek Companies	2018	2017
Average annual payroll increase	1,00%	1,00%
Discount interest rate	1,81% - 1,85%	1,61% - 1,68%
Inflation	1,00%	1,00%
Plan duration (years)	16-15	16-18

In case of an average annual payroll increase by 0,50% (namely 1,50%), the amount of liabilities due to termination of service of Greek companies would increase from 7,46% to 8,18%. In case of a discount rate increase by 0,50%, the amount of liabilities due to termination of service of Greek companies would decrease from 6,73% to 7,37%.

Bulgarian Company	2018	2017
Average annual payroll increase	3,50%	3,50%
Discount interest rate	1,03%	1,70%
Inflation	2,00%	2,00%
Plan duration (years)	23	24

In case of an average annual payroll increase by 0,50% (namely 4,00%), the amount of liabilities due to termination of service of Bulgarian company would increase by 11,70%. In case of a discount rate increase by 0,50% (namely 1,53%), the amount of liabilities due to termination of service of Bulgarian company would decrease by 10,55%.

The expense derived from the compensation to employees due to retirement, that was recorded in the Income Statement of the financial year 2018 is analysed as follows:

	Group		Company	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Service Cost	259	249	204	209
Interest Cost	53	51	46	46
Cost reduction/settlement/termination service	263	177	251	161
Total amount allocated in Income statement	**574**	**477**	**502**	**415**
Balance of liability at the beginning	**3.115**	**2.828**	**2.756**	**2.560**
Compensation due to retirement	574	477	502	415
Paid amounts	(307)	(260)	(287)	(241)
Actuarial gains/losses	46	71	25	22
Balance of liability in the end	**3.428**	**3.115**	**2.996**	**2.756**

The amounts of Actuarial losses/gains, appear in Statement of Comprehensive Income and regard employee retirement defined benefits programs.

18.2 Share based payments

Members of the Management of the Company and its subsidiaries take part in a SOP program of the parent company FOURLIS HOLDINGS SA.

The Ordinary General Assembly of the Company FOURLIS HOLDINGS SA of June 16, 2017, under the context of Stock Option Plan, approved the disposal of 2.566.520 stock options and the authorization to the Board of Directors regarding the settlement of procedures and details. The program will be implemented in four waves, with a maturity period of five years per wave. Options should be exercised within five years since their maturity date. In case that, after the grant some of the options remain undisposed, those options will be cancelled. The underlying price of each wave is the closing stock price on the day of General Assembly's resolution regarding the approval of the program.

On 20/11/2017 the board of Directors granted 641.630 Stock Options, which are the first of the four waves. The underlying share price, to which conferred options reflect, is determined at the amount of 5,768 € per share which is the closing stock price of the share on the date of the General Assembly.

The options of the wave mentioned above are granted within five years as follows:

Vesting Date	No of Options
31/12/2017	128.326
31/12/2018	128.326
31/12/2019	128.326
31/12/2020	128.326
31/12/2021	128.326

The fair value of options has been calculated based on the simulation of the Company's share price assuming that the price will develop to the "Binomial Pricing" model. Fair value per option and vesting date has been defined based on model 5 Bermudan option as follows:

Vesting Date	**Value per Option €**
31/12/2017	0,962
31/12/2018	1,064
31/12/2019	1,152
31/12/2020	1,225
31/12/2021	1,290

The variables upon which the data above were calculated are as follows:

Variable	**Value**
Exercise Price	€ 5,77
Grant Date	20/11/2017
Stock Volatility	28,1%
Dividend Yield	1,72%
Attrition Rate	0%
Risk Free Rate	0,3953%

On 19/11/2018 the board of Directors granted 641.630 Stock Options, which are the second of the four waves. The underlying share price, to which conferred options reflect, is determined at the amount of 5,667 € per share which is the closing stock price of the share (adjusted with the share capital decrease which took place after the date of the General Assembly).

The options of the wave mentioned above are granted within five years as follows:

Vesting Date	**No of Options**
31/12/2018	128.326
31/12/2019	128.326
31/12/2020	128.326
31/12/2021	128.326
31/12/2022	128.326

The fair value of options has been calculated based on the simulation of the Company's share price assuming that the price will develop to the "Binomial Pricing" model. Fair value per option and vesting date has been defined based on model 5 Bermudan option as follows:

Vesting Date	**Value per Option €**
31/12/2018	0,541
31/12/2019	0,623
31/12/2020	0,694
31/12/2021	0,756
31/12/2022	0,809

The variables upon which the data above were calculated are as follows:

Variable	**Value**
Exercise Price	€ 5,67
Grant Date	19/11/2018
Stock Volatility	26,6%
Dividend Yield	2,012%
Attrition Rate	0%
Risk Free Rate	0,575%

On 20/11/2018, the BoD of the Company FOURLIS HOLDINGS SA issued an Invitation to the beneficiaries of the SOP which was approved by the Extraordinary General Assembly held on 27/9/2013 and the

Ordinary General Assembly held on 16/6/2017, regarding the exercise of their options. 16 beneficiaries responded to this Invitation and exercised their option for the acquisition of 163.626 shares, of nominal value € 0,91 and underlying price € 3,28 per share and paid the total amount of € 537.069,61.

