



**KRI-KRI MILK INDUSTRY S.A.**

**Reg. No.: 30276/06/B/93/12**

**General Commercial Registry No.: 113772252000**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**1.1.2018 – 30.9.2018**

**IN ACCORDANCE WITH IFRS (IAS 34)**

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**Condensed Statement of Comprehensive Income**

|   | Note. | 1/1-30/9/2018     | 1/1-30/9/2017     |
|---|-------|-------------------|-------------------|
| <b>Sales</b>  |       | <b>78.080.436</b> | <b>65.474.902</b> |
| Cost of sales   |       | (46.825.664)      | (40.879.336)      |
| <b>Gross profit</b>   |       | <b>31.254.773</b> | <b>24.595.565</b> |
| Distribution expenses                                       |       | (14.473.927)      | (12.148.794)      |
| Administration expenses                                     |       | (2.158.714)       | (2.029.469)       |
| Research and development expenses                           |       | (139.911)         | (117.651)         |
| Other income  | C8    | 529.876           | 552.769           |
| Other (loss) / gain net                                     | C9    | 68.929            | 50.246            |
| <b>Profit before taxes, financial and investment income</b> |       | <b>15.081.026</b> | <b>10.902.666</b> |
| Financial income  | C10   | 109.423           | 132.659           |
| Financial expenses  | C10   | (289.106)         | (311.801)         |
| Financial income (net)                                      |       | (179.683)         | (179.141)         |
| <b>Profit before taxes</b>                                  |       | <b>14.901.343</b> | <b>10.723.525</b> |
| Income tax  | C11   | (4.324.543)       | (2.936.716)       |
| <b>Net profit for the period (A)</b>                        |       | <b>10.576.800</b> | <b>7.786.810</b>  |
| <b>Other comprehensive income</b>                           |       |                   |                   |
| OCI recycled to P&L   |       |                   |                   |
| Cash flow hedges  |       | (13.865)          | 0                 |
| <b>Other comprehensive income after tax (B)</b>             |       | <b>(13.865)</b>   | <b>0</b>          |
| <b>Total comprehensive income after tax (A + B)</b>         |       | <b>10.562.935</b> | <b>7.786.810</b>  |
| <b>Net profit per share from continuous operations</b>      |       |                   |                   |
| - Basic and diluted (in €)                                  |       | <b>0,3199</b>     | <b>0,2355</b>     |

The accompanying notes are an integral part of these financial statements.

**Condensed Statement of Financial Position**

|  | Note | 30/9/2018         | 31/12/2017        |
|--|------|-------------------|-------------------|
| <b>ASSETS</b>                              |      |                   |                   |
| <b>Non-current assets</b>                  |      |                   |                   |
| Tangible assets                            | C1   | 44.582.113        | 40.255.263        |
| Investment in properties                   |      | 66.930            | 120.756           |
| Intangible assets                          |      | 572.515           | 618.065           |
| Other non-current assets                   |      | 194.391           | 54.856            |
|  |      | <b>45.415.948</b> | <b>41.048.940</b> |
| <b>Current assets</b>                      |      |                   |                   |
| Inventories                                |      | 8.924.380         | 8.522.546         |
| Trade and other receivables                | C2   | 30.242.306        | 22.145.968        |
| Current income tax receivables             |      | 0                 | 560.170           |
| Cash and cash equivalents                  | C3   | 10.218.505        | 10.141.839        |
|  |      | <b>49.385.192</b> | <b>41.370.523</b> |
| <b>Total assets</b>                        |      | <b>94.801.140</b> | <b>82.419.463</b> |
| <b>EQUITY AND LIABILITIES</b>              |      |                   |                   |
| <b>Equity</b>                              |      |                   |                   |
| Share capital                              |      | 12.564.752        | 12.564.752        |
| Reserves                                   | C4   | 19.836.750        | 19.499.501        |
| Retained earnings                          |      | 23.870.614        | 17.447.418        |
| <b>Total equity</b>                        |      | <b>56.272.115</b> | <b>49.511.671</b> |
| <b>Liabilities</b>                         |      |                   |                   |
| <b>Non-current liabilities</b>             |      |                   |                   |
| Long-term borrowings                       | C5   | 3.600.000         | 4.200.000         |
| Accrued pension and retirement obligations |      | 798.923           | 777.304           |
| Deferred income tax liabilities            |      | 2.338.714         | 2.227.396         |
| Government grants                          | C6   | 7.398.837         | 7.802.690         |
|  |      | <b>14.136.475</b> | <b>15.007.390</b> |
| <b>Current liabilities</b>                 |      |                   |                   |
| Short-term borrowings                      | C5   | 6.200.046         | 6.200.061         |
| Trade and other payables                   | C7   | 14.903.538        | 11.700.341        |
| Current income tax liabilities             |      | 3.288.966         | 0                 |
|  |      | <b>24.392.550</b> | <b>17.900.402</b> |
| <b>Total liabilities</b>                   |      | <b>38.529.025</b> | <b>32.907.792</b> |
| <b>Total equity and liabilities</b>        |      | <b>94.801.140</b> | <b>82.419.463</b> |

The accompanying notes are an integral part of these financial statements.

