KRI-KRI MILK INDUSTRY S.A.

General Commercial Registry No.: 113772252000

ANNUAL FINANCIAL REPORT

FOR THE PERIOD

1.1.2019 – 31.12.2019

IN ACCORDANCE WITH LAW 3556/2007

(TRANSLATION FROM THE GREEK ORIGINAL)

This Annual Financial Report was prepared in accordance with article 4 of Law 3556/2007 and was approved by the Board of Directors of KRI-KRI SA. on May 11, 2020. It is posted online, at the website: https://www.krikri.gr/oikonomikes-katastaseis/

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DECLARATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

(in accordance with article 4 (2) of Law 3556/2007)

Hereby we declare, that to the best of our knowledge:

The Financial Statements for the period ended 31 December 2019, were prepared in accordance with IFRS, accurately present the assets, liabilities, shareholder's equity and the financial results of "KRI-KRI Milk Industry S.A." and the Report of the Board of Directors accurately presents the performance and position of "KRI-KRI Milk Industry S.A." including the description of basic risks and uncertainties that it faces.

Serres, 11 May 2020

Confirmed by

Chairman & Managing Director	Vice-Chairman	Member of the B.o.D.
PANAGIOTIS TSINAVOS ID AE373539	GEORGIOS KOTSAMBASIS ID AE376847	THEODOROS XENTES ID AZ159117

KRI KRI MILK INDUSTRY S.A.

REPORT OF THE BOARD OF DIRECTORS

FOR THE PERIOD OF 1 JANUARY 2019 UNTIL 31 DECEMBER 2019

Ladies and gentlemen,

The present Annual Report of the Board of Directors (hereinafter referred to as "Report"), concerning the period 01.01.2019 until 31.12.2019, drafted in accordance with the articles 150 and 152, of Law 4548/2018, article 4 of law 3556/2007 and decision 8/754/14.4.2016 of the Hellenic Capital Market Commission. The report includes all the necessary information in an objective and adequate manner and in the light of providing substantial and not typical information with regards to the issues included in such. In particular, the Report summarizes the financial information for the fiscal year 2019, important events that took place in that period and their impact on financial statements, the main risks and uncertainties that the company may face and finally the important transactions between the company and its related parties. The Report also contains non-financial information, such as the statement of the Corporate Governance, as well as additional information as required by the relevant legislation

It is noted that this Report includes, along with the 2019 financial statements, the required by law data and statements in the Annual Financial Report, which concern the financial year ended 31 December 2019. The financial statements, the independent auditor's report and the current report are posted online, at the website: https://www.krikri.gr/oikonomikes-katastaseis/ .The sections of the Report and the content are as follows:

GENERAL INFORMATION

KRI-KRI MILK INDUSTRY S.A. operates in the dairy industry. Our main business activities is the production of ice-cream and yogurt. Our distribution network is panhellenic and comprises of super market chains and small points of sale. We export our products to more than 24 countries abroad. The headquarters and the production facilities are located in Serres, Northern Greece and a secondary distribution centre is located in Aspropirgos region of Attica, Greece.

I. PERFORMANCE AND FINANCIAL POSITION

SALES

Company's turnover amounted €112.903k against €94.234k (increased by +19,8%).

Ice-cream sales present an increase of 11,9% amounting €28.107k against €25.119k of 2018.

Yogurt sales present an increase of +22,7% amounting €84.438k against €68.830k of 2017.

Finally, exports were 41,2% of total sales presenting an increase of +36,2%.

PROFITABILITY

Company's profit before tax amounted €17.570k against €14.240k of 2018 (+23,4% increase). The net profit after tax amounted €15.015k against €10.112k of 2018 (+48,3% increase). EBITDA amounted €21.120k against €17.292k of 2018 (+22,1% increase).

LOANS

Management seeks to maintain a small exposure to debt. At 31/12/2019, the balance of Company's loans amounts to €12.223k. . Net debt is €1.306k, calculated as total loans minus cash.

BASIC FINANCIAL RATIOS

		31/12/2019	31/12/2018
Debt to capital=	Debt / Total equity + Debt	15,6%	14,1%
Debt to equity=	Debt / Total Equity	18,5%	16,5%
ROA=	Profit after Tax / Total Assets	14,0%	11,2%
ROE=	Profit after Tax / Total Equity	22,7%	18,1%

II. IMPORTANT EVENTS OF CURRENT FINANCIAL YEAR

OUR POSITION IN THE MARKET

In the domestic market, in the ice cream sector, we dynamically promoted the growth of our arithmetic distribution. We added more than 1,000 new points of sales to our network, while we have enhanced our presence in the super market channel. Also, new ice cream launches have been very successful. The above led to an increase in sales of our branded products.

In yoghurt, we continue our focus on the big category of strained yogurt. With intense advertising and parallel targeted in-store promotions, we strengthened our market share, with a significant increase in our sales.

Overseas, yogurt sales are booming. We exploit the dynamics of Greek yogurt in western European markets and further develop existing collaborations.

INVESTMENTS

We have developed and we are implementing investment projects to increase production capacity, as well as technological upgrading, of both yoghurt and ice cream factories. In current year, total CAPEX exceeded €15,6m.

Investment projects with a total budget of €26,6m have been included in the Development Law 4399/2016, eligible for 35% grant as a tax relief. In the current financial year, the amount of income tax has been reduced by € 1.193k, by exercising the option of tax exemption, which we were granted after the certification of 50% completion of such a project.

SAFETY, ENVIRONMENT, CORPORATE SOCIAL RESPONSIBILITY

Safety in the workplace, environmental protection, harmonious co-existence with the local community and ongoing staff training continue to be non-negotiable goals, linked to the operation of the company. Also, specific actions are carried out within the framework of the Corporate Social Responsibility program.

III. MAJOR RISKS & UNCERTAINTIES

Due to the nature of its operations, the Company is exposed to various financial risks such as, market risk (fluctuations of exchange rates, interest rates and of production costs), credit risk and liquidity risk. The Company's overall risk management program focuses on financial market unpredictability and aims to minimize the potential negative impact on the Company's financial performance.

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

MARKET RISK

Foreign exchange risk

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

Interest rate fluctuation risk

The Company's assets do not include significant items that are interest-bearing, thus operating income and inflows are essentially independent of changes in market interest rates.

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

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

From the total loans of the Company at 31.12.2019, the amount of € 5.000.000 is linked to a fixed interest rate and the amount of € 4.200.061 is linked to a floating rate.

The financing solutions that banks offer are systematically reviewed, in order to minimize financing cost.

Risk of fluctuation of raw material prices

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

CREDIT RISK

The Company has established and applies credit control procedures in order to minimize credit risk. Generally, sales are distributed to a large number of customers, resulting in an efficient dispersion of the commercial risk, except perhaps the large super market chains in Greece.

Wholesale sales are made to customers with appropriate credit history. The credit control department defines credit limit per customer that is continuously monitored and reviewed. Also, in some cases our receivables are secured with collaterals. For example from the company domestic customers-distributors, the Company receives personal guarantees amounting the double of two months turnover, hence consistently applying its credit policy. Finally, receivables of specific supermarket chains are credit insured with a contract covering credit losses, occurring from insolvency, up to 90%.

Receivables from foreign customers, are credit insured with a contract covering credit losses, occurring from insolvency, up to 95%. Credit limits per customer are established by the insurance company. Therefore, the credit risk exposure is limited to 5% of the insured credit limit, plus any excess.

The company's management emphasizes on reducing working capital needs. It promotes the reduction of credit limits and of the credit period to its customers, to increase operating cash flows.

LIQUIDITY RISK

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

OPERATING RISKS

Suppliers - stock

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

The company's management promotes overall stock management, in a way that allows meeting the demand, without excessive liquidity reservation.

Staff

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

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

IV. Macroeconomic risks in Greece and United Kingdom

Following the country's official exit from the economic adjustment program, the macroeconomic and financial environment in Greece was showing signs of stabilization. However, the current health crisis, as a result of COVID-19, exacerbates uncertainty about the macroeconomic impact of the variations in external environment.

In March 2020, the World Health Organization (WHO) declared COVID-19 as a pandemic. The Management of the Company has taken a number of measures to manage the health crisis and minimize the negative effects on its activities. At this stage, employees safety is a top priority. To this end, the Company has developed the following initiatives through the establishment of a task force (hereinafter referred to as the "Team"), which reports to the top management, monitoring all relevant developments and evaluating the possible effects of COVID-19.The Team, in line with all protocols of the WHO and other competent authorities, has already prepared and fully implemented a plan to ensure operational continuity. This plan also includes additional provisions for staff performing critical functions for production and business continuity in general, in order to minimize the risk of downtime. Also, business trips have been kept to a minimum and systems for remote work (teleworking) are applied where possible. Finally, emergency arrangements have been put in place for employees belonging to vulnerable groups and policies requiring staff to report any suspicious symptoms.

Although we cannot at this stage quantify or fully evaluate the effects, possible risk factors that could affect our activity are the following:

- Our business activities could be adversely affected by the imposition of local quarantine on our employees, which would lead to a temporary suspension of the operation of the factory.
- Given the uncertainty regarding the development of the situation, our exports could be disrupted in the future. We are carefully watching the situation, particularly in Italy and the United Kingdom, which account for a significant proportion of our exports. So far, their supply continues seamlessly.
- There may be disruptions in product transport processes as well as in the other infrastructure of the supply chain, which could affect our ability to deliver products or receive raw materials. So far, we have not experienced any substantial disturbance.
- Finally, the impact of the health crisis on macroeconomic figures may also affect the demand for dairy products and ice cream.

In addition to the ongoing management of operational risk due to the COVID-19 outbreak, we have also put in place an increased level of monitoring to ensure the financial position of the Company. The Company is in sound financial position, with very low net gearing [1.94%], and a cash of more than € 10m. All these are important risk mitigation factors derived from the uncertainty over the development of the situation. In addition, the Company has put its CAPEX plan under review, which may lead to a delay or even a postponement of investments.

The Company, applying the 27.03.2020 ESMA announcement regarding the accounting effects of the COVID-19 pandemic, recognized increased expected credit losses, according to IFRS 9.

Besides the effects of the COVID-19 pandemic, the Company is also assessing the possible effects of the UK's exit from the European Union (Brexit) and is taking measures to minimize them. Based on our analysis so far, Brexit is not expected to have a material negative impact on our activity. It is noted that sales to the United Kingdom, for the current fiscal year, amount to €23m, i.e. 20% of the total turnover of the Company.

V. Strategies – Future Performance Estimations

STRATEGIES

In the ice cream sector, our focus is to improve the operating profitability. At the same time, we are promoting the increase of arithmetic distribution, with emphasis on tourist areas. Particular emphasis will be placed on strengthening exports, since great growth opportunities can emerge there.

In the yoghurt sector, we utilize our modern production facilities, with the large production capacity and competitive processing costs, aiming at increased sales. In this direction, we actively communicate the competitive advantages of our products (such as the use of 100% same day produced milk for the production of yoghurt). At the same time, we strengthen our export orientation, responding to the increased demand for Greek yoghurt in foreign markets.

DIVIDEND POLICY

The KRI-KRI Dividend Policy promotes the distribution of an increased dividend each year, as long as the profitability figures allow.

For the previous fiscal year 2018, the General Meeting of shareholders decided the distribution of gross dividend of €0,15 per share.

For the financial year 2019, the Board of Directors decided to propose to the General Meeting of shareholders the distribution of gross dividend of €0,18 per share. The distribution is subject to the approval of the General Meeting of shareholders.

FUTURE PERFORMANCE ESTIMATES

KRI-KRI's management is cautious about the situation and developments in the economic environment.

At this juncture, the yogurt segment seems to be particularly resilient, as it is considered basic food. From the data so far, our yogurt sales do not appear to have been adversely affected.

On the other hand, the ice cream segment appears more vulnerable. This is because it is associated with spontaneous consumption, while it is also affected by tourist traffic. However, the emerging trend of increased ice-cream consumption via the super market channel and "take away" canteens, is expected to mitigate the effects of the COVID-19 pandemic. Current sales figures are not indicative of the development because they relate to a period of low consumption.

In general, the economic impact associated with the COVID-19 pandemic cannot, at present, be reliably and reasonably assessed. The Management of the Company has put the budget of the year 2020 under review, until there is improved visibility of the effects of the health crisis on the macroeconomic environment.

VI. Related party transactions

The significant transactions between the Company and its related parties, as defined in IAS 24, are described below.

Transactions with related legal parties

In 2018, the Hellenic Milk Institute (IEG), a non-for-profit organization, was established in Greece to support and promote cow farming. The Company is related to IEG, because two members of its BoD participate to the management of IEG. There is no connection of any other form. During the current year, the transactions with IEG are analyzed a follows:

	31.12.2019	31.12.2018
Rental income	150	0

Transactions with related natural persons

The Company maintains an obligation to related parties (its key shareholders) arising from the coverage of a bond loan of € 5.000.000. This loan was issued on 18/12/2013, it is unsecured and according to market terms. Its expiration, after amendment of the loan contract, is determined on 18/12/2023.