It is noted that the underlying price of shares to which the distributed options reflect, had been initially determined at the amount of € 3,40 per share, which was the closing stock price of the share on the date of the resolution of the General Assembly regarding the SOP since 27/9/2013 (Extraordinary General Assembly date). Due to corporate events (capital return by cash payment), the historical closing price of the share was readjusted and formed at the amount of € 3,34 per share (Based on the BoD resolution of 20/11/2017). Following the resolution of the Ordinary General Assembly held on 15/6/2018, the historical share price changed resulting from corporate action regarding the decrease of the Company's share capital with decrease of share's nominal value by the amount of € 0,10 and the capital return to shareholders. After this adjustment, the historical share price is now formed at € 3,28.

Also, the underlying price of shares to which the distributed options reflect which was established with resolution of the Ordinary General Assembly of shareholders of the Company on 16/6/2017, had been initially determined at the amount of € 5,87 per share, which was the closing stock price of the share. Due to corporate events (capital return by cash payment), the historical closing price of the share was readjusted and formed at the amount of € 5,77 per share (Based on the BoD resolution of 20/11/2017). Following the resolution of the Ordinary General Assembly held on 15/6/2018, the historical share price changed resulting from corporate action regarding the decrease of the Company's share capital with decrease of share's nominal value by the amount of € 0,10 and the capital return to shareholders. After this adjustment, the historical share price is now formed at € 5,67.

During the period 1/1 – 31/12/2018, beneficiaries waived their right to exercise 0 options (2017: 11.580) which were granted by the BoD of the parent company FOURLIS HOLDINGS SA on 25/11/2013, beneficiaries waived their right to exercise 0 options (2017: 13.626) which were granted by the BoD on 24/11/2014 and also beneficiaries waived their right to exercise 3.806 options (2017: 17.104) which were granted by the BoD on 25/11/2015.

During the period 1/1 – 31/12/2018, the amount of € 198 (2017: € 120) was registered in the Consolidated Income Statement as an expense. During the period 1/1 – 31/12/2018, the amount of € 184 (2017: € 109) was registered in the Company's Income Statement as an expense.

18.3 Benefit contributions under the private insurance program

During the year ended on December 31, 2018 the amount of defined benefit contributions under the private insurance program that was recorded as an expense by the parent Company totalled to € 266 thousand (2017: € 190 thousand) while the respective amount recorded as an expense by the Group amounted to € 303 thousand (2017: € 208 thousand).

19. Financial Instruments and Risk Management Policies

19.1 Credit Risk

Exposure to Credit Risk

The Group has significantly reduced its exposure to credit risk due to the focus in the retail segments where the payment of goods is mainly made by cash or credit cards discounts. The maximum exposure at 31/12/2018, without taking into consideration any hedging or insurance strategies, was as follows:

	Book Value	
€000s	**2018**	**2017**
Trade receivables	2.834	2.314
Other Debtors	8.852	13.241
Credit Cards receivable	1.675	4.196
Cash & cash equivalent	22.457	20.295
Total	**35.818**	**40.046**

The maximum exposure to credit risk on trade receivables of the Group without taking into consideration any hedging or insurance strategies at the date of the Statement of Financial Position, per geographic segment was as follows:

	Book value			
	Greece		**Southeastern Europe Countries**	
	2018	**2017**	**2018**	**2017**
€000s				
Trade receivables	2.764	2.271	70	43
Other Debtors	7.668	11.972	1.183	1.269
Credit Cards receivable	1.502	3.873	173	323
Cash & cash equivalent	10.977	12.491	11.480	7.804
Total	**22.911**	**30.607**	**12.907**	**9.439**

The maximum exposure at the date of the Statement of Financial Position, per customer type was:

	Book Value	
	31/12/2018	**31/12/2017**
€000s		
Wholesale trade customers	2.709	2.058
Retail trade customers	125	256

19.2 Liquidity Risk

Liquidity risk is retained at low levels by maintaining adequate bank credit lines and significant cash and cash equivalents which on 31/12/2018 amounted to € 22,4 million for the Group vs € 20,3 million on 31/12/2017. During year 2018, the Group managed to maintain the improved credit terms from its main suppliers.

The contractual loan dues including interest payments, excluding the net - off agreements, are as per paragraph Borrowings, while for Accounts Payable and Other Liabilities are less than 12 months.

Group						
2018	**Immediate termination**	**3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Credit lines	0	0	4	0	0	4
Long-term loans	0	781	6.416	83.099	0	90.296
Total	**0**	**781**	**6.420**	**83.099**	**0**	**90.299**
2017						
Credit lines	0	400	4	0	0	404
Long-term loans	0	992	6.357	90.252	0	97.602
Total	**0**	**1.392**	**6.362**	**90.252**	**0**	**98.006**

Company						
2018	**Immediate termination**	**3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Long-term loans	0	0	0	39.531	0	39.531
Total	**0**	**0**	**0**	**39.531**	**0**	**39.531**
2017						
Long-term loans	0	0	0	39.361	0	39.361
Total	**0**	**0**	**0**	**39.361**	**0**	**39.361**

19.3 Foreign Exchange Risk

Foreign exchange risk exposure

The Group is exposed to foreign exchange risk arising for its transactions in foreign currencies (SEK). The percentage of the balance of suppliers in currency other than the publication currency (euro) is 5,06% of the total. The Group, in order to minimize the foreign exchange risk, in certain cases pre - purchases foreign currencies.

