General Commercial Registry (GEMI) No.: 1422601000
ACHARNES, ATTICA (4 ANEMONIS STR.)

“STELIOS KANAKIS INDUSTRIAL AND COMMERCIAL S.A., RAW MATERIALS FOR CONFECTIONARY, BAKERY AND ICE-CREAM”

ANNUAL FINANCIAL REPORT
Fiscal Year of 2018

(January 1, 2018 – December 31, 2018)

Prepared in accordance with article 4, law 3556/2007 and the pertinent executive Decisions by the Board of Directors of the Hellenic Capital Commission

It is certified that the present Annual Financial Statement regarding 2018 fiscal year (01/01/2018-31/12/2018) is the one approved unanimously by the Board of Directors of "STELIOS KANAKIS INDUSTRIAL AND COMMERCIAL S.A., RAW MATERIALS FOR CONFECTIONARY, BAKERY AND ICE-CREAM" during its meeting on March 20, 2019, posted in the internet at the lawfully registered corporate site at www.stelioskanakis.gr, where it shall remain available to investors for a time period of at least five (10) years from the date it was prepared and published.

Ένα βήμα μπροστά !

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Declarations by the Representatives of the Board of Directors

The following statements, which are given in accordance with article 4, par. 2, law 3556/2007, as applied, are made by the Representatives of the Company's Board of Directors, and specifically by the following:

1. Stylianos Kanakis, son of Dimitrios, resident of Dionisos, Attica, at 9 Terpsihori Street, **President of the Board of Directors and Managing Director.**
2. Eleftheria Kanaki, daughter of Stylianos, resident of Dionisos, Attica, at 8 Charilaou Trikoupi Str., **Vice President of the Board of Directors & Alternate Managing Director.**
3. Athanasios Syrmos, son of Vasileios, resident of Kokkinos Mylos, Acharnes, Attica, at 4 Metsovou Street, **Member of the Board of Directors.**

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The undersigned, in our above capacity, in accordance with the law (article 4. par. 2, verse c, of law 3556/2007) and specifically appointed for this purpose by the Board of Directors of the Société Anonyme titled "STELIOS KANAKIS INDUSTRIAL AND COMMERCIAL S.A., RAW MATERIALS FOR CONFECTIONARY, BAKERY AND ICE-CREAM", trade title: "STELIOS KANAKIS S.A." (hereinafter referred to as the "**Company**" or "**KANAKIS**") hereby state that to the best of our knowledge:

(a) the annual financial statements of the Company for 2018 fiscal year (01/01/2018-31/12/2018), which have been prepared in accordance with the applicable accounting standards, give a true image of the assets and liabilities, the net worth and the results of operations of the Company,

(b) the annual Directors' Report gives a true and fair view of any significant event that took place during 2018 fiscal year (01/01/2018-31/12/2018), the impact thereof on the Financial statements, including the description of the main risk and uncertainties faced, any important transactions made between the Company and its related parties (as these are defined in IAS 24), as well as the course of activities, the performance and the position of the Company, and

(c) there are no undertakings affiliated to the Company, thus the latter does not issue any consolidated financial statements.

Acharnes, March 20, 2019

The declaring parties

Stylianos Kanakis	Eleftheria Kanaki	Athanasios Syrmos
Identity card no.: AI 647976	Identity card no.: P 004182	Identity card no.: AE 152234

Annual Directors' Report

for 2018 fiscal year (01/01/2018 – 31/12/2018)

PREFACE

The present Annual Directors' Report presented below (hereinafter referred to as the "**Report**" or "**Annual Report**") is about 2018 fiscal year (01/01/2018-31/12/2018).

This Report has been prepared and is harmonized firstly with the relevant clauses of law 4548/2018 (Government Gazette A 104/13,06,2018) and of law 2190/1920, and secondly with law 3556/2007 (Government Gazette 91A΄/30,04,2007) and specifically with article 4 therein and with the pertinent executive decisions issued by the Board of the Hellenic Capital Market Commission under no. 8/754/14.04.16 and 1/434/03.07.2007, as well as Circular under protocol no. 62784/6,6.2017 issued by the Division for Companies and the General Commercial Registry of the Ministry of Economy, Development, and Tourism.

The present Report includes in a brief, but substantial, easy-to-understand and concise manner, every separate section required by the above effective regulatory framework, and includes with accuracy and truthfulness all information required by the law, in order to provide a true and comprehensive insight on the operations for the period in question (2018 fiscal year) of "STELIOS KANAKIS INDUSTRIAL AND COMMERCIAL S.A., RAW MATERIALS FOR CONFECTIONARY, BAKERY AND ICE-CREAM" (hereinafter referred to as the "**Company**" or "**KANAKIS**").

It is noted that the Company does not prepare any consolidated statements – strictly corporate Financial statements, since there are no undertakings affiliated with the Company. The Report includes every information necessary, provided in an objective and sufficient manner, aiming to provide substantial and not typical information about the pertinent subjects.

The Report, along with the Company's Financial statements and other details and statements required by the law, has been included in the Annual Financial Report about 2018 year-end (01/01/2018-31/12/2018).

The various sections of the present Report, included and classified in order to facilitate reading and understanding it, and the content thereof, are as follows:

SECTION A.

Important events that took place during 2018 fiscal year

The important events that took place during 2018 fiscal year (01/01/2018-31/12/2018), as well as any impact thereof on the annual financial statements are presented below:

1. Impressive presence of FABBRI 1905 in SIGEP 2018 & honorary distinction for the Company

FABBRI 1905 stood out among hundreds of exhibitors this year as well at SIGEP International Exhibition for 2018. The company, which is the exclusive representative of the leading Italian company in Greece, Cyprus, and the Balkans, was also there to welcome to the impressive booth of FABBRI numerous professionals who first discovered new flavours and pioneering trends. Of great interest were the new products presented, the accredited gluten free products, the lactose free, and vegan ok products, as well as the Fabbri Master Class on ice cream & pastry delivered daily by chefs. In the context of the above expo, FABBRI awarded to Mr. Stelios Kanakis the honorary distinction of "**Top Sales Performer 2017**" which relates to the successful sales of FABBRI products made by the Company in Greece, Cyprus and in the neighbouring Balkan countries, which is another proof of the confidence of professionals in the high quality products that represent the Italian gastronomic tradition in ice cream since 1905.

2. The Diamond of the Greek Economy for 2018

The Company was honoured once again on July 3, 2018 with the Certificate of Diamond of the Greek Economy for 2018, for being one of the country's healthiest companies. The event was held under the auspices of the Hellenic Federation of Enterprises (SEV) in the presence of political representatives and entrepreneurs. The Company was founded in 1985 with a vision of the development of the confectionery, bakery and ice cream industry in Greece, Cyprus and the Balkans, and has since marked a continuous course of development based on its fundamental values: quality and originality in ideas, products and services, always with respect and reliability towards the needs of the industry professionals.

3. Start of exporting activity of the Company in Montenegro

In the year 2018, the Company successfully started exporting activity to a new geographic territory, that of Montenegro. This activity is part of the existing export activity that the Company has developed effectively in the countries of Cyprus and other neighbouring Balkan countries and demonstrates that the Company continues to be committed to its strategic goal of expanding and further penetrating new geographical areas in which there are opportunities and scope for greater growth.

4. Participation of the Company in IBA - Munich, the International Trade Fair for Bakery, Confectionery and Snacks

The management staff, together with the sales department and the technical department of the Company, attended the booths of the Company's suppliers who participated in IBA - Munich, the International Trade Fair for Bakery, Confectionery and Snacks held in Munich, Germany between October 15 and 20, 2018. There, they welcomed many professionals from Greece, Cyprus and the Balkan countries to present them with the new trends and new products presented there by the Company's suppliers.

5. Corporate website of STELIOS KANAKIS SA at FACEBOOK

The Company has created a new Facebook page at www.facebook.com/stelioskanakisgr/, through which professionals may learn about new trends, modern ideas and innovative products in the field of confectionery, bakery and ice cream, while also having many new recipes that excite imagination and offer ideas for new products. This new promotional action aims at adapting the Company to the trends of our times and at strengthening its permanent relationship with its customer base.

6. Development of existing and new activities

The Company is constantly researching in a methodical and systematic way, based on its extensive experience and specialised know-how, the international market in order to secure new collaborations and increase the amount of products represented. Within the above context, and during 2018, the Company continued expanding its product range, by developing existing and launching new collaborations with prestigious Vendors.

Specifically, the Company launched 27 new product codes in total within 2018, and specifically:

A) the innovative product GOLDEN DURUM by German house PBP, consisting of a combination of natural leaven-based dough made of hard wheat with activated yeast in powder and enzymes, in a product ideal for unique bakery creations. Also, decorative corn for pastries was launched by the same house in new packaging.

B) New ice-cream and pastry flavours by Italian house FABBRI 1905 for the Spring / Summer 2018 season, such as NEVIA , the ground breaking ice cream base for with Stevia, the Delipaste Rose, Simple Chocolate Blonde, the Variegato Plum with bits and New York Cheesecake.

C) The unique range of chocolate and chocolate products by new French house CEMOI, the first and oldest chocolate industry in France. The complete range includes: couverture chocolate 64%, 55% & 49,5%, couverture milk chocolate, white chocolate, baking chocolate drops 7500 & 12000, chocolate baking sticks at various sizes, Pate a Tartiner, cocoa butter, etc.,

D) The excellent blends for Bolo Cream Cake and Mix01 oil cakes and the Petit Gateau for chocolate soufflé by DAWN FOODS house.

E) New product VELVET bakery additive for soft bread rolls by BAKELS of Sweden.

F) New decorative coarse baking sugar NIB SUGAR by ARCTOS CRÈME of Poland, and

G) The excellent Baking Apple by Greek Trade of Poland.

The expansion of the company product range, as per above, contributed to the Company increasing its turnover and maintaining its high profit margin, which is a continuous strategic objective for the Company management.

7. Innovative workshops, demonstrations and seminars by the Company in Athens and Thessaloniki, Crete, and Bulgaria

7,1 New, Delicious Applications in the demonstration by KOMPLET

Another successful bakery demonstration was held on 21 February 2018 at the Athens Centre of Gastronomy. The Technical Department of the Company in collaboration with Wolfgang Jungmann, Master Baker of Abel & Schäfer KOMPLET prepared for the guests many new applications that drew their attention: German Bread, Pindos Bread with Yoghurt, Fruit Bread, a variety of snacks with Maître Jean, Vital and Chia bread. Also, new delicious bakery desserts were presented, especially for Easter, as well as Cookies of Red Wine and Oat Cookies.
The professionals acquired many new ideas to enrich their range and attract new customer categories.

7,2 Ice cream demonstrations in Sofia, Bulgaria

The brand new trends in Ice cream for 2018 were presented by the Technical Department of the Company at the premises of ALMA LIBRE - the exclusive distributor of the Company in Bulgaria - at demonstrations held between February 26 and March 2. The specialised audience of Bulgarian professionals who attended the above demonstrations had the opportunity to be informed about the new products as well as the new trends and applications in ice cream and pastry.

7,3 Demonstrations by FABBRI in Athens, Thessaloniki & Crete

The company's ice cream demonstrations at ATHENS & THESSALONIKI CENTER OF GASTRONOMY were impressive, held respectively at 7 and 8 March and 14 and 15 March 2018, in cooperation with FABBRI's technician, Franco Toso. The presentation was also held at the demonstration centre of the Company's sub-distributor in Crete on 14 and 15 March, in collaboration with FABBRI's technician, Rosa Pinasco.
The professionals who attended the above demonstrations had the opportunity to be informed about new trends and applications in ice cream and pastry and about all the new and unique products that were presented for the Spring / Summer 2018 season. Emphasis was placed on the preparation of a balanced base with Nevepann 50C, as its comparative advantages have emerged that make it a unique tool for modern professionals. Also, the use was made in hot ice cream was presented along with offering the new flavours of FABBRI 1905 in unique combinations.

7,4 New recipes & Applications with natural BÖCKER leaven-based dough

Particularly successful was the Bakery Show held on 25 and 26 April 2018 at the Athens Center of Gastronomy. The Technical Department of the Company in collaboration with Jamie Brown, Master Baker of BÖCKER, presented the benefits of using BÖCKER's natural leaven-based doughs, which is the world's first and oldest leaven-based dough production company. They then prepared for the participants many new applications with leaven-based doughs. Breads such as Kneaded Pinakoti bread, Nordic Ciabatta, German Pader Borner Bread, Kneaded Barley Bread, a variety of snacks: Laugen Pretzel, Laugen Rolls, Focaccia, Burger buns, as well as delicious Butter Cake.

7,5 New Products & unique recipes for Bakery, Snacks, Baked Desserts

The Company held two Bakery & Pastry demonstrations at ATHENS CENTER OF GASTRONOMY on 23 and 24 May 2018. Emphasis was given by the Technical Department of Bakery of the Company, on Golden Durum, the new product of PBP that combines natural leaven-based dough by hard wheat with activated yeast that can be used very easily and quickly for the creation of traditional bakery products (Daily Traditional-style bread, Ipirus Bread, Forma bread) and snacks (Focaccia, Olive bread, Cheese bread etc.) with a rich aroma, wonderful taste and impeccable appearance. Velvet was also introduced, the new additive for soft bread with great freshness by BAKELS. During the seminar, the Technicians of the Company presented also recipes for snacks and toast bread using the functional bread products of Chia, Probody, Vital Brot by KOMPLET. Also new applications for salty snacks with Premium Pomodori-Kruste, Premium Cheese Bites & Premium Goldmais-Kruste by PBP were presented, along with special American recipes for tarts, cakes, cookies & bars by DAWN and a delicious chocolate-praline tart with CÉMOI’s Pâte à Tartiner.

7,6 Bakery and Pastry demonstrations at THESSALONIKI CENTER OF GASTRONOMY for Bulgarian Professionals

Between 20 and 22 June 2018, the Company held a demonstration of Bakery to Bulgarian professionals at its premises in Thessaloniki. The event was organised in collaboration with ALBA LIBRE, the exclusive distributor of the Company’s products in the Bulgarian market. The audience had the opportunity to learn recipes for bakery foods of special nutritional value and salty snacks using the quality products of KOMPLET, BÖCKER and PBP.

On October 22 - 26, 2018, Bulgarian professionals also had the opportunity to attend an Pastry workshop in Thessaloniki. The Technical Department of the Company presented deliciously sweet pastries such as cakes, muffins, bars, and American Cookies. Also, ideas for puff pastry creations were presented with the use of quality vegetable and animal fat products by DRAGSBAEK and BEURALIA. The recipes for Kourou puff pastry and for French, Traditional Sheet cheese pies, Croissant, Danish and Brioche impressed the attendees.

The professionals who attended the aforementioned demonstrations at the Thessaloniki Center of Gastronomy expressed their enthusiasm for both the range of preparations and for the innovative ideas as well as for the tasteful combinations.

7,7 New Products & unique recipes with CEMOI Chocolate Products - Demonstrations in Athens &Thessaloniki

Demonstrations on chocolate took place in October at the Center of Gastronomy in Athens (October 3 and 4, 2018) and Thessaloniki (October 10 and 11, 2018). French Chef Franck Beuzeval, CÉMOI's Technical Consultant, and the Confectionery Technical Department of the Company introduced participants to the delicious world of chocolate using as their guide the wide range of quality CÉMOI products.

The plethora of chocolate recipes that were presented excited the audience of the professionals who attended the shows.

7,8 Christmas recipes with Philippe Depape

At October 17 and 18 in Athens and at November 7 and 8, 2018 in Thessaloniki, famous Chef Pâtissier Philippe Depape of DAWN, who is a favourite of the Greek audience of professional confectioners, presented his new collection of recipes for autumn and winter of 2018-2019. The wide audience of professionals who attended the demonstration-celebration of confectionery art was thrilled with the creativity and variety of recipes presented. The unexpectedly impressive festive trunks presented, as well as the new fanciful and entertaining children's sweets, inspired the audience of professionals who attended this premium demonstration.

7,9 Confectionery demonstration in Crete

A high level Confectionery demonstration was held in Crete, at the demonstration centre of its sub-distributor, on 28 and 29 November 2018.

Emphasis was placed on CÉMOI couverture creations, to allow professionals from the local market learn about the high quality chocolate products. Impressive logs and original cakes as well as delightful Christmas candies with the use of the excellent extra-low fat products by DRAGSBAEK and BEURALIA were presented by the Technical Department of the Company, in preparation for the Christmas holiday season.

8. Hosting of seminars with ECOLE LENOTRE

The Company continued its successful collaboration with French Culinary School ECOLE LENOTRE, by hosting master class seminars in Athens and Thessaloniki. The seminars were a great success and had a great impact to professionals. More specifically, the following seminars were organized during the closing period of 2018:

a) February 13 - 16, in Athens, on "New Applications in Chocolate & Easter Creations ",

b) May 8 - 11, in Thessaloniki on "Special Suggestions by the French Viennoiserie”

c) May 15 - 18, in Athens on "Special Suggestions by the French Viennoiserie”

d) November 6 - 9, in Athens on "Festive creations with Chocolate", and

e) November 13 - 16, in Thessaloniki on "Festive creations with Chocolate".

Being up to date and having advanced know-how are a prerequisite for the growth of every professional.
Through these seminars, with the participation of perhaps the most known French culinary school, the Company is supporting the efforts made by its clients to promote new, innovative ideas, and bolster their potential. The Company is basing its grown in the grown of its cusomers (grow as you grow) and these seminars serve with the best possible method this strategic option by the Company management.
Also, the sixth seminar ECOLE LENOTRE was organized with great success at the premises of ALMA LIBRE - the exclusive distributor of the Company in Bulgaria. The Seminar was held on October 9th - 12th with the theme "Festive creations with Chocolate". The impressive participation of Bulgarian professionals demonstrates their strong desire for continuous updating and training in confectionary art.

9. Annual Ordinary General Meeting of the Company Shareholders

On Monday, June 11, 2018, at 10:30, at the offices of the registered seat of the Company (4 Anemonis Street, Acharnes, Attica), the Ordinary General Meeting of its shareholders took place which was attended, in person or through proxies, by shareholders **representing 6.612.420 common registered shares and equal voting rights**, i.e. **88,17 %** over the entire 7.500.000 shares and equal voting rights of the Company.
The annual Ordinary General Meeting of the Company's Shareholders took the following decisions with regard to the subjects of the agenda:
Concerning the **1st subject**, they unanimously approved the annual Financial Statements about the closing fiscal year of 2017 (01.01.2017 – 31.12.2017) and the Financial Report for period in question, which has been prepared in agreement with the law and has been published by the Company both at the corporate website, lawfully registered with the General Commercial Registry (G.E.MI.) and at the website of the organized capital market where the shares of the Company are listed, as well as at the Hellenic Capital Market Commission.
With regard to the **2nd subject**, they approved unanimously the annual Directors' Report, which has been included in its entirety in the Minutes by the Company's Board of Directors, dated March 14, 2018, as well as the Audit Report, dated March 16, 2018, issued by the Company's Certified Auditor - Accountant, Mr Seraphim D. Makris regarding the annual financial statements concerning the period of 2017.
Concerning the **3rd subject**, they approved unanimously the appropriation (pay-out) of the results of the fiscal year of 2017 (01.01.2017-31.12.2017) and specifically approved the non-payment of any dividend to the Company shareholders from the profits of 2017 closing year.
Concerning the **4th subject,** they unanimously approved and following shareholder roll-call voting, they discharged the members of the Board of Directors and the Company Auditors from any liability concerning their actions and the management conducted during 2017 period (01.01.2017-31.12.2017), as well as about the annual financial statements of said period.

Concerning the **5th subject**, they approved unanimously the assignment of Auditing Firm "SOL SA CERTIFIED PUBLIC ACCOUNTANTS", which is registered with the Public Registry provided for by article 14, law 4449/2017, for the conduct of the compulsory audit of the annual and semi-annual financial statements of the Company for the current period of 2018 (01.01.2018-31.12.2018) and specifically by Mr Seraphim Makris, of Dimitrios (Certified Auditor - Accountant Reg. no. 16311), as the Ordinary Certified Auditor - Accountant and by Mr Panagiotis Trimponias, of Vasileios (Certified Auditor - Accountant Reg. no. 14941) as the Alternate Certified Auditor - Accountant.

It is noted that it was also decided for the above Auditing Firm to undertake the procedure for the issuing of the annual tax certificate and tax compliance report for the Company, for 2018 period, as provided by article 65A, of law 4174/2013.

Finally, through this decision, the Meeting authorized the Board of Directors to proceed to a final agreement with the above Auditing Firm with regard to its fee, and send the written notice - mandate to the appointed Auditing Firm above within five (5) days upon its election.