Related party transactions are analyzed a follows:

	31/12/2019	31/12/2018
Payment of interest on a bond loan*	152.083	180.979

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

	31/12/2019	31/12/2018
Payables to related parties*	5.000.000	5.000.000

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

COMPENSATION OF DIRECTORS	31/12/2019	31/12/2018
Remuneration of the members of the Board of Directors	366.602	333.139
Salaries of the members of the Board of Directors	153.323	159.451
Total	**519.925**	**492.590**

OTHER TRANSACTIONS WITH THE MEMBERS OF THE B.O.D. AND KEY MANAGEMENT PERSONNEL	31/12/2019	31/12/2018
Transactions with the members of the B.O.D and key management personnel	76.042	96.440
Liabilities to the members of the B.O.D and key management personnel*	2.500.000	2.500.000

* Bond loan covered by major shareholders

VII. Branch

The Company operates a branch in Aspropyrgos, Attica. The branch operates as a logistics center to serve the market of southern Greece.

VIII. Research & Development

The Company has a separate department dealing with product research and development (new development and improvement / development of existing ones) and new production technologies. During the current fiscal year, R&D expenses amounted €247.513.

IX. Own shares

The Company does not own or acquired its own shares.

X. DETAILED INFORMATION IN ACCORDANCE TO ART. 4 OF LAW 3556/2007

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS

(According to paragraphs 7 and 8 of article 4 of Law 3556/2007)

(a) The share capital structure, including shares that are not admitted to trading on a regulated market in Greece or in another Member State, reporting for each class of shares the rights and obligations associated with this category And the percentage of the total share capital represented by the shares of that category.

The share capital of the Company amounts to € 12,564,751.68, divided into 33,065,136 shares of nominal value € 0.38 each and is fully paid up. All the shares of the company are common, nominal, with voting rights, listed for trading on the Athens Exchange. The rights and obligations of the shareholders of the company derived from each share are proportional to the percentage of the capital to which the paid value of each share corresponds and each share confers all the rights and obligations laid down by the Law and the Articles of Association.

(b) Restrictions on the transfer of company shares, such as indicative restrictions on the holding of shares or the obligation to obtain prior approval from the company, other shareholders or a Public or Administrative Authority, without prejudice to article 4, paragraph 2 of Law 3371 / 2005.

The transfer of the company's shares is carried out in accordance with the Law and there are no restrictions on the transfer of the Company's statutes.

(c) Significant direct or indirect holdings within the meaning of Articles 9 to 11 of Law 3556/2007.

On 31/12/2019, register records holding significant voting rights (≥5%) are:

REGISTER RECORDS	HOLDER	%
OIKONOMOU ATHANASIA (JIA)	OIKONOMOU ATHANASIA TSINAVOU ANASTASIA	15,12%
TSINAVOS PANAGIOTIS	TSINAVOS PANAGIOTIS	13,92%
TSINAVOS SPYRIDON (JIA)	TSINAVOS SPYRIDON TSINAVOU EVANGELIA TSINAVOU CHARIKLEIA TSINAVOU SEVASTI	12,10%
TSINAVOS PANAGIOTIS(JIA)	TSINAVOS PANAGIOTIS TSINAVOS GEORGIOS	11,46%
TSINAVOU EVANGELIA	TSINAVOU EVANGELIA	6,50%
TSINAVOU CHARIKLEIA	TSINAVOU CHARIKLEIA	6,42%

JIA= Joint Investor's Account

(d) Holders of all kinds of shares that provide special control rights and a description of the related rights.

There are no Company shares that provide special control rights to their shareholders.

(e) Restrictions on voting rights, such as, but not limited to, voting rights to holders of a certain percentage of the share capital or to holders of a certain number of voting rights, and the time limits for the exercise of voting rights.

The Company's Articles of Association do not provide for restrictions on voting rights.

(f) Agreements between shareholders that are known to the Company and entail restrictions on the transfer of shares or restrictions on the exercise of voting rights.

The company is not aware of the existence of agreements between its shareholders, which impose restrictions on the transfer of its shares or on the exercise of the voting rights deriving from its shares.

(g) Rules for the appointment and replacement of members of the Board of Directors, as well as for the amendment of the Articles of Association, if different from the provisions of the Law 4548/2018.

The rules laid down in the Company's Articles of Association for the appointment and replacement of the members of the Board of Directors and the amendment of its provisions do not differ from the provisions of Law 4548/2018.

(h) Powers of the Board of Directors or certain members of the Board of Directors to issue new shares or purchase of own shares in accordance with articles 49 and 50 of the Law 4548/2018.

The Board of Directors and its members do not have the power to issue new shares or to buy own shares.

(i) Significant agreement entered into by the Company which enters into force, is amended or terminated in the event of a change in the control of the company following a public offer and the results of that agreement unless, by its nature, disclosure Agreement would cause serious damage to the company.

There are no agreements that enter into force, are amended or expire, in the event of a change of control of the company following a public offer.
However, there is a loan agreement which stipulates, as is customary in similar contracts, that in case of change in the control of the Company, the bondholders are given the right to request the immediate repayment of the loan balance and termination of the contract. This right is not related exclusively for the case of public offer.

(j) An agreement that the Company has concluded with members of its board of directors or its personnel, which provides for compensation in the event of resignation or dismissal without valid reason or termination of their term or employment due to the public offer.

There are no special agreements of the company with members of its Board of Directors or its personnel, which provide for the payment of compensation especially in case of resignation or dismissal without a valid reason or termination of their term or employment due to a public offer.

X. CORPORATE GOVERNANCE

CORPORATE GOVERNANCE DECLARATION

This Corporate Governance Statement is drafted in accordance with article 152 of Law 4548/2018 constitutes a special part of the Annual Management Report of the Board of Directors and contains all information required by law.

(a) Compliance with Corporate Governance Code

The Company has established and follows its own Code of Corporate Governance (hereinafter referred to as the "Code"). The drafting of the Code has taken into account the draft Corporate Governance Code for Listed Companies released by SEV (the association of Greek industrials) in January 2011, the Corporate Governance Code of the Cyprus Stock Exchange, as well as the generally accepted corporate governance principles applied within the Member States of the European Union. It is posted on the Company's website https://www.krikri.gr/dyn/userfiles/files/koddiak.pdf (text in Greek only).

(b) Deviations from the Corporate Governance Code and Justification of Such

The effectiveness of the Board of Directors and its committees was not evaluated. This is a deviation from the provision in Part A par. V of the Code, according to which: "*The evaluation of the effectiveness of the BoD. and its committees should take place at least every two (2) years and be based on a specific procedure. This process should be supervised by the Chairman of the Board. and each committee, and its results to be discussed by the Board, while following the evaluation, the President should take measures to address the identified weaknesses* ".

This deviation from the aforementioned provision of the Code occurred because the Company is in the process of reviewing and revising the specific evaluation process of the Board. and committees, which includes the establishment and monitoring of measurable performance indicators. For this reason, the Company considers it more appropriate for the next evaluation to take place with the revised procedures.

Apart from the above, there are no other deviations from the Corporate Governance Code established and followed by the Company.

(c) Corporate Governance Practices applied by the Company in addition to the provisions of the law

The Company's Board of Directors has established a Remuneration and Benefit Committee with advisory role in determining the Company's staff policy.

(d) Description of the internal control and risk management system as regards to the procedure of preparing financial statements

Internal control

The internal control as a set of procedures, methods and mechanisms, is a responsibility of the management and all staff, in general. It is supervised by the Audit Committee, the Board of Directors and the CEO and is examined for its effectiveness and completeness, by the Internal Audit Unit. The Board of Directors has the ultimate responsibility for monitoring the adequacy of the company's internal control system including the internal control system for the preparation of financial statements, which system is designed to ensure a reasonable but not absolute level of protection from a significantly misrepresentation or damage, as well as risk management, prevention and detection of managerial irregularities and errors, efficiency and effectiveness of various operations, safeguarding of corporate assets, reliability of financial statements and reports in general.

The responsibilities of the Internal Audit Unit are described in the Company's rules of operation book. In short, it has the responsibility of conducting audits, submitting proposals, communicating the results and monitoring the taking of corrective actions where necessary. It shall assess the potential risks identified during the audits and communicates them to the Audit Committee, with the aim of taking appropriate measures to mitigate them. The Internal Audit Unit is independent of any other unit or department of the Company. Administratively it reports to the Board and operatively it is supervised by the Audit Committee.

Internal control framework

The internal control system is evaluated on a sustained basis in order to confirm the maintenance of a safe and effective control environment. The annual audit plan, prepared on the basis of the previous risk assessment and providing reasonable assurance that the Company's core business activities and financial risks are addressed, is approved on an annual basis by the Audit Committee. Special business procedures have been introduced in areas with high risk of fraud. The Audit Committee addresses all the major audit issues raised by both management and internal and external auditors and submits its findings to the Board of Directors. For all identified weaknesses in the internal control system, the Audit Committee ensures that the management takes all necessary corrective measures.

Corporate Policies and Procedures

The Company applies policies and procedures that ensure the effectiveness and efficiency of its core business activities, supporting both the internal control system it has adopted and effective risk management. The policies and procedures applied are subject to evaluation by the Board of Directors based on business unit reports and internal audit reports to ensure their adequacy and the compliance to them.

Information systems

The Company has developed an Information System that supports financial information in an effective way. The Information System provides management with indicators that measure the Company's financial and operating performance. Analysis of the results is carried out on a monthly basis covering all important business fields.

Risk management

The Company has set up the appropriate structures and procedures to assess and manage the risks associated with the preparation of the financial statements. In particular, the Management of the Company has developed a reliable system for the identification, the assessment and the management of potential risks, derived both from external environment or from endogenous operating inefficiencies. Depending on the nature, probability of occurrence and the estimated impact of the risks, relevant decisions are made, based on cost-benefit estimates, to accept them, or to activate control mechanisms, or generally to take measures mitigate them.
The evaluation process briefly provides for the following steps:
- Risk identification
- Description of the potential consequences to the Company from its occurance and assessment of these
- Assessment of the likelihood of the risk
- Determination of the Company's level of tolerance to the specific risk
- Actions of the Management to address the risk.

(e) Reference to points (c), (d), (f), (h) and (i) of Article 10 of Directive 2004/25/EC

The above are mentioned in paragraph "X. DETAILED INFORMATION IN ACCORDANCE TO ART. 4 OF LAW 3556/2007" (Explanatory Report) referring to the additional information of paragraphs 7 and 8 of article 4 of Law 3556/2007.

f) General Meeting and shareholders' rights

The General Meeting is the supreme body of the Company, convened by the Board of Directors and entitled to decide on any matter concerning the company to which the shareholders are entitled to participate, either in person or by legally authorized representative, in accordance with the legal procedure provided for.
The Board of Directors ensures that the preparation and conduct of the General Meeting of Shareholders facilitates the effective exercise of shareholders' rights, who are informed of all matters related to their participation in the General Meeting, including agenda items, and their rights at the General Meeting.
More specifically, regarding the preparation of the General Meeting in conjunction with the provisions of Law 3884/2010, the Company posts on its web site at least twenty (20) days before the General Meeting, information on:
- the date, time and place of the General Meeting of Shareholders,
- the basic rules and practices of participation, including the right to put items on the agenda and to ask questions, and the time limits within which those rights may be exercised,
- voting procedures, terms of proxy representation and the forms used for proxy voting,
- the proposed agenda for the Meeting, including draft decisions for discussion and voting, as well as any accompanying documents,
- the proposed list of candidate members of the Board of Directors and their CVs (if applicable) and
- the total number of shares and voting rights at the date of the invitation.

i. The President of the Board of Directors, the Company's Chief Executive Officer, the Chief Financial Officer and the Heads of the BoD Committees attend the General Meeting of Shareholders in order to provide information on issues raised for discussion or clarifications requested by shareholders. Furthermore, the General Meeting of Shareholders is also attended by the Company's Internal Audit Officer.
ii. At the beginning, the General Meeting is temporarily chaired by the President of the Board of Directors, who also appoints a temporary secretary.
iii. Following the validation of the list of shareholders entitled to vote, the General Meeting elects its Chairman and secretary, who also counts the ballots. The decisions of the General Meeting are taken in accordance with the provisions of the Law and the Articles of Association of the Company.
iv. A summary of the minutes of the General Meeting of Shareholders is published on the company's website.
v. Any shareholder who appears in this capacity in the Company’s securities records, is entitled to participate and vote at the General Meeting. The shareholder may appoint a representative if he so wishes.

g) Composition and mode of operation of the Board of Directors and its Committees

Composition and mode of operation of the Board

The Company is governed by a Board of Directors, which according to the decision of the last General Meeting consists of five (5) members. All members of the Board of Directors are elected by the General Meeting. The term of office of members is six years. A member of the Board of Directors may also be a legal person.
The Board of Directors elects the President and a Vice-President from among its members. When the President is absent or impeded, his duties (as defined by Law or Articles of Associations) are exercised by the Vice-President. The Board of Directors may meet validly, at the head office of the company, and also wherever the company has a business establishment or a subsidiary. The Board of Directors may also meet by videoconference. The Board of Directors meets with the necessary frequency that ensures the effective performance of its tasks. The President chairs the meetings of the Board of Directors, and he may nominate a secretary of the Board. The Board of Directors decides by a majority of the number of its present and/or legally represented members. The minutes of the meetings of the Board of Directors are signed either by its President or by the Vice-President who are also entitled to issue copies and extracts thereof.