Translation risk of such kind is due to the activity in Bulgaria BGN. In Bulgaria the local currency is pegged to the Euro (EUR/ BGN = 1.95583) a fact which can not guarantee that economic problems and consequences of global crisis on Bulgaria will not affect the stability of the currency.

	Trade creditors and other libilities Foreign currency in thousands euros	
	31/12/2018	**31/12/2017**
USD	6	0
SEK	284	460
BGN	0	0
Euro	351	3.114

Sensitivity Analysis

A Euro revaluation of 10% at December 31, vs the below currencies would increase (decrease) the Net Equity and the Operating Results as per the amounts indicated at the below summary. It is assumed that all other variables (Interest Rates) would remain constant.The analysis was performed in a similar manner for 2017.

Impact in €000s	**Net Equity**	**Operating Result**
Dec 31 , 2018		
USD	1	1
SEK	28	28
BGN	0	0
Dec 31 , 2017		
SEK	46	46
BGN	0	0

A Euro devaluation of 10% at December 31, vs the aforementioned currencies would have an equal but opposite impact in comparison to the ones presented above, based on the assumption that all the other variables would remain constant.

The exchange rates of foreign currencies used for the conduction of the financial statements of the year 2018 and 2017, is **BGN:** 1,95583.

19.4 Interest Rate Fluctuation Exposure

Profile

The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities. Despite of the fact that we believe that in an environment of prolonged global slowdown, the risk of rising interest rates remains low, the group has entered into Interest Rate Swap (IRS) contracts effectively converting part of the loans from floating to fixed interest rate for a period of 3 to 5 years.

The profile of Group's loan liabilities at the date of the Statement of Financial Position is analysed in paragraph Borrowings.

Sensitivity Analysis of fair value for financial instruments with a variable interest rate

A 1% fluctuation of the Group's borrowing rate at December 31, would equally increase (decrease) the Net Equity and the Operating Results by € 0,90 thousand for the year 2018 and € 0,980 thousand for the year 2017.

Sensitivity Analysis of fair value for financial instruments with a fixed interest rate

The Company has no such Instruments (Assets/Liabilities) valued at fair value through income statement.

19.5 Fair value of financial instruments

The carrying amounts of the financial instruments of assets and liabilities (i.e. trade and other receivables, cash and cash equivalents, trade and other payables, derivative financial instruments, borrowings and finance leases) approximate their fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. The fair values of the financial instruments as of 31 December 2018 represent management's best estimate. In situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Group's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Group based on the best information available in the circumstances.

The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;
- Level 3: Assets or liabilities prices that are not corroborated by market data.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents, trade and other receivables, trade and other payables accounts: the carrying amounts approximate their fair value either due to the short maturity of these instruments or because there is no foreign currency risk exposure.
- Borrowings: The carrying amount approximates their fair value mainly due to the fact that they bear interest at floating rates and are denominated in local currency.
- Derivative financial instruments: The valuation method was determined by taking into consideration all factors in order to determine precisely fair value, such as the current and the prospective interest rates trend and the duration and falls into level 2 of the fair value hierarchy.

Within the year, there were neither moving between levels 1 and 2 nor moving inside and outside level 3 during the measurement of fair value. Moreover, within the same year, there was no change in the purpose of any financial asset which would lead to a different classification of this asset.

19.6 Capital Management

The primary objective of the Group's capital management is to ensure and maintain strong credit ratings and healthy capital ratios in order to support the investment projects and maximizing the return of invested capital for the shareholders.

The Group monitors its capital management through the use of a gearing ratio - net debt divided by equity plus net debt - where net debt includes interest bearing loans and borrowings minus cash. The Group's strategic objective is to maintain the above ratio between 30% and 45%. On 31/12/2018 the ratio stood at 31% (2017: 35%).

20. Borrowings

Borrowings for the year 2018 and 2017 are analyzed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Non - current loans	**90.296**	**97.602**	**39.531**	**39.361**
Total long term loans and short term portion of long term loans	**90.296**	**97.602**	**39.531**	**39.361**
Current portion of non-current loans and borrowings	7.197	7.350	0	0
Non - current loans	83.099	90.252	39.531	39.361
Short term loans for working capital	4	404	0	0
Total loans and borrowings	**90.299**	**98.006**	**39.531**	**39.361**

The repayment period of non - current loans varies between 1 to 7 years and the average effective interest rate of the Group was 3,85% during the year 2018 (2017: 3,89%). Repayments and proceeds of loans of the Group for the current period amounted to € 17.876 thousand (2017: € 31.410 th.) and € 10.000 thousand (2017: € 21.150 th.) respectively. Repayments and proceeds of loans of the Company for the current period amounted to € 10.000 thousand (2017: € 15.972 th.) and € 10.000 thousand (2017: € 12.500 th.) respectively.