Concerning the **6th subject**, the Meeting approved unanimously the fees, wages, and indemnities paid to the members of the Board of Directors for the services provided to the Company in the past period of 2017 (01.01.2017-31.12.2017), while also pre-approving the fees to be paid to the members of the Board of Directors in the current period of 2018 (01.01.2018-31.12.2018) till the next annual Ordinary General Meeting.

Concerning the **7th subject**, the Meeting unanimously approved the reduction of the Company share capital by € 2.100.000,00 by reducing the nominal value of each Company share by € 0,28 i.e. from € 0,61 to € 0,33 and by returning – paying the respective amount to Company shareholders.

Along with the above decision, the Meeting granted to the company Board of Directors the required authorisations in order to schedule all necessary dates (ex-right, determination of beneficiaries, start of payment of return, etc.) regarding the execution of the above decision for the reduction of the company share capital, as well as to take all necessary action in order to obtain the relevant approvals by the competent authorities and cater to the payment of the amount resulting from the reduction of the share capital to the entitled shareholders of the Company.

Concerning the **8th subject**, the Meeting unanimously approved, following the decision taken on the seventh subject of the agenda, an amendment to article 5, par. 1 on the share capital in the company Articles of Associations, exactly in the form announced as a draft by the Company, as per article 27, par. 3, verse d) of cod. law. 2190/1920.

Concerning the **9th subject**, the Meeting decided unanimously to approve the equity purchase plan, through the complete fulfilment of the conditions specified in article 16 of cod. law 2190/1920, as currently in effect, as well as of the limitations set by Regulation 2273/2003 of the European Communities, and specifically approved the purchase, within a period of twenty-four (24) months after the issuance of the present decision, of up to seven hundred and fifty thousand (750.000) common, registered shares, which make up for 10% of all currently existing shares of the Company, with a price range for the shares between two euros (€2,00) per share (lowest limit) and five euros (€5,00) per share (maximum limit). Along with this decision, the shareholder General Meeting granted to the Company Board of Directors authorisation for the proper implementation of this procedure, as per the current regulatory framework.

Concerning the **10th subject**, certain announcements were made on behalf of the Presidium concerning the results and course of the Company.

10. Completion of the procedure for the reduction of the share capital of the Company which was decided by the Ordinary General Meeting of June 11, 2018.

On 20.06.2018, the decision issued by the Minister for the Economy and Development, with protocol number 66467/20,06,2018 (Posted in the internet under code: ΩΜΠΚ465ΧΙ8-1ΑΚ) which approved the amendment to article 5 of the company Articles of Association was entered in the General Commercial Registry (G.E.M.I.), under Registration Code Number: 1406939.

The Stock Market Steering Committee of Hellenic Exchanges SA was informed during its meeting of **July 5, 2018** about the reduction of the Company share capital through the reduction of the nominal value of the Company shares and the return of the capital through cash payment to shareholders at a rate of 0,28 Euros per share.

Following the above, from 11 July 2018, the shares of the Company were traded in Athens Exchange at the new nominal value of € 0,33 per share, and, without the right to participate in the return of the capital through cash payment to shareholders, at € 0,28 per share.

The beneficiaries to the capital return are the shareholders registered in the records of the D.S.S. on 12.7.2018 (record date).

The starting date for the payment of the capital return (0.28 Euros per share) was scheduled for 18.7.18, while the payment of cash regarding the return was made through PIRAEUS BANK S.A.

11. Issuance of tax certificate for 2017, as per article 65A of law 4174/2013

The Company, pursuant the clauses of par. 4.1.3.1, case 12 of Athens Exchange Rulebook and article 17, par. 1 of Regulation no. 596/2014 of the European Parliament and Council of 16 April 2014, informed investors that following the completion of the special tax audit for the management period of 2017 (tax year of 2017) conducted by the lawful auditors of the Company, in agreement with the clauses of article 65A of law 4174/2013, as currently in effect, a tax certificate with unqualified opinion was issued.

SECTION B.

Main risks and uncertainties

The Company is active in an intensely competitive and international environment. Its specialized know-how, extensive experience and presence in the field, the creation of a strong brand name, along with the constant and systematic research, market research, search for and marketing of new products, focused on quality and on the ability for immediate and complete satisfaction of current and future demand, the methods for training its associates to make use of the advantages of its products, the standing trust built with its suppliers, along with the creation of strong organizational, technical and functional infrastructures, which combine the commercial promotion of the products through continuous and systematic training to the customers – recipients of its products for the proper application and use thereof, help the Company stay constantly competitive, while increasing its infiltration in new markets (with regards to products and territories); as a result, there are no substantial impact from the negative conditions of the external environment.

At the reporting date, the adverse financial conditions, which shows signs of recovery, does not seem to have a material impact on the activities of the Company. The small financial exposure of the Company, its significant qualitative and product diversification, the ability to seamlessly acquire the items traded and distributed, even under the continuation of the capital controls imposed, in combination with its focused expansion on new geographic markets, along with its reliability and solvency in its transactions, comprise its main assets for the minimization of the negative consequences of the economy crisis and for absorbing to the greatest extent possible the negative outcomes that have been prevailing in the domestic market.

The usual financial and other risks to which the Company is exposed include market risks (changes in exchange rates, market prices, credit risk, liquidity risk, interest risk, stock risk, risk of reduced demand due to general recession in consumption, risks due to the imposition of capital controls and the financial conditions prevailing in Greece).

1. Translation risk

The majority of Company transactions is conducted in Euros. There are some minor obligations, in comparison to the turnover of the Company, expressed in a currency other than Euro, i.e. transactions amounting to 1,892,810.40 Danish Krones, equal to € 253,671.21 as on 31/12/2018; as a result, the exposure to foreign currency risks is present (solely due to these transactions), but it is considered completely under control, firstly due to the extremely limited size of such transactions (in relation to the total turnover of the Company), and secondly due to the fact that the specific currency is not under significant fluctuation in relation to Euro. Company Management is constantly monitoring any exchange rate risks that may come up and examines the necessity to take pertinent measures; in any case, this risk is not currently considered significant and it is believed to be completely manageable and under control.

2. Risk of increased raw materials prices

Increases in the prices of goods imported by the Company (mainly from Europe) in the last five years range from 4-9% per year on average.

In the end of the year 2018, raw material prices increased by an average of 2,5% compared to 2017, i.e. a tolerable and fully controlled rate.

Global food prices rose in January, boosted by the recovery in dairy prices and the stronger performance of vegetable oils and sugar, according to figures released by the UN Food and Agriculture Organization (FAO).

The FAO price index - which measures the monthly changes in a basket of cereals, oilseeds, dairy products, meat and sugar - averaged 164,8 units in February compared to 161,8 units in December. Despite this increase, the index is 2,2% lower than the January 2018 level.

FAO's dairy price index rose by 7,2% compared to December, curbing a seven month period of decrease. FAO reported that the main factor behind this increase was the limited exports to Europe due to strong domestic demand.

The vegetable oil price index rose by 4,3% compared to the previous month, while the index of sugar prices increased by 1,3% and the cereal index increased marginally.

FAO revised its latest forecast for cereal production in 2018 to 2,611 billion tonnes, slightly higher than in December, reflecting upward revisions for wheat, rice and maize.

Much of the projected increase is linked to expected increases in Europe, where favourable weather has so far boosted crop prospects, and sowing is expected to increase, mainly due to attractive prices.

Despite an increase in the latest forecasts, world cereal production is estimated to remain 1,8 percent below its record high of 2017.

As a result and in view of the above and the changes noted, Company exposure with regard to this risk is considered very significant, especially based on the current conditions in the Greek market, since the Company cannot roll over the increases of the products' prices; in any case, and due to the fact that this risk derives usually from sources which the Company is unable to completely control (such as the commercial policy of its suppliers, etc.), Company management is promptly taking the necessary steps to limit through special agreements with its suppliers its exposure to this risk, and adjust its pricing and commercial policy, so that any such increases do not affect its profitability and financial performance. In any case, currently, this risk, due to the condition of the domestic market, is currently considered as quite significant and capable of affecting part of the profitability and general financial performance of the Company.

3. Credit risk

The Company does not have a significant concentration of credit risk for any of its contracted parties, mainly due to the large diffusion of its clientele, which currently exceeds 2.800 customers. In addition, there is no customer participating with a rate that exceeds 5% in the turnover, a fact that reduces significantly the possibility of credit risk. However, in view of the conditions of the current negative economic situation, which manifests itself in virtually all the sectors of economic activity and has significantly affected the domestic market, the risk that may arise from any inability of some of the Company's customers to meet in due time their obligations is assessed as material, irrespective of the fact that the Company has secured the conditions for controlling any adverse effects thereof, by systematically monitoring the course and financial performance of its customers in order to act, to the extent possible, in a preventive manner in order to avoid the creation of significant bad debts. Consequently, credit risk is also assessed as significant enough to be capable of affecting the Company's profitability and overall financial performance.

4. Liquidity risk

The Company has a powerful capital structure and an increased liquidity rate. The general liquidity of the Company is remarkable. For instance, the current liquidity ratio (Current Assets vs. Short-term Liabilities) is 4.98, while the quick liquidity ratio (Current Assets minus reserves vs. Short-term Liabilities) is 4.22. The Policy that has been consistently applied by the Company during the past years is the exploitation of cash discounts offered by suppliers, while at the same time, the Company management maintains strong cash available and has the option of borrowing on favourable terms by the collaborating banks; this option is seldom used due to the Company’s increased liquidity. Consequently, this risk is considered to be low and under control; however, it is mentioned in the present Report to provide complete and sufficient information to Company shareholders and investors. The following table presents the maturity dates of the payables of the company, as applied at the end of the reporting period, along with a comparative presentation of the respective period for 2017:

Company 2018

Amounts in euros	**0-6 months**	**6-12 months**	**1-5 years**	**Total**
Suppliers & various creditors	2.993.139,97	819.891,48		3.813.031,45
Finance leases	0,00	0,00	0,00	0,00
Loans	0,00	0,00	0,00	0,00
Total	**2.993.139,97**	**819.891,48**	**0,00**	**3.813.031,45**

Company 2017

Amounts in euros	0-6 months	6-12 months	1-5 years	Total
Suppliers & various creditors	2.881.061,76	783.097,36		3.664.159,12
Finance leases	0,00	0,00	0,00	0,00
Loans	0,00	0,00	0,00	0,00
Total	**2.881.061,76**	**783.097,36**	**0,00**	**3.664.159,12**

5. Interest rate risk

The Management of the Company is constantly monitoring the trends of interest rates as well as the financing needs of the Company; however, due to the zero dependence of the Company on bank loans (no loans taken out on 31/12/2018) there is no interest rate risk. Again, this reference is included in the present Report to inform investors on the zero dependence of the Company on bank loans, a fact that is very important and proves the healthy financial structure of the Company and the continuous healthy foundations for its operation and development.

6. Stock depreciation risk

The Company is taking every necessary measure (insurance, safekeeping), to minimize the risk and the possible damages caused by the loss of stock due to natural disasters, or similar causes. At the same time, due to the increased turnover rate of stock (80 days in 2018 vs. 75 days in 2017) and the significant duration (expiration date) thereof, the stock depreciation risk is significantly reduced; however, if the wider economic climate is further aggravated, this risk may become significant. For this reason, the entire Company system of ordering and distributing Company merchandise has been adjusted to current market conditions with the purpose of avoiding stock building, as much as possible.

7. Reduction of demand due to general consumption recession

The Company belongs to the field of foods and demand for such commodities has remained strong and steady, despite the general unfavourable economic climate, which at the reporting date did not show any signs of making a strong recovery.

In any case, this risk, in view of the general political and economic conditions, may affect the performance of the Company. For these reasons, this risk is considered as very important, since it may affect the performance and results of the Company in general.

8. Risks related with work safety

Work safety for employees is a prime priority and a necessary condition for the operation of the Company’s facilities. A programme is currently under way, seeking to establish a culture of safety in every operation and activity of the Company, while applying far-reaching training programmes for the systematic education and training of employees in safety and work health issues; the application thereof is constantly checked by the competent Division of the Company.

SECTION C.

Important transactions with related parties

The present section includes the most important transactions between the Company and its related parties, as defined in International Accounting Standard 24.

Specifically, this Section includes the following:

(a) transactions between the Company and any related party performed during the closing period of 2018 (01/01/2018-31/12/2018) that had a significant impact on the financial position or performance of the Company during this period,

(b) any changes in transactions between the Company and any related party that has been included in the past annual Report, which could have a significant impact on the financial position or performance of the Company during 2018.

It must be noted that the reference to the above transactions, presented below, shall include the following details:

(a) The amount of such transactions.

(b) The balance thereof at the end of the fiscal year (31.12.2018).

(c) The nature of the relation between the related party and the Company, and

(d) Any information about the transactions that are necessary in order to understand the financial position of the Company, provided that such transactions are substantial and that they have not been in accordance with the arm's length principle.

PERIOD	**1.01-31.12.2018**
TABLE 1	
Sales of goods and services	
To subsidiaries	0,00
To other related parties	0,00
Purchases of goods and services	
From subsidiaries	0,00
From other related parties	0,00
Sales of fixed assets	
To subsidiaries	0,00
To other related parties	0,00
Receivables	
From subsidiaries	0,00

From other related parties	0,00

Liabilities

To subsidiaries	0,00
To other related parties	0,00

<u>TABLE 2:</u> Payments to management and Company executives

A. Transactions and fees for Directors and management members	587.977,18
B. Receivables from Directors and management members	0,00
C. Payables to Directors and management members	11.342,00

Notes:

1. There are no legal entities related to the Company, as provided by International Accounting Standard 24.
2. No loans or credit facilitations have been granted to members of the Board, or to any Management personnel (including their families).
3. Apart from the fees analytically noted below, there are no other transactions pending between the Company and the above executives and members of the Board.
4. There is no transaction that has occurred without applying the arm's length principle.
5. There is no transaction with a value that exceeds 10% of the value of the Company's assets, as noted in its last published financial statements.
6. None of the transactions has any specific, or customized and/or special properties that could render it important and worthy of discreet mentioning, as per the criterion of importance, as such is specified also in Circular no. 45/21.07.11 of the Hellenic Capital Market Commission.
7. The amounts stated above in category A, Table 2, refer to gross payments made to Directors and members of the Company’s management during the closing 2018 period (01/01/2018-31.12.2018) for their personal services - work provided to the Company, based on the pertinent contracts and relevant decisions by the Ordinary General Assemblies of the Company Shareholders; these are analysed as follows:

Capacity	Period fees	Unpaid balance on 31/12/2018
Executive Members	234.721,60	2.831,35
Non-Executive members	353.255,58	8.510,65
Total	**587.977,18**	**11.342,00**

SECTION D.

Analytical information, as per article 4, par. 7, law 3556/2007, as applied, and pertinent explanatory Report.

1. Structure of the Company's share capital

The Company's share capital is currently, following the latest decision by the Ordinary General Meeting of its shareholders, dated June 11, 2018, about its reduction, two million four hundred and seventy-five thousand (€2.475.000,00) Euros, paid in full and divided into seven million and five hundred thousand (7.500.000) common registered shares with voting rights, each of € 0,33 nominal value.

It is noted that the relevant amendment to article 5 of the Company's Articles of Association that referred to the reduction of the share capital, following the decision taken by the aforementioned annual Ordinary General Shareholder Meeting of June 11, 2018, was approved by decision, under protocol no. 66467/20/06/2018 (Posted in the Internet: ΩΜΠΚ465ΧΙ8-1ΑΚ) issued by the Department for Listed SAs and Sports SAs of the Division for Companies and the General Commercial Registry of the General Directorate for the Market of the Secretariat General for Commerce and the Protection of Consumers, of the Ministry of Finance and Development.

Every Company share is listed in Athens Stock Exchange and is traded in ASE Main Market.

Each share comes with the rights and obligations defined by the law and the Company Articles of Association.

The possession of shares is automatically considered as acceptance of the Company's Articles of Association and of the decisions taken in accordance with the law and the Articles of Association by the various bodies of the Company.

Each share provides the right to one (1) vote.

2. Restrictions regarding the transfer of Company shares

There are no restrictions known to the Company regarding the transfer of Company shares.

Company's shares are dematerialized and freely traded in Athens Stock Exchange, as required by the law.

3. Significant direct or indirect shareholdings

The Company does not participate in other companies or businesses.

Furthermore, the significant direct or indirect shareholdings in the share capital and voting rights of the Company, as provided for by the clauses of articles 9 to 11, law 3556/2007, based on the relevant disclosures made to the Company, are the following:

- Stylianos Kanakis: 5.422.932 shares and voting rights (72,31%),
- Maria Kanaki: 600.000 shares and voting rights (8,00%),

4. Shares with special control rights

There are no shares providing special control rights.

5. Limited voting rights

The Company is not aware of any limited voting rights for Company shareholders.

6. Agreements between Company shareholders

The Company is not aware of any shareholder agreements which could lead to restrictions regarding the transfer of shares or the voting rights.

7. Rules for appointing and replacing members of the Board and for amending the Articles of Association that are different from the provisions of cod. law 4548/2018

With regards to the appointment and replacement of the Company's Board members, and with regards to amending its Articles of Association, there are no rules different to the provisions of cod. law 4548/2018 as applied.

8. Authorization of the Board of Directors or of specific members to issue new shares or buy back shares, as provided for by article 49, cod. law 4548/2018

There is no fixed special authorization for the Board of Directors or for specific members of the Board regarding the issuing of new shares or buying equity shares as per article 49, of cod.

law 4548/2018. The relevant power and power is given to the Board of Directors by virtue of a relevant decision of the General Meeting of Shareholders of the Company. Already at the Annual Ordinary General Meeting of Shareholders of 11 June 2018, it was decided, among others, for the Company to purchase (within the framework of the pre-existing article 16 of Codified Law 2190/1920) within a period of twenty-four (24) months from the date of adoption of said decision, i.e. no later than 11.06.2020, a maximum of seven hundred fifty thousand (750.000) common registered shares corresponding to 10% of the total existing shares of the Company, with a range of purchase prices of two euros (€2,00) per share (minimum) and five euros (€5,00) per share (maximum) while at the same time the authorization was granted to the Board of Directors for the proper implementation of the procedure in accordance with the current regulatory framework. Until the date of approval of this Report, no decision has been taken to initiate and implement the above equity share buy-back program and therefore the Company does not hold any treasury shares.

9. Important agreements becoming effective, amended or expiring if the method for controlling the Company is changed after a public offer

There is no important agreement concluded by the Company which shall become effective, is amended or expires upon a change in the method for controlling the Company after a public offer.

10. Important agreements with members of the Board or Company personnel

There is no agreement between the Company and members of its Board or its personnel, which would allow for severance pay in case of resignation or dismissal without cause or termination of tenure or employment due to any public offer.

11. Equity shares

As stated at point 8, at the time of the drafting and approval of this Report, the Company does not own treasury shares since the process of applying and implementing the equity share buy-back program, which was established by the Annual Ordinary General Meeting of Shareholders of 11 June 2018, has not started.

***Explanatory Report with regard to the above information, prepared in accordance with article 4, par. 8, law 3556/2007**

The numbering in the present explanatory report (which is prepared based on par. 8, article 4, law 3556/2007) follows the respective numbering of the information in article 4, par. 7, law 3556/2007, as such information is provided above.

1. The structure and the formation method of the Company's share capital is analytically described in article 5 of the Company's Articles of Association, as applied, after being amended following the decision of the shareholder annual Ordinary General Meeting held on
June 11, 2018. The Company shares were listed in Athens Stock Exchange on July 18, 2002 and have been since traded without interruption (currently in the Main Market category).

2. There is no such limitation resulting from the law, the Company's Articles of Association or from any other agreement.

3. The Company does not participate in other companies or businesses.

The details regarding the number of shares and voting rights for the entities with significant participation have been taken from the Shareholder Registry kept by the Company and the disclosures communicated under the law to the Company by the shareholders.

4. There are no additional categories of shares; only common, registered shares with voting rights.

5. No such restrictions have been disclosed to the Company.

6. Similarly, no such agreements have been disclosed to the Company.

7. In the matters in question, the Articles of Association of the Company do not present any deviations from the provisions of law 4548/2018.

8. It has been provided to the Board of Directors of the Company, as a result of the decision of the Annual Extraordinary General Meeting of Shareholders dated 11.06.2018, the power to purchase a maximum of 750.000 treasury shares of the Company within a period of twenty-four (24) months from the date of the decision and in agreement with the provisions of the pre-existing framework provided for by article 16, cod. law 2190/1920 , with a purchase price range of two euros (€) 2,00 per share (minimum) and five euros (€) 5,00) per share (maximum); however, no decision has been taken by the relevant company body to launch and implement the relevant procedure. At the end of the current period, the Company did not hold any equity shares.