Following the as of 17/12/2019 resignation of the independent non-executive member, Mr. Kamarinopoulos Panagiotis, as a member of the Board and as a member of the Remuneration and Benefits Committee, but not as a member of Audit Committee, the Board of Director at its as of 8/1/2020 meeting, elected Mr. Mavridoglou Antonios, who meets the independence criteria of art. 4 of Law 3016/2002, replacing Mr. Kamarinopoulos Panagiotis, for the remainder of his term, i.e. until 28/6/2022. The election of the new member of the Board of Directors will be announced at the next General Meeting, which will decide according to art. 3 par. 1 of Law 3016/2002, either the re-election of the same or the appointment of a new independent member

The current composition of the Board of Directors Includes the following five (5) members:
Tsinavos Panagiotis, Chairman & CEO
Kotsambasis Georgios, Vice-Chairman, Executive Member
Xentes Theodoros, Independent Non-Executive Member
Mavridoglou Antonios, Independent Non-Executive Member
Kyriakidis Anastasios, Independent Non-Executive Member

In 2019, thirty-three (33) meetings of the Board of Directors took place, of which eleven (11) with the physical presence of the members and twenty-two (22) with circulation of the drafted minutes. The following table shows the participation of each member in the meetings:

Member	Participation on BoD meetings Physical
Tsinavos Panagiotis	11
Kotsambasis Georgios	11
Xentes Theodoros	11
Kamarinopoulos Panagiotis	10
Kyriakidis Anastasios	11

Composition and mode of operation of BoD Committees

Audit Committee

The Audit Committee is a committee of the Board of Directors and because it consists of members of the Board, its term of office is related to the term of office of the Board. It is formed to supervise the procedure of financial reporting, the audit of financial statements, the compliance to the legal framework, the effectiveness of the control system and the internal audit function. The Audit Committee's responsibilities are described, in detail, on the Company's rules of operation book. Regarding the process of preparing the financial reports, the Audit Committee monitors, examines and evaluates the mechanisms and systems of drafting, the flow and sharing of financial information that is being produced. In the context of reporting to the Board of Directors, the Audit Committee takes into account the content of the supplementary report, which is submitted by the Statutory Auditor, and which contains the results of the statutory audit that fulfills at least the specific requirements according to Article 11 of the Regulation (EU) 537/2014 of the European Parliament and of the Council of April 16th 2014. The members of the Audit Committee are elected by the General Meeting following a proposal by the Board of Directors. The Audit Committee, in its present composition, consists of three (3) independent non-executive members. The Chairman of the Audit Committee is appointed by its members, is independent (according to the Law 3016/2002) and has sufficient experience/knowledge of financial and accounting matters. The Audit Committee meets as often as necessary but at least four times a year and meets the company's external auditor, without the presence of the members of the management, at least twice a year.

The current composition of the Audit Committee includes the following three (3) members:
Xentes Theodoros, President
Kamarinopoulos Panagiotis, Member
Kyriakidis Anastasios, Member

In 2019, four (4) meetings of the Audit Committee took place, all with the physical presence of the members.

Member	Participation on meetings Physical
Xentes Theodoros	4
Kamarinopoulos Panagiotis	4
Kyriakidis Anastasios	4

Indicative issues that the Audit Committee addressed at its meetings include:
Informing the regular auditors and the financial services department about the progress of the regular audit work, approval of the audit plan of the internal audit department for the year 2019, presentation of audit reports of the internal audit department, updating the operation of the regulation internal control etc.

Remuneration and Benefits Committee

The Board of Directors has established a Remuneration and Benefit Committee with advisory role in forming the Company's remuneration policy. In particular, the Remuneration and Benefit Committee recommends to the Board of Directors for the remuneration and all types of benefits paid to executives and senior management, while also regulates issues related to the general remuneration policy of the company. The Committee, in its present composition, consists of three (3) independent non-executive members. In the event of the participation of an executive member in the composition of the Remuneration and Benefits Committee, this member shall be prevented from participating in the discussion and decision-making on any matter relating to his own remuneration. The Remuneration and Benefits Committee meets as often as necessary but at least once a year.

The Board of Directors, in its meeting of 8/1/2020, elected Mr. Mavridoglou Antonios as a member of the Remuneration and Benefits Committee, replacing the resigned Mr. Kamarinopoulos Panagiotis.

The current composition of the Remuneration and Benefit Committee includes the following three (3) members:
Xentes Theodoros, President
Kamarinopoulos Panagiotis, Member
Kyriakidis Anastasios, Member

During 2019, one (1) meeting of the Remuneration and Benefits Committee took place, with the physical presence of the members.

Member	Participation on meetings Physical
Xentes Theodoros	1
Kamarinopoulos Panagiotis	1
Kyriakidis Anastasios	1

Indicative issues that the Remuneration and Benefits Committee addressed at its meeting are:
Discussion on the draft of remuneration policy of the members of the Board of Directors, discussion on the draft of diversity policy, updating its operation regulations, drafting a summary report for remuneration, etc.

(h) Diversity policy applicable to the Company's governing bodies

The Company applies an informal policy of diversifying the skills, opinions and competences of the members of its Board of Directors. Its aim is to facilitate meeting corporate targets, as it increases the pool of skills, views and competences, at the top management body. All members of the Board of Directors are distinguished for their high professional training, their level of education, their experience and their organizational and administrative capabilities, while they stand out for their ethos and the integrity.

Serres, 11 May 2020

THE PRESIDENT OF THE BOARD THE MEMBERS

Exact excerpt from the Board of Directors' book of proceeding

The President &
CEO

Panagiotis Tsinavos

Independent Auditor's Report

To the Shareholders of KRI-KRI MILK INDUSTRY S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KRI-KRI MILK INDUSTRY S.A. (the Company), which comprise the statement of financial position as at 31 December 2019, 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 KRI-KRI MILK INDUSTRY S.A. as at 31 December 2019, 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 matters	Addressing the audit matter
Valuation of inventories	
At 31.12.2019 the Company's inventories of merchandise, products and raw and auxiliary materials amount to € 10.346.210 including impairment of amount € 96.129 (€ 8.764.680 at 31.12.2018 including impairment of amount € 57.974). As described in note B.8 (Accounting principles and methods) to the financial statements, inventories are measured at the lower of cost and net realizable value. Due to the nature of most inventories (foodstuffs with a short self-life and sensitivity to lesions),	We assessed the reasonableness of the Management's assumptions used for the inventories valuation including: Recording procedures and internal control for inventory management designed by the Company's Management with regard to inventories. Examining the effectiveness of internal control for inventory management at the warehouse. Monitoring the physical inventory at the warehouse.

Key audit matters	Addressing the audit matter
their maturity and suitability should be constantly considered. Therefore, the Management of the company carries out estimates for the determination of the appropriate impairments based on detailed analysis. We consider the assessment of the valuation of the company's inventories to be one of most significance matter because, on the one hand the sale of dairy and ice cream inventories is the main object of the company's operation and secondly because of the Management's critical estimates and judgments for the determination of their net realizable value.	Sample confirmation of the correct determination of the acquisition cost of merchandise inventories according to the purchase invoices and the correct allocation of purchase costs. Sample confirmation of the correct determination of the production cost of products according to the cost of raw materials, direct labour costs and general industrial expenses. Examining the completeness of the valuation by comparing the net realizable value with the acquisition cost of inventories. Examining the warehouse trial balance with the use of data analysis software for identifying idle and slow-moving inventories. Also, we assessed the adequacy and appropriateness of the disclosures in note C.6 "Inventories" to the financial statements.
Recoverability of trade receivables	
At 31.12.2019, the trade receivables of the Company amount to € 26.244.963 (€ 20.934.450 at 31.12.2018) while the related accumulated impairment amounts to € 2.447.999 (€ 2.784.524 at 31.12.2018), as referred to in note C.7 to the financial statements. The trade receivables of the Company include mainly receivables from trade debtors domestic-abroad. The demanding operating environment of the company during the year increased the risks of doubtful receivables from the customers of the company. In particular, in case of the customers' insolvency, the Company is exposed to increased credit risk when customers fail to meet their contractual obligations. According to IFRS 9 applied mandatorily for annual periods beginning after 1 January 2018 the determination of doubtful receivables is based on a model of expected credit losses. This model groups the receivables according to each customer's credit rating, links the rating to the probability of default and calculates the expected credit losses. Given the significance of the matter and the level of judgment and the estimates required, we consider this to be one of most significance matter.	Our audit procedures regarding the recoverability of trade receivables included, among other, the following: Understanding and examining of the Company's credit control procedures as well as examining the internal control for granting of credit to customers. Assessment of the assumptions and the methodology used by the Company in conjunction with the application of the IFRS 9 from 1 January 2018, which determines the doubtful receivables based on a model of expected credit losses. Examining the reply letter of the Legal Advisor, for matters he handled during the year in order to identify any matters indicating trade receivable balances not recoverable in the future. Also, we assessed the adequacy and appropriateness of the disclosures in note C.7 "Trade and other receivables" to the financial statements.
Revenue recognition	

Key audit matters	Addressing the audit matter
The turnover of the Company amounted for the year ended 31.12.2019 to € 112.902.961 (€ 94.234.441 for the year ended 31.12.2018). Relevant reference about revenue is made in the financial statements in note B.17 (Accounting policies and methods) and C.26 (Segment reporting) to the financial statements. Given that turnover is considered to be an area of high-risk financial statements, we consider this to be one of most significance matter. The Company applies IFRS 15 “Revenue from contracts with customers”. Based on this standard revenue is recognised by following 5 basic steps. The application of this standard took place on 1/1/2018 and has no impact on the Company’s financial statements.	Our main audit procedures included among other also the following: Understanding of the policies and procedures for revenue recognition, with respect to discounts due to achieving sales goals. Audit of correct separation of accounting years, examining the sales made close to the end of the reporting period and right after this, by correlating the invoices with the respective consignment notes. In a sample of customer contracts, recalculation of discounts based on verified turnover per case and the terms of the contracts and reconciliation with the respective issued vouchers and other supporting documents. Also, we assessed the adequacy and appropriateness of the disclosures in note C.26 “Segment reporting” to the financial statements. The application of the IFRS 15 has no impact on the financial statements of the Company.

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 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 of L. 4336/2015 (part B'), we note that:

a) The Board of Directors’ Report includes the Corporate Governance Statement that provides the data and information defined under article 152 of L. 4548/2018.

b) In our opinion the Board of Directors’ Report has been prepared in accordance with the applicable legal requirements of the article 150 and the paragraph 1 (cases c’ and d’) of the article 152 of L. 4548/2018 and its content corresponds with the accompanying financial statements for the year ended 31/12/2019.

c) Based on the knowledge we obtained during our audit of KRI-KRI MILK INDUSTRY 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.

The permitted non-audit services that we have provided to the Company, during the year ended 31 December 2019 have been disclosed in the Note C.32 of the accompanying financial statements.

4. Auditor’s Appointment

We have been appointed for the first time statutory auditors of the Company by the dated 30/06/2000 decision of the annual ordinary general meeting of shareholders. Since then, our appointment has been constantly renewed for a total period of 15 years based on the annual decisions of the Annual General Meetings of the Company Shareholders and we have been re-appointed for a total period of four (4) years.

Athens, 12 May 2020

STYLIANOS M. XENAKIS
Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 11541

SOL S.A.
Member of Crowe Global
3, Fok. Negri Str., 112 57 Athens, Greece
Institute of CPA (SOEL) Reg. No. 125

KRI-KRI MILK INDUSTRY S.A.