Non - current loans, including their part which is payable within 12 months, cover mainly the Group's growth needs and are analyzed in bond, syndicated and other non - current loans as follows:

31/12/2018		Amount	Issuing Date	Duration
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	2.386	17/3/2011	5 years from the issuing date (€1.139 th. payable forthcoming period)
	Bilateral	600	30/3/2016	3,5 years from the issuing date (€600 th. payable forthcoming period)
	Bilateral	1.350	30/3/2016	6 years from the issuing date (€600 th. payable forthcoming period)
		4.336		
RENTIS SA	Bond	8.250	19/7/2017	3 years from the issuing date (payment at maturity date)
		8.250		
HOUSE MARKET BULGARIA AD	Syndicated	32.228	11/7/2016	9 years from the issuing date (€4.257 th. payable forthcoming period)
		32.228		
HOUSEMARKET SA	Bond	39.531	4/10/2016	5 years from the issuing date
		39.531		

31/12/2018		Amount	Issuing Date	Duration
TRADE LOGISTICS SA	Bond	5.950	8/3/2017	5 years from the issuing date (€600 th. payable forthcoming period)
		5.950		
	Total	**90.296**		

31/12/2017		Amount in thousands of €	Issuing Date	Duration
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	305	17/8/2011	7 years from the issuing date (€305 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	2.900	17/3/2016	5 years from the issuing date(€514 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	582	17/3/2016	2 years from the issuing date (€582 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	1.400	30/3/2016	3,5 years from the issuing date (€800 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	1.950	30/3/2016	6 years from the issuing date (€600 payable forthcoming period)
		7.137		
TRADE LOGISTICS SA	Bond	6.550	8/3/2017	5 years from the issuing date (€600 payable forthcoming period)
		6.550		
RENTIS SA	Bond	8.250	19/7/2017	3 years from the issuing date (payment at maturity date)
		8.250		
HOUSE MARKET BULGARIA AD	Syndicated	36.304	11/7/2016	9 years from the issuing date (€3.948 payable forthcoming period)
		36.304		
HOUSEMARKET SA	Bond	39.361	4/10/2016	5 years from the issuing date
		39.361		
	Total	**97.602**		

Non –current loans include the bond loan issued by the company HOUSEMARKET S.A. of five-year maturity. The Bond Loan, was disposed through a public offering between 28 and 30 September 2016 in

Greece by cash payment and the available 40.000.000 bearer bonds were issued on 6/10/2016 for trading in the fixed income securities category of the regulated market of Athens Stock Exchange. The loan is subject to Greek law, has a five year maturity date with fixed interest rate 5% per year and quarterly interest payment. Direct issue expenses of the bond loan amounted to € 853 th., € 43 th. of which had benn allocated in the year 2016, € 171 th. have been allocated in the year 2017, € 171 th. have been allocated in the year 2018, € 171 th. will be allocated within twelve months of the year 2019 and € 297 th. will be allocated within the following years.

Short term loans of the Group include current loans and overdraft bank accounts which are used for the Group's working capital needs. The amounts drawn are used mainly to cover current obligations to suppliers. The weighted average interest rate of short term loans for the period 1/1/2018 to 31/12/2018 was approximately 4,1% (2017: 5,1%) while on 31/12/2018 there were zero current liabilities.

During the current period, Interest Rate Swaps or IRSs continue to exist, in order to mitigate the risk of subsidiaries of a sudden increase in interest rates in the interbank market.

The terms of the swap agreements are as follows:

- 7year financial product (IRS) that hedges interest rate risk through the exchange of fixed/ floating rate for nominal amount of 25,1 million euros, with a negative fair value for HOUSE MARKET BULGARIA AD on 31/12/2018 of € 241 thousand (31/12/2017: € 122 thousand). The outcome of the valuation has been registered in the Statement of Comprehensive Income.
- 5year financial product (IRS) that hedges interest rate risk through the exchange of fixed/ floating rate for nominal amount of 5 million euros, with a negative fair value for HOUSE MARKET BULGARIA AD on 31/12/2017 of € 16 thousand. This product ended on 11/6/2018

Some of Group's loans include loan covenants. On 31/12/2018 the Group complied with the terms of its loans.

The Group, having centralized its capital management, has the ability to directly identify, quantify, manage and hedge, if necessary, its financial risks created by its operational activities so as to be consistent to the changes in the economic environment. The Group continuously observes and budgets its cash flow and acts appropriately in order to ensure open credit lines for covering current capital needs. The Group has adequate open credit lines with domestic and foreign financial institutions in order to cover the needs of the companies in working capital. On 31/12/2018, the open balance of credit lines amounted to € 71 million.

21. Long-term liabilities

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Liabilities:				
Received Guarantees	155	150	37	65
Government Grants	4.331	4.481	0	0
Reserve for IRS	241	138	0	0
Total	**4.727**	**4.769**	**37**	**65**

22. Trade and other payables

Trade and other payables are analyzed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Trade payables	46.780	50.566	38.992	43.252
Accrued expenses	6.086	6.416	3.937	4.587
Other payables	3.394	1.340	2.343	980
Taxes liability	7.527	4.646	4.630	2.773
Customers advances	1.110	928	537	629
Insurance Organizations	1.807	1.763	1.449	1.424
Dividends payable	5.000	5.000	5.000	5.000
Total	**71.704**	**70.659**	**56.888**	**58.646**

Increase in other payables of the Group, is mainly due to liabilities from customers loyalty programs which will be redeemed within the program's validity period. For the Group, the total liability arising from IFRS 15 adoption amounts to € 1.662 th. (1/1/2018: € 2.045 th. and 31/12/2017: € 0) and for the Company € 2.313 th. (1/1/2018: € 1.539 th. and 31/12/2017: € 0).