9. Since there are no such agreements, there are no explanations to be given.

10. Similarly, since there are no such agreements, there are no explanations to be given.
11. The Company does not hold any equity shares.
The present explanatory Report was prepared in accordance with article 4 par. 8, law 3556/2007.

SECTION E.
Information on labour and environmental issues

1. During the closing year of 2018 (01/01/2018-31.12.2018), the Company employed on average 73 persons. It should be noted that relations between the Company and its personnel are excellent and no labour-related problems have risen, since one of the main priorities of the Company is to maintain and support a good working environment and create lasting relations with its personnel.

A. Diversification and equal opportunities policy
Promoting equal opportunities and protecting diversity are key principles of the Company. The Company's management does not discriminate in terms of recruitment, remuneration, promotion, and general assignment of labour duties based on race, religion, colour, nationality, gender, religion, age, marital status, sexual orientation, trade union membership or trade union action or any other characteristics.
The only factors that are considered are the person's experience, personality, theoretical training, qualification, profitability and capabilities, while encouraging and recommending to all employees to respect the diversity of each employee or supplier or customer of the Company and not accept any conduct that violates the dignity of the individual and creates discrimination of any kind.

B. Respect to employee rights
The Company strictly applies the existing labour law and fully respects the relevant provisions for child labour, human rights and the option of employee participation in trade union bodies.

C. Occupational health and safety
The protection of the health and safety of the employees is a top priority for the Company's Management which systematically monitors and controls all the risks that may arise from this activity and takes all necessary preventive measures to avoid accidents, while its immediate plans include training seminars on occupation health and safety, fire protection, firefighting and practising drills with the purpose of preventing and emergencies (e.g., fire, earthquake, violent energy, etc.).
The Company strives every day to take every necessary measure and adopt the necessary practices in order to fully comply with the applicable clauses of labour and insurance legislation, while creating an environment for the growth and progress of its employees' operations and performance.

2. Acknowledging the need for constant improvement concerning its environmental performance, based on the principles of sustainable development, the Company aims to a balanced financial

development, in harmony with the natural environment and in compliance with the applicable legislation. By following a course of sustainable development, the Company's operations are performed in a manner that protects the environment and personnel health and safety, while also protecting the local community and the public.
The Management of the Company takes care to incorporate into its business activities procedures and actions that limit the direct and indirect impacts caused by its operation. The key points of focus for the Company to ensure the protection of the environment are based on the following principles:

(a) saving of energy and natural resources, with the utilization of the existing new technologies;
(b) rationalization and efficient management of solid waste produced (e.g. implementation of recycling programs, delivery of equipment when devalued with certified bodies for further management of the waste etc.);
(c) compliance with legal requirements and requirements relating to environmental issues (e.g. avoidance of use of hazardous substances and / or harmful materials), and
(d) improving its overall environmental performance, in particular in terms of pollution prevention and contingency management.

SECTION F.

<u>Progress, performance and position of the Company – Financial and other key performance indicators</u>

The present section includes a proper and concise presentation of the Company's progress, performance, operations and position. This presentation is performed in a way that provides a balanced and concise analysis with regard to the above categories, respective to the volume and complexity of the Company's operations.
In addition, at the end of this presentation, certain indicators are included (financial and others), which the Company considers useful for better understanding.

1. Company growth:
The course of the key Company financial figures during the past five years (2014 – 2018) is as follows:

(amounts in th. of €)

	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Total assets	21.829	22.454	23.774	24.808	25.110
Total equity	17.771	17.760	19.027	20.625	20.634
Turnover	17.897	18.083	18.577	19.743	20.182
Profits before taxes	2.336	2.616	2.985	3.129	3.000
Profits after taxes	1.663	1.755	2.092	2.198	2.140

The percentile change of sales and profits after taxes is as follows:

	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Change in sales	5,21%	1,04%	2,73%	6,28%	2,22%
Change in profits before taxes	11,82%	11,99%	14,11%	4,82%	-4,12%
Change in profits after taxes	14,14%	5,53%	19,20%	5,07%	-2,64%

The above figures show the following:

a) the increase of sales by 2.22% and the company's strength and stability at the level of sales despite the wider unfavourable environment of the Greek economy, which is reflected in the increase in sales for the fifth consecutive year amid an unprecedented intensity and the financial crisis, which brutally hit the domestic market (it is worth mentioning that Company sales exceeded the milestone of 20 million euros);

b) the preservation of profitability at very satisfactory levels, since profits before taxes reached 3.000 th. euros vs. 3.129 th. euros in the previous period, marking a small reduction of 4,12%;

c) also, the preservation of in profits after taxes at satisfactory levels, considering that profits after taxes reached 2.140 th. euros vs. 2.198 th. euros in the previous period, showing a borderline reduction of 2,64%, and

d) the borderline increase in equity by 9 th. euros in relation to 2017 period, which is even more important, considering that during the first six-month period of 2018, capital was returned to the shareholders, amounting to 2.100.000,00 euros.

2. Company performance

Certain numbers and pertinent financial ratios are presented below with regards to the Company's performance during the past five years (2014-2018):

(amounts in th. of €)

	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Profits after taxes	1.663	1.755	2.092	2.198	2.140
Profits before taxes	2.336	2.616	2.985	3.129	3.000
Earnings before interest, taxes & depreciations (EBITDA)	2.482	2.743	3.049	3.259	3.110
Return on Equity (before taxes)	13%	15%	16%	15%	15%
Return on capital employed (after taxes)	8%	8%	9%	9%	9%

3. Financial and other key performance and company position indicators:

Certain ratios, financial and others, have been provided below, which refer to the key performance and position of the Company:

Turnover rate (days)	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Average days receivables outstanding	144	118	132	128	118
Average days stock outstanding	74	80	89	75	80
Average days payables outstanding for short-term liabilities	106	131	129	103	105

Capital structure (times)	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Equity to total Capitals	0,81	0,79	0,80	0,83	0,82
Loan to Equity	0,00	0,00	0,00	0,00	0,00
Equity to total Liabilities	4,38	3,75	4,01	4,93	4,61
Turnover rate of equity	1,01	1,02	0,98	0,96	0,98
Turnover rate of fixed assets	2,51	2,97	3,08	3,28	3,32

Investments					
Profit per share (before taxes)	0,31	0,35	0,40	0,42	0,40
Book value per share	2,37	2,37	2,54	2,75	2,75

The above indices show mainly the following:

a) the average receivables collection period decreased by 10 days compared to the previous year, despite the increase of sales by 2,22% (439 th. euros), which makes this decrease even more significant;

(b) the average repayment term of short-term liabilities is 105 days, i.e. in a period fully compatible with the average time for recovery of receivables;

c) the average turnover rate for stock remains at low levels, i.e. 80 days for the closing period vs. 75 days for 2017);

d) the equity to total assets rate reached 82,17%, i.e. only 17,83% of the Company capitals are borrowed, which shows the excellent financial structure of the Company;
e) the equity of the Company are three times its assets.

SECTION G.
<u>Alternative Performance Measures</u>

An Alternative Performance Measure (APM) refers to a financial indicator used for measuring historic or future financial performance, net worth or cash flows, which is not defined or provided for by the applicable financial information framework (IFRS).
It should not be considered that the Alternative Performance Measures substitute other measures or rates that have been calculated in agreement with the provisions of the I.F.R.S.
The Company uses, to a limited extent, Alternative Performance Measures (APM) at the publication of its financial performance, with the purpose of increasing the understanding of its operating results and its financial position. In general, the Company aims to make a clear presentation of the measurement indicators, in order for the latter to be suitable and useful to the users of the financial statements.

a. Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA):
This is the most frequently used indicator for presenting the operating efficiency, since it takes into consideration only the expenses that are necessary for a company to function. It is calculated as the sum of the operating results (Earnings before taxes, finance, and investments) of depreciations and amortisations. The EBITDA (%) rate is calculated as the product of EBITDA with the total Turn Over:

<u>EBITDA – EBITDA Margin</u>

	31/12/2018	31/12/2017
Operating EBITDA	3.001.958,61	3.138.056,99
Total depreciations	107.650,30	120.823,78
EBITDA (A)	**3.109.608,91**	**3.258.880,77**
Turnover (B)	**20.182.368,10**	**19.742.557,24**
EBITDA margin (A) / (B)	**15,4%**	**16,5%**

b. Capital Adequacy or Solvency Ratio
This ratio refers to the financing rate of the Assets from Equity and is calculated as follows: Equity divided to Assets without cash or cash equivalents.

	31/12/2018	31/12/2017
Equity (A)	**20.633.565,66**	**20.624.846,66**
Total Assets	25.109.933,29	24.808.448,62
Cash and cash equivalents	-8.230.388,47	-7.659.581,41
Balance (B)	**16.879.544,82**	**17.148.867,21**
Capital Adequacy Ratio (A) / (B)	**122%**	**120%**

SECTION H.

Anticipated Company course and growth for 2019

In this Section and in relation to the Company's activities in the current year 2019 (01.01.2019-31.12.2019), some data and qualitative assessments are presented in order to ensure that this development is reflected in the safest possible way, in particular with regard to the increase of the climate of political and economic uncertainty, of the country's entry into the electoral race, and of the growing concern about the continuation and completion of reforms and the achievement of the budgetary targets agreed, as well as of recent developments in the neighbouring countries, which create a wider environment of geopolitical instability.

Such details and evaluations are as follows:

A. The increase of turnover by 439 th. euros in 2018 versus the 2017, i.e. by 2.22% despite the unfavourable financial environment of the Greek economy, is expected by the Company to constitute the main point of reference for the final formulation of the annual turnover also for the current period of 2019, provided that no events will take place that would further aggravate the financial environment and/or revert the dynamic shown by the tourism industry of the country in the past years.

B. The continued effort to increase exports to Balkan countries and Cyprus, which is indicated by sales of 1.150 th. euros in 2018, in comparison to 1.002 th. euros in 2017 is considered by the Company to partially offset any reduction in domestic demand.

C. It is expected that during the period the gross profit margin will remain at levels of 34,00% vs. 34.07% for the closing period of 2018.

D. The Company, having ensured to the maximum extent sufficiency in terms of procurement of the items distributed, expects to offset any losses it may experience in the domestic market by claiming market shares from competitors with a weaker financial structure.

E. The complete removal of capital controls and limitations shall play a decisive role towards the limitation of the negative consequences, especially in the field of consumer demand.

In conclusion, the year 2018 was a year of return to normality and growth, albeit anaemic, after an extended recession. The improved prospects for the domestic economy have led to a reversal of the extremely severe climate, the upgrading of the Greek State's creditworthiness and the return to the international markets after many years of exclusion.

In order to make Greece again a friendly destination for business and productive investment, the end of the adjustment program should be the starting point for an integrated national productive reconstruction plan, while the political leadership should concentrate on pursuing a long-term development policy aimed at on the one hand, to the full exploitation of the productive capacities of the economy and, on the other, to safeguarding fiscal stability.

Furthermore, external factors that raise legitimate concerns about maintaining a favourable economic climate, such as the UK's exit from the EU, the turmoil caused by the deterioration of international relations, the exacerbation of international terrorism, etc. should also be considered.

In any case, the Company's Management closely monitors the changing social and economic conditions with a view to adapting its commercial policy accordingly, based on its highly satisfactory financial structure, the creation of a strong brand name, its specialized know-how and by marketing of products with an emphasis on the quality and satisfaction of the needs and the even the most demanding consumers, elements that fundamentally differentiate it from the all its competitors operating in the relevant sector.

SECTION I.

<u>Further information</u>

1. There are no significant events that took place after the reporting date and until the preparation of the present Report, which could affect the financial structure or business course of the Company.

2. The Company does not have the shares provided for by par. 1e, article 26, cod. law 4308/2014.

3. The Company has a Research and Development Department staffed with highly educated personnel through which it continuously monitors developments in the relevant industry and systematically and methodically investigates the international market in order to search for new beneficial collaborations and increase the number of products marketed. Through the above R&D Department, the company provides know-how, new ideas, and high-level specialization, promoting the activities in the field of proposing new products and evolving the existing ones, aiming to better suit them to the developing needs of the market and to current customer demands.

SECTION J.

<u>Company Governance Statement</u>

The present Statement of Corporate Governance (hereinafter referred to as the "Statement" of "SCG") is prepared in accordance with article 152 of law 4548/2018 and comprises part of the Annual Directors' Report.

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***INTRODUCTION**
The term "corporate governance" describes the method in which the companies are run and controlled. Specifically, corporate governance is a system of relations between Company Management, the Board of Directors, the shareholders and other stakeholders, serving as the structure through which Company objectives are approached, set, evaluated and defined, the main risks faced by the Company during its operation are identified, while specifying the means for achieving such objectives and allowing the monitoring of Management performance while applying the above.
Effective and efficient corporate governance plays a substantial and key role for the promotion of company competitiveness, the improvement of the operational infrastructure thereof, and for the development of innovative actions, while the increased transparency it involves serves to improve transparency overall for the financial activities of private businesses, as well as of public organizations and institutions, for the benefit both of all Company shareholders and of the entities dealing with it.
In October 2013, the new Code on Corporate Governance was published, which was prepared following an initiative by the Hellenic Federation of Businesses (SEV), and was later amended within the context of its first revision by the Hellenic Corporate Governance Council (ESED).
ESED was founded in 2012 and has been the result of a partnership between Hellenic Exchange and the Hellenic Federation of Businesses, which acknowledged the contribution of corporate government to continuous improvement of competitiveness for Greek businesses and has been working towards this direction since then.

***1. Code of Corporate Governance**

1.1 Disclosure of voluntary compliance of the Company with the Code of Corporate Governance.

In Greece, the framework of corporate governance was mainly developed through the adoption of compulsory rules, such as law 3016/2002, as currently applied, which requires the participation of non-executive and independent non-executive members in the Board of Directors of Greek companies which are listed in an organized market, the creation and operation of an internal control unit and the adoption of by-laws. In addition, later legislations integrated in the Greek law the European directives on corporate law, thus creating new rules of corporate governance, such as law 4449/2017 which requires the setting up of audit committees and the adherence to significant disclosure obligations with regards to the ownership and governance of a company, and law 3884/2010 which involves shareholder rights and additional corporate obligations for disclosures and the provision of information to shareholders while preparing for a General Meeting. Finally, law 3873/2010 integrated in Greek law EU Directive 2006/46/EC, serving in this way as a reminder for the necessity to enact a Code of Corporate Governance while also serving as its founding stone.

The Company complies fully with the requirements and regulations of the above law (specifically of laws 4548/2018, 3016/2002 and 4449/2017) which refer to the minimum content of any Code of Corporate Governance and constitute (these clauses) an informal Code.

In view of the above, the Company hereby declares that in the present fiscal year as well, it shall adopt the Code of Corporate Governance formulated by the Hellenic Corporate Governance Council (ESED) (available at http://www.helex.gr/el/esed), and declares that it shall be subject to the above Code with the following deviations and exclusions.

1.2 Deviations from the Code of Corporate Governance and justification thereof. Special clauses of the Code that are not applied by the Company and justification of such non-application.

The Company expressly confirms hereby that it has been closely following the clauses of the applicable Greek law on corporate governance (cod. law 4548/2018, law 3016/2002 and law 4449/2017), where these regulatory clauses set the minimum content of any Code of Corporate Governance addressed to companies listed in stock markets.

It should be noted that a significant addition in the new Code of Corporate Governance formed as per above and applied to the Company, is the adoption of the standard of explaining any instance of non-compliance by the Company with specific special Code practices. This means that the Code applies the “comply or explain” approach and requires from listed companies opting to apply it to disclose their intention and either comply with

every special practice of the Code (which is practically impossible for listed companies of the size and structure of our Company) or justify their reasons for non-compliance with the specific special practices.

With regard to these additional practices and authorities established by the new Code, there are presently certain unavoidable deviations (including a case of non-application) for which a brief analysis, along with an explanation of the reasons behind them, is presented below.

- Section A – The Board of Directors and its members

I. Role and powers of the Board of Directors

- The Board of Directors has not proceeded in setting up a special separate committee, which would supervise the procedure for nominating candidates for election in the Board of Directors and prepare proposals to the Board with regard to the fees of executive members and key employees.

This deviation is justified by the fact that the Company policy in relation to the fees of the Board's executive members and of the key personnel is fixed, as per the historical data, consistent and reasonable, adjusted to the current economy conditions and to the financial abilities of the Company, having as the main objective the promotion of corporate interests, while the Board ensures its accurate and exception-free observation, in order to avoid any payments of unjustified fees that do not agree with the services provided and with the general economy condition of the domestic economy and market. However, in view of the new articles of Law 4548/2018 on the framework for determining the remuneration of the members of the Board, the Company is seriously considering the need to set up such a separate Commission.

Furthermore, the absence of a separate committee in charge of the procedure for nominating candidates for election to the Board is explained by the fact that the members candidate for election in the Board, since the establishment of the Company, have met all necessary conditions and provide all guarantees in order to become members of the Board, while they are distinguished for their increased professional training, their knowledge, their qualifications and experience, while also standing out for their morals and integrity; as a result, there has been no need so far to establish such a committee.

II. Size and composition of the Board of Directors

- the Board of Directors does not consist of seven (7) to fifteen (15) members

In accordance with the applicable Company Articles of Association, and specifically article 19, par. 1 therein, "*the Company is managed by the Board of Directors, which consists of three (3) to nine (9) directors, natural persons or legal entities*".

This deviation is understood since currently the size and structure of the Company, including the absence of any related entity, i.e. the absence of a "Group" concept, do not justify the existence of such a large board. The successful course of the Company is based on the presence of the flexible organization and operation structures that have been adopted until today, hence it is not considered necessary to restructure the size of the Board of Directors, especially since the exercise of the Company management is performed by a small in numbers and thus more flexible Board of Directors grants effectiveness, decisiveness, and significant flexibility to the Company, as proven by its current course.

- the policy of diversity, including gender balance for the members of the Board, as adopted by the Board, shall be posted in the corporate website. A special reference must be made in the statement of corporate governance on the following: a) the variety policy applied by the Company with regard to the composition of the Board and of the superior management personnel, and b) gender representation.

The present Board of Directors mainly consists of men, i.e. out of seven (7) total Board members, five (5) of them are men and two (2) are women.

This deviation is of no importance, since there is a relevant balance regarding the representation of both genders in the composition of the Board of Directors, which (such balance) has proven in time useful for the corporate work and has decisively contributed to the formulation and adoption of innovative practices, policies, and approaches by the Company, and is justified by the increased requirements associated with the Board members and the need to make frequent trips outside of Greece, due to the operations of the Company in the Balkan countries and in Cyprus.

III. Role and required capacities of the President of the Board of Directors

- there is no clear distinction between the powers of the President and of the Managing Director

This deviation is due to the fact that it is not considered necessary to have this distinction due to the structure, operation, and size of the Company. If the Company further increases

its extrovert nature, acquires any related parties and a stronger international presence, and increases significantly its volume of operations, it shall be considered anew whether there is a need to make a clear distinction between the capacities of the President and of the Managing Director. In any case, the existence of an alternate Managing Director basically satisfies the above requirement, since it creates an equal pole of management and representation for the Company, while ensuring continuity in Company management.

- the Board does not appoint an independent Vice President coming from its independent members

The deviation is offset by the appointment of an executive Vice President, since the daily and substantial assistance to the President by the Vice President is currently considered of extreme importance, along with the provision of any possible help to him, in order to successfully exercise his executive duties and competencies in general, and contribute as much as possible to the accomplishment of corporate objectives. In any case, the absence of a Vice President capacity for any of the independent members of the Board does not deprive them of the ability to exercise effectively and directly their duties, nor does it affect the operational independence enjoyed, considering the scientific knowledge and appreciated ethics and integrity of the independent members of the Board of Directors - the current conditions for the management of the Company are considered to be ideal.

IV. Duties and behaviour of the Board members

- The Board has not adopted as part of the Company's by-laws any policies ensuring that the Board has obtained sufficient information in order to base its decisions on transactions between related parties in

accordance with the standard of prudent management. These policies must also apply on the transactions of the Company's affiliates with related parties. The Corporate Governance Statement must make a special reference to the policies applied by the Company with regard to the above.

Despite the fact that there is no specific and special policy towards this direction, which would formulate the framework for obtaining sufficient information for the Board of Directors, in order for them to base their decisions on transactions between related parties in accordance with the standard of prudent management, the Board of Directors, while managing corporate affairs and thus on transactions between the Company and its related parties, shall apply the principle of prudent management, in order for such transactions to be completely transparent and in agreement with the terms and conditions of the market, and also compliant with the existing regulatory framework, as such is defined by the relevant clauses both of the corporate and of tax law.

If considered necessary, the Company shall proceed to the establishment of a work group to define the procedures applicable in order for the Board to obtain sufficient information, in order to base their decisions on transactions between related parties in accordance with the principle of prudent management; in any case, currently, in view of the vertical organisation and operation structures of the Company, there is no such need, since any of the members of the Board of Directors has the possibility of direct contact with the relevant Departments and Directorates of the Company, in order to obtain all the information that may be needed.