## Condensed Statement of changes in equity

|   | Share capital     | General reserve  | Special reserves  | Other reserves | Actuarial gains-losses reserve | Cash flow hedge reserve | Retained earnings | Total Equity      |
|---|-------------------|------------------|-------------------|----------------|--------------------------------|-------------------------|-------------------|-------------------|
| <b>Balance at 31.12.2016</b>                                | <b>12.564.752</b> | <b>1.909.585</b> | <b>15.931.169</b> | <b>38.275</b>  | <b>6.851</b>                   | <b>0</b>                | <b>14.740.854</b> | <b>45.191.485</b> |
| Profit for the period                                       |                   |                  |                   |                |                                |                         | 7.786.810         | 7.786.810         |
| <b>Total comprehensive income for the period</b>            |                   |                  |                   |                |                                |                         | <b>7.786.810</b>  | <b>7.786.810</b>  |
| Reserves increase   |                   | 289.735          | 1.364.501         |                |                                |                         | (1.654.235)       | 0                 |
| <b>Transactions with owners in their capacity as owners</b> |                   |                  |                   |                |                                |                         |                   |                   |
| Dividends provided for or paid                              |                   |                  |                   |                |                                |                         | (2.975.862)       | (2.975.862)       |
| <b>Balance at 30.9.2017</b>                                 | <b>12.564.752</b> | <b>2.199.319</b> | <b>17.295.670</b> | <b>38.275</b>  | <b>6.851</b>                   | <b>0</b>                | <b>17.897.566</b> | <b>50.002.433</b> |
| <b>Balance at 31.12.2017</b>                                | <b>12.564.752</b> | <b>2.199.320</b> | <b>17.295.670</b> | <b>38.275</b>  | <b>(33.762)</b>                | <b>0</b>                | <b>17.447.418</b> | <b>49.511.671</b> |
| Profit for the period                                       |                   |                  |                   |                |                                |                         | 10.576.800        | 10.576.800        |
| <b>Total comprehensive income for the period</b>            |                   |                  |                   |                |                                |                         | <b>10.576.800</b> | <b>10.576.800</b> |
| Reserves increase   |                   | 351.114          |                   |                |                                | (13.865)                | (351.114)         | (13.865)          |
| <b>Transactions with owners in their capacity as owners</b> |                   |                  |                   |                |                                |                         |                   |                   |
| Dividends provided for or paid                              |                   |                  |                   |                |                                |                         | (3.802.491)       | (3.802.491)       |
| <b>Balance at 30.9.2018</b>                                 | <b>12.564.752</b> | <b>2.550.434</b> | <b>17.295.670</b> | <b>38.275</b>  | <b>(33.762)</b>                | <b>(13.865)</b>         | <b>23.870.614</b> | <b>56.272.115</b> |

The accompanying notes are an integral part of these financial statements.

**Condensed Statement of cash flows**

| <i>Indirect method</i>   | <u>1/1-30/9/2018</u> | <u>1/1-30/9/2017</u> |
|--|----------------------|----------------------|
| <b>OPERATING ACTIVITIES</b>  |                      |                      |
| Profit before taxes  | 14.901.343           | 10.723.525           |
| Adjustments for:   |                      |                      |
| Depreciation   | 2.558.299            | 2.306.826            |
| Provisions   | 611.039              | 192.533              |
| Foreign exchange differences, net                                    | 9.362                | 3.680                |
| Amortization of government grants relating to capital expenses       | (403.853)            | (456.281)            |
| Miscellaneous items  | 0                    | (66.533)             |
| Investment income  | 3.392                | (82.222)             |
| Interest and related expenses  | 283.930              | 311.801              |
|  | <u>17.963.513</u>    | <u>12.933.328</u>    |
| Changes in working capital:  |                      |                      |
| Decrease / (Increase) in inventories                                 | (280.900)            | (905.741)            |
| Decrease / (Increase) in receivables                                 | (8.946.227)          | (5.855.709)          |
| (Decrease) / Increase in payables (except banks)                     | 1.218.069            | 3.443.837            |
| Less:  |                      |                      |
| Interest and related expenses paid                                   | (292.399)            | (280.319)            |
| Taxes paid   | (332.651)            | (1.670.137)          |
| <b>Cash flow from operating activities (a)</b>                       | <b>9.329.405</b>     | <b>7.665.259</b>     |
| <b>INVESTING ACTIVITIES</b>  |                      |                      |
| Purchase of tangible and intangible assets                           | (5.965.833)          | (4.434.132)          |
| Proceeds from sales of intangibles and property, plant and equipment | 47.400               | 81.397               |
| Interest received  | 51.161               | 30.158               |
| Purchase of financial instruments                                    | (4.078)              | 0                    |
| Subsidies received   | 0                    | 599.862              |
| <b>Cash flow from investing activities (b)</b>                       | <b>(5.871.351)</b>   | <b>(3.722.714)</b>   |
| <b>FINANCING ACTIVITIES</b>  |                      |                      |
| Proceeds from borrowings   | 0                    | 6.000.000            |
| Repayments of loans  | (600.000)            | (3.965.455)          |
| Dividends paid to company's shareholders                             | (2.781.387)          | (2.581.386)          |
| <b>Cash flow from financing activities (c)</b>                       | <b>(3.381.387)</b>   | <b>(546.841)</b>     |
| <b>Change in cash and equivalents (a+b+c)</b>                        | <b>76.666</b>        | <b>3.395.704</b>     |
| Cash and equivalents at beginning of period                          | 10.141.839           | 6.839.970            |
| <b>Cash and equivalents at end of period</b>                         | <b>10.218.505</b>    | <b>10.235.674</b>    |