General Commercial Registry No.: 113772252000

FINANCIAL STATEMENTS

FOR THE PERIOD

1.1.2019 – 31.12.2019

IN ACCORDANCE WITH IFRS

Statement of Comprehensive Income

	Note.	1/1-31/12/2019	1/1-31/12/2018
Sales	C26	**112.902.961**	**94.234.441**
Cost of sales	C19	(73.801.169)	(57.571.058)
Gross profit	C26	**39.101.792**	**36.663.383**
Distribution expenses	C19, C26	(19.026.084)	(19.842.619)
Administration expenses	C19	(3.175.104)	(2.960.753)
Research and development expenses	C19	(247.513)	(208.936)
Other income	C20	794.718	713.352
Other gain/(loss) net	C21	387.111	112.426
Profit before taxes, financial and investment income	C26	**17.834.920**	**14.476.852**
Financial income	C22	203.248	144.354
Financial expenses	C22	(434.720)	(381.191)
Financial cost of leasing	C22	(33.859)	0
Financial income (net)		(265.331)	(236.838)
Profit before taxes		**17.569.589**	**14.240.014**
Income tax	C23	(2.554.405)	(4.117.847)
Net profit for the period (A)		**15.015.184**	**10.122.167**
Other comprehensive income			
OCI non recycled to P&L			
Revaluation on pension benefit obligation		288.029	0
Deferred taxes on actuarial gains / (losses) due to the change in tax rate		(68.058)	(311)
Other comprehensive income after tax (B)		**219.971**	**(311)**
Total comprehensive income after tax (A + B)		**15.235.155**	**10.121.856**

Net profit per share from continuous operations			
- Basic and diluted (in €)	C24	**0,4541**	**0,3061**

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

Statement of Financial Position

	Note	31/12/2019	31/12/2018
ASSETS			
Non-current assets			
Tangible assets	C1	57.418.896	45.224.285
Rights of use of assets	C2	578.592	0
Investment in properties	C3	10.082	10.082
Intangible assets	C4	480.025	552.324
Non-current Assets Held for Sale		0	52.000
Other non-current assets	C5	64.306	197.346
		58.551.901	**46.036.037**
Current assets			
Inventories	C6	10.346.210	8.764.680
Trade and other receivables	C7	26.244.962	20.934.450
Current income tax receivables	C18	1.167.828	0
Investments in financial assets	C8	110.940	0
Cash and cash equivalents	C9	10.916.735	14.278.310
		48.786.675	**43.977.440**
Total assets		**107.338.576**	**90.013.477**
EQUITY AND LIABILITIES			
Equity			
Share capital	C10	12.564.752	12.564.752
Reserves	C11	20.575.835	19.851.847
Retained earnings		32.965.833	23.414.438
Total equity		**66.106.420**	**55.831.036**
Liabilities			
Non-current liabilities			
Long term borrowings	C12	10.030.000	8.000.000
Long term portion of leasing	C13	353.580	0
Accrued pension and retirement obligations	C14	599.942	805.155
Deferred tax liabilities	C15	2.924.045	2.671.403
Government grants	C16	6.780.583	7.268.843
		20.688.150	**18.745.401**
Current liabilities			
Short-term borrowings	C12	2.192.565	1.200.061
Short term portion of leasing	C13	238.089	0
Trade and other payables	C17	18.113.352	11.848.831
Current income tax liabilities	C18	0	2.388.148
		20.544.006	**15.437.040**
Total liabilities		**41.232.156**	**34.182.441**
Total equity and liabilities		**107.338.576**	**90.013.477**

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

Statement of changes in equity

	Share capital	General reserve	Special reserves	Other reserves	Actuarial gains-losses reserve	Retained earnings	Total Equity
Balance at 31.12.2017	**12.564.752**	**2.199.320**	**17.295.670**	**38.275**	**(33.762)**	**17.447.418**	**49.511.671**
Profit for the period						10.122.167	10.122.167
Revaluation on pension benefit obligation					1.232	(1.543)	(311)
Total comprehensive income for the period					**1.232**	**10.120.624**	**10.121.856**
Reserves formation		351.114				(351.114)	0
Transactions with owners in their capacity as owners							
Dividends provided for or paid						(3.802.491)	(3.802.491)
Balance at 31.12.2018	**12.564.752**	**2.550.434**	**17.295.670**	**38.275**	**(32.531)**	**23.414.437**	**55.831.036**
Balance at 31.12.2018	**12.564.752**	**2.550.434**	**17.295.670**	**38.275**	**(32.531)**	**23.414.437**	**55.831.036**
Profit for the period						15.015.184	15.015.184
Actuarial gains / (losses)					288.029		288.029
Deferred taxes on actuarial gains / (losses)					(69.560)	1.502	(68.058)
Total comprehensive income for the period					**218.469**	**15.016.686**	**15.235.155**
Reserves formation		505.521				(505.521)	0
Transactions with owners in their capacity as owners							
Dividends provided for or paid						(4.959.770)	(4.959.770)
Balance at 31.12.2019	**12.564.752**	**3.055.955**	**17.295.670**	**38.275**	**185.939**	**32.965.833**	**66.106.420**

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

Statement of cash flows

Indirect method	1/1-31/12/2019	1/1-31/12/2018
OPERATING ACTIVITIES		
Profit before taxes	17.569.589	14.240.014
Adjustments for:		
Depreciation	3.773.167	3.348.591
Provisions	(570.061)	650.634
Foreign exchange differences, net	38.076	12.162
Amortization of government grants relating to capital expenses	(488.260)	(533.847)
Miscellaneous items	212.473	0
Investment income	(265.500)	(37.493)
Interest and related expenses	437.063	376.397
	20.706.546	18.056.457
Changes in working capital:		
Decrease / (Increase) in inventories	(1.619.685)	(95.577)
Decrease / (Increase) in receivables	(4.035.570)	(906.990)
Decrease / (Increase) in long term receivables	133.040	0
(Decrease) / Increase in payables (except banks)	5.097.953	223.961
Less:		
Interest and related expenses paid	(437.063)	(386.900)
Taxes paid	(6.097.666)	(725.834)
Cash flow from operating activities (a)	**13.747.555**	**16.165.117**
INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(15.120.508)	(7.725.895)
Proceeds from sales of intangibles and property, plant and equipment	114.685	92.000
Interest received	190.885	79.686
Purchase of financial instruments	(850.000)	0
Proceeds on disposal of financial instruments	764.572	(4.078)
Cash flow from investing activities (b)	**(14.900.365)**	**(7.558.288)**
FINANCING ACTIVITIES		
Proceeds from borrowings	8.430.000	0
Repayments of loans	(5.400.000)	(1.200.000)
Repayments of leases	(277.753)	0
Dividends paid to company's shareholders	(4.961.011)	(3.270.358)
Cash flow from financing activities (c)	**(2.208.764)**	**(4.470.358)**
Change in cash and equivalents (a+b+c)	**(3.361.575)**	**4.136.471**
Cash and equivalents at beginning of period	14.278.310	10.141.839
Cash and equivalents at end of period	**10.916.735**	**14.278.310**

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

A. General information

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

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

These financial statements have been approved by the Board of Directors at 11 May 2020.

B. Significant accounting policies

B.1 Basis of preparation

These financial statements covering the period from 1.1.2019 to 31.12.2019, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Ac-counting Standards Committee (IASB) and their interpretations, as issued by the Committee for Interpretation of Standards (I.F.R.I.C.) and adopted by the European Union. The basis of their preparation is the historical cost and the "principle of the business continuity of the Company's activities", taking into account all macroeconomic and microeconomic factors and their impact on the smooth operation of the Company.

The accounting principles set out below have been applied on all presented periods.

The preparation of financial statements, in accordance with the generally accepted accounting principles requires the use of estimates and assumptions that can affect the balance of the accounts presented on the statement of financial position or on the statement of comprehensive income. Even though the critical accounting estimates are based on management's best judgment, actual results may, at the end, differ from these estimates.

New standards, amendments to standards and interpretations:

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after 1.1.2019. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

IFRS 16 'Leases'

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The effect of this standard on the Company, is analyzed in the Note B.1A.

Effect on the application of IFRS 16

During the transition, the Company selected the following practical facilities provided by the standard:
- implemented a single discount rate depending on the duration of the lease for all categories of mitigation.
- excluded the initial cost of concluding a contract from the valuation of the usufruct
- used the acquired knowledge to determine the duration of the lease and
- to determine the value of the acquisition of the asset in the right of use, company considered that it was equal to the obligation from the lease, pre-adjusted by the amount of any prepaid rents relating to that lease.

The Company used the differential interest rate (IBR) to discount the remaining future leases, which used the secured financing rate as the reference interest rate.

As a result of the application of IFRS 16, the Company recognized on 1.1.2019 the right to use assets amounting to € 767,335 and obligations from leases amounting to € 767,335. The category of leases concerns leases for buildings and means of transport of the Company.

The reconciliation of the lease obligations that were recognized on 1.1.2019 in relation to the commitments of operating leases that were notified according to IAS 17 on 31.12.2018 is as follows:

Statement of financial position	31/12/2018
Commitments of operating leases that were announced on 31.12.2018	720.101
Weighted average discount rate	5,02%
Valuation at present value	679.917
Plus: liabilities from financial leases on 31.12.2018	0
(Minus): short-term leases and fixed-term leases of non-significant value on 1.1.2019	0
Plus/(minus): adjustments on 1.1.2019, due to a different approach to the extension and termination options of contracts	0
Plus/(minus): other adjustments	87.418
Liabilities for leases that were recognized on 1.1.2019	767.335

Annual Improvements to IFRS (2015 – 2017 Cycle)

The amendments set out below include changes to four IFRSs.

IFRS 3 'Business combinations'

The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 'Joint arrangements'

The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 'Income taxes'

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 'Borrowing costs'

The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

IAS 28 (Amendments) 'Long term interests in associates and joint ventures'

The amendments clarify that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.

IAS 19 (Amendments) 'Plan amendment, curtailment or settlement'

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur.

IFRIC 23 'Uncertainty over income tax treatments'

The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

IFRS 9 (Amendments) 'Prepayment Features with Negative Compensation'

The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met instead of at fair value through profit or loss.

Standards and Interpretations effective for subsequent periods

IAS 1 and IAS 8 (Amendments) 'Definition of material' (effective for annual periods beginning on or after 1 January 2020)

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS.

IFRS 9, IAS 39 and IFRS 7 (Amendments) 'Interest rate benchmark reform' (effective for annual periods beginning on or after 1 January 2020)

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

IFRS 17 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2021)

IFRS 3 (Amendments) 'Definition of a business' (effective for annual periods beginning on or after 1 January 2020)

IAS 1 (Amendment) 'Classification of liabilities as current or non-current' (effective for annual periods beginning on or after 1 January 2022)

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has not yet been endorsed by the EU.

B.1A Changes in accounting policies

IFRS 16 "Leases"

IFRS 16 includes a comprehensive model on the recognition of leases and their handling of financial statements for both lessees and lessors. The new lease standard introduces a control model for determining leases, distinguishing leases from service contracts, based on whether the leased property is controlled by the lessee.

IFRS 16 introduces significant changes in the accounting treatment of leases on the part of the lessee in the sense that the distinction between operational and financial leasing is now abolished, as was the case in the past according to the IAS 17, and the lessee is required at the beginning of the lease to recognize an asset as a right of use and an obligation from the lease for all leases, with the exception of short-term leases and leases of low value assets. Contrary to the changes that have taken place in the accounting treatment of leases for lessees, the requirements of IFRS 16 for the accounting treatment of leases by the lessors remained largely intact compared to the IAS 17, and consequently, lessors continue to be required to classify leases as financial or operational. However, according to the IFRS 16, the intermediate lessor (sublease) must classify the sublease as financial or operating having as a criterion the asset with the right to use the main lease and not the underlying asset.

In addition, the IFRS 16 provides guidance as to the accounting treatment of the transactions of sale and leaseback of an asset and requires, as a whole, extensive knowledge in comparison with the IAS 17.

The Company first applied IFRS 16 on 1 January 2019, using the simplified approach by recognizing, at the date of initial application, the right of use of an asset with equal obligation to lease, adjusted by the amount of any advance payments relating to that lease.

The Company recognizes a right of use an asset and an obligation to lease at the beginning of the lease. The right of use is initially valued at the cost, which includes the amount of the initial recognition of the lease obligation, any lease payments made at the beginning or before the start of the lease minus any lease incentives received, any initial direct costs and assessment of the obligation for any costs of restoring the right to use an asset.

After initial recognition, the right of use is measured at the cost of acquisition reduced by any cumulative depreciation and impairment losses and adjusted in the event of any reassessment of the obligation from the lease. The right of use is amortized by the method of fixed depreciation until the end of the lease period, unless the contract provides for the transfer of ownership of the underlying asset to the Company at the end of the lease period. In this case, the right of use is depreciated during the useful life of the underlying asset. In addition, the right of use is checked for impairment losses, if any, and is adjusted in cases where there is an adjustment of the lease obligation. The obligation to lease at initial recognition consists of the present value of future residual rent payments. The Company uses the imputed rental interest rate to discount outstanding future rents and, where this cannot be determined, uses the marginal lending rate (IBR).

Lease payments included in the valuation of lease liability include the following:
- fixed payments,
- variable payments that depend on an indicator or an interest rate,
- amounts expected to be paid on the basis of residual value guarantees,
- the price of the exercise of the purchase right that the Company considers that it will also exercise penalties for termination of the lease, if in the determination of the duration of the lease the exercise of the right of complaint by the Company has been taken into account.