- There is no obligation to analytically disclose any professional commitments of the Board's members (including important non-executive commitments to companies and non-profitable institutions) before their appointment in the Board.

The deviation is explained by the fact that the members of the Board have a very high educational level, show professionalism and loyalty to the Company and as a result, despite the lack of an established obligation to analytically disclose any professional obligations for the members of the Board, prior being elected to it, they would proceed without delay to such disclosures if they considered that there is a risk for a conflict of interest or of psychological, professional or financial influence.

V. Nomination of candidate members for the Board of Directors

- the members of the Board are not elected with a maximum term of four (4) years.

In accordance to article 19, par. 2 of the current Company Articles of Association "*the members of the Board of Directors are elected by the Company's shareholder General Meeting for a five-year term, which is automatically extended until the first Ordinary General Meeting upon the expiration of their term, which may not exceed six years*".

This deviation is due to the need of avoiding elections for a Board of Directors in shorter periods, a fact that incurs expenses to the Company in order to comply with the publication formalities and the requirement to constantly submit legitimizing documents to collaborating banks, credit institutions and other legal entities or natural persons.

In any case, the provision for the maximum term of the members of the Board of Directors to four (4) years bears the risk of not allowing enough time to the elected Board to complete its work, and jeopardises the effective management of corporate affairs and assets, due to the frequent change of administrations and of the possible disagreements that may exist with regard to the support of the Company's interests and operations.

- there is no candidates committee for the Board

This deviation is justified by the size, structure and operation of the Company at the current time, which do not necessitate the establishment and existence of a candidates committee. In any case, every time there is an issue related to the election of a new Board of Directors or the substitution of a member thereof, the Company Management attends to ensure the existence and application of completely transparent procedures, while assessing the size and the composition of the Board to be elected, reviewing the qualifications, knowledge, opinions, skills, experience, and the morality and integrity of the character of the candidate members, thus fulfilling the task that would be performed by the candidates committee, , if there was one.

VI. Operation of the Board of Directors

- there are no specific bylaws for the Board

This deviation is explained by the fact that the clauses of the Company Articles of Association, in combination with the existing regulatory framework, are considered sufficient for the organization and general operation of the Board, while ensuring the complete, proper and timely fulfilment of its duties and the sufficient reviewing of all issues on which they are called to decide.

- the Board, at the beginning of each calendar year, does not adopt a calendar of meetings and a 12-month action schedule, which could be revised depending on Company needs

This deviation is easily understood from the fact that the majority of the members of the Company Board of Directors reside in the district of Attica, thus it is easy to call and hold the Board of Directors any time required by the Company needs or by the law, without requiring a specific action programme; in any case, such a specific programme cannot be issued due to the frequent visits by the administrative team to foreign suppliers.

- there is no provision for supporting the Board during its work by a competent, specialized and experienced company secretary, who shall attend its meetings

This deviation is explained by the existence of excellent technical infrastructure for the direct and accurate recording and archiving of the Board meetings. In addition, every member of the Board is capable, if it becomes necessary, to appeal to the services of the Company's legal consultants in order to ensure Board compliance with the existing legal and regulatory framework.

It is noted that based on the new Code on Corporate Governance, a superior clerk or legal consultant may serve as a corporate secretary, while the task of the corporate secretary is to provide practical support to the President and the other members of the Board, personally and collectively, with the ultimate objective of ensuring Board compliance with the legal and statutory requirements and provisions.

The Company is going to examine in the near future the necessity of creating a position of corporate secretary, with the purpose of increasing the effective operation of the Board and the provision of any necessary assistance to its members.

- there is no provision for programs of introductory briefing for the new members of the Board, or for the continuous professional training and education for the remaining members

This deviation is explained by the fact that the Board members to be elected are nominated persons with sufficient and proven experience, increased educational level and proven organizational and administrational capacities. In any case, the key principle governing the operation of the Company is the constant retraining and education of its personnel and executives, and the strengthening of corporate conscience in every level by frequently holding seminars on the various fields of the members and according to their duties; in other words, continuous learning is a principle applied to the entire mode of operation and way of thinking of the Company, and it is not limited only to the members of the Board.

- there is no provision for providing sufficient resources to the committees of the Board in order to fulfil their duties and for hiring external consultants

This deviation applies since the Company Management is reviewing and approving the relevant expenses for the recruitment of external consultants based on the actual corporate needs, in order to limit the Company's operating expenses and exercise continuous control.

VII. Evaluation of the Board of Directors

- the evaluation of the Board and committees' efficiency does not take place at least every two (2) years and is not based on a specific procedure. The Board does not assess the performance of its President in a procedure led by the independent Vice President or by another non-executive member in case of absence of an independent Vice President.

Currently, there is no established procedure for evaluating the effectiveness of the Board and of its committees, neither is the performance of the President of the Board evaluated during a procedure supervised by the independent Vice-President or any other non-executive member of the Board due to the lack of an independent Vice-President.

This procedure is not considered necessary in view of the organizational structure and of the relatively small size of the Company, since there is communication between the members of the Board and when there is a need or if any weaknesses or malfunctions are observed with regard to the organization and operation of the Board, meetings and extensive discussions are held, where the problems presented are analysed, opinions are heard on decisions and actions taken, or on declarations by members of the Board, without exceptions. In any case, the Board of Directors monitors and regularly reviews the proper implementation of its decisions, based on the time schedules set, while the effectiveness

and general performance of the Board of Directors is evaluated at an annual basis by the Ordinary General Meeting of the Company shareholders, in accordance with the principles and the procedure analytically described both in cod. law 4548/2018, and in the Company Articles of Association.
The Company, to comply with this practice, introduced by the new Code, is currently examining the feasibility of establishing a review and evaluation system for the Board of Directors; its completion cannot be accurately scheduled.

- Section B - Internal control

I. Internal control – Audit Committee

This deviation is explained by the Meeting and meeting of the Audit Committee each time there are substantial issues related to the procedure of financial information and reliability of the Company's financial statements. In any case, the objective is not to have meetings without an actual subject, just to cover the amount required by the Code, but to monitor the efficiency of the internal control and risk management systems of the Company, review on a periodical base its internal control system, in order to ensure that most risks are specified and dealt with a proper way, manage conflicts of interest when making transactions with related parties, and obtain sufficient information with regard to the financial performance of the Company.
- no specific funds are allocated to the Audit Committee for employing services by external consultants
This deviation is justified by the current composition of the Audit Committee, and by the specialized knowledge and experience of its members, which ensure the proper and efficient operation of the committee and the complete fulfilment of its duties, resulting to not requiring the use of any services by external consultants, which would mean an additional financial burden for the Company.
In any case, if it is considered necessary to contract external consultants, in order to further improve the structure and operation of the Committee, it goes without saying that the Company shall allocate all necessary funds.

- Section C – Fees

I. Level and structure of fees

- There is no committee for fees, comprised solely by non-executive members, most of whom would be independent, with the purpose of defining the fees for the executive and non-executive members of the Board; as a result, there are no regulations for the duties of this committee, its frequency of meeting and for any other issue that affects its operation
This deviation is due to the fact that the establishment of this committee, with regard to the structure and general operation of the Company, has not been considered necessary until today, since the Management of the Company, which is taking care of the procedure for establishing the fees and submitting the relevant date, takes care that this procedure is objective, clear and conducted with professionalism, free from any conflicts of interests. With regard to the specification of the fees of the Board members, both executive and non-executive, the Board acts with the objective of creating long-

term corporate value, maintaining the necessary balances and promoting meritocracy, in order for the company to attract employees who are suitably qualified for the effective operation of the Company.

The Management takes care so that the fee of the executive members of the Board is connected to the corporate strategy and the accomplishment of the Company objectives, while ensuring suitable balance between fixed elements (e.g. basic wage), variable elements connected to performance (e.g. bonuses), and other contractual regulations (e.g. pension, indemnity due to redundancy, additional benefits, including benefits in kind, etc.) while the fee of the non-executive members reflects the actual time of their involvement with the responsibilities assigned to them, and not be directly related to the performance of the Company, in order to avoid discouraging any intentions to question the choices and other decisions taken by Management.

The Board, while specifying the fees of its members, and specifically of the executive members, considers their duties and responsibilities, their performance in relation to the quantitative and qualitative objectives set, the financial standing, the performance and the practices of the Company, the amount of fees for the provision of similar services in comparable companies, as well as the wages paid to the employees to the entire Company.

From the procedure described above with regard to the specification of the fees of the members of the Board, executive and non-executive, and to the criteria taken into consideration in order to specify the fees, it is clearly shown that there is no need to establish a special committee for fees, since its duties and responsibilities are effectively conducted by the Company Management.

However, as it was mentioned above, in view of the introduction of new provisions in Law 4548/2018, the Management of the Company is seriously considering the establishment of such a Commission in the coming period, namely within the current year.

- in the agreements of the Board's executive members there is no provision that the Board may require the return of part of or of the entire bonus allocated due to offences or inaccurate financial statements referring to past years or generally due to erroneous financial data used for the calculation of such bonus

This deviation is explained by the fact that firstly, any rights to bonuses are matured only following the audit and final approval of the annual financial statements or data, and, secondly, that due to the excellent organization and of the auditing procedures, there has been no instance of calculating a bonus based on inaccurate financial statements or data.

Nevertheless, and in order to comply with the above requirement set by the Code, the Management of the Company is examining the prospect of including in the relevant

agreements of the executive members of the Board a provision for the right of the Board to require the refund of the entire or part of the bonus allocated due to offences or erroneous financial statements and other financial data.

- the fee of each executive Board member is not approved by the Board following a proposal by the fee committee, without the presence of its executive members

This deviation is due to the fact that there is no fee committee established, as noted above.

- Section D – Relations with shareholders

I. Communication with shareholders

- the Company has not adopted a special practice with regard to its communication with shareholders, that would include the policy of the Company on the submission of questions by the shareholders to the Board

Currently, there is no established special procedure with regard to the submission of questions by the shareholders to the Board of Directors, since any shareholder may contact at any time the Investor Relations department, submitting questions and requests, which, if consider necessary, shall be forwarded together to the Board of Directors for further treatment; the relevant reply or update is immediately sent to the interested party.

The direct communication between the shareholders and the Board would pose problems in its uneventful operation, since it would bring additional continuous workload, while such communication would be considered negative under the aspect of the provision of equal information for Company shareholders. In any case, the Investors' Relations department serves this purpose, and is responsible for the information allocated to shareholders.

In addition, the clauses of article 141 of law 4548/2018 describe in detail the procedure for the participation of minority shareholders in the General Meeting - this procedure must be accurately followed in every Ordinary or Extraordinary General Meeting, in order to ensure the proper, valid and prompt updating of shareholders with regard to the course of corporate affairs.

Nevertheless, and despite the presence of the above safeties, the Company is examining the prospect of adopting a special policy in order to upgrade the procedure for the submission of questions by the shareholders to the Company, through the Investors' Relations department - however, it still considers that direct communication between the shareholders and the members of the Board is not necessary or indicated.

II. Shareholder General Meeting

- no deviation has been observed

<u>General note on the time the Company shall start complying with the new practices adopted by the new Code of Corporate Governance</u>

As noted in the Introduction to the current Statement of Corporate Governance, the new Code, as applied since October 2013, follows the "comply or explain" approach and requires from listed companies opting to apply it to disclose their intention and either comply with every special practice of the Code or justify their reasons for non-compliance with the specific special practices.

Furthermore, the explanation of the reasons for non-compliance with specific special practices is not only limited to a simple reference of the general principle or special practice with which the Company does not comply, but, among others, must state whether this deviation from the clauses of the Code is temporary and when the Company is going to comply.

The deviations of the Company from the practices set by the new Code cannot be considered as subject to a strict time limit, since these practices do not refer to the nature of the operation, to the structure, to the organizational arrangement, to the tradition, to the corporate values and principles, to the ownership and to the requirements of the Company, and compliance with them could hinder the application of the *substance* of the Code's principles, which is the actual point, since the dedication to the formality (with regard to the deviations observed) in not considered to benefit the Company.

In any case, no Code can, or should be intended to, substitute the framework of principles, values and organization and operation structures of any Company and there is no adoption of clauses that are not compatible with these principles.

In any case, the Company, if the conditions make this necessary, shall proceed to the preparation and formulation of its own Code of Company Governance, the identity and provisions of which shall firstly refer to the individual needs and peculiarities of the Company, aiming to support on the long run the competitiveness and success of the Company.

1.3 Practices of corporate governance applied by the Company in addition to the statutory provisions

The Company has been applying closely and without any deviations the provisions of the above legislative frameworks with regards to corporate governance. Currently, no practices in addition to the above provisions are applied.

***2. Board of Directors**

2.1 Composition and method of operation of the Board of Directors

The Board of Directors is the superior administrative body of the Company, and is exclusively qualified for planning the strategy and the policy for growth for the Company. The objective of supporting the long-term financial value of the Company, the protection of the general corporate and shareholder interests, ensuring compliance of the Company with the pertinent legislation, the application of clarity and corporate values to every operation and function of the Group, the monitoring and resolution of any conflicts of interests between the members of the Board, the directors and the shareholders, and the corporate interests are the main duties of the Board of Directors.

2.1.1 The Company Board of Directors, in accordance with article 19 par. 1 of its Articles of Association, consists of three (3) to nine (9) members, natural persons or legal entities, who are elected by the shareholder General Meeting, through the absolute majority of votes represented in the Meeting. The members of the Board of Directors can be freely re-elected and revoked by the General Meeting, regardless of the expiration date of their tenure.

Following the undertaking of their duties, the members of the Board of Directors receive an official introductory briefing, while during their tenure the President attends to the constant development of

their knowledge on issues affecting the Company and their familiarisation with the Company, in order for the members to participate effectively and creatively in the operations of the Board of Directors.
The tenure of the members of the Board of Directors lasts for five (5) years, starting from the day after they are elected by the General Meeting and expiring on the respective date of the fifth year. If, on the expiration of their tenure, the new Board of Directors has not been elected, their tenure is automatically extended until the first ordinary General Meeting after the expiration of their tenure; in any case, their tenure cannot exceed six years.
Each member of the Board must attend and participate in every meeting of the Board of Directors, and also dedicate the time required for the successful completion of his/her duties.
Each member of the Board is obliged to keep in secret any confidential details of the undertaking, disclosed to him/her due to their capacity, and refrain from disclosing to third parties any privileged information obtained.
2.1.2 The Board of Directors meets every time required by the law, the Articles of Association or is necessary for the Company, upon invitation by its President or his deputy, either at the registered offices of the Company or in the periphery of another Municipality inside the district of its registered offices. The invitation must clearly state the subjects of the agenda; otherwise, decision making is allowed only if every member of the Board of Directors is present or represented, and on the condition that there is no disagreement to such decisions.
The Board of Directors may validly meet outside its registered offices, at a different location, either domestic or abroad, provided that every member is present or represented in such meeting, and that no member disagrees to such meeting or to decision making.
The Board of Directors may convene through teleconference. In this case, the invitation to the members of the Board of Directors shall include the necessary information for their participation in the teleconference.
The meetings of the Board of Directors are presided by its President or his lawful deputy.
2.1.3 The Board of Directors convenes in quorum and validly when half plus one of its members are present or represented; however, in no case whatsoever can the number of the present Directors be less than three (3). In order to achieve quorum, any resulting fractions are omitted.
2.1.4 For the valid issuance of decisions by the Board of Directors, majority voting is required among the present and represented directors, save from the case of par. 2, article 5 hereof.
In case of halved votes, the President does not have a casting vote.
If any member of the Board of Directors is missing or obstructed from attending the meeting, he may appoint, through a pertinent document, any other member of the Board of Directors as his representative. Each member can validly represent only one from the other representatives. Representation in the Board of Directors cannot be assigned to an entity who is not a member of the Board.
2.1.5 The discussions and decisions of the Board of Directors are summarized and registered in a special book, which may be kept by the IT system; this shall be signed by the President and his Deputy, as well as by the members attending the meeting. Upon request by a member of the Board of

Directors, the President is obliged to input in the minutes an accurate summary of his opinion. This book shall also include a list of the members of the Board of Directors attending or represented for the specific meeting.
2.1.6 The Board of Directors may assign the performance of every or part of its powers and authorities (save from those requiring collective action) to one or more of its members -or external entities- or the internal control of the Company to one or more entities –external or otherwise- or, if the law does not prohibit so, to members of the Board of Directors, while defining the extent of such assignment. Such entities can, through a pertinent provision in the assignment decisions of the Board of Directors, further assign the performance of the powers assigned to them, or part of such powers, to third parties. In any case, the powers of the Board are subject to articles 19 and 99-100 of law 4548/2018, as applied.
2.1.7 If, for any reason, a Director's post becomes vacant due to resignation, death or loss of member capacity for any other reason, the remaining Directors, provided they are at least three (3), shall elect a provisional substitute for the remaining tenure of the substituted Director, on the condition that such substitution is not possible by any substitute members elected by the General Meeting. This election must comply with the disclosure clauses of article 13, law 4548/2018 and is announced by the Board of Directors in the immediate following General Meeting, which may replace the elected entities, even if no such pertinent subject has been included in the daily agenda.
In the event of resignation, death or loss of the membership capacity for any other reason of a member or members of the Board, the remaining members may continue managing and representing the Company without replacing the missing members, as per the previous paragraph, provided that their number exceeds half of the number of the members existing before the above events. In any event, such members cannot be less than three (3). In any event, the remaining members of the Board of Directors, regardless of their number, may call to a general Meeting with the sole purpose of electing a new Board of Directors. The actions of the Board member elected in this way shall be considered valid, even if his election is not later approved by the General Meeting.

2.2 Information about the members of the Board of Directors

2.2.1 The Company Board of Directors elected by the annual Ordinary General Meeting of the shareholders consists of seven members and comprises of the following members:
1) Stylianos Kanakis, son of Dimitrios, President of the Board of Directors and Managing Director (executive member).
2) Eleftheria Kanaki, daughter of Stylianos, Vice President of the Board of Directors and Alternate Managing Director (executive member).
3) Athanasios Syrmos, son of Vasileios, Director (non-executive member).
4) Christos Vatalidis, son of Panagiotis, Director (non-executive member).
5) Seraphim Kalliantasis, son of Georgios, Director (non-executive member).
6) Alexandra Pilatou, daughter of Thomas, Director (independent, non-executive member), and

7) Alexandros - Nektarios Kainourgios, son of Georgios, Director (independent, non-executive member).

The above Board of Directors was elected by the annual Ordinary General Meeting of the Company shareholders which convened on June 26, 2017 and its term ends on June 26, 2022 (relevant entry in the General Commercial Registry, under protocol no. 847036/12,07,2017).

2.3 Audit Committee

2.3.1 The Company, in full compliance with the provisions of article 44 of Law 4449/2017 (Official Gazette A 7 / 24,01,2017), is obliged to establish and maintain an Audit Committee, which consists at least of three (3) members appointed by the General Meeting of Shareholders. At the Annual Ordinary General Meeting of Shareholders held on June 26, 2017, a three-member Audit Committee was set up, consisting of the following natural persons:

1) Mr. Dimitrios Panagotas, of Ioannis, Certified Auditor - Accountant, in suspension;

2) Ms Alexandra Pilatou, of Thomas, independent non-executive member of the Board;

3) Mr. Christos Vatalidis, of Panagiotis, non-executive member of the Board.

2.3.2 The powers and obligations of the Audit Committee consist of the following:

a) monitoring the procedure of financial reporting,

b) monitoring the effective operation of the internal control system and of the risk management system, while also monitoring the proper operation of the unit of internal auditors of the Company,

c) monitoring the course of the compulsory audit of the separate financial statements of the Company,

d) reviewing and monitoring issues that are relevant with the existence and maintenance of objectivity and independence for the lawful auditor or auditing firm, specifically with regard to the provision of additional services to the Company by the lawful auditor or auditing firm, and

e) informing the Board of Directors of the outcome of the statutory audit and explaining the contribution of the statutory audit to the integrity of the financial information.

2.3.3 The mission of the Audit Committee is to ensure the efficiency and effectiveness of corporate operations, and verify the credibility of the financial information provided to investors and Company shareholders, the compliance of the Company with the applicable legislative and regulatory framework, the protection of the Company's investments and assets, and the identification and mitigation of the most important risks.

The far-reaching auditing competencies of the Audit Committee include, among other, the monitoring of the proper and effective operation of the internal control and risk management system, the auditing of the financial statements before the approval thereof by the Board of Directors, the monitoring of the procedure for the provision of financial information followed by the Company, the coordination of the auditing work, and the monitoring of the quality, independence, and performance of Auditors.