The accompanying notes are an integral part of these financial statements.

## A. General information

KRI-KRI MILK INDUSTRY S.A. operates in the dairy industry. Its main business activities is the production of ice-cream and yogurt.

The headquarters are located in 3rd km Serres-Drama, 62125, Serres, Greece, its website is [www.krikri.gr](http://www.krikri.gr) and its shares are listed on Athens Stock Exchange (Food sector).

These financial statements have been approved by the Board of Directors at 28 November 2018.

The interim condensed financial statements have not been audited.

## B. Significant accounting policies

### B.1 Basis of preparation

These financial statements covering the period from 1.1.2018 to 30.9.2018 have been prepared according to IAS 34.

The interim financial statements for the nine-month period have been prepared on the basis of the same accounting principles followed for the preparation and presentation of the financial statements for the year 2017, except for the new standards and interpretations adopted, the implementation of which was compulsory for periods after 1 January 2018.

Any differences that arise between the amounts in these interim financial statements and the corresponding amounts in the selected explanatory notes as well as in sums are due to rounding.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2017, which have been posted on the Company's website and have been prepared in accordance with IFRSs.

The earnings tax in the interim financial statements is calculated using the tax rate applicable to annual profits.

### B.2 Financial risk management

The interim financial statements do not include disclosure of all risks required in the preparation of the annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2017.

Due to the nature of its operations, the Company is exposed to various financial risks such as, market risk (fluc-

tuations of exchange rates, interest rates and of production costs), credit risk and liquidity risk. The Company's overall risk management program focuses on financial market unpredictability and aims to minimize the potential negative impact on the Company's financial performance.

Risk management is carried out by the Company's main financial department, which operates under certain rules approved by the Board. The Board of Directors provides instructions and guidelines on general risk management and special instructions on managing specific risks such as currency risk, interest rate risk and credit risk.

#### (a) Market risk

##### Foreign currency risk

The main bulk of the Company's operations are conducted within the Euro zone. Company exposure to exchange rate (FX) risk derives from existing or expected cash flows in foreign currency (GBP). Part of the exposure to exchange rate risk is hedged using futures and options.

##### Cash flow sensitivity analysis to EUR/GBP changes

|               | GBP strengthens against EUR | Profit before Taxes effect |
|---------------|-----------------------------|----------------------------|
| 1/1-30/9/2018 | +5%<br>-5%                  | 67.599<br>(67.599)         |
| 1/1-30/9/2017 | +5%<br>-5%                  | 0<br>0                     |

##### Interest rate risk

The Company has not capitalized significant interest-related assets, therefore operating income and operating cash flows are substantially independent of changes in market interest rates.

The loans of the Company are related to either floating rates or fixed rates. The company does not use financial derivatives. The interest rate risk relates primarily to long-term loans. Loans with variable interest rates expose the Company to cash flow risk. Loans issued at fixed rates expose the Company to risk of changes in fair value.

A policy of retaining loans with variable interest rate is beneficial in cases of declining interest rates. On the other hand a liquidity risk appears when the interest rates rise.

From the total loans of the Company at 30.9.2018, the amount of €5.000.000 is related to a fixed interest rate and the amount of €4.800.046 is related to a floating rate.

The loan products of the banking system are being systematically considered in order to find debt solutions with the lowest possible cost money.

#### Loans sensitivity analysis on interest change

|               | Interest variability | Profit before taxes effect |
|---------------|----------------------|----------------------------|
| 1/1-30/9/2018 | +1%                  | (50.000)                   |
|               | -1%                  | 50.000                     |
| 1/1-30/9/2017 | +1%                  | (48.939)                   |
|               | -1%                  | 48.939                     |

Note: The above table does not include the positive effect of interest received from bank deposits.

The Management estimates that there is no material risk related to interest rates on bank deposits.

#### Risk of fluctuation of raw material prices

The Company is exposed to risk of loss of income in case of sudden changes in prices of raw materials. This is a result of the inability to roll these costs to sales prices in a timely manner.