After the start date of the lease period, the obligation to lease decreases with payments, increases with the financial expense and is reassessed for any re-valuations or modifications of the lease.

A revaluation is made when there is a change in future rental payments that may result from a change in an index or if there is a change in the Company's estimate of the amount expected to be paid for a residual value guarantee, a change in the duration of the lease and a change in the estimate of probability of exercising the right to purchase the underlying item, if any. When the lease obligation is adjusted, a corresponding adjustment is made to the book value of the right of use or is recognized to P&L if the right of use is reduced to zero.

According to the Company's policy, the right to use is recognized in a separate line in the Balance Sheet entitled "Rights of use of fixed assets" and the obligation to lease "Long-term financial lease" and "Short-term financial lease".

The agreement table between the commitments from operating leases and the obligations from leases that were recognized in the Statement of Financial Position in January 1, 2019, is presented below:

Year	Balance at 01.01.19	+ (-) adjustments	Finance cost	Rental payment	Balance
2019	767.335	68.226	33.859	277.753	591.667
2020	591.667	-	23.620	253.486	361.801
2021	361.801	-	14.270	156.222	219.848
2022	219.848	-	8.659	87.615	140.892
2023	140.892	-	6.257	34.202	112.947
2024	112.947	-	4.956	31.379	86.524
2025	86.524	-	3.642	31.080	59.086
2026	59.086	-	2.262	31.080	30.268
2027	30.268	-	812	31.080	0

Depreciation of rights of use of assets is calculated using the fixed method during their useful life.

The depreciation of the above rights for the fiscal year 2019 amounted to € 256,970 (Note C.2). We consider it is appropriate to note that the impact of the application of IFRS 16 "Leases", amounts to €10.144.

B.2 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in Euros, which is the functional and presentation currency of the Company. Items included in the financial statements are measured in the functional currency, which is the currency of the primary economic environment in which the Company operates.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates (i.e. spot rates) prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the end of each reporting period exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. All exchange differences resulting from the above are recognised in other comprehensive income, in line other (loss)/gain net.

B.3 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses, except for land, which is shown at cost less impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The book value of the part of the replacement asset ceases to be recognized.

Borrowing costs directly attributable to the acquisition, construction or production of tangible assets are capitalized in the asset's preparation period.

All other repair and maintenance expenses are charged to the income statement for the period as incurred.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

Buildings	40 years
Plant and machinery	5-25 years
Motor vehicles	5-10 years
Furniture and other office Equipment	4-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, charging the income statement.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the income statement.

B.4 Investment properties

Investment property is property held for long-term rental yields or for capital appreciation or both and that is not owner-occupied. Owner-occupied properties are held for production and administrative purposes. This distinguishes owner-occupied property from investment property.

Investment property is measured initially at cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at historical cost less accumulated depreciation and impairment losses, except for land, which is shown at cost less impairment losses. Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

Buildings	40 years

The residual values and useful lives of investment property are reviewed and revalued if necessary at the end of each financial year.

The carrying amount of an investment property is impaired to its recoverable amount when its carrying amount exceeds its estimated recoverable amount and the differences (impairment) are recognized as an expense in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Since both investment properties and property, plant and equipment are valued at historical cost less accumulated depreciation, any transfer of an item between them does not affect its valuation. Investment properties are derecognised when they have been disposed. Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the income statement.

B.5 Intangible assets

Computer software

Computer software, acquired separately, is measured on initial recognition at cost. Cost includes expenditure that is necessary to bring to use the specific software. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Company's computer software has a finite useful life of 5.5 years and it is amortized using the straight line method.

Trademarks

Trademarks are stated at cost less accumulated amortization. Company's trademarks have a finite useful life of 10 years and they are amortized using the straight line method.

B.6 Financial instruments

A financial instrument is any contract that creates a financial asset in one company and a financial liability or equity in another business. Financial assets are classified into one of the following three categories, which determines their subsequent measurement:

a. In amortized cost,
b. to fair value through the other fair value values (fair value through OCI) and
c. to fair value through profit or loss.

Measurement of depreciated costs

A financial asset insists on depreciated costs when both of the following conditions apply:
a. the asset is held for the purpose of its retention and collection of the conventional cash flows it incorporates and
b. The contractual terms of the asset are led, on specific dates, to cash flows that are solely capital and interest payments on the balance of capital.

Measurement of fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income when both of the following conditions apply:
a. the asset is held for the purpose of both the collection of the conventional cash flows it incorporates and for sale and
b. The conventional terms of the asset lead, on specific dates, to cash flows that are solely capital and interest payments on the balance of capital. The category classifies debt instruments that meet the above two conditions.

Measurement in fair value through P&L

A financial asset insists on fair value through profit and loss statement when it is not classified in the two previous categories. That is, when the criteria required for classification in the two previous categories cannot be met.

B.7 Impairment of tangible and intangible assets (other than goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Whenever an asset's book value, exceeds its recoverable amount, the impairment loss is recognized in the Company's income statement.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Tangible and intangible assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. A reversal of an impairment loss is recognized immediately in the income statement.

B.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Appropriate allowance is made for damaged, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in cost of sales in the period in which the write-downs or losses occur.

B.9 Trade receivables

Trade receivables are recognized initially at their fair value, which corresponds to the currying value value, less impairment losses. In accordance with IFRS 9 that is mandatory for annual periods beginning after 1 January 2018, the determination of doubtful debts is based on a model of expected loss. This model groups the trade receivables according to the credit rating of each customer, links the rating to the probability of default and calculates the expected credit losses.

B.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, as well other short-term high liquidity and low risk investments.

B.11 Share capital

Ordinary shares are classified as equity. Direct costs incurred for increases in share capital are recorded, net of related income taxes against the share premium reserve.

B.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are measured at amortised cost using the effective interest method.

B.13 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be prepared for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. A qualifying asset is an asset that requires an extended period of time in order to be ready for the use for which it is determined or sale.

Investment income earned on the temporary investment of specific borrowings pending their use for qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed as part of finance costs in the period in which they are incurred.

B.14 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

B.15 Taxation (current and deferred)

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

B.16 Employee benefits

Employee benefits include defined benefit plans and termination benefits.

(a) Defined benefit plans

Usually, defined benefit plans determine the pension received by an employee. The amount depends on several factors such as age, years of experience and compensation.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. For defined benefit pension plans, pension costs are assessed using the projected unit credit method. . The defined benefit obligations are measured at the present value of the estimated future cash outflows using interest rates of corporate or government bonds, depending on whether or not there is a deep market for corporate bonds in the relevant country, which have terms to maturity approximating the terms of the related liability.

The Company's contributions to the defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

Past service cost is recognised immediately in the income statement.

Net interest expense is calculated as the net amount between the defined benefit obligation and fair value of the plan assets multiplied with the discount interest rate. This cost is included in the statement of comprehensive income on staff costs.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The Company operates a number of defined benefit and defined contribution pension plans in its territories. The defined benefit plans are made up of both funded and unfunded pension plans and employee leaving indemnities.

(b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: a) when the Company can no longer withdraw the offer of those benefits and b) when the Company recognises costs for a restructuring that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits due 12 months after the reporting date are discounted.

B.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods and services stated net of value-added tax, rebates and discounts. The Company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Company and when certain criteria are met for each Company activity as described below. The Company bases its estimate of returns on historical data, taking into account the type of customer, the type of transaction and the characteristics of each agreement.

(a) Sale of goods

The Company sells ice cream and dairy products to the wholesale market. Sales of goods are recognized when the Company has delivered the products to the wholesale customer, the wholesale customer has full discretion as to the way of distribution and the selling price of the products and there is no unfulfilled obligation that could affect the acceptance of the Purchase of products on the part of the wholesale customer. Specific wholesale customers are given the right of return for products that have expired on their expiry date. Revenue is adjusted to the value of the estimated returns. Delivery is only understood when the goods have been delivered to a specific location, the risk of waste and damage being transferred to the wholesale customer and either the wholesale customer has accepted the products in accordance with the sales contract or the terms of acceptance have expired, or the Company has objective evidence that all acceptance criteria have been met.

Branded ice cream and dairy products are usually sold at discounts and customers are entitled to a refund for products that have expired on their expiry date. Sales are recorded on the basis of the contractual selling price, net of the estimate of discounts and returns at the time of sale. Historical data are used to estimate and establish a provision for discounts and returns.

(b) Sale of services

Revenue arising from services is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive the payment is established.

B.18 Profits per share

Basic and diluted profits per share are calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding, excluding any holding of own shares.

B.19 Distribution of dividends

Dividend to the Company's shareholders is recognized in the financial statements in the period in which the Board of Directors' proposed dividend is ratified at the Shareholders' Annual General Meeting.

B.20 Extraordinary items

The extraordinary items are disclosed separately in the financial statements when it is necessary for the further understanding of the financial performance of the Company. They are items of income or expense of considerable value that are displayed separately due to the significance of the nature or amounts.

B.21 Financial risk management

Due to the nature of its operations, the Company is exposed to various financial risks such as, market risk (fluctuations of exchange rates, interest rates and of production costs), credit risk and liquidity risk. The Company's overall risk management program focuses on financial market unpredictability and aims to minimize the potential negative impact on the Company's financial performance.

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

(a) Market risk

Foreign currency risk

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

Cash flow sensitivity analysis to EUR/GBP changes

	GBP/EUR	Profit before Taxes effect
1/1-31.12.2019	+5%	175.023
	-5%	(175.023)
1/1-31.12.2018	+5%	74.967
	-5%	(74.967)

Interest rate risk

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

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

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

From the total loans of the Company at 31.12.2019, the amount of € 5.000.000 is related to a fixed interest rate and the amount of € 4.200.061 is related to a floating rate.

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

Loans sensitivity analysis on interest change

	Interest variability	Profit before taxes effect
1/1-31.12.2019	+1%	(67.725)
	-1%	67.725
1/1-31.12.2018	+1%	(42.000)
	-1%	42.000

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

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

Risk of fluctuation of raw material prices

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

(b) Credit risk

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

Wholesale sales are made to customers with appropriate credit history. The credit control department defines credit limit per customer that is continuously monitored and reviewed. Also, in some cases our receivables are secured with collaterals. For example from the company domestic customers-distributors, the Company receives personal guarantees amounting the double of two months turnover, hence consistently applying its credit policy. Finally, receivables of specific supermarket chains are credit insured with a contract covering credit losses, occurring from insolvency, up to 90%.

Receivables from foreign customers, are credit insured with a contract covering credit losses, occurring from insolvency, up to 95%. Credit limits per customer are established by the insurance company. Therefore, the credit risk exposure is limited to 5% of the insured credit limit, plus any excess.

The company's management emphasizes on reducing working capital needs. It promotes the reduction of credit limits and reduce the credit period to its customers, to enhance free cash flow.

(c) Liquidity risk

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

The table below shows present liabilities into groups by due date (non-discounted):

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2019				
Debt	2.192.565	2.200.000	7.830.000	0
Trade and other payables	18.113.352	0	0	0
31 December 2018				
Debt	1.200.061	1.200.000	6.800.000	0
Trade and other payables	11.848.831	0	0	0

(d) Operating risks

Suppliers - stock

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

The company's management promotes overall stock management, in a way that allows meeting the demand, without excessive liquidity reservation.

Staff

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

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

B.22 Macroeconomic risks in Greece and United Kingdom

Following the country's official exit from the economic adjustment program, the macroeconomic and financial environment in Greece was showing signs of stabilization. However, the current health crisis, as a result of COVID-19, exacerbates uncertainty about the macroeconomic impact of the variations in external environment.

In March 2020, the World Health Organization (WHO) declared COVID-19 as a pandemic. The Management of the Company has taken a number of measures to manage the health crisis and minimize the negative effects on its activities. At this stage, employees safety is a top priority. To this end, the Company has developed the following initiatives through the establishment of a task force (hereinafter referred to as the "Team"), which reports to the top management, monitoring all relevant developments and evaluating the possible effects of COVID-19.The Team, in line with all protocols of the WHO and other competent authorities, has already prepared and fully implemented a plan to ensure operational continuity. This plan also includes additional provisions for staff performing critical functions for production and business continuity in general, in order to minimize the risk of downtime. Also, business trips have been kept to a minimum and systems for remote work (teleworking) are applied where possible. Finally, emergency arrangements have been put in place for employees belonging to vulnerable groups and policies requiring staff to report any suspicious symptoms.