2.3.4 During the period of 2018 (01/01/2018-31/12/2018) the Audit Committee met five (5) times.

2.3.5 It is clarified that the Ordinary Auditor of the Company, who audits the annual and interim financial statements, does not provide any other non-auditing services to the Company, neither is he otherwise related to the Company, with the purpose of ensuring objectivity, fairness and independence, with the explicit exception of the assurance services that refer to the conduct of the special tax audit required in accordance with the pertinent clauses of article 65A of law 4172/2013, which leads to the issuing of the "Annual Tax Audit Certificate".

***3. Shareholder General Meeting**

3.1 Method of operation of the General Meeting and key powers

3.1.1 The shareholder General Meeting is the supreme body of the Company, entitled to decide about any corporate issue, issuing decisions about any matter presented to it.

Specifically, the General Meeting is the only competent body to decide about the following:

a) amending of the provisions of the Articles of Association (as modifications are considered the increases, regular or extraordinary, and capital reductions);

b) electing members for the Board of Directors, save from the instance provided for by article 22 of the Articles of Association;

c) electing auditors;

d) approving the Company's annual Financial statements;

e) the appropriation method for the profits for each period;

f) merging, dividing, converting, reinstituting, extending the duration or winding up the Company;

g) the appointment of liquidators; and

h) the approval of the remuneration policy of article 110 and the remuneration report of article 112 of law 4548/2018.

3.1.2 The decisions of the General Meeting are obligatory for any absent or disagreeing shareholder.

3.1.3 The General Meeting of Shareholders is convened by the Board of Directors and meets regularly at the registered offices of the Company or in the region of another Municipality within the Prefecture of registration, at least once per fiscal period by the tenth (10th) calendar day of the ninth month after the end of the fiscal year. The General Meeting may also meet in the district of the Municipality where the seat of the Athens Stock Exchange is located.

The Board of Directors may call the shareholder General Meeting to an extraordinary meeting, when they consider this necessary or when shareholders representing the percentage required under the law and the Articles of Association request so.

3.1.4 The General Meeting, with the exception of the repetitive Assemblies and those equal to such, is called at least twenty (20) complete days before the day scheduled for its Meeting. It is clarified that non-working days are included. The publication date of the invitation and its meeting date are not included.

The shareholders' invitation to the General Meeting must state the date, day, time and location of the Meeting, the subjects of the agenda in a clear manner, the shareholders entitled to participate in, as well as precise instructions about the manner through which the shareholders shall be able to participate in the meeting and exercise their rights personally or through representative or remotely.

An invitation to a General Meeting is not required when shareholders representing the entire share capital are present or represented, provided that none disagrees with its realization and with the issuing of decisions.

3.1.5 The General Meeting meets in quorum and validly about the subjects of the agenda when shareholders representing at least one fifth (1/5) of the paid share capital are present or represented.

If quorum is not achieved, the General Meeting shall convene and meet after twenty (20) days from the date the meeting was cancelled, after inviting the shareholders at least ten (10) days in advance. This repetitive meeting convenes validly about the subjects of the original agenda regardless of the section of the paid capital represented in it.

3.1.6 The decisions of the General Meeting are taken through majority voting, regarding the votes represented in it.

By way of exception, and with regard to decisions concerning the following:

a) change of the Company's nationality;

b) changing the Company's object of operations;

c) increasing shareholder obligations;

d) a regular increase of the share capital, unless it is imposed by law or is performed by capitalization of reserves or by a reduction of the capital, unless it is done according to article 21 paragraph 5 or paragraph 6 of article 49 of law 4548/2018;

e) changing the profit attribution method;

f) extending the term or terminating the Company;

g) merging, dividing, converting, or reinstituting the Company,

h) providing or renewing an authorization to the Board of Directors to increase the share capital or issue a bond loan in accordance with par. 2, article 5 of the Articles of Association;

i) issuing of loan with share-convertible bonds in accordance with article 71, law 4548/2018;

j) any other case for which the law requires that in order for the Shareholder General Meeting to take a decision, the quorum provided for below is required;

the General Meeting meets in quorum and validly about the subjects of the agenda when shareholders representing at least half (1/2) of the share capital paid are present or represented.

3.1.7 The President of the Board of Directors shall chair provisionally the General Meeting. If he is obstructed and cannot perform such duties, he is replaced by his deputy. If the latter is also obstructed, he is replaced by the most senior present director. The secretarial duties for the General Assembly are provisionally performed by a person appointed by the President. After the list of attending shareholders is finalized, the General Meeting elects its Chairman and a Secretary, who also acts as the teller.

3.1.8 The discussions and decisions of the General Meeting are limited to the subjects included in the agenda. Any subject not included in the agenda can be discussed by the General Meeting, on the condition that the decision for including such subject to the agenda shall be unanimous. The procedures for discussing and issuing decisions by the General Meeting are summarized and included in a special book of minutes, signed by its Chairman and Secretary. The Chairman of the General Meeting is obliged, upon request of the shareholders, to include an accurate summary of the opinion of these shareholders in the minutes. In addition, the minutes shall include a list of the attending or represented shareholders; this list shall be prepared in accordance with the clauses of par. 1, article 13 of the Articles of Association.

3.2 Shareholder rights and method of exercise

3.2.1 Rights to participate and vote

3.2.1.1 The shareholders exercise their rights, with regard to the management of the Company, only during the General Assemblies and in accordance with the provisions of the law and Articles of Association. Each share provides the right to one vote in the General Meeting, without prejudice to the clauses of article 50, law 4548/2018, as applied.

3.2.1.2 A person having the shareholder capacity at the beginning of the fifth (5th) day before the date of the General Meeting (record date) is entitled to participate in the General Meeting. The above record date also applies in the case of an adjourned or a repeat meeting, provided that the adjourned or the repeat meeting is not more than thirty (30) days from the recording date. If this is not the case or in the case of the repeat General Meeting, a new invitation is published, according to the provisions of article 130 of law 4548/2018; the person having the shareholder capacity at the beginning of the third (3rd) day before the day of the adjourned or repeat General Meeting shall participate in the General Meeting. Proof of shareholding can be done by any legal means, and based on information received by the Company from the Main Security Depository if it provides registry services or through the participating and registered intermediaries in the Main Security Depository in any other case.

3.2.1.3 With regard to the Company, only a person bearing shareholder capacity at the respective record date is entitled to participate and vote in the General Meeting. In the event of failure to comply with the clauses of article 124, law 4548/2018, the specific shareholder can participate in the General Meeting only after obtaining permission.

3.2.1.4 It is noted that the exercise of such rights (participation and voting) does not require the commitment of the beneficiary’s shares, neither the application of any other similar procedure which could limit the ability of selling and transferring the shares during the period between the record date and the date of the General Meeting.

3.2.1.5 The shareholders participate in the General Meeting and vote either in person or through representatives. Each shareholder may appoint up to three (3) proxies. Legal entities can participate in the General Meeting by appointing as their proxies up to three (3) natural entities. However, if a shareholder holds Company shares appearing in more than one security accounts, this limitation does not obstruct the shareholder from appointing different representatives for the shares appearing in each security account with regards to the General Meeting. A proxy acting on behalf of additional shareholders is entitled to vote differently for each shareholder. The representative of the shareholder is obliged to inform the Company prior the beginning of the General Meeting, about every event that could be of use for the shareholders, in order to assess the risk of allowing the representative serving other interests and not the interests of the represented shareholder. Within the context of the present paragraph, a conflict of interests may apply especially when the proxy:

a) is a shareholder having the control of the Company or is another legal entity controlled by this shareholder,
b) is a member of the Board of Directors or in general of the management of the Company or of a shareholder controlling the Company or of another legal entity controlled by a shareholder controlling the Company,
c) is an employee or certified auditor of the Company or of a shareholder controlling the Company or of another legal entity controlled by a shareholder controlling the Company,
d) is a spouse or first-degree relative with one of the natural entities stated in the above verses, a) to c).
The appointment and revocation of a shareholder representative is performed in writing and is announced to the Company by using the same procedure, at least three (3) days before the meeting date of the General Meeting.

3.2.2 Other shareholder rights

3.2.2.1 Ten (10) days before the Ordinary General Meeting, any shareholder may receive from the Company copies of its annual financial statements and of its Directors and Auditors' Reports. These documents must have been promptly submitted by the Board of Directors to the Company's office.
3.2.2.2 Upon application filed by shareholders representing one twentieth (1/20) of the paid share capital, the Board of Directors is obliged to call to an Extraordinary General Meeting of Shareholders, scheduling a meeting date not later than forty-five (45) days from the day the above application was served to the President of the Board of Directors. This request must include the subjects of the agenda. If no General Meeting is called to by the Board of Directors within twenty (20) days after the pertinent application has been served, such call shall be performed by the applying shareholders, at the Company's expense, through a Court decision, issued through the procedure of injunction. This decision shall include the location and time of the meeting, as well as the agenda. This decision cannot be appealed against by legal remedies.
3.2.2.3 Upon application by shareholders representing one twentieth (1/20) of the paid share capital, the Company's Board of Directors is obliged to include in the agenda of the pertinent General Meeting additional subjects, provided the pertinent application is filed to the Board of Directors fifteen (15) days at least before the General Meeting. Such additional subjects must be published or disclosed, on the Board's responsibility, as per article 122, law 4548/2018, at least seven (7) days before the General Meeting. If these subjects are not published, the applying shareholders are entitled to request for the postponement of the general Meeting, as per par. 5, article 141, law 4548/2018 and perform the publication on their own, as provided for in the previous verse, on the Company's expense.
3.2.2.4 Upon application by shareholders representing one twentieth (1/20) of the share capital paid, the Board of Directors shall make available to the shareholders, as per article 123, par. 3, law

4548/2018, at least six (6) days before the date of the General Meeting, decision drafts for subjects that have been included in the initial or revised agenda, if the pertinent application has arrived to the Board of Directors at least seven (7) days before the date of the General Meeting.

3.2.2.5 Upon application by any shareholder, submitted to the Company at least five (5) complete days before the General Meeting, the Board of Directors is obliged to provide to the General Meeting specific information about corporate affairs, at the level such are relevant to the agenda.

3.2.2.6 Upon application by a shareholder or shareholders representing one twentieth (1/20) of the paid share capital, the Chairman of the Meeting is obliged to adjourn, only once, the issuing of decisions for every or specific subjects by the Ordinary or Extraordinary General Meeting, while scheduling as meeting date for continuing the meeting for these decisions the date stated in the application filed by the shareholders; this cannot be later than twenty (20) days after the day of adjournment. The General Meeting, after the adjournment, shall constitute a follow-up to the previous one, and it shall not be required to repeat the formalities regarding the publication of the shareholders' invitation; new shareholders can also attend in it, provided that the participation formalities are met.

3.2.2.7 Upon application filed by shareholders representing one twentieth (1/20) of the paid share capital, which must be submitted to the Company five (5) complete days before the ordinary General Meeting, the Board of Directors is obliged to announce to the General Meeting the amounts that have been paid during the past two years for any reason by the Company to members of the Board of Directors or to its Directors or other employees, including any other Company contract concluded for any reason with the same persons. In addition, upon application by any shareholder that is submitted as per above, the Board of Directors is obliged to provide the specific information requested with regards to Company affairs at the level such information are useful for the actual assessment of the agenda. The Board of Directors may refuse to provide information required for any sufficient reason, which is noted in the minutes. Such reason may include, depending on the specific case, the representation of the applying shareholders in the Board of Directors, as per articles 79 or 80 of law 4548/2018.

3.2.2.8 Upon application by shareholders representing one tenth (1/10) of the share capital paid, submitted to the Company within the deadline set in the previous paragraph, the Board of Directors is obliged to provide to the General Meeting information pertinent to the course of corporate affairs and the assets of the Company. The Board of Directors may refuse to provide information required for any sufficient reason, which is noted in the minutes. Such reason may include, depending on circumstances, the representation of the

applicant shareholders in the Board of Directors, as per paragraphs 79 or 80, law 4548/2018, on the condition that the members have received the relevant information in a satisfactory manner.

3.2.2.9 In case of an application filed by shareholders representing one twentieth (1/20) of the paid capital stock, the issuing of a decision with regards to any matter of the agenda of the General Meeting shall be performed through roll call.

3.2.2.10 Company shareholders, representing one twentieth (1/20) of the paid share capital, are entitled to request an audit for the Company from Court; the above court shall try through the process of voluntary jurisdiction. The audit shall be ordered if actions are suspected that violate clauses of the laws, Articles of Association or of the decisions taken by the General Meeting.

3.2.2.11 Company shareholders representing at least one fifth (1/5) of the share capital paid are entitled to request an audit of the Company by the competent Court, as stated in the previous paragraph, if it is concluded, from the specific indications that the management of corporate affairs was not following the principles of proper and prudent management. The court may consider that the representation of the requesting shareholders in the Board of Directors in accordance with Articles 79 or 80 does not justify the shareholders' request.

*4. System of internal control and risk management

4.1 Main features of the internal control system

4.1.1. The internal control of the Company is conducted by the Internal Control Division and is conducted in accordance with the control schedule included in the Company Bylaws.

The basic objective of the Company's Management is to ensure through the application of suitable internal control systems that the entire organization of the Group is capable of dealing quickly and with efficiency the risks at the moment they come up, and take all necessary and suitable steps in order to mitigate any negative consequences thereof.

It must be noted that the control based on which the pertinent Report is prepared, is conducted within the regulatory framework of law 3016/2002 as applied, and specifically in accordance with articles 7 and 8 of this law, as well as based on decision 5/204/14-11-2000 issued by the Board of the Hellenic Capital Market Commission, as applied after being amended by the same Board decision, no. 3/348/19-07-2005.

4.1.2 When conducting the control, the Division of internal control has access to every necessary book, registration, file, bank account and portfolio of the Company, while requesting the complete and constant cooperation of Management in order to obtain every required information and detail, with the purpose of ensuring that the final Report shall be free from substantial inaccuracies with regards to its information and conclusions. This control does not include any evaluation of the suitability of the accounting policies

applied, or of the fairness of the evaluations performed by Management, since the above are reviewed by the lawful auditor of the Company.

4.1.3 The object of the control is to evaluate the general level and the procedures of operations of the system of internal control. During each controlled period, certain fields - areas of control are selected, while the operation and structure of the Company Board of Directors are controlled on a permanent basis, along with the operation of two key Divisions, operating based on the clauses of law 3016/2002, i.e. the Investor Relations Division and the Division for Corporate Announcements.

4.1.4 It is noted that the internal control and risk management risks provide a reasonable and not absolute safety, since they are designed in order to limit the possibility of the relevant risks, without though being capable of completely eliminating them.

4.2 Management of Company risks with relation to the procedure for preparing the financial statements

The Company has developed and has been applying policies and procedures with regards to the preparation of the financial statements with the purpose of ensuring the credibility thereof, along with compliance with the rules and regulations governing the preparation and publication thereof.
These procedures refer to the proper control and registration of the incomes and of all types of expenses, along with the systematic monitoring of the position and value of the company's assets.
The policies and procedures established are evaluated and redefined if it is found that they are lacking or if changes in the pertinent legislation require it.
At the end of each accounting period, and based on the obligations set by the pertinent legal clauses, the Financial Department of the Company takes the necessary actions for the lawful preparation of the required financial statements.
The established policies and procedures with regards to the preparation of the financial statements refer to the following, among others:

- procedures for closing accounting periods which include the submission deadlines, the various responsibilities, the classification and analysis of accounts, and information about the required disclosures,
- agreements with the balances of the Clients and Supplier's accounts, as well as of the various receivables and payables of the Company on a regular basis,
- Procedures ensuring that the transactions are recognized in accordance with the International Financial Reporting Standards,
- agreements of the accounts of the bank accounts and loan accounts kept by the Bank in approved Banks on a monthly basis,
- controls and agreements of cheques receivables and payables,
- formation of provisions for Company receivables and payables if the pertinent vouchers have yet to be presented,
- conduct of inventorying and control of imports - exports in the warehouses on a monthly basis,
- procedure for controlling and agreeing on the sales and issued vouchers,
- application of policies and procedures with regards to important markets, payment and collection procedures, managing inventories, etc.,
- establishment of procedures for registrations by different persons within the context of separating duties,
- approvals and procedures for the proper registration of Company expenses in the accounts of the applied chart of accounts and in the proper cost centre,

- procedures for approving the acquisition, registration and monitoring of fixed assets and for conducting the required depreciations,
- procedures for monitoring and handling personnel and the payables resulting from payroll,
- procedures ensuring the proper use of the charter of accounts applied by the Company and that the access and changes to it through the Company's I.T. system are performed strictly by authorized users, within a specific area of responsibility.

The I.T. system used by the Company is constantly developed and upgraded through a close collaboration with a renowned I.T. company, in order to be fully adjusted to the Company's constantly expanding and specialized needs, with the purpose of supporting its long-term objectives and perspectives.

<u>*5. Other Company managing, supervising bodies or committees</u>

Currently, there are no other Company management or supervising bodies or committees

<u>*6. Additional information</u>

6.1 Article 10, par 1, of Directive 2004/25/EC of the European Parliament and of the Council, dated April 21, 2004, on takeover bids, requires the following with regards to companies admitted to trading on regulated market:

"1. The member states ensure that the companies mentioned in article 1, par. 1, publish analytical information with regard to the following:

a) the structure of their capitals, including any securities that are not listed for trading in an regulated market of a member state, and, as necessary, indication of the various categories of shares, along with the rights and obligations connected with each category of shares and the rate of the total share capital represented;

b) every limitation in the transfer of securities, such as limitations in the possession of shares or obligation to obtain approval by the company or by other shareholders, without prejudice to article 46 of Directive 2001/34/EC;

c) any significant direct or indirect participations (including the indirect participations through collective investment undertakings) as per article 85 of Directive 2001/34/EC;

d) the holders of any types of securities providing special control rights and description of such rights;

e) the control mechanism that may be in place in an employer investment scheme, provided the control rights are not exercised directly by employees;

f) any restrictions on the voting right (such as restrictions on the voting rights for holders of a specific percentage or number of votes, the deadlines for voting or systems whereby, with the Company's cooperation, the financial rights deriving from shares are separated from the holding of shares);

g) the agreements made between shareholders that have been disclosed to the company and may result to limitations in the transfer of shares and/or voting rights, as per Directive 2001/34/EC;

h) the regulations concerning the appointment and the substitution of members of the Board of Directors, as well as with regard to the amendment to the Articles of Association;
i) the authorities of the members of the Board, specifically with regard to the ability to issue or buy back shares;
j) any significant agreement in which the company is participating and which shall enter into effect, shall be amended or expires in the event of change in the control of the company following a public takeover offer and the results of such agreement, unless, due to its nature, its disclosure would result to significant damages for the company. k) This exception does not apply when the company is expressly obliged to disclose similar information based on other legal requirements;
l) any agreement concluded by the company with the members of the its Board or with its personnel with provides for indemnity in the event of resignation or dismissal without reasonable grounds, or if their employment is terminated due to a public takeover bid"
6,2 The above information are analytically presented in Section D' of the present CG, to which you are referred in order to avoid needless repetitions. With regards to verses c', d', f', h' and i' of par. 1, article 10, the Company has the following to state:
with regard to verse c': the Company does not own any significant direct or indirect shareholdings in other companies.
Furthermore, the significant direct or indirect shareholdings in the share capital and voting rights of the Company, as provided for by the clauses of articles 9 to 11, law 3556/2007, based on the relevant disclosures made ot the Company, are the following:
- Stylianos Kanakis: 5,422,932 shares and voting rights (72.31%),
- Maria Kanaki: 600,000 shares and voting rights (8.00%),
- with regard to verse d': there are no kinds of securities (including shares), providing special control rights.
- with regard to verse f': there are no known restrictions on the voting right (such as restrictions on the voting rights for holders of a specific percentage or number of votes, deadlines for voting or systems whereby, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of securities). With regard to the exercise of the voting rights during the General Meeting, there is an analytical description in Section 3 of the present Statement of Corporate Governance.
- with regard to verse h': with regard to the appointment and replacement of the Company's Board members, and the amendment of its Articles of Association, there are no rules different to the provisions of law 4548/2018 as applied. These rules are analytically described in Section 2,1 of the present Statement of Corporate Governance.
- with regard to verse i': there are no special powers for the members of the Board of Directors with regard to the issuing or buying back shares. It is noted that pursuant to a relevant decision of the Annual General Meeting of the Company's Shareholders dated 11/06/2018, the power to purchase own shares of the Company was provided to the Company's Board of Directors within the framework of article 16 of the previous cod. law 2910/1920 and in accordance with the following conditions and

restrictions: i.e. the program must be realized within a period of 24 months from the date of the decision, that is no later than 11/06/2020, to acquire a maximum of seven hundred and fifty (750,000) common, registered shares representing a percentage of 10% of the total existing shares of the Company with a purchase price range of two euros (€2.00) per share (minimum) and five euros (€5.00) per share (maximum). At the end of the current period the Company did not hold any equity shares.