The impact on retained earnings on 1/1/2018 from the adoption of IFRS 15 is analyzed as follows: liability recognition mainly from customers' loyalty program of amount € 2.045 th. (31/12/2017: € 0), taxes 504 th. (31/12/2017: € 0) and retained earnings € 1.541 th. (31/12/2017: € 0) and for the Company recognition of liability mainly from customers loyalty program of amount € 1.539 th. (31/12/2017: 0), taxes 446 th. (31/12/2017: € 0) and retained earnings € 1.093 th. (31/12/2017: € 0).

23. Income taxes

The nominal tax rates in the countries that the Group is operating vary between 10% and 29% for the year 2018, as follows:

Country	Income Tax Rate (31/12/2018)	Income Tax Rate (31/12/2017)
Greece (*)	29,0%	29,0%
Bulgaria	10,0%	10,0%
Cyprus	12,5%	12,5%

(*) According to article 23 of L. 4579/2018, income tax rates of legal entities are gradually decreased by 1% every year as follows: 28% for tax year 2019, 27% for tax year 2020, 26% for tax year 2021 and 25% for tax year 2022 and so on.

On 31/12/2018, the impact of future tax rates changes on other comprehensive income, amounts to € 283 th. profit for the Group and 216th. for the Company.

The parent company and its subsidiaries have not been audited by the tax authorities for the years noted below:

COMPANY	**YEARS**
HOUSEMARKET SA	2013 – 2018 (*)
TRADE LOGISTICS SA	2013 – 2018 (*)
HM HOUSEMARKET (CYPRUS) LTD	2012 – 2018
HOUSE MARKET BULGARIA AD	2013 – 2018
RENTIS SA	2013 – 2018 (*)
WYLDES LTD	2009 – 2018

Assosiate companies have not been audited by the tax authorities for the years noted below:

COMPANY	**YEARS**
VYNER LTD	2009 – 2018
SW SOFIA MALL ENTERPRISES LTD	2015 – 2018

(*) For the fiscal years 2011, 2012 and 2013 all companies of the Group located in Greece, have been subjected to tax audit by Certified Audit Accountants in compliance with the provisions of Article 82 par. 5 of Law 2238/1994 and for the fiscal years 2014, 2015, 2016 and 2017 in compliance with the provisions of Article 65 a of Law 4174/2013 and received a Tax Compliance Certificate for fiscal years 2011, 2012, 2013, 2014, 2015, 2016 and 2017, while tax audit for the fiscal year 2018 is in progress. Upon completion of the audit, the Management of the Company does not expect any significant liabilities to occur, other than those recorded in the financial statements. In order for the years 2011, 2012 and 2013 to be considered integrated, provisions specified in par. 1a of Article 6 POL 1159/2011 should apply. The integration of the years 2014 and 2015 is implemented based on POL 1124/2015.

The income tax expense for the year 2018 and the relative year 2017 is as follows:

	Group		**Company**	
	1/1 - 31/12/2018	**1/1 - 31/12/2017**	**1/1 - 31/12/2018**	**1/1 - 31/12/2017**
Income tax	**(1.541)**	**(1.430)**	**0**	**0**
Tax audit differences	0	(163)	0	(119)
Differences of fixed assets	(565)	(564)	(392)	(512)
Provisions for employee benefits	68	55	62	50
Effect of changes on tax rates	283	0	216	0
Provisions	9	(371)	(4)	(289)
Accrued Taxes	(820)	(655)	(528)	(1.173)
Total Deffered taxes	**(1.025)**	**(1.536)**	**(647)**	**(1.924)**
Income Tax Expense	**(2.566)**	**(3.129)**	**(647)**	**(2.043)**

The reconciliation between the nominal tax rate and the effective tax rate is analyzed as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Profit Before Taxes	**16.262**	**13.689**	**4.591**	**4.310**
Income tax based on nominal tax rate	(4.716)	(3.970)	(1.331)	(1.250)
Tax rate differences	2.550	2.081	0	0
Tax on tax free income	0	0	870	870
Tax on non deductible expenses	(302)	(530)	(292)	(517)
Tax on tax losses	(294)	(682)	0	(1.144)
Tax audit differences	0	(163)	0	(119)
Miscellaneous timing differences	197	134	107	118
Tax in statement of comprehensive income	**(2.566)**	**(3.129)**	**(647)**	**(2.043)**

Miscellaneous timing differences include the amount of € 283 th. (31/12/2017: 0) for the Group and € 216 th. (31/12/2017: 0) for the Company, regarding the effect of taxes due to the tax rates change.

Deferred taxes on 31/12/2018, which are presented in the Statement of Changes in Equity and are related to the impact due the adoption of IFRS 15 for the Group amount to € 504 th. (31/12/2017 : 0) and for the Company amount to € 446 th. (31/12/2017 : 0) (Note 22).