Although we cannot at this stage quantify or fully evaluate the effects, possible risk factors that could affect our activity are the following:

- Our business activities could be adversely affected by the imposition of local quarantine on our employees, which would lead to a temporary suspension of the operation of the factory.
- Given the uncertainty regarding the development of the situation, our exports could be disrupted in the future. We are carefully watching the situation, particularly in Italy and the United Kingdom, which account for a significant proportion of our exports. So far, their supply continues seamlessly.
- There may be disruptions in product transport processes as well as in the other infrastructure of the supply chain, which could affect our ability to deliver products or receive raw materials. So far, we have not experienced any substantial disturbance.
- Finally, the impact of the health crisis on macroeconomic figures may also affect the demand for dairy products and ice cream.

In addition to the ongoing management of operational risk due to the COVID-19 outbreak, we have also put in place an increased level of monitoring to ensure the financial position of the Company. The Company is in sound financial position, with very low net gearing [1.94%], and a cash of more than € 10m. All these are important risk mitigation factors derived from the uncertainty over the development of the situation. In addition, the Company has put its CAPEX plan under review, which may lead to a delay or even a postponement of investments.

The Company, applying the 27.03.2020 ESMA announcement regarding the accounting effects of the COVID-19 pandemic, recognized increased expected credit losses, according to IFRS 9.

Besides the effects of the COVID-19 pandemic, the Company is also assessing the possible effects of the UK's exit from the European Union (Brexit) and is taking measures to minimize them. Based on our analysis so far, Brexit is not expected to have a material negative impact on our activity. It is noted that sales to the United Kingdom, for the current fiscal year, amount to €23m, i.e. 20% of the total turnover of the Company.

B.23 Capital management

The objectives of the Company regarding capital management are to safeguard the Company's ability to remain a going concern in order to generate profits for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

According to common practice in the industry, the Company monitors its capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as "Total debt" (including "current and non-current borrowings' as shown on the balance sheet) less cash and cash equivalents. Total capital employed is calculated as "Total Equity" as shown in the balance sheet plus net debt.

During 2019, the Company's strategy, like 2018, was to maintain low gearing ratio. The gearing ratios at December 31, 2019 and 2018 were as follows:

	2019	2018
Total debt (note C12)	12.222.565	9.200.061
Less: Cash and cash equivalent (note C9)	10.916.735	14.278.310
Net debt	**1.305.830**	**(5.078.249)**
Equity	66.106.420	55.831.036
Total capital employed	**67.412.250**	**55.831.036**
Net gearing ratio	**1,94%**	**0%**

B.24 Fair value measurement

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

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

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

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

Fair value of financial assets and liabilities

	Level 3
Long-term loans	10.464.949

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

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

The fair value of the following financial assets and liabilities approximate their carrying amounts:
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

Fair value of investment property

	Level 3
Investment property	15.000

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

B.25 Significant accounting estimations and judgments of the management

The estimations and judgments of the Management are constantly assessed. They are based on historic data and expectations for future events, which are deemed as fair according to the ones in effect.

Significant accounting estimations and judgements

The Company makes estimations and assumptions regarding the development of future events. The resulting accounting estimations will, by definition, seldom equal to the related actual results. The estimations and assumptions that relate to a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months are the following:

a) Income Tax

For determining the provision of income taxes it is required from management to exercise judgment. There are many transactions and calculations for which the final tax determination is uncertain. The Company does not recognize provisions for expected tax audits as it has received a tax certification from statutory auditors until the fiscal year 2018 (as provided in par. 5 of article 82 of L.2238 / 1994 and 65a of N. 4174/2013, as in force) in the context of which no tax liabilities arose other than those recognized in the financial statements. For the current year, the tax certification procedure is in progress and it is estimated that any additional tax obligation that may arise would be immaterial.

b) Provisions for employee benefits

The present value of the liabilities for post-employment benefits depends on a number of factors defined on actuarial basis via the use of a significant number of assumptions. The assumptions used for the determination of the net cost (income) for post-employment benefits include the discount rate. Any changes in the assumptions would have material effect on the accounting measurement of the liabilities for post-employment benefits.

The Company defines the appropriate discount rate in each reporting period. It is the interest rate applicable for the calculation of the present value of the estimated future payments required for the settlement of the benefit liabilities. For the estimation of the appropriate discount rate the Company takes into consideration the interest rates prevailing in high credit rating corporate bonds denominated in the currency of the benefit payments and with maturity dates similar to the ones of the respective liabilities.

Other significant accounting assumptions for post-employment benefit liabilities are based in part on the current market conditions. Additional information is provided in C13.

Significant accounting judgements in the application of accounting policies.

Trade receivables

On 31/12/2019 trade receivables totaling €2.447.999 appear to be impaired. Impairment losses are recognised on the basis of a model of expected losses**.** This model groups the receivables according to the credit rating of each customer, links the rating to the probability of default and calculates the expected credit losses. It is estimated that parts of these impairment losses to be recovered in the future.

.B.26 Comparative information

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

C. Notes to the financial statements

C1. Property, plant and equipment

Property, plant and equipment are analyzed as follows:

	Land	Buildings	Plant & equipment	Motor vehicles	Furniture and other Equipment	Total
COST						
Balance at 1 January 2018	1.326.703	12.192.192	51.334.382	1.345.790	2.240.987	68.440.055
Additions	183.224	483.671	7.295.916	26.751	197.531	8.187.093
Disposals	0	0	(138.235)	(17.251)	0	(155.485)
Write-offs	0	0	(148.598)	0	(570)	(149.168)
Balance at 31.12.2018	1.509.927	12.675.863	58.343.466	1.355.291	2.437.948	76.322.495
ACCUMULATED DEPRECIATION						
Balance at 1 January 2018		(3.150.980)	(22.515.394)	(958.035)	(1.560.385)	(28.184.794)
Depreciation expense		(371.759)	(2.592.934)	(87.744)	(162.903)	(3.215.340)
Disposals		0	138.232	17.250	0	155.482
Write-offs		0	146.051	0	389	146.441
Balance at 31.12.2018		(3.522.739)	(24.824.044)	(1.028.529)	(1.722.898)	(31.098.211)
Net book value at 31.12.2018	**1.509.927**	**9.153.124**	**33.519.422**	**326.762**	**715.049**	**45.224.285**
COST						
Balance at 1 January 2019	1.509.927	12.675.863	58.343.466	1.355.291	2.437.948	76.322.495
Additions	78.982	3.303.006	12.039.593	11.520	187.713	15.620.814
Disposals	0	0	(259.113)	(93.221)	(14.052)	(366.386)
Write-offs	0	0	(173.191)	0	0	(173.191)
Balance at 31.12.2019	1.588.909	15.978.869	69.950.755	1.273.590	2.611.609	91.403.732
ACCUMULATED DEPRECIATION						
Balance at 1 January 2019		(3.522.739)	(24.824.045)	(1.028.529)	(1.722.897)	(31.098.210)
Depreciation expense		(383.746)	(2.770.118)	(77.692)	(142.741)	(3.374.297)
Disposals		0	255.747	44.685	14.052	314.484
Write-offs		0	173.187	0	0	173.187
Balance at 31.12.2019		(3.906.485)	(27.165.229)	(1.061.536)	(1.851.586)	(33.984.836)
Net book value at 31.12.2019	**1.588.909**	**12.072.384**	**42.785.526**	**212.054**	**760.023**	**57.418.896**

There are no pledges on fixed assets.

C2. Rights of use of assets

Investment properties are analyzed as follows:

	Buildings	Motor vehicles	Total
COST			
Recognized at 1 January 2019 in acc. with IFRS 16	218.496	548.839	767.335
Additions	12.625	55.602	68.227
Balance at 31.12.2019	231.121	604.441	835.562
ACCUMULATED DEPRECIATION			
Balance at 1 January 2019	0	0	0
Depreciation expense	(26.786)	(230.184)	(256.970)
Balance at 31.12.2019	(26.786)	(230.184)	(256.970)
Net book value at 31.12.2019	**204.335**	**374.257**	**578.592**

C3. Investment properties

Investment properties are analyzed as follows:

	Land	Buildings	Total
COST			
Balance at 1 January 2018	66.643	76.629	143.272
Disposals	(34.600)	(29.015)	(63.615)
Transfer to Non-current Assets Held for Sale	(21.961)	(47.615)	(69.575)
Balance at 31.12.2018	10.082	0	10.082
ACCUMULATED DEPRECIATION			
Balance at 1 January 2018	0	(22.516)	(22.516)
Disposals	0	11.585	11.585
Transfer to Non-current Assets Held for Sale	0	11.705	11.705
Depreciation expense	0	(772)	(772)
Balance at 31.12.2018	0	0	0
Net book value at 31.12.2018	**10.082**	**0**	**10.082**
COST			
Balance at 1 January 2019	10.082	0	10.082
Balance at 31.12.2019	10.082	0	10.082
ACCUMULATED DEPRECIATION			
Balance at 1 January 2019	0	0	0
Depreciation expense	0	0	0
Balance at 31.12.2019	0	0	0
Net book value at 31.12.2019	**10.082**	**0**	**10.082**

The investment properties of the Company did not produce any revenue from rents. There were not any operating expenses related to the investment properties. The fair value of investment properties is estimated to €15.000. The value is based on Management's estimations ("Level 3"), after examining the value of the properties in the area.

C4. Intangible assets

Intangible assets are analyzed as follows:

	Software licenses	Trademarks	Total
COST			
Balance at 1 January 2018	1.203.256	38.405	1.241.661
Additions	65.375	0	65.375
Balance at 31.12.2018	1.268.630	38.405	1.307.036
ACCUMULATED DEPRECIATION			
Balance at 1 January 2018	(593.512)	(30.084)	(623.596)
Depreciation expense	(126.954)	(4.161)	(131.115)
Balance at 31.12.2018	(720.467)	(34.245)	(754.711)
Net book value at 31.12.2018	**548.164**	**4.161**	**552.324**
COST			
Balance at 1 January 2018	1.268.631	38.405	1.307.036
Additions	69.600	0	69.600
Balance at 31.12.2018	1.338.231	38.405	1.376.636
ACCUMULATED DEPRECIATION			
Balance at 1 January 2018	(720.466)	(34.245)	(754.711)
Depreciation expense	(137.739)	(4.161)	(141.900)
Balance at 31.12.2018	(858.205)	(38.405)	(896.611)
Net book value at 31.12.2018	**480.026**	**0**	**480.025**

C5. Other non-current assets

Other non-current assets are analyzed as follows:

	31/12/2019	31/12/2018
Guarantees	41.234	167.530
Non-current Trade receivables	23.072	29.816
Total	**64.306**	**197.346**

Trade balances that have been settled in a long-term basis are calculated to present value based on market interest rate.

C6. Inventories

Inventories are analyzed as follows:

	31/12/2019	31/12/2018
Merchandise	83.232	105.322
Finished goods	2.785.290	2.610.222
Raw materials	7.573.817	6.107.110
Less: Provisions for obsolete inventory	(96.129)	(57.974)
Total	**10.346.210**	**8.764.680**

The inventories amount recognized as expense in 2018 is €64.755.520 (2017: €49.886.449).

Analysis of impairment of obsolete inventory:

	31/12/2019	31/12/2018
Opening balance	57.974	204.531
Additions	38.155	32.770
Reversals	0	(179.328)
Ending balance	**96.129**	**57.974**

C7. Trade and other receivables

Trade and other receivables are analyzed as follows:

	31/12/2019	31/12/2018
Trade receivables	23.498.068	21.402.038
Less: Allowance for bad debts	(2.447.999)	(2.784.524)
	21.050.069	18.617.514
Creditors advances	248.718	74.128
VAT Receivables	4.492.022	2.087.490
Greek state -others	51.703	79.970
Other receivables	402.450	75.348
Total	**26.244.962**	**20.934.450**

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

At 31/12/2019 trade receivables totaling €19.356.666 were not overdue, trade receivables totaling €2.007.814 were over-due and trade receivables totaling €2.133.588 related to defaulted customers.

The aging analysis of trade receivables is as follows:

		31/12/2019	31/12/2018
Not past due		19.356.666	17.419.943
Past due			
	<30 days	1.525.904	1.424.909
	30-120 days	365.029	372.178
	>120 days	116.881	25.092
	Default	2.133.588	2.159.916
Total		**23.498.068**	**21.402.038**

With the application of IFRS 9 as of 1 January 2018, the company identifies bad debts based on an expected loss model. This model groups the receivables according to the credit rating of each customer, links the rating to the probability of default and calculates the expected credit losses.

The Company, applying the 27/3/2020 announcement of ESMA regarding the accounting effects of the COVID-19 pandemic in the calculation of the expected credit losses according to IFRS 9, recognized additional bad debts provision of €34.625. In the current fiscal year, a reversal of bad debt provision of € 336.525 was recognized. Therefore, on 31/12/2019, trade receivables totaling € 2.447.999 appear impaired. It is estimated that parts of these impairment losses to be recovered in the future.