The present Statement of Corporate Governance in an integral and special part of the Company's Annual Directors' Report.

Acharnes, March 20, 2019

The Company's Board of Directors

VERIFICATION BY CERTIFIED AUDITOR – ACCOUNTANT

It is hereby verified that the above annual Report of the Board of Directors, consisting of 49 pages, is the one referred to in the Audit Report I issued on 21/03/2019.

Athens, 21 March 2019

The Certified Auditor - Accountant

Serafeim D. Makris

SOEL Reg. no. 16311

Associate Certified Public Accountants (SOL) S.A.

member of Crowe Horwath International

3 Fok. Negri, 11257 Athens

S.O.E.L. (Institute of Certified Public Accountants of Greece) reg. no. 125

Independent Auditor's Report

To the Shareholders of "STELIOS KANAKIS S.A."

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **STELIOS KANAKIS S.A. (the Company), which comprise the statement of financial position as at 31 December 2018**, the statements of 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 financial statements present fairly, in all material respects, the financial position of **STELIOS KANAKIS S.A**. as at 31 December 2018, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated into the Greek Legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company throughout our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek Legislation and the ethical requirements that are relevant to the audit of the financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the current legislation and the above-mentioned 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 financial statements of the audited period. These matters and the related risks of material misstatement were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Addressing the audit matter
1. Recoverability of trade receivables	
At 31.12.2018 the trade receivables of the Company amount to € 7.754 thousand (€ 8.041 thousand at 31.12.2017) while the related accumulated impairment amounts to € 1.213 thousand (€ 1.100 thousand at 31.12.2017). Applying from 1 January 2018, the new accounting standard IFRS 9, management assesses the recoverability of the Company's trade receivables and makes an estimate of the required impairment provision for the expected credit losses. Management assesses the recoverability of the Company's trade receivables and makes an estimate of the required provision for doubtful receivables so as these to be carried at their recoverable amount. Moreover, management assesses the estimated provision based on targeted review of customers accounts, taking into account its experience, with respect to the current economic conditions as well as the collateral and guarantees received from specific customers. We consider the assessment of the recoverability of the Company's trade receivables to be one of most significance matter, on the one hand because the trade receivables are the main item of the Assets and secondly because of the Management's critical estimates and judgments. Information concerning the company's	Our audit approach included among other also the following procedures: • Understanding of the process with respect to monitoring the trade receivables and the factors taken into account for the estimation of the provision for impairment. We assessed whether the process is in line with the related accounting standards. • Assessment of the management's estimate with respect to the recoverability of trade receivables. • The receipt of third party confirmation letters for a representative sample of trade receivables and implementation of procedures subsequent to the date of the financial statements for collections against the year-end balances. • Assessment of the customers aging analysis and the Company's estimate for the provision. • Assessment of the effects from the adoption of IFRS 9 in the closing year which led to a respective adjustment of the Company's accounting policy, in addressing the impairment losses for the trade receivables. • In addition, we assessed the adequacy and the appropriateness of the disclosures in note 10 to the financial statements.

accounting policies for trade receivables is referred to in note 10 of the annual financial report.	

Key audit matter	**Addressing the audit matter**
2. Inventories	
At 31.12.2018 the Company inventory value amounted € 2.904 thousand (€ 2.666 thousand at 31.12.2017). Inventory items are measured at a lower of cost and net realizable value as referred to in the Company's accounting policies. Net realizable value is the estimated selling price less any related selling expenses. Based on the above, the Company Management makes appropriate estimates, based on seasonality of the items, their movement recorded within the year and plans for the following season. We consider the assessment of the valuation of the Company inventories to be one of most significance matter, on the one hand because the inventories are a significant item of the Assets and secondly because of the Management's critical estimates and judgments for the determination of their net realizable value. Information concerning the company's accounting policies for inventories is referred to in note **3.4** of the annual financial report.	We assessed the reasonableness of the Management's assumptions used for the inventories valuation including: • Recording and examining procedures and internal control for inventory management designed by the Company's Management with regard to inventories. • Monitoring the inventory counting process and performing physical inventory at the central warehouse. • Comparison of the inventories net realizable value, which arises from sales after the end of the reporting period. • Carrying out analytical procedures with regard to the movement of inventories and the identification of inventories with low marketability (or movement) as well as examination of their aging. • Sample confirmation of the correct determination of the acquisition cost of inventories.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report for which reference is made to the "Report on other Legal and Regulatory Requirements", to the Statements of the Members of the Board of Directors and to any other information which either is required by specific legal provisions either the Company has optionally incorporated into the provided by the L. 3556/2007 Annual Financial Report, but does not include the financial statements and the auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (art. 44 L. 4449/2017) of the Company is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 into the Greek Legislation, 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 financial statements.

As part of an audit in accordance with ISAs as incorporated into the Greek Legislation, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements of the audited 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 the Corporate Governance Statement included in this report, according to the provisions of paragraph 5 of article 2 (part B') of L. 4336/2015, we note that:

a) The Board of Directors' Report includes the Corporate Governance Statement that provides the data and information defined under article 43bb of cod. L. 2190/1920.

b) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the article 43a and the paragraph 1 (cases c' and d') of the article 43bb of cod. L. 2190/1920 and its content corresponds with the accompanying financial statements for the year ended 31/12/2018.

c) Based on the knowledge we obtained during our audit of STELIOS KANAKIS S.A. and its environment, we have not identified any material misstatements in the Board of Directors' Report.

2. Additional Report to the Audit Committee

Our audit opinion on the accompanying financial statements is consistent with the Additional Report to the Company's Audit Committee referred to in Article 11 of European Union (EU) Regulation 537/2014.

3. Provision of Non-Audit Services

We have not provided to the Company the prohibited non-audit services referred to in Article 5 of EU Regulation 537/2014 or other permitted non-audit services.

4. Auditor's Appointment

We have been appointed for the first time statutory auditors of the Company by the dated 28 June 1996 decision of the annual ordinary general meeting of shareholders. Since then, our appointment has been constantly renewed for a total period of 23 years based on the annual decisions of the Annual General Meetings of the Company Shareholders.

Athens, 21 March 2019

Serafeim D. Makris
Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 16311

Associate Public Certified Accountants S.A.
Member of Crowe Horwath International
3 Fok. Negri Str., 11 257 Athens
SOEL Reg. no: 125

Annual Financial Statements
Profit & Loss statement

	Note:	Period 1.01-31.12.2018	1.01-31.12.2017
Turnover	16	20.182.368,10	19.742.557,24
Cost of sales	18	-13.305.456,04	-12.977.905,75
Gross profit		**6.876.912,06**	**6.764.651,49**
Other operating incomes	17	352.940,28	509.888,47
Administrative expenses	18	-840.130,64	-589.622,91
Cost of sales	18	-3.264.822,33	-3.330.641,75
Other operating expenses		-122.940,76	-216.218,31
Operating results		**3.001.958,61**	**3.138.056,99**
Financial income		19.600,76	10.321,38
Financial expenses	18	-21.538,66	-19.376,28
Profits before taxes		**3.000.020,71**	**3.129.002,09**
Income tax	19	-859.576,28	-931.114,91
Profits after taxes (A)		**2.140.444,43**	**2.197.887,18**
Company shareholders		**2.140.444,43**	**2.197.887,18**
Basic earnings per share	**28**	**0,2854**	**0,2931**

Statement of Comprehensive Income

	1.01-31.12.18	1.01-31.12.17
Profits after taxes	2.140.444,43	2.197.887,18
Assets that will not be entered in the future in the income statement		
Actuarial profits / (losses) from defined benefit pension plans	-154.023,16	0,00
Deferred tax income (expense) of pension plans	38.505,79	0,00
Earnings from fair value adjustments of owner-occupied property	122.079,01	0,00
Deferred income tax (expense) from revaluation of property	-30.519,75	0,00
Correction of revaluation reserve from tax rate cut	8.988,68	0,00
Total other total comprehensive income after taxes (B)	**-14.969,43**	**0,00**
Total period comprehensive income after taxes (A) + (B)	**2.125.475,00**	**2.197.887,18**

	1.01-31.12.2018	1.01-31.12.2017
Definition of account "Earnings before interest, taxes, depreciation and amortization (EBITDA)"		
Profits before taxes	3.000.020,71	3.129.002,09
Financial income	-19.600,76	-10.321,38
Financial expenses	21.538,66	19.376,28
Period depreciations	107.650,30	120.823,78
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**3.109.608,91**	**3.258.880,77**

Statement of Financial Position

		Balances	
Non-current assets	**Note:**	**31/12/2018**	**31/12/2017**
Own-used tangible assets	**6**	6.083.506,54	6.026.135,68
Intangible assets	**7**	19.367,08	3.807,07
Other non-current assets		17.984,61	18.068,03
Total non-current assets		**6.120.858,23**	**6.048.010,78**
Current assets			
Inventories	**9**	2.903.662,30	2.665.981,08
Trades and other trade receivables	**10**	6.541.108,75	6.940.927,06
Other receivables	**11**	1.313.915,54	1.493.948,29
Cash and cash equivalents	**12**	8.230.388,47	7.659.581,41
Total current assets		**18.989.075,06**	**18.760.437,84**
Total assets		**25.109.933,29**	**24.808.448,62**
Share capital	**13**	2.475.000,00	4.575.000,00
Share premium account	**13**	458.596,86	458.596,86
Other reserves	**13**	1.509.214,35	1.397.214,35
Profit carried forward	**13**	15.841.132,79	13.944.961,73
Valuation differences	**13**	349.621,66	249.073,72
Net worth total		**20.633.565,66**	**20.624.846,66**
Provisions for retirement benefits	**14**	362.980,57	188.676,25
Deferred tax liabilities	**8**	258.562,95	284.047,53
Long-term liabilities		6.792,66	11.719,06
Other provisions		35.000,00	35.000,00
Total non-current liabilities		**663.336,18**	**519.442,84**
Short-term loans		0,00	0,00
Current income tax		819.891,48	913.613,59
Suppliers and other liabilities	**15**	2.993.139,97	2.750.545,53
Total current liabilities		**3.813.031,45**	**3.664.159,12**
Total net worth and liabilities		**25.109.933,29**	**24.808.448,62**

Statement of Changes in Equity

	Share Capital	Share premium account	Ordinary reserve	Other reserves	Balance	Balance carried forward	Total
Balance on 01/01/2018 as per IFRS	4.575.000,00	458.596,86	1.331.000,00	66.214,35	249.073,72	13.944.961,73	20.624.846,66
Change in accounting policy (I.F.R.S. 9)	0,00	0,00	0,00	0,00	0,00	-16.756,00	-16.756,00
Adjusted balance on 01/01/18	**4.575.000,00**	**458.596,86**	**1.331.000,00**	**66.214,35**	**249.073,72**	**13.928.205,73**	**20.608.090,66**
Changes in equity for 2018							
Adjustment of assets to fair value	0,00	0,00	0,00	0,00	122.079,01	0,00	122.079,01
Less attributable deferred tax	0,00	0,00	0,00	0,00	-30.519,75	0,00	-30.519,75
Appropriation of profits of 2017 - ordinary reserve	0,00	0,00	112.000,00	0,00	0,00	-112.000,00	0,00
Correction of asset revaluation differences due to change in tax rate	0,00	0,00	0,00	0,00	8.988,68	0,00	8.988,68
Actuarial losses on provisions for personnel compensation	0,00	0,00	0,00	0,00	0,00	-154.023,16	-154.023,16
Less attributable deferred tax	0,00	0,00	0,00	0,00	0,00	38.505,79	38.505,79
Share capital reduction	-2.100.000,00	0,00	0,00	0,00	0,00	0,00	-2.100.000,00
Net 2018 period results	0,00	0,00	0,00	0,00	0,00	2.140.444,43	2.140.444,43
Equity balance on 31/12/2018	**2.475.000,00**	**458.596,86**	**1.443.000,00**	**66.214,35**	**349.621,66**	**15.841.132,79**	**20.633.565,66**

Statement of Changes in Equity

Balance on 01/01/2017 as per IFRS	**5.175.000,00**	**458.596,86**	**1.223.000,00**	**66.214,35**	**249.073,72**	**11.855.074,55**	**19.026.959,48**
Changes in equity for 2017							
Adjustment of assets to fair value	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Less attributable deferred tax	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Appropriation of profits of 2016 - ordinary reserve	0,00	0,00	108.000,00	0,00	0,00	-108.000,00	0,00
Correction of revaluation differences due to change in tax rate	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Actuarial losses on provisions for personnel compensation	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Less attributable deferred tax	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Share capital reduction	-600.000,00	0,00	0,00	0,00	0,00	0,00	-600.000,00
Net 2017 period results	0,00	0,00	0,00	0,00	0,00	2.197.887,18	2.197.887,18
Equity balance on 31/12/2017	**4.575.000,00**	**458.596,86**	**1.331.000,00**	**66.214,35**	**249.073,72**	**13.944.961,73**	**20.624.846,66**

Cash flow statement

	1.01-31.12.2018	1.01-31.12.2017
<u>**Operating activities**</u>		
Profits before tax (going concern)	**3.000.020,71**	**3.129.002,09**
Plus / minus adjustments for:		
Depreciations	107.650,30	120.823,78
Provisions	112.546,33	150.000,00
Results (incomes, expenses, profits and losses) of investments	0,00	0,00
Debit interest and related expenses	21.538,66	19.376,28
Plus/ minus adjustments for changes in the working capital accounts, or related to operating activities:		
Decrease (increase) of stock	-237.681,22	255.867,60
Decrease / (increase) of receivables	431.031,39	-338.236,54
(Decrease) / increase of payables (excluding banks)	210.201,63	-482.613,51
Minus:		
Debit Interest and related expenses paid	-21.538,66	-19.376,28
Income tax paid	-914.956,68	-1.012.544,82
Total inflows / (outflows) from operating activities (a)	**2.708.812,46**	**1.822.298,60**
Investments		
Purchase of tangible and intangible fixed assets	-58.502,16	-111.145,62
Collections from payments of tangible and intangible assets	0,00	239,99
Interest received	19.600,76	10.321,38
Total inflows / (outflows) from investments (b)	**-38.901,40**	**-100.584,25**
Financing activities		
Collections from loans	0,00	0,00
Payments for share capital reduction	-2.099.104,00	-599.844,30
Loan repayments	0,00	0,00
Dividends paid	0,00	0,00
Total cash inflows / (outflows) from financing activities (c)	**-2.099.104,00**	**-599.844,30**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**570.807,06**	**1.121.870,05**
Cash and cash equivalents at beginning of period	**7.659.581,41**	**6.537.711,36**
Cash and cash equivalents at end of period	**8.230.388,47**	**7.659.581,41**

Notes on the financial statements

1. Background

The Société Anonyme (S.A.) titled "STELIOS KANAKIS S.A." (hereinafter referred to as the "**Company**" or "**STELIOS KANAKIS**" is a purely commercial company, active mainly in the field of marketing and promoting raw materials for pastry, bakery and ice-cream. The products represented, distributed and handled are imported from countries of West Europe, mainly from France, Belgium, Germany, Denmark and Italy. The facilities and the registered seat of the Company are located in the Municipality of Acharnes, at 4 Anemonis Street, Postcode 136 78, and its branch is located in Sindos Industrial Area, , Thessaloniki, Zone C', Building Block 38, Postcode 57022. The company has been set up as a Société Anonyme; the address of its lawfully registered in the General Commercial Registry corporate website is www.stelioskanakis.gr and the company has been listed in Athens Stock Exchange (date of listing: 18,07,2002), with the share code in OASIS of "KANAK".

2. Summary of important accounting policies

The major accounting policies followed during the preparation of the annual financial statements are presented below. The accounting policies have been applied consistently over all periods, unless stated differently.

2.1 Drafting framework for the financial statements

The annual financial statements regarding the period ending on December 31, 2018 have been prepared in agreement with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) and present the financial position, the results, and the cash flows of the Company based on the principle of going concern. Considering the above issues, the Management of the Company believes that:

a) the principle of going concern serves as the suitable basis for the preparation of the present financial information;

b) the assets and liabilities have been presented fairly, in agreement with the accounting principles applied by the Company.

The preparation of the financial statements in agreement with the International Accounting Standards requires judgement by the Management of the Company as well as estimates in the procedure for the application of the accounting principles to calculate the various accounting figures.

The fields requiring extensive subjective judgement or that are of increased complexity, or where the assumptions or estimates are important for the financial statements have been noted in Note 4 "Major accounting estimates and assumptions".

These estimates are based on the perception of the events and actions by the Company Management and the actual events could be different from these estimates.

2.2 Adoption of new and revised International Standards

New standards, amendments to standards and interpretations have been issued and must be applied to annual fiscal periods starting from January 1, 2018 or later. The impact from the application of these new standards as well as the changes in the accounting principles is described below.

2.2.1 Standards and Interpretations that are compulsory for the closing fiscal period

IFRS 9 "Financial instruments"

IFRS 9 replaces the provisions of IAS 39 concerning the classification and measurement of financial assets and liabilities, while also including a model for anticipated credit losses that replaces the model of actual credit losses that was applied based on IAS 39. In addition, IFRS 9 establishes an approach for principle-based accounting hedging and treats the inconsistencies and weaknesses of the previous model of IAS 39.

The Company has applied the Standard from 1 January 2018 retrospectively without reviewing comparative information from previous years. Therefore, the adjustments resulting from the new impairment rules do not appear in the financial position of 31 December 2017 but were recognized in the financial position beginning 1 January 2018.

In addition, the Company applied the simplified approach of IFRS 9 for the impairment of expected credit losses on trade and other receivables balances at the date of initial application. The result of the requirements of the new standard was the increase in provisions for impairment by € 16,756.00 with a corresponding (insubstantial) effect on the opening of the account "Retained earnings". The impact on the use of 2018 was insignificant. (Note 10 of the Financial Statements)

There has been no other impact on the classification and measurement of the Company's financial receivables and payables.

IFRS 15 "Revenue from Contacts with Customers"

IFRS 15 was issued in May 2014. The purpose of this standard is to provide a unified and well-understood model to identify revenue from all customer contracts, with the purpose of improving comparability between the companies of the same branch, of different branches, and of different capital markets. It includes the principles that must be applied by a financial entity in order to specify the measurement of revenue and the time of recognition thereof. The basic principle is that a financial entity recognises the revenue in a manner that shows the transfer of the goods or services to the customers at the amount expected to be entitled in return for such goods or services.

IFRS 15 applies to all contracts with customers except those that fall within the scope of other standards such as:

- financial instruments and other contractual rights or obligations within the scope of IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures", leases within the scope of IAS 17 "Leases" (or IFRS 16 "Leases") and Insurance Contracts within the scope of IFRS 4 "Insurance Contracts"

This amendment did not affect the financial statements of the Company.

IFRS 2 (Amendments) "Classification and measurement of share-based payments"

This amendment provides clarifications regarding the measurement basis in terms of share-based payments that are settled in cash along with the accounting handling regading to amendments to terms converting a cash payment to a payment settled with participatory titles. In addition, they introduce an exemption with regard to the principles of IFRAS 2, based on which a payment must be treated as if it is going to be settled completely through participatory titles, in the cases where the employer is obliged to retain an amount to cover the tax obligations of the employees resulting from share-based payments and pay it to the tax authorities.

IAS 40 (Amendments) "Transfers of Investment Property"

These amendments clarify that in order to perform a transfer to or from investment property, a change in use must have taken place. In order to consider that a change has taken place in the use of a property, it must be assessed whether or not the property meets the definition and the change in the use can be documented.

IFRIC 22 "Transactions in Foreign Currency and Advance Consideration"

The IFRIC provides guidance on how the transaction date is determined when the foreign currency transactions standard, IAS 21, is applied. The Interpretation applies when an entity either pays or receives a consideration in advance for contracts denominated in a foreign currency. The implementation of the above interpretation did not have an impact on the financial statements of the company.

Annual Improvements to IFRS 2014 (2014 - 2016 Cycle)

IAS 28 "Investments in Associates and Joint Ventures"

The amendments provide clarifications regarding the fact that when organisations managing investment funds, mutual funds, and entities with similar activities apply the option of measuring investments in associates or joint ventures at a reasonable value through results, this choice must be made separately for each associate or joint venture at initial recognition.

2.2.3 Compulsory Standards and Interpretations for later periods

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019).

The amendments allow companies, if they meet a particular condition, to measure financial assets with prepayment right and negative compensation undepreciated cost or at fair value through other comprehensive income instead of fair value through profit or loss. The company is currently examining the impact of these amendments.