### (b) Credit risk

Insurance contracts are made to cover sales per customer, while collateral is not required on the assets of customers. During the preparation date of the financial statements, provisions were made for doubtful debts and the Management considers that there is no other substantial credit risk that is not covered by insurance coverage or provisions, unless maybe the big Greek supermarket chains.

Wholesale sales are made to customers with appropriate credit history. The credit control department defines credit limit per customer that is continuously monitored and reviewed. Also, where possible, the Company is ensured by collateral or other security. Thus, for example from the company domestic customers-distributors, the Company receives personal guarantees amounting the double of two months turnover, hence steadily applying its credit policy.

For commercial credits of foreign customers, the Company follows a credit insurance covering that returns any customer losses due to insolvency of up to 80% of their total debts. Limits per customer are established by the insurance company. Therefore, if there is any credit risk, the risk to the company from any doubtful receivables is limited to 20% of the coverage of the insurance company.

The company's management emphasizes on reducing working capital needs. It promotes the reduction of credit

limits and reduce the credit period to its customers, to enhance free cash flow.

### (c) Liquidity risk

The Company manages liquidity risk by maintaining adequate cash reserves and credit lines from banks. At present, available overdraft can adequately cover any immediate cash requirement.

### (d) Operating risks

#### Suppliers - stock

The Company has no significant dependence on certain suppliers given that no supplier holds more than 10% of total purchases.

The company's management promotes the management of total stock so as to meet the needs of the market and the production process, without the need for excessive liquidity reservation.

#### Staff

The company's management is based on a team of experienced and qualified personnel, who have full knowledge of their subject and industry market conditions. This contributes significantly to the proper functioning of the company's processes and the further development of its activities.

Company executives are working harmoniously with each other and with the company's management. Potential disruption of this relationship may affect, temporarily, its proper functioning. However, the existing staffing infrastructure company enabling the direct replenishment executives, with no significant impact on the progress of its work.

## B.3 Fair value measurement

The Company acknowledges fair value measurement through a 3 levels hierarchy.

1) Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. («Level 1»).

2) Other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. («Level 2»).

3) Unobservable inputs for the asset or liability. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available. («Level 3»).



Fair value of financial assets and liabilities

Level 3

|                 |           |
|-----------------|-----------|
| Long-term loans | 3.552.859 |
|-----------------|-----------|

The fair value of long-term loans was measured based on discounted cashflows.

The carrying value of loans approximates fair value as the impact of discounting is not significant.

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

financial statements and the amounts stated in the notes, as a result of numbers rounding.

Fair value of investment property

Level 3

|                     |         |
|---------------------|---------|
| Investment property | 110.000 |
|---------------------|---------|

The fair value of investment property is based on Management's estimations ("Level 3"), after examining the value of the properties in the area.

**B.4 Significant accounting estimations and judgments of the management**

The preparation of the interim financial statements requires the Company's management to make estimations, judgments and assumptions that affect the application of the accounting principles and the asset/liability income/expense accounting values. The results are maybe different that these estimations.

For the preparation of the interim financial statements the significant judgments and estimates of the Management regarding the application of the Company's accounting principles are the same as those used for the preparation and presentation of the Company's annual financial statements for the year 2017 .

Also, the main sources of uncertainty that existed in the preparation of the annual financial statements of 31 December 2017 remained the same for the interim financial statements as at 30 September 2018.

**B.5 Comparative information**

Comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements, both face of financial statements and notes. Differences may arise between the amounts stated in the

## C. Notes to the financial statements

### C1. Property, plant and equipment

Property, plant and equipment are analyzed as follows:

|                                    | Land             | Buildings        | Plant & equipment | Motor vehicles | Furniture and other Equipment | Total             |
|------------------------------------|------------------|------------------|-------------------|----------------|-------------------------------|-------------------|
| <b>COST</b>                        |                  |                  |                   |                |                               |                   |
| Balance at 1 January 2017          | 1.269.109        | 11.536.646       | 47.257.644        | 1.290.594      | 2.031.360                     | 63.385.353        |
| Additions                          | 45.995           | 282.681          | 3.032.827         | 197.244        | 116.895                       | 3.675.641         |
| Disposals                          | 0                | 0                | (129.515)         | (153.108)      | (2.100)                       | (284.723)         |
| Write-offs                         | 0                | 0                | (37.322)          | 0              | (587)                         | (37.909)          |
| Balance at 30.9.2017               | 1.315.104        | 11.819.328       | 50.123.633        | 1.334.729      | 2.145.567                     | 66.738.362        |
| <b>ACCUMULATED DEPRECIATION</b>    |                  |                  |                   |                |                               |                   |
| Balance at 1 January 2017          |                  | (2.805.441)      | (20.292.892)      | (1.057.315)    | (1.415.315)                   | (25.570.963)      |
| Depreciation expense               |                  | (258.426)        | (1.803.584)       | (46.937)       | (110.772)                     | (2.219.720)       |
| Disposals                          |                  | 0                | 110.853           | 153.108        | 2.100                         | 266.061           |
| Write-offs                         |                  | 0                | 24.660            | 0              | 370                           | 25.030            |
| Balance at 30.9.2017               |                  | (3.063.867)      | (21.960.964)      | (951.144)      | (1.523.617)                   | (27.499.592)      |
| <b>Net book value at 30.9.2017</b> | <b>1.315.104</b> | <b>8.755.461</b> | <b>28.162.670</b> | <b>383.585</b> | <b>621.950</b>                | <b>39.238.771</b> |
| <b>COST</b>                        |                  |                  |                   |                |                               |                   |
| Balance at 1 January 2018          | 1.326.703        | 12.192.192       | 51.334.382        | 1.345.790      | 2.240.987                     | 68.440.055        |
| Additions                          | 94.122           | 402.017          | 6.016.026         | 26.751         | 168.414                       | 6.707.330         |
| Disposals                          | 0                | 0                | (86.534)          | (6.969)        | 0                             | (93.502)          |
| Write-offs                         | 0                | 0                | (74.414)          | 0              | (570)                         | (74.985)          |
| Balance at 30.9.2018               | 1.420.825        | 12.594.209       | 57.189.460        | 1.365.573      | 2.408.831                     | 74.978.898        |
| <b>ACCUMULATED DEPRECIATION</b>    |                  |                  |                   |                |                               |                   |
| Balance at 1 January 2018          |                  | (3.150.980)      | (22.515.394)      | (958.035)      | (1.560.385)                   | (28.184.794)      |
| Depreciation expense               |                  | (276.681)        | (1.913.083)       | (65.843)       | (122.146)                     | (2.377.752)       |
| Disposals                          |                  | 0                | 86.532            | 6.969          | 0                             | 93.500            |
| Write-offs                         |                  | 0                | 71.870            | 0              | 389                           | 72.259            |
| Balance at 30.9.2018               |                  | (3.427.660)      | (24.270.076)      | (1.016.909)    | (1.682.142)                   | (30.396.786)      |
| <b>Net book value at 30.9.2018</b> | <b>1.420.825</b> | <b>9.166.549</b> | <b>32.919.385</b> | <b>348.664</b> | <b>726.689</b>                | <b>44.582.113</b> |

There are no pledges on fixed assets.

### C2. Trade and other receivables

Trade and other receivables are analyzed as follows:

|                               | 30/9/2018         | 31/12/2017        |
|-------------------------------|-------------------|-------------------|
| Trade receivables             | 32.821.793        | 21.583.581        |
| Less: Allowance for bad debts | (2.725.538)       | (2.015.184)       |
|                               | 30.096.254        | 19.568.397        |
| Creditors advances            | 23.784            | 576.908           |
| VAT Receivables               | 0                 | 1.844.311         |
| Greek state -others           | 79.970            | 93.687            |
| Other receivables             | 42.298            | 62.665            |
| <b>Total</b>                  | <b>30.242.306</b> | <b>22.145.968</b> |

The most significant changes in the line "Trade and other receivables" are found in the line "Trade receivables" linked to the increase in sales and the high seasonality of the ice cream sector (see also note C15).

The amounts in "Trade receivables" are non-interest related and are normally settled on 0-150 days.

For applying IFRS 9, the company uses a model to calculate expected credit losses. This model groups receivables according to the credit rating of each customer, links the rating to the probability of default and calculates the expected credit losses.

Company recognized increased doubtful receivables of €710.355. In the segment reporting note (see also note C14), the doubtful debt provision appears on the column "Distribution & selling expenses", and it is distributed to Ice-Cream Greece segment an amount of €393.393 and Yogurt-Greece segment an amount of €316.962. No material further increase of the provision for doubtful debts is expected on the 2018, annual financial statements.

At 30.09.2018 the Trade receivables totaling €2.725.538 appear impaired. It is estimated that a part of the provision for doubtful debts will be recovered in future time.

Provision analysis for doubtful accounts:

|                       | 1/1-30/9/2018    | 1/1-31/12/2017   |
|-----------------------|------------------|------------------|
| Opening balance       | 2.015.184        | 1.881.304        |
| Additions             | 725.311          | 135.417          |
| Reversals             | (14.956)         | (1.537)          |
| <b>Ending balance</b> | <b>2.725.538</b> | <b>2.015.184</b> |

### C3. Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

|                          | 30/9/2018         | 31/12/2017        |
|--------------------------|-------------------|-------------------|
| Cash at bank and in hand | 4.718.505         | 4.641.688         |
| Short-term bank deposits | 5.500.000         | 5.500.151         |
| <b>Total</b>             | <b>10.218.505</b> | <b>10.141.839</b> |