Deferred taxes on 31/12/2018, which appear in the Consolidated Statement of Comprehensive Income and compose income due to valuation of cash flow hedging at the fair value, amount to € 10 th. (€ 25 th. on 31/12/2017) and income due to defined benefits plans, amount to € 10 th. (€ 11 th. on 31/12/2017). Deferred taxes on 31/12/2018 which are presented in the Statement of Comprehensive Income due to defined benefits plans for the Company, amount to € 7 th. (31/12/2017: € 6 th.)

Deferred taxes as at 31 December 2018 and 31 December 2017 which appear in accompanying Financial Statements are analysed as follows:

	Group		Company	
	1/1 - 31/12/2018	**1/1 - 31/12/2017**	**1/1 - 31/12/2018**	**1/1 - 31/12/2017**
Assets :				
Depreciation calc. difference	(3.353)	(3.732)	(2.947)	(3.363)
Employee retirement benefits	803	854	749	799
Stock devaluation	196	295	196	295
Provisions	391	(159)	340	(161)
Provision for doubtful debts	944	1.087	944	1.087
Fixed assets revaluation	(290)	0	(290)	0
Deferred income tax	3.673	4.493	2.375	2.903
Total	**2.365**	**2.839**	**1.367**	**1.560**

	Group		Company	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Liabilities				
Depreciation Difference	68	0	0	0
Provision Other Expenses	(41)	0	0	0
Total	**27**	**0**	**0**	**0**

Deferred income taxes result from temporary differences between assets and liabilities tax recognition and financial statements composition.

On 31/12/2018, the Group had accumulated carried forward tax losses in its subsidiaries on part of which a provision was made for deferred tax asset of amount € 3.673 thousand (2017: € 4.493 th.) and the Company had accumulated carried forward tax losses in its subsidiaries on part of which a provision was made for deferred tax asset of amount € 2.375 thousand (2017: € 2.903 th.), as the Management considered that the recognition criteria were met. For the part of tax losses on which a deferred tax asset has been recognized, the Management estimates that they will be covered against taxable profits before their expiration date.

24. Earnings/Losses per share

The basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares during the period. The weighted average number of shares as at 31 December 2018 is 47.450.647.

	Group		Company	
	2018		2018	
Profit / (Loss) after tax attributable to owners of the parent	13.696	10.559	3.944	2.268
Number of issued shares	47.450.647	47.450.647	47.450.647	47.450.647
SOP Impact	0	0	0	0
Effect from purchase of own shares	0	0	0	0
Weighted average number of shares	**47.450.647**	**47.450.647**	**47.450.647**	**47.450.647**
Basic Earnings / (Losses) per Share (in Euro)	0,2886	0,2225	0,0831	0,0478
Diluted Earnings / (Losses) per Share (in Euro)	0,2886	0,2225	0,0831	0,0478

25. Commitments and Contingencies

25.1 Commitments

The Group's contingent liabilities for the period 1/1 - 31/12/2018 are analyzed as follows:

- Letters of guarantee from the Company, amounting to € 2.182 thousand for the proper execution of the contract between the Company and Athens International Airport, € 8.000 thousand for the proper execution of the contract between the Company and BIOHALCO and € 1.024 thousand for the timely and accurate payment of exchanges and utilities expenditure between the Company and BHTA TETARTI, whereas furthermore other letters of guarantee of amount € 24 thousand have been given. Other guarantees of the Company for its subsidiaries H.M. HOUSEMARKET (CYPRUS) LIMITED amounting to € 4.336 thousand, RENTIS SA (subsidiary of H.M. HOUSEMARKET (CYPRUS) LIMITED) amounting to € 8.250 thousand and TRADE LOGISTICS of amount € 5.950 th.

- A subsidiary company of the Group mortgage its property to secure a bond loan amounting to € 45.372 th.
- A subsidiary company of the Group mortgage its property to secure a bond loan amounting to € 11.005 th.
- A subsidiary company of the Group mortgage its property to secure a bond loans amounting to € 22.700 th.
- A subsidiary company has provided fluctuating guarantee on assets until the amount of € 6.800 th. in order to secure bilateral loans.

25.2 Operating Lease

Group as Lessee

The Group has leasing contracts for plant and equipment in order to cover its operating needs. This is accomplished through finance and operating leasing contracts. Concerning the finance leasing contracts see above in paragraph Borrowings.

Concerning operating leasing contracts, the total future dues for rents are as below:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Up to 1 year	9.009	9.229	7.170	7.591
Between 1-5 years	35.451	43.348	29.215	37.967
More than 5 years	69.635	100.474	68.029	99.351
Total	**114.095**	**153.051**	**104.414**	**144.909**

The expense for operating leasing of financial year 2018, that was recorded in the income statement the Group amounted to € 8.972 thousand (€ 9.263 thousand for the year 2017) for the Group and € 7.339 thousand (€ 7.581 thousand for the year 2017) for the Company.

Group as Lessor

The future leasing contracts of the Group as a lessor are as below:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Up to 1 year	1.090	1.069	297	745
Between 1-5 years	3.608	4.765	308	2.201
More than 5 years	2.441	3.273	12	1.409
Total	**7.139**	**9.107**	**616**	**4.356**

25.3 Litigation

There are no litigation or arbitration proceedings as well as resolutions of judicial institutions that might have a material impact on the assets of the Group.