IFRS 16 "Leases" (applies to periods starting on or after January 1, 2019).

IFRS 16 was issued in January 2016 and replaces IAS 2017. The purpose of this standard is to ensure that lessors and lessees provide useful information, presenting in a fair manner the essence of the transactions that refer to leases. IFRS 16 introduces a single model for accounting, from the lessee's part, which requires from the lessee to acknowledge assets and liabilities for all leases lasting for more than 12 months, unless the asset in question is of insignificant value. With regard to accounting from the lessor's part, IFRS 16 basically integrates the requirements of IAS 17. To this end, the lessor continues classifying the lease agreements as operating or financing leases, and applies different accounting operations for each type of agreement.

The Company will adopt the standard from the mandatory date of application, i.e. 1 January 2019 and will apply the standard on the basis of the simplified method without reformulating the comparative amounts. Also, the Company will make use of the exception for short and low-value leases.

Based on its assessment, the Company estimates that it will recognize approximately €160 thousand as an entitlement to use an asset with a corresponding liability. This entitlement derives from contracts signed with the transport vehicle leasing companies.

The incremental borrowing cost was estimated at 2%. The impact on EBITDA from the implementation of the standard will be positive at approximately €50 thousand.

IAS 28 (Amendments) "Long-term Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019).

The amendments clarify that entities should account for their long-term interests in an associate or joint venture - to which the equity method does not apply - based on IFRS 9. These amendments have not been adopted by the European Union yet.

IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019)

This interpretation provides explanations regarding the recognition and measurement of the current and of the deferred income tax when there is uncertainty regarding the tax treatment of certain assets. IFRIC 23 applies to all aspects of accounting for income tax, when there is such an uncertainty, including the taxable profit / loss, the tax base of assets and liability, the tax profits and the tax losses, and tax rates.

IAS 19 (Amendments) "Plan Amendment, Curtailment or Settlement" (effective for annual periods beginning on or after 1 January 2019)

The amendments specify how entities should determine the retirement costs when changes are made to defined benefit pension plans. These amendments have not been adopted by the European Union yet.

IAS 3 (Amendments) "Definition of business combinations" (this applies to periods starting on or after 01 January 2020).

The new definition focuses on the concept of performance of an enterprise in the form of providing goods and services to customers, as opposed to the previous definition that focused on returns in the form of dividends, lower costs or other economic benefits to investors and other parties. These amendments have not been adopted by the European Union yet.

IAS 1 and IAS 8 (Amendments) "Determination of the substance" (effective for annual periods beginning on or after 1 January 2020).

The amendments clarify the definition of the substance and how it should be used, supplementing the definition with instructions that have been provided so far in other parts of the IFRS. In addition, the clarifications accompanying the definition have been improved. Finally, the amendments ensure that the definition of the substance is consistently applied to all IFRSs. These amendments have not been adopted by the European Union yet.

Annual improvements to IFRS (Cycle 2015-2017) (applicable to annual periods beginning on or after 1 January 2019).

The amendments listed below include changes to four IFRSs. These amendments have not been adopted by the European Union yet.

IFRS 3 "Business Combinations"

The amendments clarify how an entity remeasures its previously held share in a jointly controlled activity when it acquires control of that entity.

IFRS 11 "Joint Arrangements"

The amendments clarify how an entity does not remeasure its previously held share in a jointly controlled activity when it acquires joint control of that entity.

IAS 12 "Income taxes"

The amendments clarify how an entity accounts for all effects on income tax from dividend payments in the same way.

IAS 23 "Borrowing Costs"

The amendments clarify how an entity treats as part of general borrowing any loan specifically committed to the development of an asset when that asset is ready for its intended use or sale.

3. Significant accounting principles

Tangible assets

Real estate (land and buildings) is measured at its fair value, which is carried out at least every four (4) years, and is carried out by independent valuers unless more specific circumstances require this be carried out within a shorter period of time. The remaining tangible assets are evaluated at the acquisition value thereof, less any accumulated depreciations and impairment losses.

Increases in the book value of the tangible assets, resulting from adjustments of the fair value are registered in the reserves of the equity capitals. Any reductions in the book value are realized by reducing reserves, if such reserve for this asset had been formed in the past. Any reductions exceeding the value of the reserve, as well as any reductions in the book value of the assets, for which there is no revaluation reserve, are registered in results as an expense.

The difference between the depreciations performed over the revaluated value of the tangible assets, registered in expenses, and the depreciations based on the acquisition value of tangible assets, is transferred from the revaluation reserve to the retained profits account, through the complete depreciation or sale thereof.

The value of the fields – properties cannot be amortized; the depreciations of the other elements of the tangible assets are calculated with the fixed method during their useful life, which is as follows:

- Buildings	55 – 65	Years
- Plant	8-10	Years
- Vehicles	8-10	Years
- Other equipment	5-7	Years

Residual values and useful lives of tangible fixed assets are subject to re-examination in each annual Balance Sheet.
The registration of additions in Company books is performed at acquisition value, which includes all directly related expenses for acquiring the assets.
Later expenses are registered by increasing the book value of the tangible fixed assets, only if it is estimated that there shall be financial benefits in the future for the company, and that the cost thereof can be realistically evaluated. Any repairs and maintenances, when performed, are registered against results of operations.

Intangible assets

Software licenses are evaluated at acquisition value, minus amortizations. Amortizations are performed using the fixed method during the useful life of such assets, which varies between 4 - 5 years.

Deferred income tax

Deferred income tax is defined by the liability method resulting from the provisional differences between the book value and the tax base of assets and liabilities.
Deferred tax is defined by the tax rates applicable on the reporting date.
Deferred tax liabilities are registered at the extent where a future taxable profit will come up from using the temporary difference creating the deferred tax liability.

Inventories

Inventories are evaluated at the lowest value between acquisition value and net realisable value. Acquisition value is defined by the method of weighted average. Borrowing cost is not included in the acquisition value of inventories. The net realisable value is estimated in accordance with the current sale prices of inventories in the context of usual business activity, after deducting any sales expenses.

Trades and other trade receivables

Receivables are initially registered at the fair value thereof and are later valuated at amortized cost, using the effective interest rate while deducing any impairment losses. Impairment losses (losses from doubtful demands) are recognized when there is proof that the Company cannot collect all amounts due based on contractual terms. The amount of the impairment loss is the difference between the book value of the receivables and the current value of the estimated future cash flows, after being discounted at the initial effective interest rate. The amount of the impairment loss is recognized as an expense in the income statement. In the year 2018, for determining the impairment of receivables the IFRS 9 expected credit loss model was applied for the first time.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and short-term, up to 3 months, investments of high liquidity and low risk.

Exchanges in foreign currency

Any exchanges noted in a foreign currency are converted to Euro, based on the exchange rate valid on the transaction date. During the preparation of the financial statements, currency assets and liabilities, noted in a foreign currency, are converted to Euro, based on the exchange rate valid on that date. Exchange differences resulting from this conversion shall burden the results of the closing accounting period.

Share capital

Common shares are registered in equity. Direct costs for issuing shares are registered after deducting the relevant income tax, by reducing the issuance product.

Direct costs related to the issuing of shares for the acquisition of businesses are included in the acquisition value of the business to be acquired.

The acquisition value of the equity shares, reduced through the application of income tax (per instance), is noted and deducted from the equity capitals of the company, until the equity shares are sold or revoked. Every profit or damage resulting from a sale of equity shares (cleared from any costs related to the transaction and from income tax, if necessary), appears as a reserve in equity capitals.

Dividends

Payable dividends are noted as a liability at the time of approval by the Ordinary General Meeting of shareholders.

Personnel benefits

The obligation of the Company towards the individuals in its payroll, regarding the future payment of benefits depending on each person's years of service, is included and presented in accordance with the earned benefit of each employee that is expected to be paid on the date of the balance sheet.

Provisions

Provisions for the restoration of the environment, restructuring costs and indemnifications are included when all the following apply:
- There is a current lawful or inferred commitment as a result of past events.
- It is possible to require an outflow of resources in order to settle the commitment.
- The required amount can be realistically evaluated.

Financial tools

The basic financial tools of the company are cash, bank deposits and short-term demands and obligations. Due to the short-term nature of these elements, the Management of the Company believes that the fair value thereof is identical to the value noted in its accounting books.

Recognition of revenue

Revenue is recognized as follows:

Sales of goods in the wholesale & retail market

The company recognizes revenue when it fulfils a contractual obligation to the individual customer with the delivery of the good (which is the same as the time that the control over the good passes to the customer). If a contract includes more than one contractual obligation, the total value of the contract is allocated to the individual obligations on the basis of the individual sales values. The amount of revenue recognized is the amount attributed to the corresponding contractual obligation that has been incurred, based on the consideration it expects to receive under the terms of the contract.

Provision of services

Revenue from the provision of services is recognized in the period in which the service is provided during the provision of the service to the customer in relation to the degree of completion of the provision of the service as a percentage of the total agreed services.

4. Important Accounting Assessments and Considerations

The Company makes estimates, assumptions and valuation judgments in order to select the most appropriate accounting principles in relation to the future development of events and transactions. These estimates, assumptions and judgments are reviewed periodically in order to refer to current data and reflect current risks and are based on previous management experience with respect to the level / volume of related transactions or events.

The key estimates and valuation judgments that refer to data, the course of which could affect the accounts of the financial statements in the next 12 months are as follows:

(i) Provisions for doubtful debts and cases in litigation:

The Management of the Company proceeds to a periodical assessment of the sufficiency of the provision formulated to cover any doubtful debts and cases in litigation, in agreement with its credit policy and after considering the data provided by its Legal Department, which are based on the processing of historical data and after reviewing recent developments over the cases in question.

The Company monitors the balances of receivables and formulates provisions for doubtful debts on an individual basis if it deems it is probable that these will not be collected. As a measure of impossibility to collect them, it uses the age of the balance, the financial situation of the debtor, the possibility of enforcing measures and the objective difficulty of collecting them. The maximum exposure to credit risk, without taking into account guarantees and collateral, coincides with the book value of the receivables.

To formulate the provision of cases in litigation, the company considers the probability of a negative outcome, as well as the amounts of a possible settlement.

5. Information per segment

The Company is active in Greece, in Bulgaria, in Albania, in Kosovo, and in Cyprus. The company allocates its commodities through its own distribution network for the districts of Attica and Thessaloniki, and through dealers for the remaining of Greece and abroad. Company sales, through its private network and dealers are as follows:

31/12/2018

	Sales	Cost of sales	Gross profit	%
Wholesalers	5.226.932,66	3.472.500,57	1.754.432,09	33,57%
Network	14.955.435,44	9.832.955,47	5.122.479,97	34,25%
Total	**20.182.368,10**	**13.305.456,04**	**6.876.912,06**	**34,07%**

31/12/2017

	Sales	Cost of sales	Gross profit	%
Wholesalers	4.675.303,05	3.156.167,56	1.519.135,49	32,49%
Network	15.067.254,19	9.821.738,19	5.245.516,00	34,81%
Total	**19.742.557,24**	**12.977.905,75**	**6.764.651,49**	**34,26%**

Sales per geographical territory are as follows:

	PERIPHERIES	31/12/2018	31/12/2017
1	ATTICA	8.399.747,58	8.421.156,33
2	PELOPONNESUS	1.147.674,11	1.119.215,78
3	CENTRAL GREECE	987.668,35	954.154,18
4	THESSALY	1.204.845,36	1.246.549,27
5	MACEDONIA	4.614.752,67	4.486.150,12
6	THRACE	462.008,21	477.050,16
7	EPIRUS	243.836,17	213.872,93
8	CRETE	1.221.450,98	1.074.627,43
9	AEGEAN ISLANDS	618.261,29	624.446,83
10	IONIAN ISLANDS	132.243,21	123.608,69
11	EXPORTS	1.149.880,17	1.001.725,52
	TOTAL	**20.182.368,10**	**19.742.557,24**

6. Own-used tangible assets

Below are listed the changes in fixed assets.

Acquisition value or evaluation	Fields – land property	Buildings - Facilities	Mechanical equipment	Other fixed assets	Capital commitments under way	Total
Inventory on 01/01/2018	2.876.431,00	2.869.023,29	609.722,14	1.869.902,20	106.111,66	8.331.190,29
Additions	0,00	0,00	6.500,00	31.502,16	2.500,00	40.502,16
Adjustment of assets to fair value	-23.780,00	145.859,01	0,00	0,00	0,00	122.079,01
Reductions	0,00	-139.179,01	0,00	0,00	0,00	-139.179,01
Balance on 31/12/2018	**2.852.651,00**	**2.875.703,29**	**616.222,14**	**1.901.404,36**	**108.611,66**	**8.354.592,45**
Accrued depreciations						
Inventory on 01/01/2018	0,00	119.538,55	590.002,97	1.595.513,09	0,00	2.305.054,61
Period depreciations	0,00	43.313,94	5.426,09	56.470,28	0,00	105.210,31
Offsetting of adjustment depreciations	0,00	-139.179,01	0,00	0,00	0,00	-139.179,01
Reductions	0,00	0,00	0,00	0,00	0,00	0,00
Balance on 31/12/2018	**0,00**	**23.673,48**	**595.429,06**	**1.651.983,37**	**0,00**	**2.271.085,91**
Unamortised value						
On 01/01/2018	**2.876.431,00**	**2.749.484,74**	**19.719,17**	**274.389,11**	**106.111,66**	**6.026.135,68**
On 31/12/2018	**2.852.651,00**	**2.852.029,81**	**20.793,08**	**249.420,99**	**108.611,66**	**6.083.506,54**

Acquisition value or evaluation	Fields – land property	Buildings - Facilities	Mechanical equipment	Other fixed assets	Capital commitments under way	Total
Inventory on 01/01/2017	2.876.431,00	2.869.023,29	609.722,14	1.868.018,93	6.890,40	8.230.085,76
Additions	0,00	0,00	0,00	9.924,36	99.221,26	109.145,62
Adjustment of assets to fair value	0,00	0,00	0,00	0,00	0,00	0,00
Reductions	0,00	0,00	0,00	-8.041,09	0,00	-8.041,09
Balance on 31/12/2017	**2.876.431,00**	**2.869.023,29**	**609.722,14**	**1.869.902,20**	**106.111,66**	**8.331.190,29**
Accrued depreciations						
Inventory on 01/01/2017	0,00	75.752,66	583.864,39	1.535.008,19	0,00	2.194.625,24
Period depreciations	0,00	43.785,89	6.138,58	68.545,99	0,00	118.470,46
Offsetting of adjustment depreciations	0,00	0,00	0,00	0,00	0,00	0,00
Reductions	0,00	0,00	0,00	-8.041,09	0,00	-8.041,09
Balance on 31/12/2017	**0,00**	**119.538,55**	**590.002,97**	**1.595.513,09**	**0,00**	**2.305.054,61**
Undepreciated value						
On 01/01/2017	**2.876.431,00**	**2.793.270,63**	**25.857,75**	**333.010,74**	**6.890,40**	**6.035.460,52**
On 31/12/2017	**2.876.431,00**	**2.749.484,74**	**19.719,17**	**274.389,11**	**106.111,66**	**6.026.135,68**

Depreciations

Depreciations for the period 2018 reached the amount of € 107,650.30 (tangible € 105,210.31 and intangible € 2,439.99) and charged with € 3,406.52 the administrative expenses and with € 104,243.78 the selling expenses.

Readjustment of fixed assets

During 2018, the fair value of the real property was valuated by independent certified surveyors, using as reference date 31/12/2018. The evaluation report covered all Company own-used real property (Land - Buildings).

This valuation led to an goodwill amounting to, after taxes, € 91.559,26 (goodwill of 122.079,01 deferred tax of € 30.519,75), which was charged to the other comprehensive income of 2018 period.

This assessment was carried out using the comparative method.

No tangible liens have been placed on the fixed assets of the company.

7. Intangible assets

Below, the changes of the intangible assets are presented, the balance of which refers solely to software. The changes in the account balance are as follows:

Acquisition value or evaluation	**Software**
Inventory on 01/01/2018	172.359,90
Additions	18.000,00
Balance on 31/12/2018	**190.359,90**
Accrued depreciations	
Inventory on 01/01/2018	168.552,83
Period amortizations	2.439,99
Balance on 31/12/2018	**170.992,82**
Unamortised value	
On 01/01/2018	**3.807,07**
On 31/12/2018	**19.367,08**

Acquisition value or evaluation	**Software**
Inventory on 01/01/2017	170.359,90
Additions	2.000,00
Balance on 31/12/2017	**172.359,90**
Accrued depreciations	
Inventory on 01/01/2017	166.199,51
Period amortizations	2.353,32

Balance on 31/12/2017	**168.552,83**
Unamortised value	
On 01/01/2017	**4.160,39**
On 31/12/2017	**3.807,07**

8. Deferred tax liabilities

The movement of deferred tax liabilities is as follows:

	31/12/2018	**31/12/2017**
Balance at start of period	-284.047,53	-265.249,32
Charges on net position	16.974,72	0,00
Charges on results of operations	8.509,86	-18.798,21
Balances at period end	**-258.562,95**	**-284.047,53**

The deferred tax liabilities are reported below:

	31/12/2018	**31/12/2017**
Tangible assets	-437.269,74	-440.526,55
Intangible assets	1.371,66	1.318,53
Provisions for personnel	90.296,22	54.195,36
Provisions for doubtful demands	87.038,91	100.965,13
Balances at period end	**-258.562,95**	**-284.047,53**

9. Inventories

The balances of inventories on 31/12/2018 and 31/12/2017 respectively are noted below:

Inventories	**31/12/2018**	**31/12/2017**
Commodities	2.903.662,30	2.665.981,08

It is noted that the cost of stock, registered as an expense in the cost of sales for the current period amounted to € 13.255.054,28 (for 2017 period: 12.931.306,79).

10. Trades receivables

The balances from trade receivables are analysed below:

Receivables	**31/12/2018**	**31/12/2017**
Clients - Cheques	7.753.655,08	8.040.927,06
Impairment provisions	-1.212.546,33	-1.100.000,00
Total	**6.541.108,75**	**6.940.927,06**

The book values of clients represent the fair value thereof. In the following table, the trade receivables are analysed:

	31/12/2018	31/12/2017
Non-overdue balances	5.176.792,96	5.341.949,00
Overdue balances	1.364.315,79	1.598.978,06
Total trade receivables	**6.541.108,75**	**6.940.927,06**

The maturity analysis of open trade receivables, that were overdue, is as follows:

	31/12/2018	31/12/2017
Up to 240 days	1.150.769,00	1.358.853,00
Exceeding 240 days	213.546,79	240.125,06
Total	**1.364.315,79**	**1.598.978,06**

As of January 1, 2018, the company applies the simplified approach of IAS 9 and calculates the expected credit losses over the life of its receivables.

At each balance sheet date, the Company carries out an impairment test using a table based on which the expected credit losses are calculated. The maximum exposure to credit risk on the Balance Sheet date is the book value of each class of receivables as stated above. The table below presents information about the Company's exposure to credit risk.

	Gross amount	Provision of receivables	Net amount	Rate of receivables of provision
Served (120 days)	5.216.031,02	-39.238,06	5.176.792,96	0,75%
Overdue between 121 and 240 days	951.431,90	-90.420,02	861.011,88	9,50%
Overdue between 241 and 360 days	199.337,44	-94.306,50	105.030,94	47,31%
Overdue for more than 360 days	1.386.854,72	-988.581,75	398.272,97	71,28%
Total	**7.753.655,08**	**-1.212.546,33**	**6.541.108,75**	**15,64%**

The provisions for doubtful debts is as follows:

	31/12/2018	31/12/2017
Opening balance	1.100.000,00	950.000,00
Change of accounting payment IFRS9	16.756,00	0,00
Supplementary provision	95.790,33	150.000,00
Closing balance	**1.212.546,33**	**1.100.000,00**

11. Other receivables

The balances of other receivables are analysed below:

	Balances	
	31/12/2018	**31/12/2017**
Greek State, tax prepayment	875.829,30	920.052,70
Other receivables	35.313,75	6.379,03
Period income - receivable	72.496,96	184.984,22
Next period expenses	24.273,26	23.989,87
Purchases to be delivered	306.002,27	358.542,47
Total	**1.313.915,54**	**1.493.948,29**

12. Cash flows and cash equivalents

The balances of cash and cash equivalents are analysed as follows:

	Balances	
Cash Available	**31/12/2018**	**31/12/2017**
Cash available	136.890,37	90.505,60
Available in banks	8.093.498,10	7.569.075,81
Total	**8.230.388,47**	**7.659.581,41**

13. Equity accounts

The balances of the equity accounts on 31/12/2018 and on 31/12/2017 are as follows:

	Balances	
	31/12/2018	**31/12/2017**
Share capital	2.475.000,00	4.575.000,00
Share premium account	458.596,86	458.596,86
Other reserves	1.509.214,35	1.397.214,35
Profit carried forward	15.841.132,79	13.944.961,73
Valuation differences	349.621,66	249.073,72
Net worth total	**20.633.565,66**	**20.624.846,66**

With regard to the Share Capital, it is noted that the annual Ordinary General Meeting of June 11, 2018 unanimously approved the reduction of the Company share capital by € 2.100.000,00 by the respective reduction of the nominal value of each Company share by € 0,28 i.e. from € 0,61 to € 0,33 and by returning – paying back the respective amount to Company shareholders.