### C4. Reserves

Reserves are analyzed as follows:

|  | 30/9/2018         | 31/12/2017        |
|--|-------------------|-------------------|
| Legal reserve                                    | 2.550.434         | 2.199.320         |
| Contingency reserve                              | 38.275            | 38.275            |
| Tax exempt reserve L.2601/98                     | 962.579           | 962.579           |
| Tax exempt reserve L.3299/04                     | 15.941.253        | 15.941.253        |
| Tax exempt reserve from tax exempt revenues      | 306.949           | 306.949           |
| Tax exempt reserve from revenues specially taxed | 84.888            | 84.888            |
| Actuarial gains-losses reserve                   | (33.763)          | (33.763)          |
| Cash flow hedge reserve                          | (13.865)          | 0                 |
| <b>Total</b>                                     | <b>19.836.750</b> | <b>19.499.501</b> |

### C5. Borrowings

Borrowings are analyzed as follows:

|  | 30/9/2018        | 31/12/2017        |
|--|------------------|-------------------|
| <u>NON-CURRENT BORROWINGS</u>          |                  |                   |
| Long-term loans                        | 3.600.000        | 4.200.000         |
| <b>Total non-current borrowings</b>    | <b>3.600.000</b> | <b>4.200.000</b>  |
| <u>CURRENT BORROWINGS</u>              |                  |                   |
| Current liability of non-current loans | 6.200.046        | 6.200.061         |
| <b>Total current borrowings</b>        | <b>6.200.046</b> | <b>6.200.061</b>  |
| <b>Total borrowings</b>                | <b>9.800.046</b> | <b>10.400.061</b> |

## Maturity of non-current bank borrowings:

|                                     | 30/9/2018        | 31/12/2017       |
|-------------------------------------|------------------|------------------|
| Between 1-2 years                   | 1.200.000        | 1.200.000        |
| Between 2-5 years                   | 2.400.000        | 3.000.000        |
| <b>Total non-current borrowings</b> | <b>3.600.000</b> | <b>4.200.000</b> |

## Changes on loans balances are analyzed as follows:

|   |                   |
|---|-------------------|
| Balance at 1 January 2017                       | 9.067.248         |
| Loans received                                  | 6.000.000         |
| Loans paid (cash item)                          | (3.965.455)       |
| Financial instruments valuation (non-cash item) | 15.840            |
| <b>Balance at 30 September 2017</b>             | <b>11.117.633</b> |
| Balance at 1 January 2018                       | 10.400.061        |
| Loans paid (cash item)                          | (600.000)         |
| Financial instruments valuation (non-cash item) | (15)              |
| <b>Balance at 30 September 2018</b>             | <b>9.800.046</b>  |

## Analysis of current long-term loans:

| Loan provider      | Type of loan                               | Date of agreement                  | Initial value | Balance at 30/9/2018 |
|--------------------|--|------------------------------------|---------------|----------------------|
| Major shareholders | Bonds / 5year / fixed interest rate        | 18/12/2013<br>Amended<br>1/12/2016 | 5.000.000     | 5.000.000            |
| Alpha Bank SA      | Long-term / 5year / floating interest rate | 7/4/2017                           | 6.000.000     | 4.800.046            |

The fair value of long-term loans is calculated to €3.552.859 («Level 3»).

## Effective interest rate of borrowings:

|                         | 1/1-30/9/2018 | 1/1-31/12/2017 |
|-------------------------|---------------|----------------|
| Effective interest rate | 2,72%         | 2,74%          |

**C6. Government grants**

## Movement of government grants relating to capital expenses:

|                            | 30/9/2018        | 31/12/2017       |
|----------------------------|------------------|------------------|
| Opening balance            | 7.802.690        | 8.397.783        |
| Charge in income statement | (403.853)        | (595.093)        |
| <b>Ending balance</b>      | <b>7.398.837</b> | <b>7.802.690</b> |

For the government grants recognized by the Company there are no unfulfilled conditions or contingent liabilities linked to them.

**C7. Trade and other payables**

Trade and other payables are analyzed as follows:

|                        | <u>30/9/2018</u>  | <u>31/12/2017</u> |
|------------------------|-------------------|-------------------|
| Trade payables         | 11.456.315        | 9.559.099         |
| Cheques payables       | 485.866           | 354.668           |
| Social security        | 199.209           | 346.584           |
| Other Taxes and duties | 883.223           | 244.285           |
| Dividends payables     | 11.208            | 6.302             |
| Customers' advances    | 287.877           | 636.337           |
| Other payables         | 1.579.839         | 553.067           |
| <b>Total</b>           | <b>14.903.538</b> | <b>11.700.341</b> |

The most important changes in "Trade and other payables" are found in the line "Trade payables" regarding the seasonality in the ice cream sector (see also note C15) and the line "Other payables" mainly related to accrual accounts and periodic distribution accounts.