Bad debt provision analysis:

	31/12/2019	31/12/2018
Opening balance	2.784.524	2.015.184
Additions	9.844	777.577
Reversals	(346.369)	(8.236)
Ending balance	**2.447.999**	**2.784.524**

Γ8. Investments in financial assets

Investments in financial assets are analyzed as follows:

	31/12/2019	31/12/2018
Opening balance	0	0
Additions	850.000	0
Proceeds	(750.000)	0
Revaluation of fair value	10.940	0
Ending balance	**110.940**	**0**

During the current year, the Company purchased bonds with a total value of €850.000, of which €750.000 were sold during the year. On 31/12/2019, the Company holds bonds with a total nominal value of €100.000, which are valued at a fair value of €110.940. The difference in valuation was recognized in P&L (see note C.22).

C9. Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

	31/12/2019	31/12/2018
Cash at bank and in hand	10.916.735	9.778.310
Short-term bank deposits	0	4.500.000
Total	**10.916.735**	**14.278.310**

Cash and cash equivalents refer to bank deposits and cash in the Company's treasury and can be converted into cash immediately.

The grading of cash and cash equivalents based on credit rating of Standard & Poor's Global is as follows:

External Credit Rating (S&P Global)	31/12/2019	31/12/2018
AA-	5.215	9.478
A-	5.007.278	8.019.582
B	5.374.619	0
B-	505.297	6.225.363
Counterparties without external credit rating S&P Global	1.752	3.665
Cash at bank	**10.894.160**	**14.258.088**
Cash in hand	22.575	20.222
Total	**10.916.735**	**14.278.310**

C10. Issued capital

Issued capital on 31.12.2019 amounts €12.564.751,68 and comprises of 33.065.136 fully paid ordinary shares, which have a par value of €0,38.

	Number of shares	Par Value	Share Capital	Total
1-Dec-17	33.065.136	0,38 €	12.564.752	12.564.752
31-Dec-18	**33.065.136**	**0,38 €**	**12.564.752**	**12.564.752**

C11. Reserves

Reserves are analyzed as follows:

	31/12/2019	31/12/2018
Legal reserve	3.055.954	2.550.434
Contingency reserve	38.275	38.275
Tax exempt reserve L.2601/98	962.579	962.579
Tax exempt reserve L.3299/04	15.941.253	15.941.253
Tax exempt reserve from tax exempt revenues	306.949	306.949
Tax exempt reserve from revenues specially taxed	84.888	84.888
Actuarial gains-losses reserve	185.937	(32.531)
Total	**20.575.835**	**19.851.847**

Statutory reserve

According to the Greek commercial law, companies are required to form each year a reserve equivalent to 5% of net profit until it reaches one third of the share capital. Distribution of the statutory reserve, during the life of the company is prohibited.

Tax exempt reserves under special laws

Tax exempt reserves under special laws relating to non-distributed profits that are exempt from taxation based on special provisions of incentive laws. These reserves relate primarily to investments and are not distributed. For these reserves no tax liabilities have been recognised.

Tax-free and specially taxed reserves

Tax exempt reserves and reserves taxed in a special way represent interest income and investments sales of non-listed companies, which are tax exempt or subject to retention of tax at source. Except for any tax prepayments, these reserves are subject to taxation in case of distribution. Currently the Company has no intention of distributing these reserves and therefore not accounted for in the respective tax liabilities.

C12. Borrowings

Borrowings are analyzed as follows:

	31/12/2019	31/12/2018
NON-CURRENT BORROWINGS		
Bond loans	8.230.000	5.000.000
Long-term loans	1.800.000	3.000.000
Total non-current borrowings	**10.030.000**	**8.000.000**
CURRENT BORROWINGS		
Current liability of non-current loans	2.192.565	1.200.061
Total current borrowings	**2.192.565**	**1.200.061**
Total borrowings	**12.222.565**	**9.200.061**

Maturity of non-current bank borrowings:

	31/12/2019	31/12/2018
Between 1-2 years	2.200.000	1.200.000
Between 2-5 years	7.830.000	6.800.000
Total non-current borrowings	**10.030.000**	**8.000.000**

Changes on loans balances are analyzed as follows:

Balance at 1 January 2018	10.400.061
Loans received (cash item)	0
Loans paid (cash item)	(1.200.000)
Financial instruments valuation (non-cash item)	0
Balance at 31 December 2018	**9.200.061**
Balance at 1 January 2019	9.200.061
Loans received (cash item)	8.430.000
Loans paid (cash item)	(5.400.000)
Financial instruments valuation (non-cash item)	(7.496)
Balance at 31 December 2019	**12.222.565**

Analysis of current long-term loans:

Loaner	Type of loan	Date of agreement	Initial value	Balance at 31/12/2019
Major shareholders	Bonds / 5year / fixed interest rate	18/12/2013 Amended 16/11/2018	5.000.000	5.000.000
Alpha Bank SA	Long-term / 5year / floating interest rate	7/4/2017 Amended 31/5/2019	6.000.000	2.992.803
Piraeus Bank SA	Bonds / 3year / floating interest rate	10/4/2019	4.230.000	4.229.762

The fair value of long-term loans is calculated to €10.464.949 («Level 3»).

Effective interest rate of borrowings:

	1/1-31/12/2019	1/1-31/12/2018
Effective interest rate	2,59%	2,72%

C13. Leases

The finance lease relates to the discounted liability of lease payment, in accordance with IFRS 16:

	Rights of use of buildings	Rights of use of motor vehicles	Total
Long term portion of lease			
Recognized at 1 January 2019 in acc. with IFRS 16	218.496	548.839	767.335
Additions	12.625	55.602	68.227
Finance cost of lease	10.408	23.451	33.859
Lease payment	(32.681)	(245.072)	(277.753)
Transfer to current portion of lease	(28.556)	(209.532)	(238.088)
Balance at 31 December 2019	**180.292**	**173.288**	**353.579**
Short term portion of lease			
Current lease liability	28.556	209.532	238.088
Balance at 31 December 2019	**28.556**	**209.532**	**238.088**

C14. Retirement and termination benefit obligations

According to Greek labor law, employees are entitled to compensation in the event of dismissal or retirement, the amount of which is related to employee remuneration, length of service and way of retirement (dismissal or retirement). Employees who resign or are dismissed with cause are not entitled to compensation. The compensation due in the event of retirement is equal to 40% of the amount to be paid in the event of dismissal. The provision for termination benefits is presented in the accompanying financial statements in accordance with the provisions of Law 2112/1920 and is based on an independent actuarial study using the Projected Unit Credit Method.

Liabilities recognized in the statement of financial position:

	31/12/2019	31/12/2018
Present value of defined benefit obligation	599.942	805.155
Liability recognized in the statement of financial position	**599.942**	**805.155**

Charges in income statement:

	1/1-31/12/2019	1/1-31/12/2018
Current service cost	88.277	59.703
Interest cost	15.551	13.214
Previous service cost	502	0
Effect of cutting / settlement / termination benefits	8.617	0
Total expense	**112.947**	**72.917**

Charges in other comprehensive income:

	1/1-31/12/2019	1/1-31/12/2018
Actuarial gain/(loss)		
(a) Due to experience adjustments	16.431	0
(b) Due to assumption changes	(84.748)	0
(c) Due to other adjustements	356.346	0
Total charge in other comprehensive income	**288.029**	**0**

Liabilities' movement recognized in the statement of financial position:

	31/12/2019	31/12/2018
Opening balance	805.155	777.304
Charge in income statement	112.947	27.851
Compensations paid	(30.131)	0
Charge in other comprehensive income	(288.029)	0
Ending balance	**599.942**	**805.155**

Reconciliation of the present value of defined benefit obligation:

	31/12/2019	31/12/2018
Opening balance	805.155	777.304
Current service cost	88.277	59.703
Interest cost	15.551	13.214
Effect of cutting / settlement / termination benefits	8.617	0
Previous service cost	502	0
Actuarial gain/(loss)	68.317	0
Less: Benefits paid during the period	(356.346)	0
Compensations paid	(30.131)	(45.066)
Ending balance	**599.942**	**805.155**

The principal actuarial assumptions used are:

Mortality table	EVK 2000
Average remaining working life	25.75
Staff mobility	17.96
Discount rate	0.78%
Future salary increases	2.45%

Regarding the risks involved in the aforementioned program, this program is not funded and therefore there are no corresponding assets for this program. Consequently, risks such as volatility of assets or other similar risks (e.g. low yields, concentration of assets, etc.) do not exist. Risks to the existing project relate to the actuarial assumptions that are used to calculate the liability, which must be reflected in the financial statements and include possible changes in bond yields which are used to calculate the discount rate, and assumptions about the rate of inflation and the rate of future salary increases, which may affect the future cash flows of the programs.

Sensitivity analysis	31/12/2019
Present value of defined benefit obligation:	599.942
Calculation with discount rate +0,5%:	549.467
Calculation with discount rate -0,5%:	656.472

C15. Deferred income taxes

Deferred tax assets are offset against deferred tax liabilities when there is legal right for such offsetting and both relate to the same tax authority jurisdiction.

The movement on the deferred income tax account after set-offs is as follows:

	31/12/2019	31/12/2018
Opening balance	(2.671.403)	(2.227.396)
Charge in income statement	(184.584)	(443.696)
Deferred tax on equity	(68.058)	(311)
Ending balance	**(2.924.045)**	**(2.671.403)**

The movement of the accounts of deferred tax assets and deferred tax liabilities during the year to the same tax authority, without taking into account the offsets, is as follows:

Movement of deferred tax liabilities

	Tangible assets	Intangible assets	Total
Balance at 1 January 2018	(2.655.950)	(10.524)	(2.666.474)
Charge in income statement	(539.779)	(17.173)	(556.952)
Balance at 31 December 2018	**(3.195.729)**	**(27.697)**	**(3.223.426)**
Charge in income statement	5.764	(31.142)	(25.378)
Balance at 31 December 2019	**(3.189.965)**	**(58.839)**	**(3.248.804)**

Movement of deferred tax assets

	Retirement and termina-tion benefits	Allowance for doubtful debts	Rights of use of assets	Other	Total
Balance at 1 January 2018	225.418	143.642	0	70.018	439.078
Charge in income statement	8.077	173.298	0	(68.119)	113.256
Change in equity	(311)	0	0	0	(311)
Balance at 31 December 2018	**233.183**	**316.940**	**0**	**1.899**	**552.023**
Charge in income statement	(20.071)	(219.410)	61.673	18.602	(159.206)
Deferred taxes on actuarial gains / (losses) due to the change in tax rate	(68.058)	0	0	0	(68.058)
Balance at 31 December 2019	**145.056**	**97.530**	**61.673**	**20.501**	**324.760**

The Deferred Tax Assets and Liabilities of the Company in the current financial year were calculated at a tax rate of 24%, while in the previous financial year they were calculated at the applicable rates as appropriate. In the current fiscal year, an adjustment to the deferred tax was made to address the change in the tax rate. An amount of €404.903 was recognized in P&L and € 1.068 was recognized in equity.

C16. Government grants

Movement of government grants relating to capital expenses:

	31/12/2019	31/12/2018
Opening balance	7.268.843	7.802.690
Charge in income statement	(488.260)	(533.847)
Ending balance	**6.780.583**	**7.268.843**

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

C17. Trade and other payables

Trade and other payables are analyzed as follows:

	31/12/2019	31/12/2018
Trade payables	15.014.782	9.755.800
Cheques payables	425.033	317.974
Social security	409.502	378.939
Other Taxes and duties	316.092	230.537
Dividends payables	13.028	10.987
Customers' advances	794.608	445.414
Other payables	1.140.307	709.179
Total	**18.113.352**	**11.848.831**

The most significant changes in the "Suppliers and other liabilities" account refer to the "Suppliers" line and are related to the increase in sales and purchases of fixed assets due to the investments made by the Company in Serres' factory.

C18. Income Tax receivables / liabilities

Income tax receivables / liabilities are analyzed as follows:

	31/12/2019	31/12/2018
Income tax	2.363.374	3.729.352
Advance income tax	(3.531.201)	(1.341.204)
Total	**(1.167.828)**	**2.388.148**

From the year 2011 onwards, the Greek Societe Anonyme and Limited Liability Companies whose annual financial statements are mandatory reviewed by auditors, registered in the public register of Law. 3693/2008, are required to obtain an "Annual Certificate" as provided in par. 5 of article 82 of L.2238 / 1994 and article 65a of Law 4174/2013. The above certificate is issued following a tax audit conducted by the same statutory auditor or audit firm that audits the annual financial statements. Following the completion of a tax audit, the statutory auditor or audit firm issues the company's "Tax Compliance Report", accompanied by Appendix Analytical Element Information. For the years 2014-2018 the tax audit conducted by the audit companies, the certificate was issued, while not resulting tax liabilities beyond those recognized and reported in the financial statements.

For the year 2019 the Company has been subject to tax audit of the Auditors, as previewed from the tax provisions of Article 65a of Law 4174 / 2013 (ITC), as amended in accordance with Law 4410/2016. This audit is in progress and the related tax certificate is to be granted after publication of the financial statements for 2019. and it is estimated that any additional tax obligation that may arise would be immaterial.