The beneficiaries to the capital return are the shareholders registered in the records of the D.S.S. on 12.7.2017 (record date). The starting date for the payment of the capital to be returned (€0,28 per share) was set on July 18, 2018.

14. Provision for personnel benefits

The course of the personnel benefits provisions for the periods of 2018 and 2017 is as follows:

	31/12/2018	31/12/2017
Opening balance	188.676,25	188.676,25
Actuarial losses	154.023,16	0,00
Charges on the period results	20.281,16	0,00
Closing balance	**362.980,57**	**188.676,25**

The main actuarial assumptions employed during the above actuarial study are the following:

	31/12/2018
Discount interest rate (%)	1,7%
Rate of increase of frees	2%
Increase of price index	1,75%

15. Suppliers and other liabilities

The balances of suppliers and other liabilities are analysed below:

	Balances	
Payable accounts	**31/12/2018**	**31/12/2017**
Suppliers	747.473,32	630.592,30
Payable checks – promissory notes	1.676.171,32	1.589.695,16
Dividends payable	397,69	397,69
Other Taxes	387.223,02	374.295,25
Insurance organizations	113.600,82	108.213,53
Transitional accounts	11.405,35	17.451,24
Capital refund to shareholders	2.315,10	1.419,10
Various creditors	54.553,35	28.481,26
Total	**2.993.139,97**	**2.750.545,53**

16. Sales

The company turnover, per key category of commodities, is analysed below:

	Balances	
Description	**31/12/2018**	**31/12/2017**
BREAD MIXTURES	3.882.036,80	3.757.199,22
MIXTURES	3.421.783,24	3.360.140,95
BUTTER	2.949.730,25	3.025.274,53
MARGARINE	2.287.820,68	2.244.864,19
OTHER ITEMS	1.821.011,34	1.873.793,88
CREAMS	1.730.948,09	1.725.749,87
ICE-CREAM PRODUCTS	1.838.018,23	1.633.261,17
ARTIFICIAL MILK CREAM	734.921,35	666.873,47
DELIFRUIT	637.251,88	590.059,20
DARK CHOCOLATES	487.662,87	453.668,93
JELLIES	391.183,37	411.671,83
Total	**20.182.368,10**	**19.742.557,24**
Cost of sales	**13.305.456,04**	**12.977.905,75**
Gross profit	**6.876.912,06**	**6.764.651,49**

It is noted that the cost of sales includes €50.401,76 that refer to direct sales expenses (for the period of 2017, the respective amount reached €46.598,96).

17. Other income

The remaining income of the company are analysed below:

	Balances	
	31/12/2018	**31/12/2017**
Income from exploitations of markets	130.174,24	170.572,92
Participation of foreign houses in exhibitions – Advertisements	19.938,36	80.234,50
Income from commissions of foreign companies	32.313,29	23.879,63
Income from the participation of other companies in the cost of samples	38.592,43	76.069,71
Income due to the payment method of foreign companies	131.481,96	132.288,52
Various incomes	440,00	26.843,19
TOTAL	**352.940,28**	**509.888,47**

It is noted that in the current fiscal period, the company reclassified the revenue from the method of paying foreign companies in the period of 2017 (€ 132.288,52) from the financial income to the other income (see note 20).

18. Analysis of expenses per category

The analysis of the Company expenses and the allocation thereof to operations are as follows:

Period 01/01/2018 to 31/12/2018

Type of expense	Cost of sales	Administrative expenses	Selling expenses	Financial expenses	Total
Personnel fees and expenses	0,00	588.786,83	2.240.242,68	0,00	2.829.029,51
Third party fees and expenses	31.680,00	84.091,04	17.068,30	0,00	132.839,34
Third party benefits	0,00	76.803,09	326.012,02	0,00	402.815,11
Fees - Taxes	0,00	2.767,20	48.425,44	0,00	51.192,64
Miscellaneous expenses	18.721,76	84.275,96	528.830,11	0,00	631.827,83
Interest and relevant expenses	0,00	0,00	0,00	21.538,66	21.538,66
Depreciations from tangible assets	0,00	3.406,52	101.803,79	0,00	105.210,31
Depreciations of intangible assets	0,00	0,00	2.439,99	0,00	2.439,99
Cost of inventories	13.255.054,28	0,00	0,00	0,00	13.255.054,28
Total	**13.305.456,04**	**840.130,64**	**3.264.822,33**	**21.538,66**	**17.431.947,67**

Period 01/01/2017 to 31/12/2017

Type of expense	Cost of sales	Administrative expenses	Selling expenses	Financial expenses	Total
Personnel fees and expenses	0,00	495.888,96	2.099.556,42	0,00	2.595.445,38
Third party fees and expenses	31.680,00	5.581,04	75.457,79	0,00	112.718,83
Third party benefits	0,00	36.928,45	366.035,03	0,00	402.963,48
Fees - Taxes	0,00	0,00	54.836,81	0,00	54.836,81
Miscellaneous expenses	14.918,96	46.130,59	619.025,79	0,00	680.075,34
Interest and relevant expenses	0,00	0,00	0,00	19.376,28	19.376,28
Depreciations from tangible assets	0,00	5.093,87	113.376,59	0,00	118.470,46
Depreciations of intangible assets	0,00	0,00	2.353,32	0,00	2.353,32
Cost of inventories	12.931.306,79	0,00	0,00	0,00	12.931.306,79
Total	**12.977.905,75**	**589.622,91**	**3.330.641,75**	**19.376,28**	**16.917.546,69**

19. Income tax

The income tax for 2018 and 2017 periods is analysed below:

Description	31/12/2018	31/12/2017
Income tax	868.086,14	912.316,70
Retained tax of results	-8.509,86	18.798,21
Total	**859.576,28**	**931.114,91**

Below follows an analysis and agreement between the nominal and actual tax rate.

	31/12/2018	31/12/2017
Profits before taxes	3.000.020,71	3.129.002,09
Tax rate	0,29	0,29
Income tax based on the current rate	**870.006,01**	**907.410,61**
Other tax differences	-3.468,87	953,66
Tax due to accounting differences	23.229,44	22.750,64
Adjustment of tax rate from 29% to 25%	-30.190,29	0,00
Period taxes	**859.576,28**	**931.114,91**

The corporate income tax rate for Greece is set at 29% for 2018, but on the basis of Article 23 of Law 4579/2018, it will gradually be decreased by 1% per year until it reaches 25% in 2022.

The revaluation of deferred tax assets and liabilities resulted in deferred income tax amounting to € 39,178.97, of which € 30,190.29 (income) was charged to the profit and loss statement and the amount of € 8,988.68 (income) was transferred directly to Equity.

20. Reformulation of comparable items

In the current period, the company reclassified the "income from the method of paying foreign companies" for 2017 from the financial income to the other operating income.

The reclassification had no impact on equity and profit before tax. The reformulations resulting from this reclassification are as follows:

Profit & Loss statement	**Published 31/12/2017**	**Refomulated 31/12/2017**
Other operating incomes	377.599,95	509.888,47
Operating results	3.005.768,47	3.138.056,99
Financial income	142.609,90	10.321,38
Statement of Cash Flows		
Decrease (increase) of receivables	-470.525,06	-338.236,54
Total of inflows / outflows from operational activities	**1.690.010,08**	**1.822.298,60**
Interest received	142.609,90	10.321,38
Total inflows / outflows from investments	**31.704,27**	**-100.584,25**

Financial Indicators		
EBITDA	3.126.592,25	3.258.880,77
EBITDA margin	15,8%	16,5%

21. Management of financial risks

a. Management of capital risks

The Company's objectives in relation to capital management are to ensure its ability to operate smoothly while at the same time maximizing shareholder performance and the benefit of other participants through the optimization of the equity to loans ratio.

In order to maintain a capital-efficient structure for shareholders, the Management proposes to the General Meeting the adjustment of the dividend yield according to the circumstances, the return of capital to shareholders and, when in need for working capital, the capital increase in cash.

The following table shows the net lending figures:

	31/12/2018	**31/12/2017**
Total loans	0,00	0,00
Minus: Cash and cash equivalents	-8.230.388,47	-7.659.581,41
Net loans	**-8.230.388,47**	**-7.659.581,41**

The Company's cash available cover multiple times its loans, thus essentially eliminating the need to conduct a policy for managing this risk.

b. Managing financial risks

These risks include market risks (including currency risks, interest rate risk and price risks), credit risk and liquidity risk. The Company does not perform transactions in financial instruments, including financial derivatives, for speculative purposes. The department of Financial Services issues and submits reports in a regular basis for the management, which regulates the risks and the applied policies with the purpose of mitigating risk exposure.

1. Translation risk

The majority of Company transactions is conducted in Euros. There are some minor obligations, in comparison to the turnover of the Company, expressed in a currency other than Euro, i.e. transactions amounting to 1,892,810.40 Danish Krones, equal to € 253,671.21 as on 31/12/2018; as a result, the exposure to foreign currency risks is present (solely due to these transactions), but it is considered completely under control, firstly due to the extremely limited size of such transactions (in relation to the total turnover of the Company), and secondly due to the fact that the specific currency is not under significant fluctuation in relation to Euro. Company Management is constantly monitoring any exchange rate risks that may come up and examines the necessity to take pertinent measures; in any case, this risk is not currently considered significant and it is believed to be completely manageable and under control.

2. Risk of increased raw materials prices

Increases in the prices of goods imported by the Company (mainly from Europe) in the last five years range from 4-9% per year on average.

In the end of the year 2018, raw material prices increased by an average of 2,5% compared to 2017, i.e. a tolerable and fully controlled rate.

Global food prices rose in January, boosted by the recovery in dairy prices and the stronger performance of vegetable oils and sugar, according to figures released by the UN Food and Agriculture Organization (FAO).

The FAO price index - which measures the monthly changes in a basket of cereals, oilseeds, dairy products, meat and sugar - averaged 164,8 units in February compared to 161,8 units in December. Despite this increase, the index is 2,2% lower than the January 2018 level.

FAO's dairy price index rose by 7,2% compared to December, curbing a seven month period of decrease. FAO reported that the main factor behind this increase was the limited exports to Europe due to strong domestic demand.

The vegetable oil price index rose by 4,3% compared to the previous month, while the index of sugar prices increased by 1,3% and the cereal index increased marginally.

FAO revised its latest forecast for cereal production in 2018 to 2.611 billion tonnes, slightly higher than in December, reflecting upward revisions for wheat, rice and maize. Much of the projected increase is linked to expected increases in Europe, where favourable weather has so far boosted crop prospects, and sowing is expected to increase, mainly due to attractive prices.

Despite an increase in the latest forecasts, world cereal production is estimated to remain 1,8 percent below its record high of 2017.

As a result and in view of the above and the changes noted, Company exposure with regard to this risk is considered very significant, especially based on the current conditions in the Greek market, since the Company cannot roll over the increases of the products' prices; in any case, and due to the fact that this risk derives usually from sources which the Company is unable to completely control (such as the commercial policy of its suppliers, etc.), Company management is promptly taking the necessary steps to limit through special agreements with its suppliers its exposure to this risk, and adjust its pricing and commercial policy, so that any such increases do not affect its profitability and financial performance. In any case, currently, this risk, due to the condition of the domestic market, is currently considered as quite significant and capable of affecting part of the profitability and general financial performance of the Company.

3. Credit risk

The Company does not have a significant concentration of credit risk for any of its contracted parties, mainly due to the large diffusion of its clientele, which currently exceeds 2.800 customers. In addition, there is no customer participating with a rate that exceeds 5% in the turnover, a fact that reduces significantly the possibility of credit risk. However, in view of the conditions of the current negative economic situation, which manifests itself in virtually all the sectors of economic activity and has significantly affected the domestic market, the risk that may arise from any inability of some of the Company's customers to meet in due time their obligations is assessed as material, irrespective of the fact that the Company has secured the conditions for controlling any adverse effects thereof, by systematically monitoring the course and financial performance of its customers in order to act, to the extent possible, in a preventive manner in order to avoid the creation of significant bad debts. Consequently, credit risk is also assessed as significant enough to be capable of affecting the Company's profitability and overall financial performance.

4. Liquidity risk

The Company has a powerful capital structure and an increased liquidity rate. The general liquidity of the Company is remarkable. For instance, the current liquidity ratio (Current Assets vs. Short-term Liabilities) is 4.98, while the quick liquidity ratio (Current Assets minus reserves vs. Short-term Liabilities) is 4.22. The Policy that has been consistently applied by the Company during the past years is the exploitation of cash discounts offered by suppliers, while at the same time, the Company management maintains strong cash available and has the option of borrowing on favourable terms by the collaborating banks; this option is seldom used due to the Company’s increased liquidity. Consequently, this risk is considered to be low and under control; however, it is mentioned in the present Report to provide complete and sufficient information to Company shareholders and investors. The following table presents the maturity dates of the payables of the company, as applied at the end of the reporting period, along with a comparative presentation of the respective period for 2017:

Company 2018

Amounts in euros	0-6 months	6-12 months	1-5 years	Total
Suppliers & various creditors	2.993.139,97	819.891,48		3.813.031,45
Finance leases	0,00	0,00	0,00	0,00
Loans	0,00	0,00	0,00	0,00
Total	**2.993.139,97**	**819.891,48**	**0,00**	**3.813.031,45**

Company 2017

Amounts in euros	0-6 months	6-12 months	1-5 years	Total
Suppliers & various creditors	2.881.061,76	783.097,36		3.664.159,12
Finance leases	0,00	0,00	0,00	0,00
Loans	0,00	0,00	0,00	0,00
Total	**2.881.061,76**	**783.097,36**	**0,00**	**3.664.159,12**

5. Interest rate risk

The Management of the Company is constantly monitoring the trends of interest rates as well as the financing needs of the Company; however, due to the zero dependence of the Company on bank loans (no loans taken out on 31/12/2018) there is no interest rate risk. Again, this reference is included in the present Report to inform investors on the zero dependence of the Company on bank loans, a fact that is very important and proves the healthy financial structure of the Company and the continuous healthy foundations for its operation and development.

6. Stock depreciation risk

The Company is taking every necessary measure (insurance, safekeeping), to minimize the risk and the possible damages caused by the loss of stock due to natural disasters, or similar causes. At the same time, due to the increased turnover rate of stock (80 days in 2018 vs. 75 days in 2017) and the significant duration (expiration date) thereof, the stock depreciation risk is significantly reduced; however, if the wider economic climate is further aggravated, this risk may become significant. For this reason, the entire Company system of ordering and distributing Company merchandise has been adjusted to current market conditions with the purpose of avoiding stock building, as much as possible.

7. Reduction of demand due to general consumption recession

The Company belongs to the field of foods and demand for such commodities has remained strong and steady, despite the general unfavourable economic climate, which at the reporting date did not show any signs of making a strong recovery.

In any case, this risk, in view of the general political and economic conditions, may affect the performance of the Company. For these reasons, this risk is considered as very important, since it may affect the performance and results of the Company in general.

8. Risks related with work safety

Work safety for employees is a prime priority and a necessary condition for the operation of the Company's facilities. A programme is currently under way, seeking to establish a culture of safety in every operation and activity of the Company, while applying far-reaching training programmes for the systematic education and training of employees in safety and work health issues; the application thereof is constantly checked by the competent Division of the Company.

c. Calculating fair value

The following table presents the financial elements of the Assets and Liabilities measured at fair value per measuring method. The categories are the following:

- Published market values for the financial instruments negotiated in active stock markets (level 1).
- Valuation techniques based directly on published market prices (save from level 1) or indirectly calculated from published market values (level 2).
- Valuation techniques that are not based on available information from current transactions in active stock markets.

The financial assets and liabilities measured at fair value are as follows:

2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Own-used tangible assets	0,00	5.704.680,81	0,00	5.704.680,81
Financial instruments available for sale	0,00	0,00	0,00	0,00
Total	**0,00**	**5.704.680,81**	**0,00**	**5.704.680,81**

2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Own-used tangible assets	0,00	5.625.915,74	0,00	5.625.915,74
Financial instruments available for sale	0,00	0,00	0,00	0,00
Total	**0,00**	**5.625.915,74**	**0,00**	**5.625.915,74**

22. Existing tangible liens

There are no tangible liens over Company real property.

23. Contingent Receivables – Payables

Information with regard to probable payables

There are no litigious or under arbitration differences among court and arbitration bodies or decisions by court or arbitration bodies that have or may have a significant impact on the financial standing or operation of the Company.

Information with regard to probable receivables

There are no contingent receivables requiring special reference in the financial statements of Company.

24. Acquisitions and sales of tangible fixed assets

Investments in fixed equipment for the period between 01/01/2018 and 31/12/2018 reached the amount of € 58.502,16.

25. Unaudited periods

With regard to 2011 fiscal year and afterwards, Greek companies are subject to annual tax audit by their ordinary certified auditors - accountants, with regard to their compliance with the clauses of the applicable tax legislation, the timely and proper submission of tax statements, as well as the formulation of provisions for unregistered tax obligations.

The result of this audit leads to the issuing of a tax certificate which, provided the relevant conditions are met, substitutes the audit by the state authority and allows the company to complete its tax obligations for the relevant fiscal period.

Within the context of the above law, the company was audited for periods 2011 to 2017, receiving tax compliance certificates with unqualified opinion.

26. Personnel employed

Company personnel employed on 31/12/2018: 73 individuals.

Company personnel employed on 31/12/2017: 70 individuals.

27. Transactions with Company related entities

The transactions of the company with the related parties, as provided for by the IAS 24, are as follows:

TIME PERIOD	1.01-31.12.2018	1.01-31.12.2017
TABLE 1		
Sales of goods and services		
To subsidiaries	0,00	0,00
To other related parties	0,00	0,00
Purchases of goods and services		
From subsidiaries	0,00	0,00
From other related parties	0,00	0,00
Sales of fixed assets		
To subsidiaries	0,00	0,00
To other related parties	0,00	0,00
Receivables		
From subsidiaries	0,00	0,00
From other related parties	0,00	0,00
Liabilities		
To subsidiaries	0,00	0,00
To other related parties	0,00	0,00
TABLE 2: **Payments to management and Company executives**		
A. Transactions and fees for Directors and management members	587.977,18	531.959,84
B. Receivables from Directors and management members	0,00	0,00
C. Payables to Directors and management members	11.342,00	7.490,54

No loans have been granted to members of the Board, or to any Management personnel (including their families).

28. Liabilities from operating leases

As on December 31, 2018, the Company had various operational leasing contracts in force, which referred to the leasing of transportation means and which expire on various dates – the last expiring on March 2023. The rents included in the profit and loss statement for the period ending on December 31, 2018 amount to €70.350,12 (31.12.2017: €82.013,61).

The minimum future payable rents based on operational leases that cannot be cancelled for December 31, 2018 and 2017 are as follows:

	31/12/2018	**31/12/2017**
Within 1 year	52.007,76	38.793,45
From 1 to 5 years	113.678,33	102.007,31

29. Earnings per share

The basic profits per share are calculated by dividing the profits attributed to the Company shares to the weighted average of the circulating shares during the period.

	31/12/2018	**31/12/2017**
Net profits attributable to the shareholders	**2.140.444,43**	**2.197.887,18**
Share weighted average	7.500.000	7.500.000
Earnings per share	0,2854	0,2931

30. Events after the reporting date

No events took place after the annual Financial Statements of December 31, 2018 that were of concern for the Company and that should be reported according to the International Financial Reporting Standards (IFRS).

31. Dividends

The Board of Directors of the Company does not intent to propose to the Annual Ordinary General Meeting of the Shareholders the payment of a dividend to the Company shareholders.

32. Auditor fees

The auditor fees for the ordinary and tax audit of the period of 2018 reached 24,040.00 euros.

Internet site for posting the financial information

According to the provisions of Resolution no. 8/754/14,4.2016 issued by the Board of Directors of the Hellenic Capital Market Committee, the Company hereby announces that the Annual Financial Statement for the period of 2018 has been posted on the internet, and specifically on its lawfully registered corporate site at www.stelioskanakis.gr.

The persons responsible for the preparation of the Annual Financial Statements

Acharnes, March 20, 2019

Stylianos Kanakis	Eleftheria Kanaki	Athanasios Syrmos
President & Managing Director	Vice President of the Board & Alternate Managing Director	Financial Director