**C8: Other income**

Other income are analyzed by type as follows:

|  | <u>1/1-30/9/2018</u> | <u>1/1-30/9/2017</u> |
|--|----------------------|----------------------|
| Income from subsidies  | 0                    | 1.370                |
| Income from services   | 121.328              | 88.590               |
| Rental income  | 4.695                | 6.528                |
| Amortization of government grants relating to capital expenses | 403.853              | 456.281              |
| <b>Total</b>   | <b>529.876</b>       | <b>552.769</b>       |

**C9: Other (loss) / gain net**

Other (loss) / gain are analyzed by type as follows:

|   | <u>1/1-30/9/2018</u> | <u>1/1-30/9/2017</u> |
|---|----------------------|----------------------|
| Gains on disposal of property, plant and equipment  | 7.730                | 82.841               |
| Other income  | 113.042              | 19.819               |
| Losses on disposal of property, plant and equipment | (11.123)             | (619)                |
| Tax related fines and penalties                     | (2.617)              | (938)                |
| Foreign currency exchange differences               | (9.362)              | (3.680)              |
| Other expenses                                      | (28.741)             | (47.178)             |
| <b>Total</b>  | <b>68.929</b>        | <b>50.246</b>        |

**C10. Financial income - expenses**

Financial income-expenses are analyzed by type as follows:

| <u>FINANCIAL INCOME</u>                  | <u>1/1-30/9/2018</u> | <u>1/1-30/9/2017</u> |
|--|----------------------|----------------------|
| Interest income                          | 54.768               | 33.207               |
| Other capital gains                      | 54.655               | 99.453               |
| <b>Total financial income</b>            | <b>109.423</b>       | <b>132.659</b>       |
| <u>FINANCIAL EXPENSES</u>                |                      |                      |
| Interest expense                         | 256.986              | 281.732              |
| Bank fees and charges                    | 3.639                | 14.569               |
| Losses from derivatives                  | 4.078                | 0                    |
| Other financial expenses                 | 24.403               | 15.499               |
| <b>Total financial expenses</b>          | <b>289.106</b>       | <b>311.801</b>       |
| <b>Financial income - expenses (net)</b> | <b>(179.683)</b>     | <b>(179.141)</b>     |

**C11. Income tax expense**

Income tax expense is analyzed as follows

|                                       | 1/1-30/9/2018    | 1/1-30/9/2017    |
|---------------------------------------|------------------|------------------|
| Current tax                           | 4.213.224        | 1.898.830        |
| Deferred tax                          | 111.318          | 276.536          |
| Tax differences of prior fiscal years | 0                | 761.350          |
| <b>Total</b>                          | <b>4.324.543</b> | <b>2.936.716</b> |

The income tax was calculated at a 29% tax rate over taxable profits for the period

**C12. Earnings before interest, taxes, depreciation and amortization**

Earnings before interest, taxes, depreciations and amortizations are analyzed as follows:

|  | 1/1-30/9/2018     | 1/1-30/9/2017     |
|--|-------------------|-------------------|
| Net profit for the period                                      | 10.576.800        | 7.786.810         |
| Adjustments for:   |                   |                   |
| Income tax   | 4.324.543         | 2.936.716         |
| Financial income (net)   | 179.683           | 179.141           |
| Depreciation and amortization                                  | 2.558.299         | 2.306.826         |
| <b>EBITDA before government grants amortization</b>            | <b>17.639.325</b> | <b>13.209.493</b> |
| Amortization of government grants relating to capital expenses | (403.853)         | (456.281)         |
| <b>EBITDA</b>  | <b>17.235.472</b> | <b>12.753.212</b> |

EBITDA serves as an additional indicator of our operating performance and not as a replacement for measures such as cash flows from operating activities and operating income. We believe that EBITDA is useful to investors as a measure of operating performance because it eliminates variances caused by the amounts and types of capital employed and amortization policies and helps investors evaluate the performance of our underlying business. In addition, we believe that EBITDA is a measure commonly used by analysts and investors in our industry. Accordingly, we have disclosed this information to permit a more complete analysis of our operating performance. Other companies may calculate EBITDA in a different way. EBITDA is not a measurement of financial performance under IFRS and should not be considered an alternative to net profit/(loss) as an indicator of our operating performance or any other measure of performance derived in accordance with IFRS.

**C13. Operating segment information**

The chief operating decision maker, in the case of KRI-KRI the CEO, receives internal financial reports to measure the performance of the operating segments and to distribute the resources between them. Under the operating distinction the Company's reportable segments are identified as follows:

♦ Ice-cream– Greece and other Countries. The segment refers to the production and distribution of ice-cream. There is distinctive performance measurement for Greece and other countries.

♦ Dairy-Yogurt– Greece and other Countries. The segment refers to the production and distribution mainly of yogurt and milk in a limited scale (Serres municipality). There is distinctive performance measurement for Greece and other countries.