26. Related parties

Related parties of the Group include the Company FOURLIS HOLDINGS SA, subsidiary and associated companies, the management and the first line managers.

The analysis of the related party receivables and payables as at 31 December 2018 and 2017 are as follows:

		Group		Company	
		1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Receivables from:	FOURLIS HOLDINGS SA	1	1	0	0
	H.M. HOUSE MARKET (CYPRUS) LTD	0	0	3.006	3.006
	INTERSPORT SA	523	413	60	116
	INTERSPORT (CYPRUS) LTD	5	5	0	0
	GENCO BULGARIA	5	3	0	0
	HOUSE MARKET BULGARIA AD	0	0	48	148
	VYNER	140	0	0	0
	SW SOFIA MALL ENTERPRISES LTD	96	0	0	0
	Total	**770**	**421**	**3.114**	**3.271**
Payables to:	FOURLIS HOLDINGS SA	5.334	5.396	5.250	5.248
	H.M. HOUSE MARKET (CYPRUS) LTD	0	0	0	30
	INTERSPORT (CYPRUS) LTD	0	1	0	0
	HOUSE MARKET BULGARIA AD	0	0	7	13
	TRADE LOGISTICS SA	0	0	427	371
	SPEEDEX SA	0	13	0	13
	Total	**5.334**	**5.410**	**5.683**	**5.675**

Related party transactions as at 31 December 2018 and 2017 are as follows:

	Group		Company	
	2018	2017	2018	2017
Revenue	3.710	3.093	633	113
Other operating income	429	347	400	392
Dividends	0	0	3.000	3.000
Total	**4.139**	**3.440**	**4.033**	**3.504**

	Group		Company	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Distribution expenses	732	766	228	322
Administrative expenses	3.021	2.873	6.517	6.049
Other operating expenses	27	2	13	2
Total	**3.780**	**3.641**	**6.759**	**6.373**

During 2018 and 2017, transactions and fees of management members were as follows:

	Group		Company	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Transactions and fees of management members	**1.598**	**1.560**	**1.413**	**1.378**

There are no other transactions between the Group and the management. The transactions with related parties are arm's length and include mainly sales and purchases of goods and services under the context of the ordinary operation of the Group.

27. Transactions with Subsidiaries

During financial years 2018 and 2017, between the parent company and its subsidiaries the following transactions occurred:

	Group		Company	
	2018	2017	2018	2017
Revenue	4.873	4.024	626	109
Cost of sales	666	151	626	109
Other income	194	248	142	142
Administrative expenses	4.219	3.910	4.215	3.906
Distribution expenses	182	211	0	0
Dividends	3.000	3.000	3.000	3.000

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Trade receivables	3.488	3.572	3.054	3.155
Creditors	3.488	3.572	434	414

28. Subsequent events

There are no other subsequent events that may significantly affect the financial position and results of the Group other than the following:

- on 24/1/2019, Ministry of Development approved the application of a subsidiary company in order for its business plan, regarding the supply of mechanical equipment of amount € 6.719.230, to be subject to the provisions of L. 4399/2016.
- on 20/2/2019, the Company issued a five-year unsecured Common Bond Loan amounting at fifteen million euros for financing its business operations. The loan was covered entirely by the bond lender on 26/2/2019.
- on 28/2/2019, it was announced that the Board of Directors of the Hellenic Capital Market Commission during its meeting held at 838/28.02.2019 resolved on granting a license to the company under formation "TRADE ESTATES REAL ESTATES INVESTMENT COMPANY" for its operation as a) a Real Estate Investment Company according to the provisions of L. 2778/1999 and b) an internally

managed Alternative Investments Fund Manager ("AIFM") according to the provisions of L. 4209/2013. Fourlis Group, through TRADE ESTATES REIC aims at operating a REIC that will be investing purely in quality retail properties and E-Commerce infrastructure. The Retail evolution in physical and digital form, creates significant opportunities in the real estate market in Southeastern Europe. The impact on consolidated financial statements has not yet been quantified.

Report on Use of Funds Raised from the issuance of Non-Convertible Bond Loan through payment in cash from the period from 04.10.2016 until 31.12.2018

In accordance with the provisions of paragraph 4.1.2 of the Athens Exchange Stock Market Regulation, the decision no. 25/17.07.2008 of the Board of Directors of Athens Stock Exchange and the decision no. 8/754/14.04.2016 of the Board of Directors of Hellenic Capital Markets Commission, it is hereby announced that from the issuance of the Non-Convertible Corporate Bond Loan of forty million euros (€40.000.000) with the issuance of the forty million bearer bonds with offer price of €1 each, that was implemented according to the decision of the Extraordinary General Assembly of the shareholders of HOUSEMARKET SOCIETE ANONYME FOR TRADING HOUSEHOLD ITEMS, FURNITURE AND CATERING ITEMS (hereafter the "Company") dated 21.06.2016 and the approval of the content of the Prospectus from the Hellenic Capital Market Commission dated 12.09.2016, a total net amount of forty million euros (€40.000.000) was raised. The cost of the issuance amounted at €852.568,27 and it was covered in total from own other funds of the Company.

The issuance of the Non-Convertible Bond Loan was covered in full and the Board of Directors of the Company certified the deposit of the funds raised from the issuance at its meeting held on 04.10.2016.