C19. Expenses by type

Cost of Sales, administration, distribution and R&D expenses are analyzed by type as follows:

1/1-31/12/2019	Cost of Sales	Distribution	Administration	Research& Development	Total
Raw materials and consumables used	64.061.349	598.425	55.075	40.671	64.755.520
Staff costs	5.024.219	4.640.448	1.561.182	171.638	11.397.487
Energy costs	1.513.652	596.021	20.891	0	2.130.564
Maintenance expenses	402.108	351.435	244.025	2.116	999.684
Transport & trips expenses	432.775	5.017.309	16.614	920	5.467.619
Advertising/marketing expenses	3.506	5.052.124	17.867	297	5.073.794
Freelancers fees	118.731	517.331	317.812	14.626	968.499
Depreciation	1.817.544	1.485.872	458.522	11.909	3.773.848
Bad debt provision	0	(336.525)	0	0	(336.525)
Other expenses	427.285	1.103.646	483.116	5.336	2.019.383
	73.801.169	**19.026.084**	**3.175.104**	**247.513**	**96.249.872**

1/1-31/12/2018	Cost of Sales	Distribution	Administration	Research& Development	Total
Raw materials and consumables used	49.308.363	563.055	4.382	10.649	49.886.449
Staff costs	4.077.659	4.585.264	1.499.903	162.776	10.325.602
Energy costs	1.284.230	642.435	30.928	0	1.957.593
Maintenance expenses	453.420	375.174	206.500	1.379	1.036.473
Transport & trips expenses	308.165	4.164.449	18.916	1.508	4.493.038
Advertising/marketing expenses	7.930	6.036.834	51.271	348	6.096.384
Freelancers fees	133.564	383.142	226.348	16.408	759.462
Depreciation	1.674.776	1.221.553	440.955	11.307	3.348.591
Bad debt provision	0	769.340	0	0	769.340
Other expenses	322.952	1.101.372	481.550	4.561	1.910.435
	57.571.058	**19.842.619**	**2.960.753**	**208.936**	**80.583.366**

C20. Other income

Other income are analyzed by type as follows:

	1/1-31/12/2019	1/1-31/12/2018
Income from subsidies	5.258	0
Income from services	285.093	172.636
Rental income	16.106	6.869
Amortization of government grants relating to capital expenses	488.260	533.847
Total	**794.718**	**713.352**

C21. Other gain/(loss) net

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

	1/1-31/12/2019	1/1-31/12/2018
Gains on disposal of property, plant and equipment	32.889	53.125
Other income	84.720	117.758
Extraordinary from VAT refunds*	350.000	0
Losses on disposal of property, plant and equipment	(21.181)	(11.125)
Impairment of Non-current Assets	0	(4.507)
Tax related fines and penalties	(1.268)	(2.617)
Foreign currency exchange differences	(38.076)	(12.162)
Other expenses	(19.973)	(28.047)
Total	**387.111**	**112.426**

*In the current year 2019, the Company based on a decision of Greek Tax Authority, recognised the return of VAT of €350.000 that relates to a past write-off of the 50% of receivables from a Greek super market, Marinopoulos group.

C22. Financial income - expenses

Financial income-expenses are analyzed by type as follows:

FINANCIAL INCOME	1/1-31/12/2019	1/1-31/12/2018
Interest income	67.955	75.624
Other capital gains	77.753	68.730
Profits from the valuation of bonds at fair value	10.940	0
Profits made from sale of bond	16.530	0
Profits made from sale of derivative	30.070	0
Total financial income	**203.248**	**144.354**
FINANCIAL EXPENSES		
Interest expense	290.641	338.084
Bank fees and charges	72.062	4.245
Losses from derivatives	72.016	4.078
Other financial expenses	0	34.784
Total financial expenses	**434.719**	**381.191**
FINANCIAL COST OF LEASING		
Financial cot of leasing	33.859	0
Financial income - expenses (net)	**(265.331)**	**(236.838)**

C23. Income tax expense

Income tax expense is analyzed as follows

	1/1-31/12/2019	1/1-31/12/2018
Current tax	2.380.168	3.674.152
Deferred tax	184.583	443.695
Tax differences of prior fiscal years	(10.347)	0
Total	**2.554.405**	**4.117.847**

The income tax was calculated at 24% on the tax profit of the year, while in the previous year it was calculated at 29% on the tax profit.

Reconciliation of income tax expense:

	1/1-31/12/2019	1/1-31/12/2018
Profit before tax	17.569.589	14.240.014
Tax calculated at the statutory tax rate of 29%	0	4.129.604
Income not subject to tax	4.216.701	0
Expenses not deductible for tax purposes	(24.873)	(149.337)
Effect of tax rates change	10.078	110.875
Tax differences of prior fiscal years	(443.954)	(71.351)
Expenses for which no deferred tax asset is recognized	(10.347)	(75.558)
Provisions for unaudited fiscal years	0	173.614
Investment grant with tax exemption*	(1.193.200)	0
Income tax expense	**2.554.404**	**4.117.847**

* In the current financial year, the amount of income tax has been reduced by €1.193.200, by exercising the option of tax exemption, which we were granted after the certification of 50% completion of such a project.

The management of the Company in order to minimize the tax expenses, follows a consistent tax planning that is based on the motivations provided by the tax legislation.

C24. Net profit per share

Basic and diluted earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding, excluding any holding of own shares.

	1/1-31/12/2019	1/1-31/12/2018
Net profit attributable to parent's shareholders	15.015.184	10.122.167
Weighted average number of ordinary shares	33.065.136	33.065.136
Basic and diluted earnings per share (€ per share)	**0,4541**	**0,3061**

C25. Earnings before interest, taxes, depreciation and amortization

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

	1/1-31/12/2019	1/1-31/12/2018
Net profit for the period	15.015.184	10.122.167
Adjustments for:		
Income tax	2.554.404	4.117.847
Financial income (net)	265.331	236.838
Depreciation and amortization	3.773.167	3.348.591
Amortization of government grants relating to capital expenses	(488.260)	(533.847)
EBITDA	**21.119.827**	**17.291.596**

EBITDA serves as an additional indicator of our operating performance and not as a replacement for measures such as cash flows from operating activities and operating income. We believe that EBITDA is useful to investors as a measure of operating performance because it eliminates variances caused by the amounts and types of capital employed and amortization policies and helps investors evaluate the performance of our underlying business. In addition, we believe that

EBITDA is a measure commonly used by analysts and investors in our industry. Accordingly, we have disclosed this information to permit a more complete analysis of our operating performance. Other companies may calculate EBITDA in a different way. EBITDA is not a measurement of financial performance under IFRS and should not be considered an alternative to net profit/(loss) as an indicator of our operating performance or any other measure of performance derived in accordance with IFRS.

C26. Operating segment information

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

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

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

The segments results for the financial year 2018 and 2017 are analyzed as follows:

1/1-31/12/2019	Revenue	Gross Profit	Distribution Expenses	Operating Earnings	EBIT
Ice-Cream	**28.107.406**	**13.509.388**	**(7.917.802)**	**5.591.586**	**4.783.506**
Greece	21.702.363	11.650.110	(7.004.807)	4.645.303	4.092.174
Other countries	6.405.043	1.859.278	(912.995)	946.283	691.332
Dairy-Yogurt	**84.438.192**	**25.816.180**	**(11.043.903)**	**14.772.277**	**12.792.833**
Greece	44.284.626	14.538.079	(7.036.945)	7.501.134	6.468.403
Other countries	40.153.567	11.278.101	(4.006.958)	7.271.143	6.324.430
Rest	357.363	(223.776)	(64.378)	(288.154)	258.582
Total	**112.902.961**	**39.101.792**	**(19.026.083)**	**20.075.709**	**17.834.921**

1/1-31/12/2018	Revenue	Gross Profit	Distribution Expenses	Operating Earnings	EBIT
Ice-Cream	**25.119.375**	**12.200.630**	**(8.117.781)**	**4.082.848**	**3.235.365**
Greece	20.716.797	11.100.752	(7.369.253)	3.731.498	3.032.551
Other countries	4.402.578	1.099.878	(748.528)	351.350	202.815
Dairy-Yogurt	**68.830.044**	**24.652.274**	**(11.710.957)**	**12.941.317**	**10.836.312**
Greece	39.053.166	14.845.152	(8.543.433)	6.301.719	4.984.134
Other countries	29.776.878	9.807.122	(3.167.524)	6.639.598	5.852.178
Rest	285.023	(189.520)	(13.881)	(203.401)	405.177
Total	**94.234.441**	**36.663.384**	**(19.842.619)**	**16.820.764**	**14.476.854**

The "Operating Earnings" index is an Alternative Performance Measure (APM) and is calculated as follows: Gross Profit minus Distribution Cost.

C27. Staff costs

Staff costs are analyzed as follows:

	1/1-31/12/2019	1/1-31/12/2018
Salaries and wages	8.162.492	7.417.463
Social security costs	1.925.936	1.722.695
Retirement and termination benefits	196.427	131.214
Other staff costs	746.029	721.092
Total	**11.030.884**	**9.992.463**
Board of directors remuneration	366.602	333.139
Total Staff costs	**11.397.486**	**10.325.602**

Personnel headcount:

31/12/2019	31/12/2018
412	380

C28. Depreciation

Depreciation of assets, that has been recorded to the profit and loss statement, is analyzed below:

	1/1-31/12/2019	1/1-31/12/2018
Buildings	383.746	371.759
Plant and equipment	2.770.118	2.592.934
Motor vehicles	77.692	87.744
Furnitures and other assets	142.741	162.903
Rights of use of buildings	26.786	0
Rights of use of motor vehicles	230.184	0
Investments in buildings	0	772
Software licenses	137.739	126.954
Trademarks	4.161	4.161
Total	**3.773.167**	**3.347.227**

C29. Dividends

For the financial year 2019, the Board of Directors decided to propose to the General Meeting of shareholders the distribution of dividend of gross value €0,18 per share (2018: €0,15 per share). The distribution is subject to the approval of the General Meeting of shareholders.

For the previous fiscal year 2018, the General Meeting of shareholders as of 9/7/2019 decided the distribution of gross dividend of €0,15 per share totaling €4.959.770, which has been fully paid.

C30. Contingent assets – liabilities

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

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

C31. Related party transactions

Related party transactions are analyzed as follows:

	31/12/2019	31/12/2018
Payment of interest on a bond loan*	152.083	180.979
Rental income	150	0

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

	31/12/2019	31/12/2018
Receivables from related parties	150	0
Payables to related parties*	5.000.000	5.000.000

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

COMPENSATION OF DIRECTORS	31/12/2019	31/12/2018
Remuneration of the members of the Board of Directors	366.602	333.139
Salaries of the members of the Board of Directors	153.323	159.451
Total	**519.925**	**492.590**

OTHER TRANSACTIONS WITH THE MEMBERS OF THE B.O.D. AND KEY MANAGEMENT PERSONNEL	31/12/2019	31/12/2018
Transactions with the members of the B.O.D and key management personnel	76.042	96.440
Liabilities to the members of the B.O.D and key management personnel*	2.500.000	2.500.000

* Bond loan covered by major shareholders

C32. Statutory audit and other fees

The certified auditors fees (SOL S.A.) for the Company in 2019 are analyzed as follows:

	1/1-31/12/2019	Share of total fees
Statutory audit fees	17.000	52%
Statutory audit fees (Tax Certification)	13.000	40%
Fees not related to statutory audit	2.700	8%
Total fees	**32.700**	100%

C33. Post balance sheet events

Macroeconomic Environment and effects of COVID-19

The COVID-19 health crisis, which erupted on a global scale from the beginning of 2020, is a non-adjusting event after the balance sheet date of 31 December 2019. Analysis of the risks posed by the Company's operation, the measures that the Company has taken and the estimation of effects on the financial results are listed in note B.22.

Changing the composition of the Board of Directors

Following the as of 17/12/2019 resignation of the independent non-executive member, Mr. Kamarinopoulos Panagiotis, as a member of the Board, the Board of Director at its as of 8/1/2020 meeting, elected Mr. Mavridoglou Antonios, who meets the independence criteria of art. 4 of Law 3016/2002, replacing Mr. Kamarinopoulos Panagiotis, for the remainder of his term, i.e. until 28/6/2022. The election of the new member of the Board of Directors will be announced at the next General Meeting, which will decide according to art. 3 par. 1 of Law 3016/2002, either the re-election of the same or the appointment of a new independent member.

Serres, 11 May 2020

Chairman & Managing Director	Vice-Chairman	Financial Director	Chief Accountant
Panagiotis Tsinavos ID AE373539	Georgios Kotsambasis ID AE376847	Konstantinos Sarmadakis ID AN389135	Evangelos Karagiannis ID AM894228