The segments results for the periods ended 30.9.2018 and 30.9.2017 are analyzed as follows:

| 1/1-30/9/2018       | Sales             | Cost of Sales       | Distribution Cost   | Operating Earnings |
|---------------------|-------------------|---------------------|---------------------|--------------------|
| <b>Ice-Cream</b>    | <b>25.280.602</b> | <b>(12.687.188)</b> | <b>(6.573.420)</b>  | <b>6.019.995</b>   |
| Greece              | 20.998.680        | (9.532.753)         | (6.068.654)         | 5.397.272          |
| Other countries     | 4.281.922         | (3.154.434)         | (504.765)           | 622.722            |
| <b>Dairy-Yogurt</b> | <b>52.667.263</b> | <b>(33.530.178)</b> | <b>(7.895.278)</b>  | <b>11.241.807</b>  |
| Greece              | 30.668.699        | (18.694.052)        | (5.562.002)         | 6.412.644          |
| Other countries     | 21.998.564        | (14.836.126)        | (2.333.276)         | 4.829.162          |
| Rest                | 132.572           | (608.298)           | (5.229)             | (480.955)          |
| <b>Total</b>        | <b>78.080.436</b> | <b>(46.825.664)</b> | <b>(14.473.927)</b> | <b>16.780.846</b>  |
| 1/1-30/9/2017       | Sales             | Cost of Sales       | Distribution Cost   | Operating Earnings |
| <b>Ice-cream</b>    | <b>21.456.595</b> | <b>(10.930.796)</b> | <b>(5.273.857)</b>  | <b>5.251.943</b>   |
| Greece              | 18.963.559        | (8.984.363)         | (5.007.698)         | 4.971.499          |
| Other countries     | 2.493.036         | (1.946.433)         | (266.159)           | 280.444            |
| <b>Dairy-Yogurt</b> | <b>43.860.659</b> | <b>(29.409.727)</b> | <b>(6.870.339)</b>  | <b>7.580.593</b>   |
| Greece              | 27.463.073        | (17.541.951)        | (5.170.309)         | 4.750.813          |
| Other countries     | 16.397.587        | (11.867.776)        | (1.700.030)         | 2.829.780          |
| Rest                | 157.648           | (538.814)           | (4.598)             | (385.764)          |
| <b>Total</b>        | <b>65.474.902</b> | <b>(40.879.336)</b> | <b>(12.148.794)</b> | <b>12.446.772</b>  |

The "Operating Earnings" index is an Alternative Performance Measures (APM) and is calculated as follows: Sales minus Cost of sales minus Distribution Cost.

#### C14. Dividends

For the financial year 2017, Annual General Meeting of 3/7/2018 decided the distribution of dividend of gross value €0,115 per share (2016: €0,09 per share). The payment of dividend was on 29/8/2018.

#### C15. Seasonality

The high seasonality of the ice cream industry is having an impact on April-August, which is characterized by particularly high sales and operating profits.

In the dairy industry, sales and operating profits are almost equally distributed throughout the year.

#### C16. Contingent assets – liabilities

The Company has contingent liabilities (in relation with bank and other guarantees) arisen in the ordinary course of business. These contingent liabilities are not expected to generate any material cash outflows. No additional payments are expected at the date of preparation of these financial statements.

Any disputes under litigation or arbitration, court or arbitration decisions may not have a material impact on the Company's financial position or operation.

**C17. Related party transactions**

Related party transactions are analyzed as follows:

|                                     | <u>1/1-30/9/2018</u> | <u>1/1-30/9/2017</u> |
|-------------------------------------|----------------------|----------------------|
| Payment of interest on a bond loan* | 135.858              | 148.254              |

Outstanding receivables from and payables to related parties are analyzed as follows:

|                              | <u>30/9/2018</u> | <u>31/12/2017</u> |
|------------------------------|------------------|-------------------|
| Payables to related parties* | 5.000.000        | 5.000.000         |

Directors' compensation and other transactions with key management personnel are analyzed as follows:

| <u>COMPENSATION OF DIRECTORS</u>                      | <u>1/1-30/9/2018</u> | <u>1/1-30/9/2017</u> |
|---|----------------------|----------------------|
| Remuneration of the members of the Board of Directors | 333.139              | 335.308              |
| Salaries of the members of the Board of Directors     | 114.336              | 73.115               |
| <b>Total</b>  | <b>447.475</b>       | <b>408.423</b>       |

OTHER TRANSACTIONS WITH THE MEMBERS OF THE B.O.D. AND KEY  
MANAGEMENT PERSONNEL

|   | <u>30/9/2018</u> | <u>30/9/2017</u> |
|---|------------------|------------------|
| Transactions with the members of the B.O.D and key management personnel | 67.929           | 74.127           |
| Liabilities to the members of the B.O.D and key management personnel*   | 2.833.139        | 2.769.057        |

\* Bond loan covered by major shareholders

**C18. Post balance sheet events**

There are no other important post-balance sheet events that should modify the reported statements.

Serres, 28 November 2018

Chairman  
& Managing Director

Vice-Chairman

Financial Director

Chief Accountant

Panagiotis Tsinavos  
ID AE373539

Georgios Kotsambasis  
ID AE376847

Konstantinos Sarmadakis  
ID AN389135

Evangelos Karagiannis  
ID T215570