Furthermore, the forty million bearer bonds commenced trading in the fixed income securities category of the regulated market of Athens Stock Exchange on 06.10.2016.

The table below presents the specific use of the raised funds per category of use/investment, the timetable of the utilization of the funds raised as well as the use of raised funds until 31.12.2018:

Table for the Use of Raised Funds from the Issuance of Non-Convertible Corporate Loan of €40.000.000

Amounts in thousand of euros

Purpose of Use of Raised Funds		Timetable and Distribution of Raised Funds					Amount of Raised Funds that Utilized					Remaining balance to be utilized
		Second Semester 2016	2017	2018	2019	2020	H2 2016	H1 2017	H2 2017	H1 2018	H2 2018	
Participation in the Share Capital Increase of TRADE LOGISTICS S.A.* for partial repayment of loans		-	10.500	-	-	-	10.500	0	0	0	0	0
Investments in Fixed Assets and Electromechanical equipment	Installation of Information Systems related to the management of retail sales	900	-	-	-	-	900	0	0	0	0	0
	Upgrade of electromechanical equipment of existing stores	-	2.100		-	-	0	375,11	375,69	558,22	790,98	0
	Refurbishment of IKEA stores	5.000					75,40	256,37	848,79	564,90	362,40	2.892,14
Working Capital Facilities		21.500					21.500	0	0	0	0	0
Total		40.000					32.975,40	631,48	1.224,48	1.123,12	1.153,38	2.892,14

** TRADE LOGISTICS S.A. is a subsidiary company of HOUSEMARKET S.A., participating in its share capital by 100% (minus one share).*

Paiania, March 18th, 2019

Chairman of the BoD	Vice Chairman of the BoD	Managing Director
Dafni Fourli	Vassileios Fourlis	Panagiotis Katiforis

Report on factual findings in connection with the "Report on Use of Funds Raised" as resulted from the Agreed Upon Procedures processes

(Translation from the original in Greek)

To the Board of Directors of Housemarket S.A.

According to the engagement letter dated 4 September 2018 , we were assigned by the Board of Directors of Housemarket SA (hereafter the "Company") to perform the agreed upon procedures enumerated below, within the context of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council on 16 April 2014 about market abuse (Market Abuse Regulation) (hereafter the "Resolutions") with respect to the "Report of Use of Funds Raised" from the issuance of Non- Convertible Bond Loan amounting to € 40.000.000" (hereafter the "Report") issued in 2016. The Management is responsible for the preparation of the Report in compliance with the Regulation (EU) No. 596/2014 of the European Parliament and of the Council on 16 April 2014 about market abuse (Market Abuse Regulation) and Directive No. 2003/6 / EC of the European Parliament and the Council and Commission Directives No. 2003/124 / EC, 2003/125 / EC and 2004/72 / EC and in accordance with what is requested in the Prospectus dated 12 September 2016, in the field E2b of the Summary.

Our engagement was undertaken in accordance with the International Standard on Related Services 4400, applicable to agreed-upon-procedures engagements regarding Financial Information. Our responsibility is solely to perform the procedures described below and for reporting to you on our findings.

Procedures performed

Our procedures are summarized as follows:

1) We examined the content of the Report and its consistency with what is referred to in the Prospectus issued by the Company on 12 September 2016.

2) We have compared the amounts used from the bond loan, as reported in the Report, with the amounts recognized in the books and records of the Company, from the date the funds were raised up to 31 December 2018.

3) We examined whether the amounts used from the bond loan were allocated according to their intended uses, in accordance with what is requested in the Prospectus dated 12 September 2016, in the field E2b of the Summary, by examining on a sample basis documents that support the relevant accounting entries.

Findings

We report our findings below:

1) We noted that the content of the Report is consistent with the provisions of the Prospectus mentioned above.

2) The amounts used from the bond loan, as reported in the attached «Report on Use of Funds raised from the issuance of Non- Convertible Bond Loan of € 40.000.000», are in accordance with the amounts recognized in the books and records of the Company as at 31 December 2018.

By examining on a sample basis the relevant documents, we ensured that the amounts raised by the issue of the Non-Convertible bond loan were allocated according to their intended uses, in accordance with what is requested in the Prospectus dated 12 September 2016, in the field E2b of the Summary.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance beyond what we have referred to above.

Had we performed additional procedures or had we perform an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Use Limitation

This report is addressed exclusively to the Board of Directors, in compliance with its obligations to the current regulatory framework of the Athens Stock Exchange. This report is not to be used for any other purpose, since it is limited to what is referred above and does not extend to the financial statements prepared by the Company for the year ended 31 December 2018, for which we have issued a separate Audit Report, dated 18 March 2019.

Athens, 18 March 2019

The Certified Auditor

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Web site for the publication of the Annual Financial Statements

The Annual Financial Report of the Group (Consolidated and Separate), The Independent Auditors Report and the Board of Directors Report for the year 2018 has been published by posting on the internet at the web address of the Company http://www.ikea.gr and www.housemarket.gr. At the same web addresses, all Annual Financial Statements, Audit Reports and Board of Directors Reports of the companies which are consolidated and they are not listed and which cumulatively represent a percentage higher than 5% of consolidated revenues or assets or operating results after the deduction of minority shares proportion, are published.